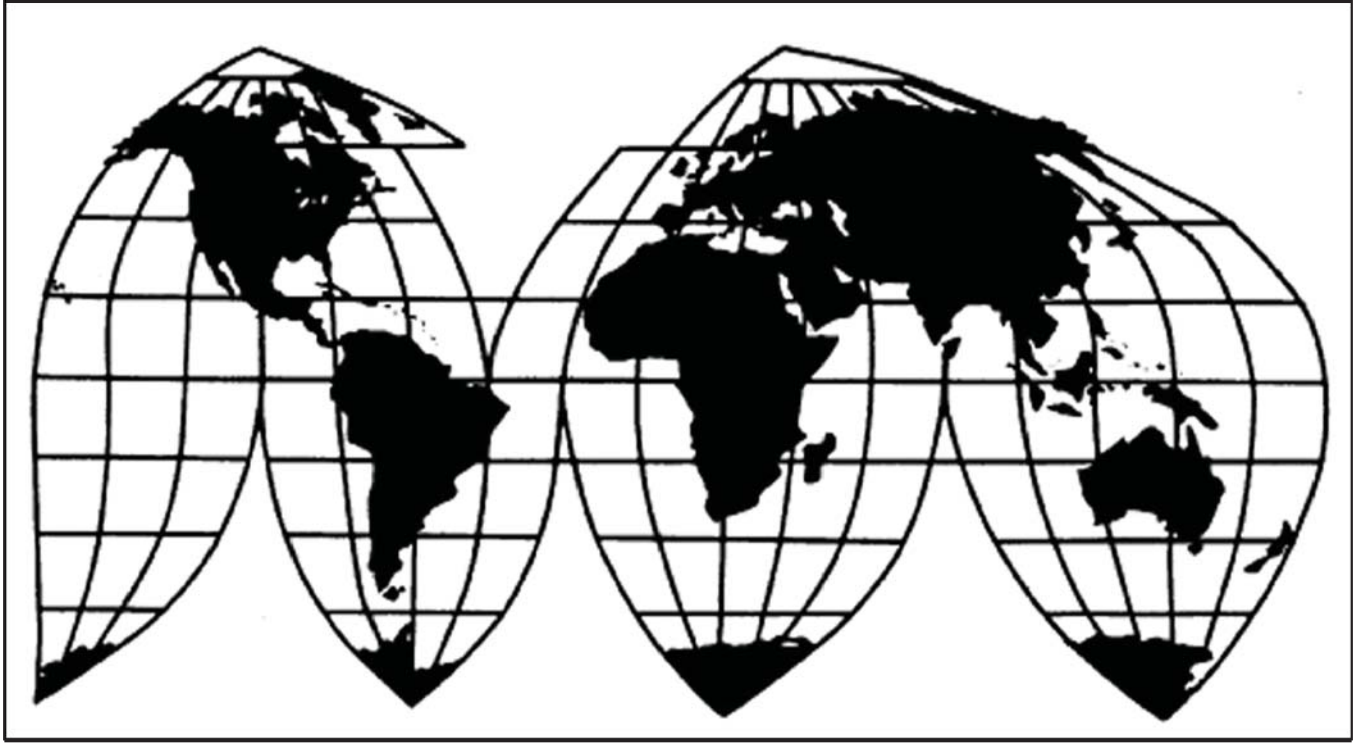
WELDED STAINLESS STEEL PRESSURE PIPE FROM MALAYSIA, THAILAND, AND VIETNAM

Investigation Nos. 731-TA-1210-1212 (Final)

Publication 4477 **July 2014**

U.S. International Trade Commission



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U.S. International Trade Commission

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-1210-1212 (Final)

WELDED STAINLESS STEEL PRESSURE PIPE FROM MALAYSIA, THAILAND, AND VIETNAM

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from Malaysia, Thailand, and Vietnam of welded stainless steel pressure pipe, provided for in subheadings 7306.40.50 and 7306.40.10 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).[2] [3]

BACKGROUND

The Commission instituted these investigations effective May 16, 2013, following receipt of a petition filed with the Commission and Commerce by Bristol Metals, L.P., of Bristol, TN; Felker Brothers Corp., of Marshfield, WI; and Outokumpu Stainless Pipe, Inc., of Schaumberg, IL. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of welded stainless steel pressure pipe from Malaysia, Thailand, and Vietnam were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of February 21, 2014 (79 FR 11126). The hearing was held in Washington, DC, on May 22, 2014, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

2 Chairman Meredith M. Broadbent, Vice Chairman Dean A. Pinkert, and Commissioner F. Scott Kieff dissenting.

[3] The Commission also finds that imports subject to Commerce's affirmative critical circumstances determination are not likely to undermine seriously the remedial effect of the antidumping duty order on Malaysia.

Views of the Commission

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of welded stainless steel pressure pipe ("WSS pressure pipe") from Malaysia, Thailand, and Vietnam found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value.[1] We also find that critical circumstances do not exist with respect to imports of WSS pressure pipe from Malaysia that are covered by Commerce's final affirmative critical circumstances determination.

I. Background

The petitions in these investigations were filed on May 16, 2013, by Bristol Metals, LLC ("Bristol Metals"), Felker Brothers Corp. ("Felker Brothers"), and Outokumpu Stainless Pipe, Inc. ("Outokumpu") (collectively, "Petitioners"), domestic producers of WSS pressure pipe. Petitioners submitted prehearing and posthearing briefs, and representatives appeared at the hearing accompanied by counsel. In addition, representatives of another U.S. producer of WSS pressure pipe, Marcegaglia USA ("Marcegaglia"), and of the United Steelworkers of America, a labor union representing workers engaged in the production of WSS pressure pipe, also appeared at the hearing.

Four respondents participated actively in the final phase investigations. The following submitted prehearing and posthearing briefs and participated in the hearing: Son Ha International Corporation ("Son Ha"), a Vietnamese producer of subject merchandise; Pantech Stainless & Alloy Industries Sdn. Bhd. ("Pantech"), a Malaysian producer and exporter of subject merchandise; Silbo Industries, Inc. ("Silbo"), a U.S. importer of subject merchandise; and Allied Fitting LP ("Allied"), a U.S. importer of subject merchandise.

U.S. industry data are based on the questionnaire responses from five domestic producers that accounted for approximately *** percent of domestic production of WSS pressure pipe in 2013.[2] U.S. import data are based on questionnaire responses of thirteen U.S. importers of WSS pressure pipe accounting for the vast majority of imports from Malaysia, Thailand, and Vietnam during the 2011-2013 period of investigation ("POI").[3]

[1] Chairman Broadbent, Vice Chairman Pinkert, and Commissioner Kieff find that an industry in the United States is not materially injured or threatened with material injury by reason of imports of WSS pressure pipe from Malaysia, Thailand, and Vietnam that Commerce has found to be sold at less than fair value. *See* Dissenting Views. They join sections I-V.B. of this opinion, except as noted.

[2] Confidential Report ("CR") at I-5; Public Report ("PR") at I-4. Bristol Metals, Felker Brothers, Marcegaglia, Outokumpu, and Webco all provided usable data in response to the Commission's questionnaire. Two other domestic producers, Alaskan Copper & Brass Co. and Rath Gibson, provided only partial information. CR at III-1 n.1; PR at III-1 n.1.

[3] CR at IV-1, IV-3 n.3; PR at IV-1, IV-3 n.3.

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the "domestic like product" and the "industry."[4] 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."[5] 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."[6]

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.[7] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[8] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[9] 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,[10] the Commission determines what domestic product is like the imported articles Commerce has identified.[11]

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[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(4)(A).

[6] 19 U.S.C. § 1677(10).

[7] *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).

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

[9] *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; *see also* S. Rep. No. 96-249 at 90-91 (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.").

[10] *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.*

(Continued...)

B. Product Description

Commerce defined the scope of the imported merchandise under investigation as follows:

> The merchandise covered by these investigations is circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. For purposes of these investigations, references to size are in nominal inches and include all products within tolerances allowed by pipe specifications. This merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A–312 or ASTM A–778 specifications, or comparable domestic or foreign specifications. ASTM A–358 products are only included when they are produced to meet ASTM A–312 or ASTM A–778 specifications, or comparable domestic or foreign specifications.
>
> Excluded from the scope are: (1) Welded stainless mechanical tubing, meeting ASTM A–554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A–249, ASTM A–688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A269, ASTM A–270 or comparable domestic or foreign specifications.
>
> The subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090. The HTSUS subheadings are

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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).

[11] *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).

> provided for convenience and customs purposes only; the written description of the scope of these investigations is dispositive.[12]

WSS pressure pipe is welded pipe of austenitic stainless steel not greater than 14 in outside diameter. Pressure pipe is used to convey fluids at high temperatures, high pressures, or both. WSS pressure pipe is generally produced to specifications A-312 and A-778 of the American Society for Testing and Materials ("ASTM"). The A-312 specification includes pipe intended for high-temperature and general corrosive service, while the A-778 specification is designed for low and moderate temperatures, and where heat treatment is not necessary for corrosion resistance. WSS pressure pipe is used in various end use industries including petrochemicals, oil and gas, chemical fluid handling, and water purification.[13]

C. Domestic Like Product Analysis

In the preliminary determinations, the Commission defined a single domestic like product, consisting of WSS pressure pipe within Commerce's scope definition. The Commission found that all WSS pressure pipe within the scope definition shared the same basic physical characteristics and uses and was typically produced by the continuous-mill process. The Commission stated that WSS pressure pipe of different sizes are not used interchangeably, but there are relatively few standard sizes for this product. It stated that the *** of the domestic industry's shipments of WSS pressure pipe were made directly to distributors. The Commission stated that in a previous investigation of WSS pressure pipe,[14] the Commission found that purchasers did not perceive differences between various WSS pressure pipe products beyond wall thickness and diameter, and that it received no contrary evidence in the preliminary phase investigations.[15] The Commission concluded that domestically produced WSS pressure pipe meeting the specifications of the scope definition shares similarities with respect to most of the six factors the Commission considers in its like product analysis. Based on the record of the preliminary phase of the investigations and the lack of argument to the contrary, it defined a single domestic like product, consisting of WSS pressure pipe coextensive with the scope of the investigations.[16]

The record in these final phase investigations does not contain any new information concerning the domestic like product factors, and no party argues that the Commission should adopt a definition of the domestic like product that is different from that in the preliminary

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[12] *Welded Stainless Pressure Pipe From Malaysia, Thailand, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations,* 78 Fed. Reg. 352253, 35258 (June 12, 2013).

[13] CR at I-9 to I-12; PR at I-8 to I-9.

[14] See *Welded Stainless Steel Pressure Pipe from Chin*a, Inv. Nos. 701-TA-454 and 731-TA-1144 (Final), USITC Pub. 4064 (March 2009).

[15] *Welded Stainless Steel Pressure Pipe From Malaysia, Thailand, and Vietnam,* Inv. Nos. 731-TA-1210-1212 (Preliminary) USITC Pub. 4413 (July 2013), at 6-7.

[16] *Welded Stainless Steel Pressure Pipe From Malaysia, Thailand, and Vietnam,* Inv. Nos. 731-TA-1210-1212 (Preliminary) USITC Pub. 4413 (July 2013), at 6-7.

determinations.[17] Therefore, for the same reasons set forth in the preliminary determinations, we define a single domestic like product consisting of WSS pressure pipe, 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."[18] 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.

No domestic industry issues have been raised in these final phase investigations.[19] In light of our definition of the domestic like product, we include in the domestic industry the five U.S. producers of WSS pressure pipe from which the Commission has received usable data.[20]

IV. Cumulation[21]

For purposes of evaluating the volume and price effects for a determination of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the

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[17] Petitioners argue that the Commission should continue to define the domestic like product as all WSS pressure pipe, coextensive with the scope, as it did in the preliminary determinations. Petitioners' Prehearing Brief at 3. Respondent Son Ha argues that the Commission should apply the same like product definition as in the preliminary determinations, and no other respondent has argued for a different like product definition. Son Ha's Prehearing Brief at 8.

[18] 19 U.S.C. § 1677(4)(A).

[19] In the preliminary determinations, the Commission defined the U.S industry to encompass all known U.S. producers of WSS pressure pipe. *Welded Stainless Steel Pressure Pipe From Malaysia, Thailand, and Vietnam,* Inv. Nos. 731-TA-1210-1212 (Preliminary) USITC Pub. 4413 (July 2013), at 8.

[20] None of the domestic producers that provided usable data to the Commission is a related party.

[21] Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)). Negligibility is not an issue in these investigations. Based on questionnaire response data and official import statistics, subject imports from Malaysia, Thailand, and Vietnam each exceeded the requisite statutory negligibility threshold for the most recent 12-month period preceding the filing of the petition for which data are available. From May 2012 to April 2013, U.S. imports from Malaysia accounted for 16.2 percent of total U.S. imports of WSS pressure pipe by quantity, U.S. imports from Thailand accounted for 17.3 percent of total U.S. imports, and U.S. imports from Vietnam accounted for 10.9 percent of total U.S. imports. CR at IV-13; PR at IV-13.

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

(1) the degree of fungibility between subject imports from different countries and between subject 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.[22]

While 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.[23] Only a "reasonable overlap" of competition is required.[24]

The threshold requirement for cumulation is satisfied because petitioners filed the antidumping petitions with respect to imports from all three countries on the same day, May 16, 2013.[25] As discussed below, we find there to be a reasonable overlap of competition between subject imports from all three countries, and between subject imports from each source and the domestic like product.[26]

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[22] *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).

[23] *See*, *e.g.*, *Wieland Werke, AG v. United State*s, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[24] The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), 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." H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902; *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.").

[25] CR at I-1; PR at I-1. None of the statutory exceptions to cumulation applies.

[26] Petitioners argue that the Commission should cumulate imports from all subject countries, and no respondent party has contested cumulation for purposes of the Commission's analysis of (Continued...)

Fungibility. The record indicates that WSS pressure pipe is generally fungible. WSS pressure pipe from all sources is manufactured to meet, at a minimum, ASTM standards A-312 and A-778,[27] and is used in the same general applications.[28] All responding U.S. producers reported that subject imports from all subject countries are always or frequently interchangeable with each other and with the domestic like product.[29] Most responding importers and purchasers reported that imports from subject countries are always or frequently interchangeable with the domestic like product and that subject imports are always or frequently interchangeable with each other.[30]

Most responding purchasers reported that the U.S. product was comparable to that from each of the three subject countries on 14 of 22 factors.[31] Most responding purchasers reported that product from each pair of subject countries was comparable on all 22 factors.[32]

Channels of Distribution. WSS pressure pipe, whether domestically produced or imported from Malaysia, Thailand, or Vietnam, is sold mainly through distributors.[33]

Geographic Overlap. The record indicates the presence of sales or offers to sell the domestic like product and subject imports in the same geographic markets. Both U.S. producers and importers from each of the subject countries reported selling WSS pressure pipe to all regions in the contiguous United States.[34]

Simultaneous Presence in Market. WSS pressure pipe produced in the United States and in each of the subject countries was sold in the United States during each quarter between January 2010 and December 2013.[35]

Conclusion. The record indicates that there is a reasonable overlap of competition between and among the subject imports from Malaysia, Thailand, and Vietnam and the domestic like product. We accordingly cumulate subject imports from Malaysia, Thailand, and Vietnam for our analysis of material injury by reason of subject imports.

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material injury by reason of subject imports. Petitioners' Prehearing Brief at 4-5, 23-24; Son Ha's Prehearing Brief at 8.

[27] CR at I-10, I-11; PR at I-8 to I-9.

[28] CR at I-10, I-12; PR at I-8 to I-9.

[29] CR at II-27; PR at II-18 to II-19; CR/PR at Table II-12.

[30] CR at II-27; PR at II-20 to II-21; CR/PR at Table II-12.

[31] CR at II-23; PR at II-15; CR/PR at Table II-9. U.S. product was rated superior to subject imports by most responding purchasers on delivery time and technical/support service, while subject imports were rated as superior on price by most responding purchasers. *Id.*

[32] CR at II-24; PR at II-16; CR/PR at Table II-10.

[33] CR at II-2; PR at II-1; CR/PR at Table II-1.

[34] CR at II-2; PR at II-1 to II-2; CR/PR at Table II-2.

[35] CR at IV-14; PR at IV-13 to IV-14.

V. Material Injury by Reason of Subject Imports

A. Legal Standards

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.[36] 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.[37] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[38] 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.[39] 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."[40]

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,[41] 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.[42] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[43]

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[36] 19 U.S.C. §§ 1671d(b), 1673d(b).

[37] 19 U.S.C. § 1677(7)(B). 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).

[38] 19 U.S.C. § 1677(7)(A).

[39] 19 U.S.C. § 1677(7)(C)(iii).

[40] 19 U.S.C. § 1677(7)(C)(iii).

[41] 19 U.S.C. §§ 1671d(a), 1673d(a).

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

[43] 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

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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.[44] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[45] 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.[46] It is clear

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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).

[44] 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.

[45] 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,* 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*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (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.").

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

that the existence of injury caused by other factors does not compel a negative determination.[47]

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."[48] [49] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[50]

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.[51] 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.

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[47] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[48] *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.

[49] Vice Chairman 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 non-subject 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, non-subject imports are in the market," the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, *Bratsk* requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

[50] *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.").

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

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

The progression of *Gerald Metals, Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[53]

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.[54] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[55]

B. 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.

1. Demand Considerations

WSS pressure pipe is generally used as a conduit for liquids or gases in capital investment projects by chemical and petrochemical plants, grain processing (ethanol) plants, food and beverage processing plants, power generation plants, and pulp and paper mills.[56] Consequently, the demand for WSS pressure pipe is primarily driven by the demand for

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[52] *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).

[53] 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.

[54] 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.

[55] *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.").

[56] CR at I-4, I-12, II-11; PR at I-3, I-9, II-7.

investment in new plants, plant expansions, and plant repairs for producers in industries using corrosion-resistant pipe.[57]

Questionnaire responses from U.S. market participants were mixed on how U.S. demand had changed since 2011.[58] Apparent U.S. consumption showed minor fluctuations, and declined by 3.3 percent overall during the POI.[59] Apparent U.S consumption was 65,478 short tons in 2011, increased to 66,835 short tons in 2012, and then declined to 63,294 short tons in 2013.[60]

2. Supply Considerations

The domestic industry supplied the largest share of the U.S. market over the POI. Its market share increased slightly from 39.5 percent in 2011 to 40.1 percent in 2012, then increased to 45.1 percent in 2013.[61] There were seven known U.S. producers of WSS pressure pipe during the POI. Three of these firms, ***, accounted for *** percent of U.S. production of WSS pressure pipe during 2013.[62]

The market share of cumulated subject imports increased from 27.2 percent in 2011 to 27.6 percent in 2012, and then declined to 24.7 percent in 2013.[63]

The market share of nonsubject imports declined from 33.3 percent in 2011 to 32.3 percent in 2012, and then to 30.2 percent in 2013.[64] The two largest suppliers of nonsubject imports are Taiwan and Korea.[65] Certain imports of WSS pressure pipe from Taiwan and Korea are subject to U.S. antidumping duties.[66] However, exports from producer/exporter Ta Chen are not currently subject to the antidumping duty order on certain welded stainless steel pipe from Taiwan.[67] The parties agree that Ta Chen is the largest source of nonsubject imports in

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[57] CR at II-1, II-11; PR at II-1, II-7.

[58] U.S. producers' responses were split evenly between increased demand and decreased demand, importers reported either that demand had decreased or it had fluctuated, and most purchasers reported either that demand was unchanged or it had fluctuated. CR/PR at Table II-4; CR at II-12 to II-13; PR at II-8 to II-9.

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

[60] CR/PR at Tables IV-9, C-1.

[61] CR/PR at Tables IV-10, C-1.

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

[63] CR/PR at Table IV-10.

[64] CR/PR at Table IV-10.

[65] In 2013, imports from Taiwan and Korea accounted for *** percent of nonsubject imports. CR at II-9; PR at II-6.

[66] The scope of the antidumping duty orders with respect to imports from Korea and Taiwan differs from the scope of these investigations. The scope of those orders includes circular welded austenitic stainless pressure pipe made to ASTM A-312 specifications regardless of the outside diameter of the pipe, but does not include A-778 products, whereas the scope of these investigations includes welded stainless steel ASTM A-312 and A-778 products, but does not include pressure pipes with an outside diameter greater than 14 inches. CR at I-5 n.4; PR at I-4 n.4; CR/PR at Table I-1.

[67] Commerce revoked the antidumping duty order as to imports from Taiwan with respect to Ta Chen effective June 26, 2000, on merchandise entered on or after December 1, 1998. CR/PR at Table I-

(Continued...)

the U.S. market.[68] Imports of WSS pressure pipe from China are also subject to U.S. antidumping and countervailing duty orders.[69]

3. Substitutability

WSS pressure pipe is generally produced to ASTM specifications A-312 or A-778. All responding U.S. producers reported that subject imports from all subject countries are always or frequently interchangeable with each other and with the domestic like product.[70] Most responding importers and purchasers reported that imports from subject countries are always or frequently interchangeable with the domestic like product and that subject imports are always or frequently interchangeable with each other.[71]

When asked whether differences other than price are ever significant to purchasers choosing between the domestic like product and subject imports, most domestic producers reported that non-price differences were never significant, while most responding importers reported that there were sometimes or never significant differences other than price.[72] The response of purchasers was mixed.[73] The parties to these investigations agree that WSS pressure pipe is a fungible and interchangeable product that sells on the basis of price.[74] Based on the record, we find that WSS pressure pipe from different sources is highly substitutable, and price is an important factor in purchasing decisions.[75]

(…Continued)
1; *Certain Welded Stainless Steel Pipe from Taiwan: Final Results of Antidumping Duty Administrative Review and Determination to Revoke the Order in Part*, 65 Fed. Reg. 39367 (June 26, 2000).

[68] *See* Transcript of May 22, 2014 Hearing ("Hearing Tr.") at 60, 229 (Schagrin); 240 (Marshak). Respondents assert that Ta Chen accounts for at least 90 percent of WSS pressure pipe imported from Taiwan. Hearing Tr. at 131 (Jakob); Son Ha's Posthearing Brief at 7-8; Son Ha's Prehearing Brief at 10.

[69] *See Welded Stainless Steel Pressure Pipe from Chin*a, Inv. Nos. 701-TA-454 and 731-TA-1144 (Final), USITC Pub. 4064 (March 2009). The scope of the orders with respect to imports from China is essentially the same as the scope of these investigations. *Id*. at 5. The orders with respect to imports from China were continued after the record closed in these investigations. *See Welded Stainless Steel Pressure Pipe from Chin*a, Inv. Nos. 701-TA-454 and 731-TA-1144 (Review), USITC Pub. 4478 (July 2014).

[70] CR at II-27; PR at II-18 to II-19; CR/PR at Table II-12.

[71] CR/PR at Table II-12; CR at II-27; PR at II-18 to II-19. As previously noted, WSS pressure pipe of different sizes is not used interchangeably. *Welded Stainless Steel Pressure Pipe From Malaysia, Thailand, and Vietnam,* Inv. Nos. 731-TA-1210-1212 (Preliminary) USITC Pub. 4413 (July 2013), at 7.

[72] CR/PR at Table II-14. The one exception was that where U.S. product was compared to Vietnamese product, half of responding importers reported that there were always or frequently significant differences other than price. *Id.*

[73] Similar numbers of responding purchasers reported that differences other than price were always or frequently significant as reported that they were sometimes or never significant, both with respect to U.S. product as compared to imports from the subject countries, and with respect to comparisons between imports from different subject countries. CR/PR at Table II-14.

[74] Hearing Tr. at 14 (Schagrin), 31-32 (Podsiad); Son Ha's Prehearing Brief at 7, 11; Son Ha's Posthearing Brief at 7.

[75] *See* CR at II-15, PR at II-10.

4. Other Conditions

The primary raw materials used in the production of WSS pressure pipe are grade 304 or grade 316 austenitic stainless steel.[76] Grade 304 stainless steel, the most commonly used grade, contains 18-20 percent chromium and 8.0-10.5 percent nickel, while grade 316 stainless steel contains 16-18 percent chromium, 10-14 percent nickel, and 2-3 percent molybdenum.[77] Price trends for raw materials such as nickel and molybdenum are widely known in the market and are listed on the London Metal Exchange.[78] Prices for grade 304 and grade 316 stainless steel declined during the POI, as did prices for nickel and ferrochrome.[79]

The vast majority of WSS pressure pipe (both domestic product and imports) is sold to distributors.[80] U.S. producers and importers generally sold WSS pressure pipe on a spot basis.[81] [82]

C. 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."[83]

The volume of cumulated subject imports was 18,007 short tons in 2011, 18,357 short tons in 2012, and 12,125 short tons in 2013.[84] The share of apparent U.S. consumption held by cumulated subject imports, by quantity, increased from 27.2 percent in 2011 to 27.6 percent in 2012, and then declined to 24.7 percent in 2013.[85] We find that the decline in the volume of cumulated subject imports between 2012 and 2013 was due at least in part to the filing of the petitions on May 16, 2013, and therefore give reduced weight to that decline in our analysis.[86]

We find that the volume of cumulated subject imports is significant both in absolute terms and relative to consumption in the United States.

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[76] CR at I-10, V-1; PR at I-8 to I-9, V-1.

[77] CR at I-10 to I-11; PR at I-8 to I-9.

[78] Hearing Tr. at 28, 52 (Hendrickson).

[79] CR/PR at Figures V-1, V-2. Ferrochrome is a compound of chromium and iron used for adding chromium to stainless steel.

[80] CR at II-2; PR at II-1; CR/PR at Table II-1.

[81] CR/PR at Table V-2. While over 90 percent of the sales of U.S producers, subject imports from both Thailand and Malaysia, and imports from nonsubject sources were on a spot basis, less than half of the sales of subject imports from Vietnam were on a spot basis. The rest of sales were on short-term contracts. CR at V-6 to V-7; PR at V-3 to V-4.

[82] Chairman Broadbent, Vice Chairman Pinkert, and Commissioner Kieff do not join the remainder of this opinion. *See* their Dissenting Views.

[83] 19 U.S.C. § 1677(7)(C)(i).

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

[85] CR/PR at Tables IV-10, C-1.

[86] *See* 19 U.S.C. § 1677(7)(I). Respondents acknowledge that subject imports effectively exited the U.S. market in the last quarter of 2013. Son Ha's Posthearing Brief at 13.

D. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[87]

As discussed above, the record in these investigations indicates that subject imports and domestically produced WSS pressure pipe are made to ASTM specifications and are highly substitutable, and that price is an important factor in purchasing decisions.

The Commission collected pricing data for six products.[88] *** U.S. producers and nine importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[89]

The pricing data show consistent and pervasive underselling by cumulated subject imports for all six pricing products.[90] Overall, cumulated subject imports undersold domestic product in 201 of 210 quarterly price comparisons.[91] The margins of underselling ranged from

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[87] 19 U.S.C. § 1677(7)(C)(ii).

[88] CR at V-8 to V-9; PR at V-5 to V-6. Pricing product 1 is ASTM A-312, welded, grade AISI 304/304L pipe, 1-inch schedule 40. Product 2 is ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 40. Product 3 is ASTM A-312, welded, grade AISI 304/304L pipe, 0.5-inch schedule 10. Product 4 is ASTM A-312, welded, grade AISI 304/304L pipe, 6-inch schedule 10. Product 5 is ASTM A-312, welded, grade AISI 316/316L pipe, 2-inch schedule 40. Product 6 is ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 10. *Id.*

[89] CR at V-9; PR at V-6. Pricing data reported by these firms over the POI accounted for approximately *** percent of the value of U.S. producers' shipments of the domestic like product, 27.2 percent of the value of U.S. shipments of subject imports from Malaysia, 15.8 percent of the value of U.S. shipments of subject imports from Thailand, and 25.7 percent of the value of U.S. shipments of subject imports from Vietnam. *Id.*

[90] Respondents assert that the coverage of the pricing data collected by the Commission with respect to the domestic industry is poor. Son Ha's Posthearing Brief at 12; Son Ha's Prehearing Brief at 20. Given the pervasiveness of the underselling by subject imports across the pricing products, and the fact that respondents do not dispute the existence of underselling, we do not find their arguments about data coverage to be persuasive. In particular, the pricing data are sufficiently representative to make appropriate comparisons between the price of subject imports and the domestic like product. We note that respondents were given an opportunity to comment on the selection of pricing products in the draft questionnaires, and made no comments.

[91] CR/PR at Table V-10.

*** percent to *** percent, and the average margin of underselling was 10.6 percent.[92] Given the frequency of underselling, the magnitude of the underselling margins, and the importance of price in purchasing decisions, we find the underselling by subject imports to be significant.[93]

The Commission's pricing data show that U.S. producers' prices declined appreciably during the POI for all six pricing products. The price declines for these products from the first quarter of 2011 to the fourth quarter of 2013 ranged from 19.9 percent to 29.2 percent.[94]

We find that the significant quantity of subject imports, which were sold at lower prices than the domestic like product, was a significant cause of the large price declines over the POI. We acknowledge that domestic WSS pressure pipe prices were affected in part by raw material cost changes, given the large share of the total cost of producing WSS pressure pipe that these raw materials represent, and market knowledge of nickel prices.[95] However, the record indicates that the domestic industry's price declines cannot be explained solely by changes in raw material costs.

While the domestic industry's cost of goods sold ("COGS") declined over the POI, driven by changes in raw material costs and fabrication costs,[96] the industry's ratio of COGS to net sales increased. The industry's COGS to net sales ratio increased from 96.1 percent in 2011 to 97.9 percent in 2012, and then to 101.9 percent in 2013.[97] This increase was due to per-unit sales value declining by a greater amount than unit COGS.[98] Over the POI, unit COGS declined by $1,227.72 per short ton, or by 24.6 percent, while net sales unit value declined by $1,502.07 per short ton, or by 28.9 percent.[99] We also note that, both on an absolute and percentage basis, the industry's net sales value per short ton declined more sharply than its raw materials cost per short ton. As noted, net sales unit value fell by $1,502.07 per short ton, or by 28.9 percent, whereas the unit raw materials cost fell by $1,070 per short ton, or by 26.6 percent.[100]

The Commission's variance analysis confirms that the domestic industry's per-unit prices declined over the POI more than its costs and expenses. The negative effect of decreased prices ($43.3 million) was greater than the positive effect of decreased costs and expenses ($37.0 million) between 2011 and 2013.[101] These data show that the U.S. producers'

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[92] CR/PR at Table V-10.

[93] We note that the domestic industry provided *** lost sales allegation, which was ***, and *** lost revenue allegations, ***, although the volumes involved were ***. CR at V-21 to V-22; PR at V-9; CR/PR at Tables V-11, V-12.

[94] CR/PR at Table V-9.

[95] Hearing Tr. at 28, 52 (Hendrickson).

[96] CR at VI-10; PR at VI-4. Respondents argue that prices for WSS pressure pipe directly reflect raw material costs, such as the price of nickel. Son Ha's Posthearing Brief at 2-6. However, the industry's production costs include other costs, most notably direct labor costs and factory overhead costs, in addition to raw material costs, so respondents' argument does not accurately reflect the conditions of competition in this industry. *See* CR/PR at Table VI-3.

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

[98] CR at VI-11; PR at VI-5.

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

[100] CR/PR at Tables VI-3, C-1.

[101] CR at VI-11; PR at Vi-4 to VI-5; CR/PR at Table VI-3.

prices declined by a greater amount than their raw material costs, and that declines in raw material prices do not explain the magnitude of the decline in U.S producers' prices.

Moreover, the timing of the greatest decline in U.S. producers' prices does not correspond with the timing of the greatest decline in raw material prices, demonstrating that raw material costs were not the only or even the main driver of domestic prices for WSS pressure pipe. For all six of the Commission's pricing products, U.S. producers' prices experienced their greatest quarterly price declines in 2012.[102] Moreover, for each product except product 1, the decline in prices from the first to the last quarter of each year was greatest in 2012.[103] However, prices of both grade 304 and grade 316 stainless steel experienced significantly smaller declines in 2012 than in 2011 or 2013.[104] Similarly, nickel prices experienced a significantly smaller decline in 2012 than in 2011 or 2013.[105] These data confirm that declining raw material costs alone cannot explain the timing or the extent of the decline in U.S. producers' prices.

[102] The largest percentage decline in price for product 1 was between the second and third quarters of 2012. CR/PR at Table V-3. The largest percentage decline in price for product 2 was between the third and fourth quarters of 2012. CR/PR at Table V-4. The largest percentage decline in price for product 3 was between the first and second quarters of 2012. CR/PR at Table V-5. The largest percentage decline in price for product 4 was between the second and third quarters of 2012. CR/PR at Table V-6. The largest percentage decline in price for product 5 was between the fourth quarter of 2011 and the first quarter of 2012. CR/PR at Table IV-7. The largest percentage decline in price for product 6 was between the second and third quarters of 2012. CR/PR at Table V-8.

[103] For product 1, the domestic product price fell by 1.4 percent in 2011, rose by 0.3 percent in 2012, and fell by 22.1 percent in 2013. CR/PR at Table V-3. For product 2, the domestic product price fell by 2.3 percent in 2011, 11.9 percent in 2012, and 2.9 percent in 2013. CR/PR at Table V-4. For product 3, the domestic product price fell by 4.5 percent in 2011 and by 22.3 percent in 2012, and rose by 3.6 percent in 2013. CR/PR at Table V-5. For product 4, the domestic product price fell by 3.3 percent in 2011, 5.2 percent in 2012, and 3.4 percent in 2013. CR/PR at Table V-6. For product 5, the domestic product price fell by 4.1 percent in 2011, 9.3 percent in 2012, and 8.0 percent in 2013. CR/PR at Table V-7. For product 6, the domestic product price fell by 4.4 percent in 2011, 8.2 percent in 2012, and 7.6 percent in 2013. CR/PR at Table V-8.

[104] The price of Grade 304 hot rolled stainless steel coil declined by 9.2 percent from January to December 2012, as compared to declines of 15.4 percent in 2011 and 14.4 percent in 2013. The price of Grade 316 hot rolled stainless steel coil declined by 9.4 percent from January to December 2012, as compared to declines of 16.5 percent in 2011 and 14.2 percent in 2013. CR/PR at Figure V-1; EDIS Document No. 533623. We note that we are comparing changes from January to December for each year to ensure that we are using the same time periods for both raw material costs and prices; for the latter, the record data are on a quarterly basis.

[105] Nickel prices declined by 12.2 percent from January to December 2012, as compared to declines of 29.2 percent in 2011 and 20.3 percent in 2013. CR at V-2 and Figure V-2; PR at V-2 and Figure V-2; EDIS Document No. 535612; *see also* EDIS Document No. 533655.

By contrast, cumulated subject import volumes and market share both increased from 2011 to 2012.[106] Similarly, the Commission's pricing data show underselling by cumulated subject imports of the domestic like product in 71 of 72 pricing comparisons in 2012, often at high margins of underselling.[107] Thus, the timing of the decline in U.S. producers' prices in 2012 does correspond with increases in cumulated subject import volumes and market share, as well as pervasive underselling by cumulated subject imports in 2012.

Respondents argue that low prices of *** placed more competitive pressure on the other domestic producers than did the subject imports.[108] However, *** was not identified as a price leader in the U.S. market by any responding purchaser.[109] Although *** reported prices were *** than those for other domestic producers, cumulated subject imports ***.[110] Moreover, we evaluate underselling by subject imports with respect to the domestic like product as a whole, not with respect to the products of individual domestic producers.[111] Thus, *** pricing practices do not affect our conclusion that underselling by subject imports was significant and contributed to U.S. producers' prices declining to the extent that they did.

We conclude that, notwithstanding the decline in raw material costs, the subject imports depressed U.S. producers' prices to a significant degree. For the foregoing reasons, we find significant price effects because the significant and pervasive underselling by the subject imports depressed U.S. producers' prices to a significant degree.

[106] The volume of cumulated subject imports increased from 18,007 short tons in 2011 to 18,357 short tons in 2012. CR/PR at Table IV-2. The market share of cumulated subject imports increased from 27.2 percent in 2011 to 27.6 percent in 2012. CR/PR at Table IV-10.

[107] CR/PR at Tables V-3 through V-8.

[108] Son Ha's Posthearing Brief at 12-13 and Attachment I, at 17 (response to Chairman Broadbent).

[109] CR at V-8; PR at V-5.

[110] EDIS Document No. 536033; Son Ha's Posthearing Brief at 13 and Attachment I, at 17 (response to Chairman Broadbent), and Exhibit I.

[111] *See* 19 U.S.C. § 1677(7)(C)(ii)(I) (inquiry is whether "there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States").

E. Impact of the Subject Imports[112]

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[113] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."

Although the domestic industry showed some improvement in production, shipments, and market share during the POI, it displayed poor and worsening financial performance. It incurred operating losses in each year of the POI.[114]

The domestic industry's capacity, production, and capacity utilization all increased modestly over the POI.[115] The industry's employment-related indicators likewise showed increases over the POI, except for productivity, which declined.[116]

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[112] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination with respect to subject imports from Malaysia, Commerce found antidumping duty margins of 167.11 percent for Superinox Pipe Industry Sdn. Bhd./Superinox International Sdn. Bhd; 167.11 percent for Kanzen Tetsu Sdn. Bhd; 167.11 percent for Pantech Stainless & Alloy Sdn. Bhd; and 22.70 percent for all others. *Welded Stainless Pressure Pipe From Malaysia: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part; 2012-2013*, 79 Fed. Reg. 31090, 31091 (May 30, 2014). In its final determination with respect to subject imports from Thailand, Commerce found antidumping duty margins of 24.01 percent for Ametai Co., Ltd./Thareus Co., Ltd; 24.01 percent for Thai-German Products Public Company Ltd.; and 23.89 percent for all others. *Welded Stainless Pressure Pipe From Thailand: Final Determination of Sales at Less Than Fair Value*, 79 Fed. Reg. 31093, 31095 (May 30, 2014). In its final determination with respect to subject imports from Vietnam, Commerce found antidumping duty margins of 16.25 percent for Sonha International Corporation; 16.25 percent for Mejonson Industrial Vietnam Co., Ltd; and 16.25 percent for Vietnam-Wide Entity. *Welded Stainless Pressure Pipe From the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value*, 79 Fed. Reg. 31092, 31093 (May 30, 2014).

[113] 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.").

[114] CR/PR at Tables VI-1, C-1.

[115] Capacity increased from 57,511 short tons in 2011 to 57,566 short tons in 2012, and then to 57,817 short tons in 2013. CR/PR at Tables III-2, C-1. Production increased from 26,980 short tons in 2011 to 28,126 short tons in 2012, and then to 28,456 short tons in 2013. *Id.* Capacity utilization increased from 46.9 percent in 2011 to 48.9 percent in 2012, and then to 49.2 percent in 2012. *Id.* U.S. producers' end-of-period inventories increased from 5,247 short tons in 2011 to 5,530 short tons in (Continued...)

Net sales increased from 26,776 short tons in 2011 to 27,518 short tons in 2012, and then to 28,818 short tons in 2013.[117] U.S. shipments increased from 25,857 short tons in 2011 to 26,794 short tons in 2012, and then to 28,530 short tons in 2013.[118] The domestic industry's share of U.S. apparent consumption increased from 39.5 percent in 2011 to 40.1 percent in 2012, and then to 45.1 percent in 2013.[119]

Despite the increase in net sales quantities discussed above, the industry's net sales value declined by 23.5 percent over the POI, declining from $139.0 million in 2011 to $127.3 million in 2012, and then to $106.4 million in 2013.[120] Operating income declined from a loss of $4.1 million in 2011 to a loss of $5.4 million in 2012, and then to a loss of $10.7 million in 2013.[121] The industry's operating margin declined from negative 3.0 percent in 2011 to negative 4.3 percent in 2012, and then to negative 10.1 percent in 2013.[122]

We find that the poor financial performance of the domestic industry is not simply a result of lower prices for WSS pressure pipe reflecting reduced raw material costs. Domestic producers that were already operating unprofitably at the beginning of the POI would not be inclined to pass on the entirety of any savings in their raw material costs to customers in the form of sharply lower prices, when this would continue unprofitable operations, absent competitive pressures to do so.[123] As we previously found, these competitive pressures came from the subject imports, whose significant volumes and pervasive underselling led to the domestic industry cutting its prices by a greater magnitude than its raw material costs declined. Indeed, the low prices of subject imports caused such a substantial decline in prices that the domestic industry's sales revenues declined by 23.5 percent between 2011 and 2013 despite an

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(…Continued)
2012, and then declined to 4,923 short tons in 2013. CR/PR at Table III-6. The ratio of inventories to production, as well as the ratio of inventories to U.S. shipments, declined from 2011 to 2013, despite small increases in both ratios from 2011 to 2012. *Id.*

[116] Employment increased from 280 production-related workers in 2011 to 288 in 2012, and then to 289 in 2013. CR/PR at Tables III-7, C-1. Hours worked increased from 570,000 hours in 2011 to 584,000 hours in 2012, and then to 637,000 hours in 2013. *Id.* Wages paid increased from $9.8 million in 2011 to $10.4 million in 2012, and then to $11.5 million in 2013. *Id.* Productivity (in short tons per hour) increased from 47.3 in 2011 to 48.2 in 2012, but then declined to 44.7 in 2013. *Id.*

[117] CR/PR at Tables VI-1, C-1.

[118] CR/PR at Tables IV-9, C-1.

[119] CR/PR at Tables IV-10, C-1. We observe that the increase in the domestic industry's market share from 2012 to 2013 occurred as the subject imports exited the U.S. market during the latter portion of 2013 while these investigations were pending. *See* Son Ha's Posthearing Brief at 13.

[120] CR/PR at Tables VI-1, C-1.

[121] CR/PR at Tables VI-1, C-1.

[122] CR/PR at Tables VI-1, C-1. Capital expenditures increased from $*** in 2011 to $*** in 2012, and then declined to $*** in 2013. CR/PR at Table VI-5. Research and development expenditures were *** during the POI, with *** $*** in 2011 reported. *Id.*

[123] Domestic producers representing *** of domestic production of WSS pressure pipe did not use separate surcharges (reflecting changes in the price of raw materials) in their selling prices during the POI. CR at V-5; PR at V-3; *see* Hearing Tr. at 78-81 (Tidlow, Krogman, Podsiad, Hendrickson).

increase in shipments. The declining sales revenues, in turn, led to declines in the domestic industry's financial performance.[124]

We accordingly find that the significant volume of subject imports, which depressed prices of the domestic industry to a significant degree through significant and pervasive underselling, leading to serious operating losses for the domestic industry, had a significant impact on the domestic industry.

We have considered whether there are other factors that may have had an adverse impact on the domestic industry to ensure that we are not attributing injury from such other factors to the subject imports. We find that the small decline in demand during the POI does not explain the domestic industry's poor financial performance. By any measure, U.S. producers' prices declined by far more than can be explained by the modest 3.3 percent reduction overall in apparent U.S. consumption during the POI.[125] In fact, as discussed earlier, the domestic industry's prices had the sharpest declines in 2012, when apparent consumption rose by 2.1 percent.[126] Additionally, the domestic industry was able to increase its level of production and quantity of sales despite the decline in demand.[127] The reason that the domestic industry was not able to maintain its sales revenues, which declined by 23.5 percent over the POI,[128] was thus not any decline in sales quantities linked to lower demand, but rather due to the sharp decline in price levels,[129] which, as we have indicated, was attributable to the price depression caused by subject imports.

We have also considered the role of nonsubject imports in these investigations. As previously noted, the two largest suppliers of nonsubject imports are Taiwan and Korea.[130]

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[124] The Commission's variance analysis indicates that the domestic industry's increase in operating losses between 2011 and 2013 was a result of its per-unit prices declining more than its costs and expenses. CR at VI-2 to VI-3; VI-11; PR at VI-1 to VI-2; VI-4 to VI-5.

Although our analysis of impact has focused, as the statute directs, on production of the domestic like product, we observe that petitioners have presented evidence with respect to domestic producers' production of out-of-scope WSS pressure pipe with an outer diameter greater than 14 inches, which uses the same raw materials as the domestic like product, but does not face competition from unfairly traded imports. Hearing Tr. at 57 (Podsiad); Hearing Tr. at 61 (Pennington); Petitioners' Posthearing Brief at 4-5. Petitioners assert that the data show that the domestic producers have experienced a far superior financial performance during the POI producing out-of-scope large diameter pipe than they have had producing the domestic like product. Petitioners' Posthearing Brief at 4-5 and Exh. 2. This appears to be consistent with our finding that the decline in raw material prices does not explain the domestic industry's poor performance, and that it is the unfairly traded subject imports that have had a significant impact on the domestic industry. We note, however, that we would reach the same conclusion without these data.

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

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

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

[128] CR/PR at Table C-1

[129] CR at VI-2 to VI-3, VI-11: PR at VI-1 to VI-2, IV-4 to VI-5.

[130] In 2013, imports from Taiwan and Korea accounted for *** percent of nonsubject imports, CR at II-9; PR at II-6, and the available information indicates that Taiwan is by far the larger supplier of WSS pressure pipe to the U.S. market. *See, e.g.,* CR/PR at Table D-1.

Many suppliers of nonsubject imports are currently subject to antidumping duty orders (and the accompanying possibility of administrative reviews that could raise antidumping duty rates) that place discipline on their prices.[131] As previously noted, Taiwan producer/exporter Ta Chen, which is currently not subject to the antidumping duty order on imports from Taiwan, is the largest source of nonsubject imports to the U.S. market, and mainly imports from Taiwan.[132] However, Ta Chen faces discipline on its pricing in the U.S. market, because a recurrence of dumping by that entity could lead to reinstatement of antidumping duties.[133]

The limited data available indicate that nonsubject imports from Taiwan had higher prices than subject imports during the POI.[134] These limited data are consistent with shipment average unit value ("AUV") data submitted in ***, which show that *** U.S. shipment AUVs were consistently *** than the U.S. shipment AUVs for subject imports.[135] Furthermore, U.S. shipment AUVs were significantly higher for nonsubject imports than for subject imports in each year of the POI.[136]

In light of the fact that nonsubject imports declined on both an absolute and relative basis during the POI, and were largely subject to antidumping duty orders or other

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

[132] CR at II-9; PR at II-6 to II-7; Hearing Tr. at 60, 229 (Schagrin); Hearing Tr. at 131 (Jakob); Hearing Tr. at 240 (Marshak); Son Ha's Posthearing Brief at 7-8; Son Ha's Prehearing Brief at 10.

[133] Ta Chen has agreed that the antidumping duty order would be reinstated in the event that Commerce concludes that it has resumed dumping, without need for a further injury determination. *Certain Welded Stainless Steel Pipe from Taiwan: Final Results of Antidumping Duty Administrative Review and Determination to Revoke the Order in Part*, 65 Fed. Reg. 39367, 39368 (June 26, 2000).

[134] Nonsubject imports from Taiwan oversold subject imports in 50 of 53 pricing comparisons. CR/PR at Table E-7. We acknowledge that the available pricing data show that nonsubject imports from Korea undersold subject imports. *Id*.

[135] *See, e.g.,* CR/PR at Table C-1; *** at 16 (EDIS Document No. 533146); Son Ha's Posthearing Brief at 9. The available pricing data are also consistent with petitioners' assertions that Ta Chen is different from other foreign producers and importers because it is also a master distributor in the United States and a major customer of the domestic industry. In addition to its own mills in Taiwan, it has large investments in facilities such as warehouses in the United States. *See, e.g.,* Petitioners' Posthearing Brief at 9; Hearing Tr. at 58-60 (Tidlow, Schagrin); Hearing Tr. at 96-99 (Hendrickson, Brunswick, Podsiad).

[136] CR/PR at Table C-1. We view AUV data with caution, since differences in AUVs may reflect differences in product mix. Respondents argue that other AUV data broken down by size of pipe indicate that nonsubject Imports were sold at lower values than subject imports during the POI. Son Ha's Prehearing Brief at 21 and Exh. 8; Pantech's Prehearing Brief at 4-6. However, the Report tables that respondents rely on represent very limited shipment quantities, unlike the AUV data based on questionnaire responses reflecting a majority of cumulated subject imports. CR at IV-1; PR at IV-1. These tables also do not avoid product mix issues, because they contain data for WSS pressure pipe products within size ranges that may vary in other respects (e.g., applicable grade of pipe and schedule). CR/PR at Tables III-5, IV-3, IV-4, IV-5 and IV-7.

considerations imposing pricing discipline on them, we find that the nonsubject imports are not responsible for the adverse price effects that we have attributed to the subject imports.[137]

We accordingly find that the cumulated subject imports had a significant impact on the domestic industry.

VI. Critical Circumstances

A. Legal Standards and Party Arguments

In its final antidumping duty determination concerning WSS pressure pipe from Malaysia, Commerce found that critical circumstances exist with respect to certain subject producers/exporters. Because we have determined that the domestic industry is materially injured by reason of subject imports from Malaysia, we must further determine "whether the imports subject to the affirmative {Commerce critical circumstances} determination ... are likely to undermine seriously the remedial effect of the antidumping {and/or countervailing duty} order{s} to be issued."[138] The SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order" and specifically "whether the surge in imports prior to the suspension of liquidation, rather than the failure to provide retroactive relief, is likely to seriously undermine the remedial effect of the order."[139] The legislative history for the critical circumstances provision indicates that the provision was designed "to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by {Commerce}."[140] An affirmative critical circumstances determination by the Commission, in conjunction with an affirmative determination of material injury by reason of subject imports, would normally result in the retroactive imposition of duties for those imports subject to the affirmative Commerce critical circumstances determination for a period 90 days prior to the suspension of liquidation.

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[137] We believe that the preceding analysis satisfies our non-attribution obligations under existing law. We nevertheless respond to respondents' argument that negative determinations are warranted in these investigations because nonsubject imports would have replaced the subject imports without a benefit to the domestic industry if subject imports had not been present in the U.S. market. Son Ha's Prehearing Brief at 7-8; Son Ha's Posthearing Brief at 7-10. Even assuming *arguendo* that there would have been replacement of subject imports by nonsubject imports, and that this is legally pertinent to our analysis, we find that the domestic industry would have benefitted because the nonsubject imports were sold in the U.S. market at generally higher values than the subject imports, and therefore the observed magnitude of price depression would not have occurred, and the domestic industry consequently would have obtained a price benefit.

[138] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

[139] SAA at 877.

[140] *ICC Industries, Inc. v United States,* 812 F.2d 694, 700 (Fed. Cir. 1987), *quoting* H.R. Rep. No. 96-317 at 63 (1979), *aff'g* 632 F. Supp. 36 (Ct. Int'l Trade 1986). *See* 19 U.S.C. §§ 1671b(e)(2), 1673b(e)(2).

The statute provides that, in making this determination, the Commission shall consider, among other factors it considers relevant,

> (I) the timing and the volume of the imports,
>
> (II) a rapid increase in inventories of the imports, and
>
> (III) any other circumstances indicating that the remedial effect of the {order} will be seriously undermined.[141]

In considering the timing and volume of subject imports, the Commission's practice is to consider import quantities prior to the filing of the petition with those subsequent to the filing of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstances determination.[142]

Petitioners argue that the Commission should make an affirmative finding of critical circumstances because the subject Malaysian producers responded to the filing of the petition by injuriously exporting as much product to the United States as they could in a short amount of time prior to Commerce's preliminary determinations. They assert that the Commission should be flexible in selecting the time periods for the analysis depending on the data, but do not advocate specific time periods that the Commission should use.[143]

Respondents Pantech, Allied, and Silbo argue that the Commission should make a negative critical circumstances determination with respect to the Malaysian producers, because the timing and volume of imports do not support an affirmative critical circumstances determination, in that they show no evidence of a surge in imports from the subject producers after the filing of the petition; there was no rapid increase of import inventories; and there are no other circumstances indicating that the remedial effect of the antidumping order will be seriously undermined.[144] Respondents also assert that, contrary to petitioners' suggestions, there is no reason for the Commission to depart from its normal practice of comparing data for

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[141] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

[142] *See Lined Paper School Supplies from China, India, and Indonesia,* Inv. Nos. 701-TA-442-43, 731-TA-1095-97,USITC Pub. 3884 at 46-48 (Sept. 2006); *Carbazole Violet Pigment from China and India,* Inv. Nos. 701-TA-437 and 731-TA-1060-61 (Final), USITC Pub. 3744 at 26 (Dec. 2004); *Certain Frozen Fish Fillets from Vietnam,* Inv. No. 731-TA-1012 (Final), USITC Pub. 3617 at 20-22 (Aug. 2003).

[143] Petitioners' Prehearing Brief at 34-37. Petitioners mention as possibilities a comparison of data for November 2012 through April 2013 with data for May 2013 through October 2013, as well as a comparison of data for December 2012 through May 2013 with data for June 2013 through November 2013. *Id.* at 36. Petitioners also suggest that examining the three month periods before and after the filing of the petition might be appropriate for the Commission's analysis. Hearing Tr. at 100-101 (Schagrin). We note that petitioners made no further arguments supporting a critical circumstances finding in their posthearing brief, or in their final comments.

[144] Silbo's Prehearing Brief at 1-10; Silbo's Posthearing Brief at 1-6; Allied's Prehearing Brief at 5-14; Allied's Posthearing Brief at 1-4; Pantech's Prehearing Brief at 12-15.

the six months prior to the filing of the petition with data for the six months following the petition.[145]

B. Analysis

On May 30, 2014, Commerce issued its final affirmative antidumping duty determination concerning subject imports of WSS pressure pipe from Malaysia, and found that critical circumstances exist with respect to imports from three Malaysian exporters/producers: Kanzen Tetsu Sdn. Bhd, Pantech Stainless & Alloy Sdn. Bhd., and Superinox Pipe Industry Sdn. Bhd./Superinox International Sdn. Bhd. Commerce found that critical circumstances do not exist with respect to imports from Malaysian exporters or producers in the "all others" group.[146]

Unless the subject imports subject to an affirmative critical circumstances determination reflect seasonal market conditions or the Commission decides that circumstances otherwise warrant, the Commission generally compares six months of data gathered from the periods immediately preceding and following the filing of the petition, with the earlier period including the month in which the petition was filed.[147] In these investigations, we are not persuaded by petitioners' suggestions that we should diverge from our normal practice of comparing data for six-month periods. Absent a compelling reason to depart from out normal practice, we analyze data for six-month periods, and given the timing of the filing of the petition (in the middle of the month, on the 16th), we include the month in which the petition was filed (May 2013) in the initial six-month comparison period.

Based on a comparison of subject imports over the six-month periods before and after the May 16, 2013 petition filing, we do not find a surge in subject imports warranting an affirmative critical circumstances determination. The subject imports increased from *** short tons to *** short tons between the two periods, an increase of only *** short tons, or *** percent.[148] This increase in subject imports covered by Commerce's affirmative critical

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[145] *See* Silbo's Posthearing Brief at 5-6.

[146] *Welded Stainless Pressure Pipe From Malaysia: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part; 2012-2013*, 79 Fed. Reg. 31090, 31091 (May 30, 2014). Commerce stated that it did not verify any of these three companies because all three ceased participating in Commerce's investigation prior to issuance of Commerce's preliminary determinations on January 7, 2014. *Id.* at 31090.

[147] *Crystalline Silicon Photovoltaic Cells and Modules from China,* Inv. Nos. 701-TA-481, 731-TA-1190 (Final), USITC Pub. 4360 at 42 (Nov. 2012) (data compared for six-month periods; when petitioner filed on the 19th of the month, that month was included in the initial period); *Steel Wire Garment Hangers from Vietnam*, Inv. Nos. 701-TA-483, 731-TA-1198, USITC Pub. 4371 at 6 (Jan. 2013) (data composed of six-month periods; when petitioner filed on the 29th of the month, that month was included in the initial period). *But cf. Orange Juice from Brazil*, Inv. No. 731-TA-1089 (Final), USITC Pub. 3838 at 29 n.203 (March 2005) (using seven month period because the petition was filed late in the month). *Graphite Electrodes from China*, Inv. No. 731-TA-1143 (Final), USITC Pub. 4062 at 24 (Feb. 2009).

[148] CR/PR at Table IV-8.

circumstances determination is insufficient to undermine seriously the remedial effect of the antidumping duty order.

The inventory data also do not support an affirmative critical circumstances determination. U.S. importers' end of period inventories of subject merchandise from the three producers from Malaysia subject to the affirmative Commerce critical circumstances determination declined from *** short tons during the period December 2012 through May 2013 to *** short tons during the period June 2013 through November 2013.[149] These data do not support the claim that U.S. importers were stockpiling WSS pressure pipe from Malaysia after the May 2013 filing of the petition, and confirm that the post-petition subject imports are not likely to undermine seriously the remedial effect of the antidumping duty order.

Based on this record, notwithstanding the domestic industry's condition, the adverse price effects of subject imports during the POI, and the high degree of substitutability of subject imports and the domestic like product, we do not find that the subject imports that entered the U.S. market after the filing of the petition and before Commerce's suspension of liquidation are likely to undermine seriously the remedial effect of the antidumping duty order. Accordingly, we do not find evidence that the retroactive application of suspension of liquidation and the imposition of duties for a 90-day-period are warranted.

We therefore determine that critical circumstances do not exist with respect to subject imports from Malaysia of WSS pressure pipe covered by the affirmative critical circumstances determination in Commerce's final antidumping duty investigation.

VII. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of WSS pressure pipe from Malaysia, Thailand, and Vietnam that are sold in the United States at less than fair value. We also determine that critical circumstances do not exist with respect to subject imports from Malaysia that are covered by the affirmative critical circumstances determination in Commerce's final antidumping duty investigation.

[149] CR/PR at Table IV-8.

**DISSENTING VIEWS OF CHAIRMAN MEREDITH M. BROADBENT,
VICE CHAIRMAN DEAN A. PINKERT, AND COMMISSIONER F. SCOTT KIEFF**

Based on the record in the final phase of these investigations, we find that an industry in the United States is neither materially injured nor threatened with material injury by reason of imports of welded stainless steel pressure pipe ("WSS pressure pipe") from Malaysia, Thailand, and Vietnam found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value.[1]

I. No Material Injury By Reason Of Subject Imports

A. 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."[2]

The volume of cumulated subject imports was 18,007 short tons in 2011, 18,357 short tons in 2012, and 12,125 short tons in 2013.[3] The share of apparent U.S. consumption held by cumulated subject imports, by quantity, increased from 27.2 percent in 2011 to 27.6 percent in 2012, and then declined to 24.7 percent in 2013.[4] We find that the volume of cumulated subject imports is significant both in absolute terms and relative to consumption in the United States.

B. Price Effects of the Subject Imports

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

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

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[5]

Subject imports and domestically produced WSS pressure pipe are substitutable and price is an important factor in purchasing decisions.[6] Raw material prices significantly impact

[1] We join and adopt as our own sections I-V.B. of the Commission's Majority Views, except as noted.

[2] 19 U.S.C. § 1677(7)(C)(i).

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

[4] CR/PR at Table IV-10.

[5] 19 U.S.C. § 1677(7)(C)(ii).

[6] CR at II-17-20, 27; PR at II-11-13, 18. CR/PR at Table II-12.

WSS pressure pipe prices, in particular hot-rolled stainless steel and nickel prices.[7] Nickel prices are published on the London Metal Exchange, are widely known to market participants, and are quickly reflected in stainless steel prices, and then in prices for WSS pressure pipe.[8] Nickel prices fell by 45.8 percent from 2011 to 2013; and they declined in a rolling manner, with sharp increases followed by sharp declines.[9] Stainless steel prices declined by 33.3 percent from 2011 to 2013, exhibiting the same declining rolling pattern as nickel (sharp increases followed by sharp declines).[10]

The Commission gathered pricing data on six WSS pressure pipe products. Regardless of source, prices for WSS pressure pipe declined significantly over the period of investigation. Domestic prices fell by an average of 24.8 percent.[11] Subject import prices from Malaysia fell by an average of 20.7 percent, Thailand, 18.1 percent, and Vietnam, 17.8 percent.[12] Prices for nonsubject imports from Korea fell by an average of 18.5 percent.[13]

We find that underselling is significant insofar as the subject imports undersold the domestic like product in 201 out of 210 price comparisons.[14] We find, however, that the underselling has not caused adverse effects on prices. The prices of the domestic product and the subject imports generally moved in parallel lines -- and, where the trends diverged, subject import pricing did not lead domestic pricing down -- indicating that the lower-priced subject imports did not have a significant effect on domestic prices.[15]

Based on this record, we do not find that subject imports are depressing domestic prices to a significant degree. Price trends for both the domestic product and the subject imports generally mirrored the declining rolling pattern seen in the nickel and stainless steel prices. The correlation we find between WSS pressure pipe prices and raw material prices confirms the hearing testimony that nickel and stainless steel prices are quickly reflected in WSS pressure

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[7] Ninety to ninety-five percent of the cost of WSS pressure pipe is attributable to stainless steel. The "overwhelming" factor in the cost of stainless steel is the cost of the alloys in the steel: nickel, chrome, and aluminum. Tr. at 28 (Hendrickson, Felker Brothers).

[8] Regarding the time lag for nickel prices to be implemented into steel prices and WSS pressure pipe prices, Mr. Jakob stated as follows: "I'd say it's very fast. I can't put a time on it, but it may not be instantaneous but it is pretty quick." Tr. at 193 (Jakob, Silbo). Both the domestic industry and respondents acknowledge that their customers know these nickel prices, and that nickel prices impact WSS pressure pipe prices for all suppliers. Tr. at 52-53, 80-81 (Hendrickson, Felker Brothers); Son Ha Posthearing Brief, Responses to Questions Posed by Commissioners at 25-27.

[9] Calculated from data presented in CR at Figure V-2, page V-2.

[10] *Compare* CR/PR Figure V-1 *with* Figure V-2. Grade 304 hot-rolled stainless steel fell by 33.1 percent from 2011 to 2013; Grade 316 fell by 33.4 percent. Calculated from data presented in Figure V-1.

[11] Calculated from CR/PR at Tables V-3-V-8 (by averaging the decline in all of the pricing products from January 2011 to December 2013).

[12] Calculated from CR/PR at Tables V-3-V-8.

[13] Calculated from CR/PR at Tables E-1 to E-6. Pricing data for nonsubject imports from Korea were not available in the last three quarters of 2013. There were limited data on prices for nonsubject imports from Taiwan.

[14] CR/PR at Table V-10.

[15] *See* CR at V-13-V-18; PR at V- 7 (Figures V-2-V-7).

pipe prices.[16] In particular, domestic price trends for higher-volume pricing products 1, 2, and 6 followed raw material price movements, including the sharp increases in raw material prices early in 2011 and 2012. Subject import price movements, however, were more gradual.[17] Thus, there were lower margins of underselling by the subject imports at the end of the POI than at the beginning, as raw material prices and domestic prices leveled out in 2013.

Given the significant drop in nickel and stainless steel prices, and the fact that domestic prices followed the changes in these prices over the POI, we find that raw material prices have been the drivers behind the declines in domestic prices over the POI, not the prices of the subject imports.

Although the domestic industry's ratio of cost of goods sold ("COGS") to net sales was high over the POI, we also do not find that subject imports have prevented price increases, which otherwise would have occurred, to a significant degree. Unit costs have declined with the decline in raw material costs, and apparent U.S. consumption has declined as well.[18] Thus, on the basis of the evidence in these investigations, there is no reason that prices would have been expected to increase over the POI.

Finally, the underselling by the subject imports did not cause the domestic industry to lose market share. In fact, the domestic industry gained market share and increased its shipment levels steadily over the POI.[19] There *** and some confirmed lost revenues, but they are not indicative of material injury given the level of U.S. sales for this industry.[20]

Accordingly, given that we have not found the underselling by the subject imports to have caused significant price depression or suppression, or loss of market share, we find neither adverse effects on domestic prices nor other adverse effects from subject import pricing.

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[16] Tr. at 193 (Jakob, Silbo).

[17] *Compare* CR at V-2; PR at V-2 (Figures V-1 and V-2) *with* CR at V-13-18 (Figures V-2 to V-7). Pricing products 1, 2, and 6 were the highest volume products surveyed for domestic WSS pressure pipe. Respondents provided additional evidence of the correlation between domestic prices and nickel prices in Exhibit 6 of their Posthearing Brief. They found a closer correlation between nickel prices and domestic prices than between nickel prices and subject import prices. They attributed this closer correlation to the shorter lead times for the domestic products. Son Ha Posthearing Brief, Responses to Questions Posed by Commissioners at 26-27 and Exhibit 6.

[18] CR/PR at Table C-1 (as revised).

[19] U.S. producers' market share, in quantity, was *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table IV-10 (as revised in Memorandum INV-MM-059, June 18, 2014). U.S. producers' shipments were *** short tons in 2011, *** short tons in 2012, and *** short tons in 2013. CR/PR at Table IV-9 (as revised).

[20] The domestic industry's annual sales values were over one hundred million dollars during the period of investigation. There *** and confirmed lost revenues of $*** during the period. CR/PR at Table C-1, Tables V-11- V-12. *See also* discussion CR at V-21-22; PR at V-9.

C. Impact[21]

Section 771(7)(C)(iii) of the Tariff Act provides that in examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[22] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[23]

Over the POI, the domestic industry saw improvement in several areas. Production, shipments, and net sales by quantity all increased in 2012 and in 2013.[24] Capacity utilization rose in each year of the POI, as did the number of production and related workers. Inventories were lower in 2013 than in 2012, both absolutely and relative to shipments.[25] The domestic industry gained market share in each year of the POI, rising from *** percent in 2011 to *** percent in 2012 and to *** percent in 2013.[26] The record shows that the domestic industry increased shipments and gained market share regardless of whether subject import volume rose or fell.

Despite improvements in production, shipments, market share, and capacity utilization, the domestic industry's financial performance declined over the POI. The industry had operating losses throughout the POI. The margin of operating loss fell from -3.0 percent of sales in 2011 to -4.3 percent in 2012 and to -10.1 percent in 2013.[27] The industry had declining costs throughout the POI, with unit COGS falling by 9.2 percent in 2012 and by 17.0 percent in

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[21] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination of sales at less value, Commerce found antidumping duty margins of 22.70 to 167.11 percent for imports from Malaysia. *Welded Stainless Steel Pressure Pipe from Malaysia: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 Fed. Reg. 31,090 (May 30, 2014). Commerce found antidumping duty margins of 23.89 to 24.01 percent for imports from Thailand. *Welded Stainless Steel Pressure Pipe from Thailand: Final Sales at Less Than Fair Value*, 79 Fed. Reg. 31,093 (May 30, 2014). Commerce found antidumping duty margins of 16.25 percent for imports from Vietnam. *Welded Stainless Pressure Pipe from the Socialist Republic of Vietnam: Final Determination of Sales at Less than Fair Value*, 79 Fed. Reg. 31,093 (May 30, 2014).

[22] 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.").

[23] 19 U.S.C. § 1677(7)(C)(iii).

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

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

[26] CR/PR at Table IV-10 (as revised in Memoeandum-MM-059, June 18, 2014).

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

2013, for a decline of *** percent overall.[28] Declining costs did not lead to improved profitability for the domestic industry. This problem was not, however, caused by the subject imports.

As discussed, raw material costs are widely known, prices are "very transparent," and purchasers expect prices to reflect recent movements. The product is sold mostly on a spot basis,[29] with a significant share of purchasers buying often.[30] As raw material prices decline, producers would frequently find themselves selling product into a market where purchasers' expectations about price were influenced by current trends rather than the trends prevailing when producers purchased their raw materials.[31] Stable or falling demand would place additional pressure on prices that would, in any event, be trending downward.

The decline in the industry's unit costs was driven in no small part by declines in raw material costs. As noted, the primary raw material input for WSS pressure pipe is stainless steel, and nickel and ferrochrome are key material inputs for stainless steel.[32] Pricing for the key raw material inputs for stainless steel and therefore WSS pressure pipe is "very transparent" to market participants.[33] Purchasers of WSS pressure pipe are generally aware of movements in prices for the key inputs and expect WSS pressure pipe prices to reflect recent material price changes.[34] The pricing data, as noted above, show that prices for WSS pressure pipe in the U.S. market followed nickel and stainless steel prices down during the POI.

The record data for the POI also indicate that the domestic industry's profitability, as well as its prices, followed the downward trend for prices of key raw material inputs. In 2013 the domestic industry's production, shipments, and capacity utilization were at the highest levels seen in the POI, but nickel prices and prices for the major stainless steel inputs both declined at significant rates and at steeper rates than those seen in 2012.[35] Domestic losses rose in both 2012 and 2013, with the largest increase coming in 2013.[36]

We find that as costs declined over the POI, unit sales values also declined, which resulted in lower profitability for the domestic industry. The declines in unit sales values and the declines in unit COGS in this industry were closely related. Average unit sales values (AUVs) for the domestic like product declined by 28.9 percent between 2011 and 2013, while unit

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

[29] CR at V-6 and Table V-2; PR at V-4 and Table V-2.

[30] CR at V-7, PR at V-5.

[31] Petitioners see an argument based on the confluence of declining raw material prices and inventory lag as an assumption of the industry's incompetence. Petitioners' Posthearing Brief at 7. But such a mismatch is likely an inherent and lasting condition of competition in a market such as this, with many sellers, a multiplicity of buyers, and wide knowledge of raw material costs. *See* Son Ha Posthearing Brief at 3-5.

[32] Tr. at 28 (Mr. Felker).

[33] Tr. at 52, 77-78 (Mr. Hendrickson).

[34] *Id*.

[35] Calculated from data presented in Figure V-1; Respondents' Hearing Exhibit at 8.

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

COGS declined by 24.6 percent. Domestic profitability declined somewhat faster than did costs or sales values.[37]

We have found that the subject imports were significant absolutely and relatively, but the domestic industry gained shipments and market share, both when subject import volume rose and when it declined. We have not found, based on the record, significant effects on domestic prices from the subject imports, finding that price declines generally correlated with declines in the prices for key raw materials. Nor can we find, on the basis of this record, that the subject imports had a significant adverse impact on the domestic industry.

The decline in profitability correlated with the decline in prices driven by falling raw material prices and with stable or declining demand. The record shows that these market conditions are the cause of the industry's difficulties.

Petitioners have argued that declining raw material costs would not necessarily translate into declining prices, much less losses, for WSS pressure pipe. Given the conditions of competition, however, it is evident that the domestic industry has not retained any significant benefit from declining raw material input costs. Demand was declining at the end of the POI, at the time when raw material prices continued to decline. Moreover, available unused capacity was substantial, thus limiting the industry's pricing power.[38] Raw material cost data was widely available, known, and used by purchasers in price negotiations. These conditions of competition belie Petitioners' contentions.[39]

Based on the foregoing reasons, we find that subject imports have not had a significant impact on the domestic industry. Thus, we conclude that, despite the industry's operating losses, the industry was not materially injured by reason of subject imports.

II. No Threat Of Material Injury By Reason Of Subject Imports

A. Legal Standard

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

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

[38] U.S. producers of WSS pressure pipe have available large amounts of unused capacity and some inventories to supply the U.S. market. CR/PR at Table C-1. Moreover, during the POI, non-subject imports from Korea and Taiwan accounted for approximately *** of apparent consumption. The Staff Report indicates significant production capacity for non-subject stainless steel pipe in Korea and Taiwan as well as global exports from multiple sources of circular welded tubes, pipes, and hollow profiles, which include the products at issue in this investigation. CR at VII-12 – VII-16; PR at VII-11-14. _. See also Petitioners' Posthearing Brief at 7 ("For example, buyers know when producers have large amounts of available capacity and are desperate to sell, and may take advantage of it. The more suppliers are available as alternatives, the less market power any one supplier is likely to have.").

[39] Petitioners have argued that the market for larger WSS pressure pipe, not included in this domestic like product, has not been injured by falling raw material prices. Petitioners' Posthearing brief at 3-4. In any case we draw no conclusions about a different industry or product.

accepted."[40] 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.[41] In making our determination, we consider all statutory threat factors that are relevant.[42]

B. Cumulation for Threat

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.[43] Petitioners argue that the Commission should

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[40] 19 U.S.C. § 1677(7)(F)(ii).

[41] 19 U.S.C. § 1677(7)(F)(ii).

[42] 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 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). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the analysis of subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of impact. Statutory factor (VII) concerning agricultural products is inapplicable to this determination.

[43] 19 U.S.C. § 1677(7)(H).

exercise its discretion to cumulate subject imports from Malaysia, Thailand, and Vietnam in assessing threat of material injury.[44] Respondents do not contest that it is appropriate to cumulate subject imports from Malaysia, Thailand, and Vietnam for the statutory threat analysis.[45]

As discussed in section IV above, the record indicates that there is a reasonable overlap of competition between and among the domestic like product and subject imports from Malaysia, Thailand and Vietnam, and the record contains no evidence that this overlap is likely to change in the future. We have also considered whether subject imports from Malaysia, Thailand, and Vietnam exhibited similar volume and price trends during the POI that would justify exercising our discretion to cumulate these imports for our threat analysis. There are some variations in the volume and price data, but on this record we find the trends and the conditions of competition are sufficiently similar for imports from all three subject countries to justify exercising our discretion to cumulate subject imports from Malaysia, Thailand and Vietnam in assessing threat of material injury.

C. Analysis of Threat of Material Injury by Reason of Subject Imports

As discussed above, the domestic industry's performance in several areas improved during the POI, and we have found that the cumulated subject imports have not had significant adverse effects on the condition of the domestic industry. Although the domestic industry experienced operating losses each year, these losses reflect trends in declining prices that followed raw material prices downward during the POI as well as weak demand in the United States over the period. As discussed below, we likewise find that the domestic industry is not threatened with material injury by reason of cumulated subject imports.

i. Likely Subject Import Volume[46]

We find that the decline in cumulated subject import volume and market share during the POI indicates that there is not a likelihood of substantially increased imports in the imminent future. As noted above, subject imports have had a steady presence in the U.S. market over the period, although the market share of cumulated subject imports has declined from 27.2 percent in 2011 to 24.7 percent in 2013.[47] As detailed above, we found that the volume of subject imports did not have significant adverse effects on the domestic industry during the period of investigation because the domestic industry garnered increased shipments and market share throughout the period regardless of whether subject import volumes rose or fell. The domestic industry's gains in shipments, production, and market share occurred even

[44] Petitioners' Posthearing Brief, Responses to Commission Questions at A-4 – A-5.

[45] Pantech Posthearing Brief, Responses to Commission Questions at 13-14 ("Respondents are of the position that they do not pose a threat on a cumulated basis, as explained in Pantech's post-heairng brief."); Son Ha Posthearing Brief, Responses to Commission Questions at 11 ("Son Ha's positon *** is that Subject Imports do not pose a threat of material injury either on a cumulated basis or considered separately."). *See also* Allied Prehearing Brief at 4 (citing cumulated data in support of the absence of threat of material injury).

[46] These investigations do not involve allegations of countervailable subsidies.

[47] CR/PR at C-1.

as apparent consumption stagnated or declined. There is no evidence that these factors will change in the imminent future.[48]

We acknowledge that there is unused capacity in the subject countries,[49] and that foreign producers in Malaysia, Thailand, and Vietnam are export-oriented and focused on supplying the U.S. market.[50] We do not find, however, that subject imports entered the U.S. market at a significant rate of increase of volume or market share over the POI, despite the existence of unused capacity and a general orientation towards the U.S. market.[51] Exports to the United States as a share of total shipments are projected to decline substantially in 2014 and 2015 as alternative markets attract subject WSS pressure pipe from Malaysia, Thailand and Vietnam.[52]

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[48] At the hearing, an industry representative appearing on behalf of petitioners indicated that "there's a lot of pent-up demand out in the marketplace" as infrastructures, such as wastewater treatment plants, have deferred maintenance and upgrades due to the apprehension about the economy. Tr. at 107 (Mr. Hendrickson). Similarly, an industry representative appearing on behalf of respondents reported that there are indications of some optimism with regard to positive movements in future demand. Tr. at 179-80 (Mr. Jakob).

[49] Petitioners claim that the capacity figures are understated because they are based on data that do not include ***. Petitioners' Posthearing Brief at 13-14. Petitioners also contend that capacity is understated because it is possible to operate a WSPP mill with multiple shifts. *Id.* at 14. Respondents have supplied additional information regarding *** Pantech Posthearing Brief, Response to Commission Questions at 11. As to *** As for *** Regardless of whether we rely upon the data from the preliminary phase investigations, however, we acknowledge that excess capacity in the subject countries is significant. Nevertheless, the existence of excess capacity is unlikely to result in substantially increased volumes of subject imports in light of the lack of substantially increased volumes of subject imports during the POI. CR/PR at Table C-1.

[50] CR at Table VII-4. Shipments of WSS pressure pipe exported to the United States were *** short tons in 2011, *** short tons in 2012, and *** short tons in 2013. *Id.* As a share of foreign producers' total shipments, exports of WSS pressure pipe to the United States accounted for *** percent in 2011, *** percent in 2012, and *** percent in 2013. *Id.*

[51] We also note that the record indicates no potential for product-shifting inasmuch as reporting foreign producers report that *** amounts of other products are being produced on the same equipment and machinery used to produce WSS pressure pipe. CR at VII-3, VII-5, and VII-7. Respondents provided information that it is ***. Pantech Posthearing Brief at Responses to Commission Questions at 10.

[52] CR at Table VII-4. Respondents note that the EU does not impose any trade remedy on WSS pressure pipe from Malaysia, Thailand, or Vietnam and that market access should improve as free trade agreements between the EU and these countries, which are currently under negotiation, are eventually concluded. Pantech Posthearing Brief at 6-7, Responses to Commission Questions at 11. Moreover, respondents argue that Malaysia, Thailand, and Vietnam are members of the Association of Southeast Asian Nations (ASEAN), which is forming an ASEAN Economic Community, a single market, by 2015. Import duties and trade measures have been eliminated on intra-ASEAN trade and ASEAN has free trade agreements with China, India, Japan, Korea, and Australia-New Zealand through which import duties have been (or are in the process of being) eliminated. These countries are also negotiating the Regional Comprehensive Economic Partnership free trade agreement with ASEAN, which will consolidate these free trade agreements into a comprehensive framework. *Id.*

Further, we note that U.S. importers' end-of-period inventories *** between 2011 and 2013 from *** short tons in 2011 to *** short tons in 2013.[53] These *** inventory levels do not indicate that an increase in subject imports is likely, nor that any further imports would be sufficient to have any significant likely impact on the domestic industry. We note that U.S. inventories of subject imports *** from 2011 to 2012,[54] but this did not result in a rapid increase in cumulated subject import volumes in 2013, a year in which the domestic industry increased its production, shipments, and market share.[55]

In sum, we find that, notwithstanding subject producers' excess capacity, inventory levels of subject WSS pressure pipe in the U.S. market, and subject producers' export orientation, there was not a rapid increase in cumulated subject imports in 2013, and one is not likely in the imminent future. To the extent that subject imports may increase in the imminent future, any such increase is likely to be commensurate with increases in apparent consumption. As this occurs, the domestic industry is likely to continue to maintain its market share and increase its output, as it did during the POI.

ii. Likely Price Effects

We find that imports of subject merchandise are not likely to enter the U.S. market at prices that are likely to have significant depressing or suppressing effects on domestic prices or that are likely to increase demand for further imports. As detailed above, we have found that, during the POI, subject imports neither depressed nor suppressed prices for the domestic like product to a significant degree and that the underselling by the subject imports did not cause loss of market share. Because we have found that there is not a likelihood of substantially increased imports, and the record fails to demonstrate imminent changes in pricing trends in the U.S. market, the absence of significant price effects observed during the POI would likely continue in the imminent future.

iii. Likely Impact

We have found above that while the volume of subject imports was significant, several domestic industry indicators improved during the POI. There are some indications that there is pent-up demand in the U.S. market and that positive changes in demand appear likely as the economy improves. Morever, the record reflects rising nickel prices in 2014, which will likely positively affect stainless steel prices and then prices for WSS pressure pipe.[56] Nothing in the record of these investigations gives us reason to believe that subject imports, which caused no material injury during the POI, would likely have a significant adverse impact on the condition of the domestic industry in the imminent future.

In light of the foregoing, we conclude that an industry in the United States is not threatened with material injury by reason of cumulated subject imports.

[53] CR/PR at Table C-1.
[54] CR/PR at Table C-1.
[55] CR/PR at Table C-1.
[56] CR/PR at Figure V-2.

III. Conclusion

For the reasons stated above, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of subject imports of WSS pressure pipe from Malaysia, Thailand and Vietnam that are sold in the United States at less than fair value.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Bristol Metals, L.P., ("Bristol") of Bristol, TN; Felker Brothers Corp., ("Felker") of Marshfield, WI; and Outokumpu Stainless Pipe, Inc., ("Outokumpu") of Schaumberg, IL, on May 16, 2013, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of welded stainless steel pressure pipe ("WSS pressure pipe")[1] from Malaysia, Thailand, and Vietnam. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
May 16, 2013	Petition filed with Commerce and the Commission; institution of Commission investigation (78 FR 31574, May 24, 2013)
June 12, 2013	Commerce's notice of initiation (78 FR 35253, June 12, 2013)
July 10, 2013	Commission's determination (78 FR 45271, July 26, 2013)
January 7, 2014	Commerce's preliminary determination for Vietnam, Malaysia, and Thailand, respectively (79 FR 806-814, January 7, 2014).
February 21, 2014	Scheduling of final phase of Commission investigations (79 FR 11126, February 27, 2014)
May 22, 2014	Commission's hearing
May 30, 2014	Commerce's notices of final determinations of Sales at Less Than Fair Value for Malaysia (79 FR 31090), Vietnam (79 FR 31092), and Thailand (79 FR 31093); May 30, 2014
June 24, 2014	Scheduled date for the Commission's vote
July 7, 2014	Scheduled date for Commission's views

[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] Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission's website (www.usitc.gov).

[3] App. B of this report presents the Hearing witness list.

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 decline 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 report

Part I of this report presents information on the subject merchandise, 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.

MARKET SUMMARY

WSS pressure pipe is generally used as a conduit for liquids or gases, with applications including digester lines, blow lines, pharmaceutical lines, petrochemical lines, stock lines, brewery process and transport lines, general food processing lines, automotive paint lines, and paper processing machines. The leading U.S. producers of WSS pressure pipe are petitioners Bristol, Felker, Outokumpu, and non-petitioner Marcegaglia, while producers of WSS pressure pipe in subject countries include Kanzen Tetsu Sdn, Bhd. ("Kanzen"), Pantech Stainless & Alloy Industries Sdn. Bhd. ("Pantech"), and Superinox Pipe Industry Sdn., Bhd., ("Superinox") of Malaysia; Thai-German Products Public Co., Ltd. ("Thai-German") of Thailand, and Mejonson Industrial Vietnam Co., Ltd. ("Mejonson") and Sonha International Corporation ("SonHa") of Vietnam. The leading U.S. importers of WSS pressure pipe from Malaysia are ***, the leading importers of WSS pressure pipe from Thailand are ***, and the leading importers of WSS pressure pipe from Vietnam are ***. Leading importers of product from nonsubject countries (primarily Taiwan and Korea) include Ta Chen International, Inc. ("Ta Chen"), (imports from Taiwan) and SeAH Steel America, Inc. ("SeAH"), (imports from Korea).

SUMMARY DATA AND DATA SOURCES

Apparent U.S. consumption of WSS pressure pipe totaled approximately 63,294 short tons ($248.0 million) in 2013. Currently, seven firms are known to produce WSS pressure pipe in the United States. U.S. producers' U.S. shipments of WSS pressure pipe totaled 28,530 short tons ($104.7 million) in 2013, and accounted for 45.1 percent of apparent U.S. consumption by quantity and 42.2 percent by value. U.S. shipments of imports from subject sources totaled 15,657 short tons ($72.4 million) in 2013 and accounted for 24.7 percent of apparent U.S. consumption by quantity and 29.2 percent by value. U.S. shipments of imports from nonsubject sources totaled 19,107 short tons ($70.8 million) in 2013 and accounted for 30.2 percent of apparent U.S. consumption by quantity and 28.6 percent by value.

A summary of data collected in this investigation is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of five firms that accounted for approximately *** percent of U.S. production of WSS pressure pipe during 2013. U.S. imports are based on responses to Commission questionnaires.

PREVIOUS AND RELATED TITLE VII INVESTIGATIONS

The Commission has conducted several previous import relief investigations (and subsequent reviews) on welded stainless steel pipe and tube, including ASTM A-312 pipe, a product that was defined both more broadly and narrowly than was WSS pressure pipe in these investigations.[4] Table I-1 presents data on previous and related Title VII investigations.

[4] The product scope of the orders on A-312 pipe from Korea and Taiwan is narrower than that of WSS pressure pipe because it does not include A-778 pipe. It is broader in that it includes pipe greater than 14 inches outside diameter ("O.D.") Although the A-312 specification includes seamless pipe, the product scope of the orders on A-312 pipe from Korea and Taiwan does not include seamless pipe.

Table I-1

WSS pressure pipe: Previous and related Title VII investigations

Product	Inv. No.	Year of petition	Country	Original determination	Current status
Welded stainless steel pipe and tube	AA1921-180	1978	Japan	Negative	([1])
Welded stainless steel pipe and tube excluding grade 409 pipe	701-TA-281	1986	Sweden	Negative	([1])
	731-TA-354	1986	Sweden	Negative	([1])
ASTM A-312 pipe	731-TA-540[2]	1991	Korea	Affirmative	Order in place
	731-TA-541[2]	1991	Taiwan	Affirmative	Order in place[3]
Welded stainless steel pressure pipe	701-TA-454 731-TA-1144	2008	China	Affirmative	First review scheduled for 2014

[1] Not applicable.
[2] On July 1, 1999, the Commission instituted the first five-year review of the antidumping duty orders, and on September 22, 2000, the Commission made an affirmative determination. On September 1, 2005, the Commission instituted the second five-year review of the antidumping duty orders, and on August 16, 2006, the Commission made an affirmative determination. On July 1, 2011, the Commission instituted the third five-year review of the antidumping duty orders, and on November 17, 2011 made an affirmative determination.
[3] Chang Tieh (later Chang Mien) was excluded from the original order, and the order for Ta Chen was revoked effective June 26, 2000, on merchandise entered on or after December 1, 1998.

Source: *Welded Stainless Steel Pressure Pipe from China, Inv. Nos. 701-TA-454 and 731-TA-1144 (Final)*, USITC Publication 4064, March 2009. *Certain Welded Stainless Steel Pipe from Korea and Taiwan (Third Review)*, USITC Publication 4280, December 2011.

PREVIOUS AND RELATED SAFEGUARD INVESTIGATIONS

Following receipt of a request from the Office of the United States Trade Representative ("USTR") on June 22, 2001, the Commission instituted investigation No. TA-201-73, Steel, under section 202 of the Trade Act of 1974[5] to determine whether certain steel products, including stainless steel welded tubular products,[6] were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries producing articles like or directly competitive with the imported article.[7] On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate ("Senate Finance Committee" or "Committee") requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.[8] Consistent with the Senate Finance Committee's resolution, the Commission consolidated the

[5] 19 U.S.C. § 2252.
[6] Stainless steel welded tubular products were found to be a single 'like or directly competitive' product. *Steel, Inv. No. TA-201-73, Volume I: Determinations and Views of Commissioners,* USITC Publication 3479, December 2001, p. 16.
[7] *Institution and Scheduling of an Investigation under Section 202 of the Trade Act of 1974 (19 U.S.C. 2252) (the Act),* 66 FR 35267, July 3, 2001.
[8] 19 U.S.C. § 2251.

investigation requested by the Committee with the Commission's previously instituted investigation No. TA-201-73.[9] On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission made a unanimous negative determination with respect to stainless steel welded tubular products.[10]

NATURE AND EXTENT OF SALES AT LTFV

On May 30, 2014, Commerce published notices in the *Federal Register* of its final determinations of sales at LTFV with respect to imports from Malaysia,[11] Thailand,[12] and Vietnam.[13] Table I-2 presents Commerce's final dumping margins with respect to imports of product from Malaysia, Thailand, and Vietnam.

Table I-2
WSS pressure pipe: Commerce's final weighted-average LTFV margins with respect to imports from Malaysia, Thailand, and Vietnam

Exporter/Producer	Final dumping margin (*percent*)
Malaysia	
Superinox Pipe Industry Sdn. Bhd./Superinox International Sdn. Bhd.	167.11
Kanzen Tetsu Sdn. Bhd.	167.11
Pantech Stainless & Alloy Industries Sdn. Bhd.	167.11
All others	22.70
Thailand	
Ametai Co., Ltd./Thareus Co., Ltd.	24.01
Thai-German Products Public Company Limited	24.01
All others	23.89
Vietnam	
Sonha International Corporation	16.25
Mejonson Industrial Vietnam Co., Ltd.	16.25
Vietnam-Wide Entity	16.25

Source: 79 FR 31090, 319092, and 31093 May 30, 2014.

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

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

[11] *Welded Stainless Pressure Pipe From Malaysia: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part; 2012–2013*, 79 FR 31090, May 30, 2014.

[12] *Welded Stainless Pressure Pipe From the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value,* 79 FR 31093, May 30, 2014.

[13] *Welded Stainless Pressure Pipe From Thailand: Final Determination of Sales at Less Than Fair Value*, 79 FR31093, May 30, 2014.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of these investigations as follows:

> *The merchandise covered by this investigation is circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. For purposes of this investigation, references to size are in nominal inches and include all products within tolerances allowed by pipe specifications. This merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A–312 or ASTM A–778 specifications, or comparable domestic or foreign specifications. ASTM A–358 products are only included when they are produced to meet ASTM A–312 or ASTM A–778 specifications, or comparable domestic or foreign specifications.*
>
> *Excluded from the scope are: (1) Welded stainless mechanical tubing, meeting ASTM A–554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A– 249, ASTM A–688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A269, ASTM A–270 or comparable domestic or foreign specifications.*
>
> *The subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090. The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive*

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations normally is included under Harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085.[14] It

[14] These statistical reporting numbers are believed to include primarily subject products but also include some quantities of nonsubject products.

also may be imported under HTSUS statistical reporting numbers 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090.[15]

THE PRODUCT

Description and applications

WSS pressure pipe refers to welded pipe of austenitic stainless steel not greater than 14 inches in outside diameter ("O.D."). The subject pipe is of circular cross-section, produced in relatively few standard sizes, designated by nominal diameter and wall thickness,[16] and is designed for use with standard pipe fittings. Pressure pipe is used to convey fluids at high temperatures, high pressures, or both. The subject pipe is produced to exact outside diameters and wall thicknesses and to specifications A-312 and A-778 of the American Society for Testing and Materials ("ASTM") or to similar specifications, either foreign or domestic.[17]

Stainless steel is a general class of steels that contains at least 10.5 percent of chromium by weight. Chromium gives stainless steel its excellent resistance to corrosion and good strength at high temperatures and pressure. For these reasons, it is used in corrosive environments, under high temperature and pressure conditions, or when cleanliness and ease of maintenance are strictly required. Although there are various types of stainless steels, the product subject to these investigations is made from the austenitic class of stainless steels[18] which has excellent corrosion resistance, unusually good formability, and increases in strength as a result of cold work (changes to the shape or structure of steel, for example by rolling, without the application of heat). Subject product is generally made from austenitic grades 304 and 316.[19] Grade 304, (containing 18-20 percent chromium and 8-10.5 percent nickel), is the most widely used austenitic grade and is resistant to food processing environments (except possibly for high-temperature conditions involving high acid and chloride contents), organic chemicals, and a wide variety of inorganic chemicals. Grade 316 contains 16-18 percent

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[15] *Welded Stainless Steel Pressure Pipe From Malaysia, Thailand, and Vietnam; Scheduling of the Final Phase of an Antidumping Investigations*, 79 FR 11126, February 27, 2014. Three U.S. importers reported importing subject imports under these HTS statistical reporting numbers .

[16] The size of a pipe is defined by the nominal pipe size ("NPS"), a dimensionless designator that has been substituted for such traditional terms as "nominal diameter." NPS loosely corresponds to, but is not exactly equal to, outside diameter for O.D.s of less than or equal to 12 inches; NPS is equal to O.D. for O.D.s greater than 12 inches.

[17] *Welded Stainless Steel Pressure Pipe From Malaysia, Thailand, and Vietnam; Scheduling of the Final Phase of an Antidumping Investigations*, 79 FR 11126, February 27, 2014.

[18] There are five different classes of stainless steels, each with its own set of alloying elements which impart differing characteristics to the steel. Austenitic stainless steel contains the alloying elements of chromium and manganese or chromium and nickel. The chromium content can range from 16.0 to 28.0 percent with nickel between 3.5 and 32.0 percent. Specialty Steel Industry of North America, "Stainless Steel Overview: Alloy Classifications," http://www.ssina.com/overview/alloy-families.html, retrieved June 2, 2014.

[19] Hearing transcript, p. 142, (Dougan).

chromium, 10-14 percent nickel, and 2-3 percent molybdenum. Higher nickel and molybdenum content gives grade 316 better corrosion resistance than grade 304.[20]

As mentioned earlier, WSS pressure pipe is generally made to ASTM specifications A-312 or A-778. The A-312 specification covers seamless and straight-seam welded and heavily cold-worked welded austenitic stainless steel pipe intended for high-temperature and general corrosive service. Welded A-312 pipe must be annealed (heat treated) after welding.[21] A-778 is a standard specification for welded, unannealed austenitic stainless steel tubular products.[22] A-778 pipe is similar to A-312, but differs in the welding process and in that A-778 post-weld annealing of the pipe is not required. The A-778 specification is designed for low and moderate temperatures and corrosive service where heat treatment is not necessary for corrosion resistance.[23] [24]

WSS pressure pipe is used by a variety of end use industries including petrochemicals, oil and gas, manufacturing, chemical fluid handling, and water treatment.[25]

Manufacturing process[26]

Production of WSS pressure pipe is a two-stage process of forming the tubular shape, followed by welding the product in a continuous mill process. The continuous-mill process,

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[20] Specialty Steel Industry of North America, *Design Guidelines for the Selection and Use of Stainless Steel*, pp. 2, 5, and 8, found at http://www.ssina.com/publications/design.html, retrieved June 2, 2014.

[21] Annealing is the process of heating cold stainless steel to obtain certain characteristics such as maximizing corrosion resistance. It also relieves stresses caused by cold working the steel (i.e. bending a steel sheet into a tubular form).

[22] ASTM, "A-312/A-312M-08a, "Standard Specification for Seamless, Welded, and Heavily Cold Worked Austenitic Stainless Steel Pipes," and "Standard Specification for Welded, Unannealed Austenitic Stainless Steel Tubular Products," Annual Book of ASTM Standards 2009, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings, ASTM: West Conshohocken, PA, 2000, pp. 180-195 and 557-560.

[23] ASTM, "Standard Specification for Welded, Unannealed Austenitic Stainless Steel Tubular Products," Annual Book of ASTM Standards 2009, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings, ASTM: West Conshohocken, PA, 2000, pp. 557-560. Pipe meeting the ASTM A-778 specification is listed in the ASTM standards as requiring a diameter of 3" to 14." However, a note attached to the ASTM standard states that if the pipe meets the other ASTM A-778 specifications, even though it is a non-included diameter, it can still be classified as A-778.

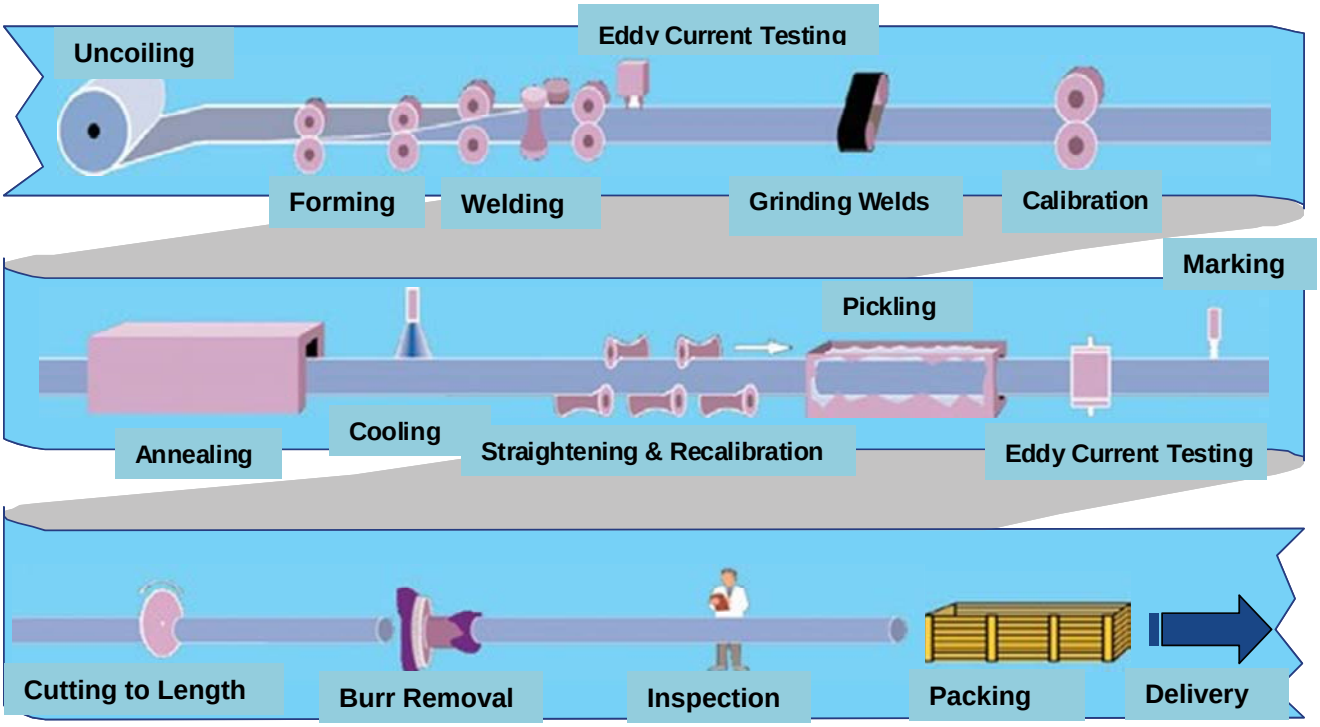
[24] During the final phase of these investigations, U.S. producers' share of production by grade was consistent throughout the period for which data were collected. Grade ASTM-A312 accounted for *** percent to *** of total U.S. production quantity, and Grade ASTM-A778 accounted for ***. No U.S. producer reported producing WSS pressure pipe in grades other than ASTM-A312 or ASTM-A778.

[25] *** producer questionnaire responses, question IV-11.

[26] Unless otherwise indicated, information in this section was obtained from *Welded Stainless Steel Pressure Pipe from China, Investigation Nos. 701-TA-454 and 731-TA-1144 (Final)*, USITC Publication 4064, March 2009, pp. I-10 – I-11 and Outokumpu Stainless AB, *Acom*, February 2011, pp. 3-4, http://www.outokumpu.com/SiteCollectionDocuments/Welded-Stainless-Steel-Tubes-and-Pipes-vs-Seamless-Acom.pdf.

which is the principal method of producing WSS pressure pipe,[27] (figure I-1) begins with coils of stainless-steel sheet, strip, or plate. Coiled steel, of a width essentially corresponding with the circumference of the pipe to be produced, is mounted in an uncoiler and fed into a series of paired forming rolls. As the stainless steel progresses through the rolls, its cross-sectional profile is formed into a tubular shape with the butted edges along its length ready for (longitudinal) welding as described below. Domestic producers' facilities include several continuous weld mills, with each dedicated to a limited range of pipe diameters.[28]

Figure I-1
WSS pressure pipe: Manufacturing process.



Note.—Although the figure presents the manufacturing process generally used, not all manufacturers perform every manufacturing step displayed in the figure and may not perform them in the order shown in the figure.

Source: Adapted from Outokumpu Stainless AB, *Acom*, February 2011, p. 3, http://www.outokumpu.com/SiteCollectionDocuments/Welded-Stainless-Steel-Tubes-and-Pipes-vs-Seamless-Acom.pdf.

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[27] There is another manufacturing process, the press brake method, which is a batch process where one length of pipe is made at a time. This batch process could be used for WSS pressure pipe but is generally used for stainless steel pressure pipe greater than 14 inches O.D. The batch process is slower, more labor intensive, and more costly than the continuous mill process. Virtually all WSS pressure pipe, in excess of 95-98 percent, is produced by the continuous mill process in the United States. Conference transcript, p. 85 (Tidlow).

[28] Hearing transcript, p. 66 (Schagrin).

In the welding stage, the butt edges are welded together by an automatic welding machine using either the tungsten-inert-gas ("TIG") welding process,[29] the plasma welding process, or the laser welding process. These methods allow welding without filler material,[30] complete fusion of butted edges, and shielding of the weld area with inert gas to prevent oxidation. In the TIG welding process, welding heat is provided by an electric arc between a tungsten electrode and the pipe edges. The plasma welding process is similar to the TIG process in that the (gaseous) plasma is heated as it passes through an arc torch, which is created by an electrode within a nozzle. In the laser welding process a laser beam is directed to the butt weld joint forming a deep-penetration fusion weld. The laser process is capable of a higher speed of operation than is the TIG process or plasma process.

The pipe continues after welding to grinding of the outside welding seam, calibration of pipe diameter, in-line annealing in a non-oxidizing atmosphere,[31] cooling, straightening, removal of surface scale (pickling),[32] and finally, cutting to length. During the manufacturing process, the pipe may be marked with its specification information and is visually inspected and/or undergoes other types of inspection such as eddy current testing.[33]

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[29] Also known as the gas tungsten-arc welding ("GTAW") process.

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

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

[32] Pickling is usually accomplished by submerging the pipe in an acid bath.

[33] In eddy current testing, a probe with a wire coil with an alternating current flowing through it generates an oscillating magnetic field. The probe and its magnetic field are brought close to the pipe and a circular flow of electrons known as an eddy current will begin to move through the pipe like swirling water in a stream. Eddy current flowing through the metal will in turn generate its own magnetic field, which will interact with the coil. Defects such as cracks will interrupt or alter the amplitude and pattern of the eddy current and the resulting magnetic field. The eddy current test instrument plots these interruptions and alterations which are read by a trained operator to identify the pipe defects.

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. The petitioners propose a domestic like product definition in their petition co-extensive with that of the subject product as defined by Commerce.[34] Respondents accepted the petitioners' definition of the domestic like product for the purposes of the preliminary phase of these investigations and did not raise any like product issues during the final phase of these investigations.[35] [36]

[34] Revision to petition, May 17, 2013.

[35] Conference transcript, pp. 122-123 (Schutzman).

[36] During the preliminary phase investigations of *Welded Stainless Steel Pressure Pipe from China, Investigation Nos. 701-TA-454 and 731-TA-1144* investigations, U.S. importer Silbo argued that there pressure pipe greater than 14 inches in O.D. should be included from the domestic like product. The Commission considered whether to define the domestic like product more broadly than the scope to include large-diameter pressure pipe but declined to do so, noting a number of differences between small diameter pipe and large diameter pipe, including manufacturing, processes, distribution channels, and pricing practices. *Welded Stainless Steel Pressure Pipe from China, Investigation Nos. 701-TA-454 and 731-TA-1144 (Final)*, USITC Publication 4064, March 2009, p. 6 and p. 6 fn. 24.

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

U.S. MARKET CHARACTERISTICS

WSS pressure pipe is used primarily in capital investment projects by chemical and petrochemical plants, grain processing (ethanol) plants, food and beverage processing plants, power generation plants, and pulp and paper mills. Consequently, the demand for WSS pressure pipe depends on demand for new plants, plant expansions, and plant repairs for producers of these products.

U.S. PURCHASERS

Purchaser questionnaires were sent to 50 firms reported by producers and importers as being their ten largest purchasers. The largest purchaser, by far, was *** of WSS pressure pipe.[1] Other purchasers that reported purchasing over 1,000 short tons included ***. All 16 responding purchasers were distributors.[2]

CHANNELS OF DISTRIBUTION

U.S. producers and importers from each of the subject countries sold mainly to distributors as shown in table II-1.

Table II-1
WSS pressure pipe: U.S. producers' and importers' share of reported U.S. shipments, by sources and channels of distribution, 2011-13,

* * * * * * *

GEOGRAPHIC DISTRIBUTION

All five responding U.S. producers reported selling WSS pressure pipe to all regions in the contiguous United States (table II-2). All regions in the contiguous United States also had sales from some importers from each of the subject countries. Sales to each region were reported by six or seven importers of WSS pressure pipe from Malaysia and Thailand, and three or more importers of WSS pressure pipe from Vietnam.

[1] ***.

[2] One purchaser, *** but its other questionnaire responses indicate that it was a distributor.

Table II-2
WSS pressure pipe: Geographic market areas in the United States served by U.S. producers and importers, by number of responding firms

Region	U.S. producers	Imports from Malaysia	Imports from Thailand	Imports from Vietnam
Northeast	5	7	7	7
Midwest	5	6	7	5
Southeast	5	6	6	4
Central Southwest	5	6	6	4
Mountain	5	6	6	3
Pacific Coast	5	7	7	6
Other[1]	***	2	2	1

[1] All other U.S. markets, including AK, HI, PR, and VI, among others.

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

For U.S. producers and importers of product from Malaysia and Thailand, most sales were shipped over distances between 101 and 1,000 miles (table II-3). Most sales by importers of product from Vietnam were shipped over distances of less than 100 miles.

Table II-3
WSS pressure pipe: Distances shipped by U.S. producers and importers from each of the subject countries, by share of sales

* * * * * * *

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of WSS pressure pipe have the ability to respond to changes in demand with moderate-to-high changes in the quantity of shipments of U.S.-produced WSS pressure pipe to the U.S. market. The main contributing factors to the moderate-to-high degree of responsiveness of supply are the availability of large amounts of unused capacity, the existence of some inventories, and some production of alternative products.

Industry capacity

Domestic capacity increased slightly from 57,511 short tons in 2011 to 57,817 short tons in 2013. Domestic capacity utilization also increased slightly from 46.9 percent in 2011 to 49.2 percent in 2013. The relatively low level of capacity utilization suggests that U.S. producers may have capacity to increase production of WSS pressure pipe in response to a price increase.

Alternative markets

U.S. producers' exports were low, falling from 884 short tons in 2011 to 472 short tons in 2013. U.S. exports were under 4 percent of total shipments in each year from 2011 to 2013. U.S. producers apparently have limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories decreased unevenly from 19.6 percent of total shipments in 2011 to 17.0 percent in 2013. These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Three of the five responding U.S. producers stated that they produced other products with the same equipment and/or labor that they use for WSS pressure pipe. Other products that producers reportedly can produce on the same equipment as WSS pressure pipe include larger welded stainless steel pressure pipe, high alloy welded stainless steel pressure pipe, stainless steel fittings, thin wall tubing, and copper nickel pipe and fittings. Production of other products may allow producers to shift production between WSS pressure pipe and other products in response to changes in demand.

Subject imports from Malaysia[3]

Based on available information, the producers of WSS pressure pipe from Malaysia has the ability to respond to changes in demand with moderate changes in the quantity of shipments of WSS pressure pipe to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the availability of increasing unused capacity and growing sales to alternative markets.

Industry capacity

Capacity of the responding Malaysian producer increased from *** short tons to *** short tons from 2011 to 2013. Production of subject product increased from *** short tons to

[3] The Commission issued foreign producers' or exporters' questionnaires to eight firms believed to produce and/or export WSS pressure pipe from Malaysia. Useable responses to the Commission's questionnaire were received from three firms: Kanzen, Pantech, and Superinox in the preliminary phase of these investigations, however only Pantech responded in the final phase of these investigations. It estimated that its production represented *** percent of Malaysian production and *** percent of all Malaysian exports of WSS pressure pipe during 2011-2013 to the United States. Seven importers reported imports from Malaysia. These imports represent 86.0 percent of their U.S. shipments of Malaysian product during 2011-2013.

*** short tons from 2011 to 2013. Capacity utilization decreased from *** percent in 2011 to *** percent in 2013. Growing capacity and falling capacity utilization increase the Malaysian producer's ability to increase shipments to the U.S. market.

Alternative markets

Malaysian exports to markets other than the United States increased from *** short tons to *** short tons of WSS pressure pipe from 2011 to 2013. Other markets included ***. Existing and growing exports to other markets could allow the Malaysian producer the ability to shift some product from other markets to the United States.

Inventory levels

The Malaysian producer's inventories decreased from *** percent of total shipments in 2011 to *** percent in 2013. Falling inventories could reduce the Malaysian producer's ability to ship from inventories in response to changes in demand.

Production alternatives

The responding Malaysian producer stated that it *** with the same equipment and/or labor that it uses for WSS pressure pipe. Relatively limited production alternatives provide the Malaysian producer with limited ability to increase production by shifting production among alternative products.

Subject imports from Thailand[4]

Based on available information, the responding producer of WSS pressure pipe from Thailand may be able to respond to changes in demand with moderate changes in the quantity of shipments of WSS pressure pipe to the U.S. market. The main contributing factor to this ability is the falling capacity utilization.

Industry capacity

Thai capacity fluctuated from year to year; the responding Thai producer's capacity was *** short tons in 2011 and 2013 but *** short tons in 2012.[5] Capacity utilization fell irregularly from *** percent in 2011 to *** percent in 2013. Falling capacity utilization increases the Thai producer's ability to increase sales to the U.S. market.

[4] The Commission issued foreign producers' or exporters' questionnaires to four firms believed to produce and/or export WSS pressure pipe from Thailand. The Commission received a useable response from Ametai Company Limited. It *** Thai exports of WSS pressure pipe. Eight importers reported imports from Thailand. These represent 100.7 percent of their U.S. shipments of Thai product in 2011-2013.

[5] The foreign producer questionnaire ***.

Alternative markets

The Thai producer reported *** to export markets other than the United States. Shipments to the Thai market increased from *** percent in 2011 to *** percent in 2013. The *** reduce this firm's ability to shift sales to the U.S. market.

Inventory levels

The Thai producer's inventories decreased irregularly from *** percent of total shipments in 2011 to *** percent in 2013. Relatively low inventories could limit the Thai producer's ability to ship from inventories.

Production alternatives

The responding Thai producer stated that it *** with the same equipment and/or labor that it uses to produce WSS pressure pipe. *** limit the Thai producer's ability to increase production of WSS pressure pipe by shifting production from alternative products.

Subject imports from Vietnam[6]

Based on available information, the producer of WSS pressure pipe from Vietnam has the ability to respond to changes in demand with moderate changes in the quantity of shipments of WSS pressure pipe to the U.S. market. The main contributing factor to the moderate degree of responsiveness of supply is the availability of unused capacity.

Industry capacity

During the three year period, industry capacity of the responding Vietnamese producer was unchanged at *** short tons. Capacity utilization decreased from *** percent to *** percent between 2011 and 2013. The Vietnamese producer's falling capacity utilization increases its ability to increase sales to the U.S. market in response to changes in demand.

Alternative markets

The responding Vietnamese producer's exports to markets other than the United States fluctuated, increasing from *** percent of total shipments in 2011 to *** percent in 2012 and then declining to *** percent of shipments in 2013. Shipments to the home market also fluctuated, ranging from *** percent in 2012 to *** percent in 2013. Alternative markets

[6] The Commission issued foreign producers' or exporters' questionnaires to two firms believed to produce and/or export WSS pressure pipe from Vietnam. Useable responses to the Commission's questionnaire were received from two firms in the preliminary phase of these investigations (Mejonson and SonHa). SonHa was the only responding Vietnamese producer of WSS pressure pipe in the final phase. It did not estimate its share of total Vietnamese production or Vietnamese exports to the United States. Eight importers reported imports from Vietnam. These imports represent 91.2 percent of their U.S. shipments of Vietnamese product in 2011-2013.

include ***. Sales to alternative export markets increase this producer's ability to shift sales to the U.S. market.

Inventory levels

The Vietnamese producer's inventories decreased from *** percent of total shipments in 2011 to *** percent of total shipments in 2013. Relatively low inventories limit its ability to increase sales to the U.S. market from inventories.

Production alternatives

The responding Vietnamese producer reported producing *** with the same equipment and/or labor that it uses for WSS pressure pipe. This Vietnamese producer appears to have *** ability to increase sales to the U.S. market by shifting between products.

Nonsubject imports

The largest sources of nonsubject imports were Korea and Taiwan. In 2013 Korea and Taiwan accounted for *** percent of nonsubject imports and *** percent of all imports of WSS pressure pipe (see appendix E). The largest importer of WSS pressure pipe from nonsubject countries was Ta Chen, which mainly imports from Taiwan.[7]

U.S. producers stated that Ta Chen competes in the U.S. market differently than importers from subject countries. U.S. producers sell WSS pressure pipe to Ta Chen, but they do not sell to importers from subject countries. They report that Ta Chen has a larger stake in the U.S. market than do importers from subject countries. They stated that Ta Chen's U.S. selling prices are higher than those of importers from subject countries.[8] They added that the higher price is reflected in the higher average unit values of product from Taiwan than product from subject countries.[9] [10]

Respondents stated that Ta Chen will "be the primary long-term beneficiary should an anti-dumping order be issued."[11] Respondents also report "that nonsubject imports undersell the U.S. producers." A dumping order on the subject countries, they report, will increase Ta Chen's power, undermining that of U.S. producers.[12] Respondents report that prices for WSS

[7] ***.

[8] Hearing transcript, p. 59 (Tidlow). In addition, they argue that ***. Petitioners' posthearing brief, pp. 9-10.

[9] Conference transcript, p. 140 (Schagrin) and Petitioners' posthearing brief p. 9.

[10] According to the petitioners, Ta Chen has demonstrated to Commerce that it is not dumping. If there is any evidence that Ta Chen is dumping the U.S. industry can bring that evidence before Commerce and Commerce will investigate it; if they are found to be dumping they will again be subject to an order. This, Petitioners state, creates "more discipline" for Ta Chen than nonsubject producers. Hearing transcript, pp. 228-229 (Schagrin).

[11] Hearing transcript, p. 128 (Jakob).

[12] Hearing transcript, pp. 131-132 (Jakob).

pressure pipe imported from Taiwan by Ta Chen would be similar to those reported for Korean product in these investigations with large amounts of underselling.[13]

Petitioners stated, however, that the reduction in the volume of subject imports that would result from an affirmative decision will not be offset by an increase in nonsubject imports. Instead, petitioners state that lower imports of subject WSS pressure pipe will increase U.S. producers' market share ***.[14]

Supply constraints

No firm reported any supply constraints since January 2011.

New suppliers

Four of 16 responding purchasers indicated that new suppliers entered the U.S. market since 2011. Purchasers cited firms Pantech (Malaysia), Thai German and Theaus (Thailand), Son Ha (Vietnam), and APEX (India).

U.S. demand

Based on available information, quantity demand for WSS pressure pipe is likely to experience relatively small changes in response to changes in price. The main contributing factors are the lack of substitute products and the relatively small cost share of WSS pressure pipe in most of its end-use products.

End uses

U.S. demand for WSS pressure pipe depends on the demand for U.S.-produced downstream products. The demand for pressure pipe is a derived demand that depends mainly upon the need for increased capacity or the need to make other changes in production facilities in industries using corrosion resistant pipe including pharmaceuticals, food, petrochemicals, refinery, energy, pulp and paper, and others.

Business cycles

*** responding U.S. producers, 1 of 11 responding importers, and 2 of 16 purchasers indicated that the market was subject to distinctive business cycles or conditions of competition.[15] Specifically, U.S. producers reported that demand was tied to capital spending, industrial growth, and the volatility of nickel prices. The responding importer cited only "multiple factors." Purchasers reported some seasonality in demand, with the first quarter

[13] Hearing transcript, p. 209 (Marshak).

[14] Petitioners' posthearing brief, pp. 10-11.

[15] One purchaser, ***, reported both business cycles and distinct conditions of competition, reporting that oversupply was a distinct condition of competition.

usually being strongest, and that the volatility of nickel prices creates uneven demand. *** producers, one importer, and one purchaser reported that conditions for competition had changed since 2011 including: increased availability of imports; low demand; changes in the suppliers used; and changes due to phase of the business cycle.

U.S. government policy was reported to influence demand for WSS pressure pipe. For example, the policy requiring increased use of ethanol in gasoline caused a temporary surge in demand for WSS pressure pipe, as WSS pressure pipe is used in the plants that produce ethanol.[16]

Apparent consumption

Apparent U.S. consumption of WSS pressure pipe decreased irregularly from 65,478 short tons in 2011 to 63,294 short tons in 2013. Overall, apparent U.S. consumption in 2013 was 3.3 percent lower than in 2011.

Demand trends

There was little consensus on how U.S. demand for WSS pressure pipe had changed since 2011 (table II-4). U.S. producers' responses were split evenly between increased and decreased demand, importers reported that demand had either decreased or fluctuated,[17] and most purchasers reported that either demand was unchanged or demand had fluctuated. Reasons given for reduced demand included: slow manufacturing growth; reduced construction; the financial crisis/recession; the economic downturn has reduced engineering firms' budgets and products; and "falling price of raw materials."[18] Reasons given for increased demand included: demand increased as the economy improved; "demand increased in 2014;" and the increased cost of copper has led to increased use of stainless steel. Reasons reported for fluctuating demand were lack of major projects, demand fluctuates with the level of new plant construction, and ***.

[16] Conference transcript, pp. 69-70 (Schagrin).

[17] One importer reported U.S. demand had both decreased and fluctuated; only its response "decreased" is used in this section.

[18] Declining prices of raw materials typically cause the price of WSS pressure pipe to decline. If distributors expect prices of WSS pressure pipe will decline, then they will want to have low inventories of WSS pressure pipe, in order to reduce their loss from the loss of value of product in inventories. Falling input prices often lead firms to expect further price declines and thus lead to short run decreases in demand for inventories by distributors.

Table II-4
WSS pressure pipe: Firms' perceptions regarding demand within the United States, and demand outside the United States by number of responding firms

Item	Increase	No change	Decrease	Fluctuate
	Demand within the United States			
U.S. producers	***	***	***	***
Importers[1]	0	0	5	3
Purchasers	4	5	2	5
	Demand outside the United States			
U.S. producers	***	***	***	***
Importers	0	1	2	3
Purchasers	2	4	0	3

[1] One importer reported both decreased and fluctuated, only decreased is used in this table to focus on the overall trend.

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

Similarly, there appeared little consensus on demand outside the United States, with the most common response for U.S. producers and purchasers being no change in demand, while most responding importers reported either that demand had decreased or fluctuated. Reasons for changes in demand outside the United States included: growth in China and India and growth in emerging oil and gas markets (increased demand); demand is affected by the level of new plant construction (fluctuating demand); and the global recession and falling price of raw materials (reduced demand). One firm reported that demand outside the United States was unchanged, with increases in demand from "BRIC" countries offset by reduced demand in larger economies such as Japan and Korea.

Substitute products

Substitutes for WSS pressure pipe are limited because other types of pipes have different characteristics that limit/prevent their use in applications which use WSS pressure pipes.[19] Most U.S. producers (***), importers (6 of 7),[20] and purchasers (10 of 14) reported that there were no substitutes. No firms reported that changes in the price of substitutes affected the price of WSS pressure pipe.

[19] WSS pressure pipe can be used in many applications where less expensive pipe is used, but this is uncommon because it increases costs unnecessarily. Substitutes reported to be usable in water lines or sewage lines included: seamless stainless pipe; brass pipe; and plastic pipe. Seamless stainless steel pipe may be used in the same applications as WSS pressure pipe but it is more expensive and thus typically will not be used where the less expensive WSS pressure pipe is acceptable.

[20] The one importer that reported there were substitutes for WSS pressure pipe did not provide examples.

Cost share

WSS pressure pipe accounts for a relatively small share of the cost of the end-use products in which it is used. Firms were requested to report WSS pressure pipe's share in the cost of plants and to report other products produced using WSS pressure pipe. Responses received from two producers and two importers included: oil, gas, and petrochemical plants (2 percent); OEM (3 percent); water treatment plants (10 percent); chemical fluid handling (20 percent); industrial piping (85 percent); and agricultural pipe (90 percent).[21]

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported WSS pressure pipe depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, et cetera), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, et cetera). Based on available data, staff believes that there is moderate-to-high degree of substitutability between domestically produced WSS pressure pipe and WSS pressure pipe imported from subject sources.

Lead times

WSS pressure pipe is sold both produced-to-order and from inventory. U.S. producers reported that *** percent of their commercial shipments were sold from inventories, with lead times ranging from 0 to 14 days; the remaining *** percent was produced to order with lead times of 28 to 90 days. Importers of product from Malaysia reported that 54.6 percent of imported product was sold from the importers' U.S. inventories, 37.0 percent was produced to order, and 8.3 percent was sold from foreign inventories. Importers of WSS pressure pipe from Thailand reported that 52.9 percent was sold from the importers' U.S. inventories, 39.8 percent was produced to order, and 7.3 percent was from overseas inventories. Importers of product from Vietnam reported 45.0 percent was from foreign inventories, 42.0 percent was produced to order, and 12.9 percent was sold from the importers' U.S. inventories. Two importers reported lead times from U.S. inventories (1 and 3 days), four reported lead times from overseas inventories (30 to 120 days), and seven importers reported lead times for produced-to-order WSS pressure pipe (30 to 100 days).

Knowledge of country sources

Thirteen purchasers indicated they had marketing/pricing knowledge of domestic product, seven of Malaysian product, four of Thai product, four of Vietnamese product, and six of product from nonsubject countries, including four of Korean product and five of Taiwan product.

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[21] ***.

As shown in table II-5, most purchasers and their customers "sometimes" or "never" make purchasing decisions based on the producer or country of origin. Of the five purchasers that reported that they "always" or "usually" make decisions based the manufacturer, three firms cited quality, one of these also cited delivery and price, and one reported a supplier approval process that also considered market acceptability. One purchaser reported only that it requires the mill name prior to purchasing.[22] Three purchasers reporting that their customers "usually" make decisions based on the manufacturer provided explanations including: quality; quality, delivery, and price; and approved suppliers. Of the seven purchasers that reported that they "always" or "usually" purchase based on the country of origin, six gave reasons, mainly based on quality or customer acceptance; in addition, one required ISO certification and one needed to track country of origin because it maintained separate stocks of U.S. and imported pipe.

Table II-5
WSS pressure pipe: Purchasing decisions based on producer and country of origin, by number of reporting firms

Purchaser/Customer Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	4	1	8	3
Purchaser's customers make decision based on producer	0	4	7	4
Purchaser makes decision based on country	3	4	3	6
Purchaser's customers make decision based on country	1	4	6	4

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

Factors affecting purchasing decisions

The most often cited top four factors firms consider in their purchasing decisions for WSS pressure pipe were price (15 firms), quality (14 firms), and availability and lead time/delivery (6 firms each) as shown in table II-6. Price was the most frequently cited first most important factor (cited by 8 firms), followed by quality (6 firms); quality was the most frequently reported second-most important factor (7 firms); and availability was the most frequently reported third-most important factor (4 firms).

[22] One purchaser did not explain why it "always" purchased WSS pressure pipe based on the producer.

Table II-6
WSS pressure pipe: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by number of reporting firms

Factor	First	Second	Third	Total
Price (including total cost and competitiveness)[1]	8	4	3	15
Quality	6	7	1	14
Lead time/delivery	1	2	3	6
Availability	1	1	4	6
Other[2]	0	1	4	5

[1] One purchaser reported price as each of the first three factors. This has only been included as the first factor.
[2] Other factors include product line for the second factor; and extension of credit, commitment to the market, performance history, and traditional supplier for the third factor.

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

The majority of purchasers (9 of 16) reported that they "usually" purchase the lowest-priced product and five reported that they only "sometimes" purchase the lowest-priced product.[23]

Twelve purchasers indicated that they purchased WSS pressure pipe from one source although a comparable product was available at a lower price from another source; their reported reasons included: quality; market acceptance; past performance; approved manufacturer lists (AML); customer may require domestic product from a specific mill; lead times; reliability of supply; minimize freight costs; container vs bulk break; minimum order size; and availability. Only 1 of 16 responding purchasers reported that certain types of product were only available from a single source, reporting that A778 was typically only available from U.S. producers and not from importers.

Purchasers were asked which factors they considered in determining the quality of WSS pressure pipe. The most common response was that material must meet specifications or must meet ASTM (A312) specifications. Other identified factors that determined quality included: appearance; weld quality (weld bead, weld area clean and smooth, weld integrity); surface condition (good finish); consistent metallurgy; dimension accuracy (in/out-of round); proper stenciling; test results; consistency of product; meets grade requirements; claim ratio vs sales;[24] and acceptance on major AML.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 22 factors in their purchasing decisions (table II-7). All responding purchasers reported that availability in required diameter, price, and product consistency were "very important." Other factors rated as "very important" by more than half of responding purchasers were availability of ASTM A-312, availability of grade 304, and reliability of supply (15 each); quality meets industry standards (13); availability, availability of grade 316, and delivery time (12 each); and delivery terms and product range (11 each).

[23] One each reported that it "always" and it "never" purchases lowest price product.
[24] ***.

Three or more firms reported that some factors were not important for their purchases, including availability of ASTM A-778 (7 firms), expected changes in nickel prices and extension of credit (4 each), and contract price without surcharge (3).

Table II-7
WSS pressure pipe: Importance of purchase factors, as reported by U.S. purchasers, by number of responding firms

Factor	Very important	Somewhat important	Not important
Availability	12	4	0
Availability in ASTM A-312	15	1	0
Availability in ASTM A-778	1	5	7
Availability in grade 304	15	1	0
Availability in grade 316	12	2	0
Availability in required diameter	16	0	0
Contract price without surcharge	8	5	3
Delivery terms	11	5	0
Delivery time	12	4	0
Discounts offered	8	6	2
Expect change in nickel prices	8	4	4
Extension of credit	5	7	4
Minimum quantity requirements	3	11	2
Packaging	6	10	0
Price	16	0	0
Product consistency	16	0	0
Product range	11	5	0
Quality exceeds industry standards	4	10	2
Quality meets industry standards	13	3	0
Reliability of supply	15	1	0
Technical support/service	6	10	0
U.S. transportation costs	7	9	0

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

Supplier certification

All 16 responding purchasers require that product be produced to ASTM standards;[25] four also reported use of ASME standard[26] and one reported using a European standard (EN). In addition, 11 purchasers described certification processes or requirements beyond ASTM certification. Other qualification factors included: product quality; dependable supply; lead time; price; ISO or other certification; inspections of mill, surveys and audits of supplier; sample test results; supplier's reputation, references, insurance, financial stability, and commitment to

[25] Purchasers were asked if they required suppliers to be certified or qualified; 12 of 16 responding purchasers reported that suppliers needed to be certified or qualified. Nonetheless, all reported that they required ASTM certification.

[26] One of these reported the use of the standard "SA312;" this is an ASME standard.

the market; and market acceptance. Six purchasers reported times for qualification ranging from 1 to 60 days.[27]

No purchaser reported that any domestic or foreign supplier had failed in its attempt to qualify product, or had lost its approved status since 2011.

Approved manufacturers list

Purchasers were asked if they had purchased from an approved manufacturers list (AML). Eight of 16 responding purchasers reported using an AML; five of these provided some details on their AML purchases. Two purchasers reported that they used AML for some of their purchases;[28] one reported that *** was its approved supplier; one reported that *** were its approved suppliers; and one listed *** approved suppliers.[29]

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2011 (table II-8). Reasons reported for changing sources included: increased consumption of domestic product to "ward off" imports from Southeast Asia; more customers that require domestic pipe; reduced purchase of U.S. product because of poor delivery and high prices; reduced domestic purchases because of high prices; reduced purchases of WSS pressure pipe from Malaysia, Thailand, and Vietnam due to the filing of the trade case and market conditions; and increased purchases of product from nonsubject countries due to need for a lower cost source, filing of the trade case, better delivery, and market conditions. Four of 16 responding purchasers reported that they had changed suppliers since 2011. [30] Specifically, firms dropped or reduced purchases from ***, a trading company, because of the "dumping case;" firms increased purchases from Ta Chen (no reason given) and *** because it was added as a supplier.

Table II-8
WSS pressure pipe: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	1	3	3	6	3
Malaysia	5	5	0	4	2
Thailand	6	4	0	4	2
Vietnam	5	3	1	6	1
Other	1	1	5	5	3

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

[27] Three purchasers reported AML qualification times of 10 days or less, two reported 60 days, and one reported from 1 to 30 days.

[28] One of these reported that the lists were from one of its customers.

[29] This firm's approved suppliers included U.S. producers *** and foreign producers ***.

[30] One purchaser reported that it changed purchases from all its suppliers based on price, lead times, availability, etc. rather than dropping or adding specific suppliers.

Importance of purchasing domestic product

Most purchasers (11 of 14) reported that purchasing U.S.-produced product was not an important factor in their purchasing decisions for the majority (70 percent or more) of their WSS pressure pipe.[31] Eight reported that domestic product was required by law (ranging from 1 to 40 percent of their purchases), nine reported it was required by their customers (ranging from 4 to 50 percent of their purchases), and three reported other preferences for domestic product (ranging from 2 to 20 percent of their purchases).[32]

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing WSS pressure pipe produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 22 factors for which they were asked to rate the importance. Table II-9 compares U.S. WSS pressure pipe with product from subject and nonsubject countries.

Most responding purchasers reported that U.S. product was comparable to that from all three subject countries on 14 factors. U.S. product was rated superior to subject imports by most responding purchasers on delivery time and technical support/service. Subject imported product was rated as superior on price by most responding purchasers. Responses were mixed for availability, availability in required diameter, minimum quantity requirement, and product range. For minimum quantity requirement, most purchasers reported that U.S. and Malaysian/Thai imports were comparable but responses for Vietnamese were almost equally divided between superior and comparable. For availability, availability in required diameter, and product range, most purchasers reported that U.S. product was superior to Vietnamese product while purchasers of Malaysian and Thai product were almost equally divided between U.S. being superior and U.S. and subject imports being comparable.

[31] Three purchasers reported that purchasing U.S.-produced product was not an important factor in all their purchasing decisions for WSS pressure pipe and three reported it was an important factor for 49 or 50 percent of their purchases.

[32] One of the firms reported *** percent of the product it sold was U.S. product; this included both for "Buy American" and other reasons. No other reasons were given for "other preferences."

Table II-9
WSS pressure pipe: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. Malaysia			U.S. vs. Thailand			U.S. vs. Vietnam			U.S. vs. Nonsubject		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	6	6	0	6	5	1	7	6	0	6	7	0
Availability in ASTM A-312	3	9	0	3	9	0	5	8	0	6	7	0
Availability in ASTM A-778	2	7	1	2	7	1	3	6	1	3	5	1
Availability in grade 304	2	10	0	2	10	0	4	9	0	4	9	0
Availability in grade 316	2	10	0	2	10	0	4	9	0	4	9	0
Availability in required diameter	6	6	0	6	6	0	8	5	0	5	8	0
Contract price without surcharge	1	7	4	0	6	4	1	8	4	2	7	4
Delivery terms	5	7	0	5	7	0	6	7	0	4	9	0
Delivery time	7	4	1	7	4	1	9	3	1	6	6	1
Discounts offered	1	8	3	0	8	4	0	8	4	1	9	2
Expect change in nickel prices	0	11	1	0	11	1	0	12	1	1	12	0
Extension of credit	2	10	0	2	10	0	3	10	0	1	12	0
Minimum quantity requirements	4	7	1	4	7	1	6	6	1	4	8	1
Packaging	1	11	0	1	11	0	1	12	0	3	10	0
Price[1]	1	4	7	0	4	8	1	5	7	4	5	4
Product consistency	4	8	0	4	8	0	4	9	0	5	8	0
Product range	6	6	0	6	6	0	7	6	0	6	7	0
Quality exceeds industry standards	3	8	0	3	8	0	3	9	0	4	8	0
Quality meets industry standards	0	12	0	0	12	0	0	13	0	2	11	0
Reliability of supply	4	8	0	4	8	0	6	7	0	3	10	0
Technical support/service	8	4	0	8	4	0	8	5	0	5	8	0
U.S. transportation costs[1]	4	7	1	4	7	1	4	7	2	6	7	0

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

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

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

Table II-10 compares WSS pressure pipe imported from subject countries with that from other subject countries, and table II-11 compares WSS pressure pipe from subject countries with product from nonsubject countries. Most responding purchasers reported that product from each pair of subject countries were comparable for all 22 factors. Most purchasers reported that U.S. and nonsubject product were comparable on 20 factors (table II-9. For the other two factors (delivery time and price), no response was given by the majority of purchasers. Most purchasers reported that nonsubject product was comparable to product from Malaysia, Thailand, and Vietnam for all factors.

Table II-10
WSS pressure pipe: Purchasers' comparisons between WSS pressure pipe from subject countries

Factor	Malaysia vs. Thailand			Malaysia vs. Vietnam			Thailand vs. Vietnam		
	S	C	I	S	C	I	S	C	I
Availability	0	12	0	0	10	1	0	10	1
Availability in ASTM A-312	0	12	0	0	11	0	0	11	0
Availability in ASTM A-778	0	9	0	0	8	0	0	8	0
Availability in grade 304	0	12	0	0	11	0	0	11	0
Availability in grade 316	0	12	0	0	11	0	0	11	0
Availability in required diameter	0	10	2	0	11	0	2	9	0
Contract price without surcharge	0	12	0	0	11	0	0	11	0
Delivery terms	0	12	0	0	11	0	0	11	0
Delivery time	0	12	0	0	10	1	0	10	1
Discounts offered	0	12	0	0	11	0	0	11	0
Expect change in nickel prices	0	12	0	0	11	0	0	11	0
Extension of credit	0	12	0	0	11	0	0	11	0
Minimum quantity requirements	0	12	0	0	11	0	0	11	0
Packaging	0	12	0	0	11	0	0	11	0
Price[1]	1	11	0	0	11	0	0	11	0
Product consistency	1	11	0	0	11	0	0	11	0
Product range	1	9	2	0	11	0	2	9	0
Quality exceeds industry standards	1	10	0	0	10	0	0	10	0
Quality meets industry standards	1	11	0	0	11	0	0	11	0
Reliability of supply	1	11	0	0	11	0	0	11	0
Technical support/service	0	12	0	0	11	0	0	11	0
U.S. transportation costs[1]	0	12	0	0	11	0	0	11	0

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

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

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

Table II-11
WSS pressure pipe: Purchasers' comparisons between WSS pressure pipe from subject countries and nonsubject countries

Factor	Malaysia vs. nonsubject			Thailand vs. nonsubject			Vietnam vs. nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	1	10	0	1	10	0	0	12	0
Availability in ASTM A-312	1	10	0	1	10	0	0	12	0
Availability in ASTM A-778	1	7	0	1	8	0	0	8	0
Availability in grade 304	1	10	0	1	10	0	0	12	0
Availability in grade 316	1	10	0	1	10	0	0	12	0
Availability in required diameter	2	8	1	1	9	1	0	11	1
Contract price without surcharge	1	10	0	1	10	0	0	12	0
Delivery terms	1	10	0	1	10	0	0	12	0
Delivery time	1	10	0	1	10	0	0	11	0
Discounts offered	1	10	0	1	10	0	0	12	0
Expect change in nickel prices	1	10	0	1	10	0	0	12	0
Extension of credit	1	10	0	1	10	0	0	12	0
Minimum quantity requirements	1	10	0	1	10	0	0	12	0
Packaging	1	10	0	1	10	0	0	12	0
Price[1]	2	9	0	2	9	0	1	11	0
Product consistency	1	9	1	1	9	1	0	11	1
Product range	1	9	1	1	9	1	0	11	1
Quality exceeds industry standards	1	9	0	1	9	0	0	12	0
Quality meets industry standards	1	10	0	1	10	0	0	12	0
Reliability of supply	1	9	1	1	9	1	0	11	1
Technical support/service	1	10	0	1	10	0	0	12	0
U.S. transportation costs[1]	1	10	0	1	10	0	0	12	0

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

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

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

Comparison of U.S.-produced and imported WSS pressure pipe

In order to determine whether U.S.-produced WSS pressure pipe can generally be used in the same applications as imports from Malaysia, Thailand, and Vietnam, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-12, all responding producers and most responding importers and purchasers reported that product was "always" or "frequently" interchangeable for all country pairs. Factors that reduced interchangeability included: product range; customers may require product from specific country or mill; country

Table II-12
WSS pressure pipe: Perceived interchangeability between WSS pressure pipe produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Malaysia	***	***	***	***	3	2	1	0	7	3	3	0
U.S. vs. Thailand	***	***	***	***	3	3	1	0	6	3	2	0
U.S. vs. Vietnam	***	***	***	***	2	1	1	0	7	3	2	0
Subject countries comparisons:												
Malaysia vs. Thailand	***	***	***	***	3	2	0	0	7	3	2	0
Malaysia vs. Vietnam	***	***	***	***	3	1	0	0	7	3	2	0
Thailand vs. Vietnam	***	***	***	***	3	1	0	0	7	3	1	0
Nonsubject countries comparisons:												
U.S. vs. Korea	***	***	***	***	3	3	1	0	7	3	3	0
U.S. vs. Taiwan	***	***	***	***	3	2	1	0	8	3	3	0
U.S. vs. other nonsubject	***	***	***	***	3	0	1	0	4	2	2	0
Malaysia vs. Korea	***	***	***	***	3	2	0	0	6	3	3	0
Malaysia vs. Taiwan	***	***	***	***	3	2	0	0	6	3	3	0
Malaysia vs. other nonsubject	***	***	***	***	2	0	1	0	3	3	3	0
Thailand vs. Korea	***	***	***	***	3	2	0	0	6	3	2	0
Thailand vs. Taiwan	***	***	***	***	3	2	0	0	6	3	2	0
Thailand vs. other nonsubject	***	***	***	***	2	0	1	0	3	3	2	0
Vietnam vs. Korea	***	***	***	***	3	2	0	0	6	3	2	0
Vietnam vs. Taiwan	***	***	***	***	3	2	0	0	6	3	2	0
Vietnam vs. other nonsubject	***	***	***	***	2	0	1	0	3	3	2	0
Korea vs. Taiwan	***	***	***	***	3	2	0	0	6	3	3	0
Korea vs. other nonsubject	***	***	***	***	2	0	1	0	3	3	3	0
Taiwan vs. other nonsubject	***	***	***	***	2	0	1	0	3	3	3	0

Note.—A=Always, F=Frequently, S=Sometimes, N=Never

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

of origin, melt source, and AML restrictions for United States, Korea, and Taiwan; and each country has its own specification requirements.[33]

As seen in table II-13, most purchasers reported that product from all the listed countries "usually" meet minimum quality specifications. The remaining purchasers that reported that product "always" met minimum quality specifications was 5 of 15 for domestic product, 4 of 12 for Malaysian product, 4 of 11 for Thai product, and 3 of 12 for Vietnamese product.

Producers, importers, and purchasers were asked to assess the significance of differences other than price in sales of WSS pressure pipe from the United States, subject, or nonsubject countries. As seen in table II-14, most U.S. producers reported that there were "never" differences other than price for all country pairs. Most responding importers reported that there were "sometimes" or "never" differences other than price for all country pairs, except U.S. product compared to Vietnamese product where half (2 of 4) of the responses were

[33] ***.

Table II-13
WSS pressure pipe: Ability to meet minimum quality specifications, by source and number of reporting firms[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	5	10	0	0
Malaysia	4	8	0	0
Thailand	4	7	0	0
Vietnam	3	9	0	0
Korea	3	10	0	0
Taiwan	4	9	0	0

[1] Purchasers were asked how often domestically produced or imported WSS pressure pipe meets minimum quality specifications for their own or their customers' uses.

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

Table II-14
WSS pressure pipe: Significance of differences other than price between WSS pressure pipe produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Malaysia	***	***	***	***	1	2	3	1	4	2	5	2
U.S. vs. Thailand	***	***	***	***	1	2	4	1	4	2	4	2
U.S. vs. Vietnam	***	***	***	***	2	1	2	1	5	2	4	2
Subject countries comparisons:												
Malaysia vs. Thailand	***	***	***	***	1	0	2	3	4	1	4	2
Malaysia vs. Vietnam	***	***	***	***	1	0	1	3	4	1	4	2
Thailand vs. Vietnam	***	***	***	***	1	0	1	3	4	1	4	2
Nonsubject countries comparisons:												
U.S. vs. Korea	***	***	***	***	1	0	3	3	4	3	5	2
U.S. vs. Taiwan	***	***	***	***	1	0	3	2	4	3	6	2
U.S. vs. other nonsubject	***	***	***	***	1	1	2	1	2	2	4	1
Malaysia vs. Korea nonsubject	***	***	***	***	2	0	2	2	4	1	4	2
Malaysia vs. Taiwan	***	***	***	***	2	0	2	2	4	1	4	2
Malaysia vs. other nonsubject	***	***	***	***	1	0	2	1	2	1	4	1
Thailand vs. Korea nonsubject	***	***	***	***	2	0	2	2	4	1	4	2
Thailand vs. Taiwan	***	***	***	***	2	0	2	2	4	1	4	2
Thailand vs. other nonsubject	***	***	***	***	1	0	2	1	2	1	4	1
Vietnam vs. Korea nonsubject	***	***	***	***	2	0	2	2	4	1	4	2
Vietnam vs. Taiwan	***	***	***	***	2	0	2	2	4	1	4	2
Vietnam vs. other nonsubject	***	***	***	***	1	0	2	1	2	1	4	1
Korea vs. Taiwan	***	***	***	***	1	0	2	3	4	1	5	2
Korea vs. other nonsubject	***	***	***	***	1	0	2	1	2	1	4	1
Taiwan vs. other nonsubject	***	***	***	***	1	0	2	1	2	1	4	1

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

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

that there were "always" differences other than price. Purchaser responses were mixed. When comparing U.S. product with that from subject countries, 4 or 5 reported "always," 2 reported "frequently," 4 or 5 reported "sometimes" and 2 reported "never." When comparing product between the subject countries, 4 reported "always," 1 reported "frequently," 4 reported "sometimes," and 2 reported "never." For all other country pairs, responses varied, with "sometimes" typically being the most common response, followed by "always," although for some country pairs the same number of purchasers reported "always" as "sometimes." The remaining purchasers answered "frequently" or "never." Differences reported included: Korea and Taiwan use higher quality raw materials and are more likely to ship on time than Malaysia, Thailand, and Vietnam; Vietnam has lower labor costs but a limited product range; customers are stocking less material than before the financial crisis increasing preference for purchasing product that is already in the United States; inland freight cost has increased; domestic product has shorter lead times, reducing risk of loss if price declines; domestic product is more available than imports; the United States and Korea have different product ranges and transport costs; and the United States and Taiwan have different product ranges, acceptance, and melt sources.

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were encouraged to comment on these estimates in their prehearing or posthearing brief. No parties commented on these elasticity estimates.

U.S. supply elasticity

The domestic supply elasticity[34] for WSS pressure pipe measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of WSS pressure pipe. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced WSS pressure pipe. Analysis of these factors earlier indicates that the U.S. industry has the ability to make moderate-to-large increases in shipments to the U.S. market; an estimate in the range of 3 to 5 is suggested.[35]

U.S. demand elasticity

The U.S. demand elasticity for WSS pressure pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of WSS pressure pipe. This estimate

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

[35] Elasticity of supply in this case is higher than it was in the final for WSS pressure pipe for China primarily because U.S. capacity utilization was lower in 2013 than it had been in 2008. *Welded Stainless Steel Pressure Pipe from China Investigation Nos. 701-TA-454 and 731-TA-1144 (Final),* USITC Publication 4064 (March 2009).

depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the WSS pressure pipe in the production of any downstream products. Based on the available information, the aggregate demand for WSS pressure pipe is likely to be inelastic; a range of -0.3 to -0.7 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[36] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced WSS pressure pipe and imported subject WSS pressure pipe is likely to be in the range of 2 to 6.

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

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part 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 five firms that accounted for nearly all of U.S. production of WSS pressure pipe during 2013.

U.S. PRODUCERS

The Commission sent U.S. producer questionnaires to seven firms based on information contained in the petition, and other domestic firms identified by public sources as producers of welded stainless steel tubular products. Five firms provided usable data on their productive operations.[1] Staff believes that these responses represent the vast majority of U.S. production of WSS pressure pipe.

Table III-1 lists U.S. producers of WSS pressure pipe, their production locations, positions on the petition, total production, and shares of production.

[1] Alaskan Copper & Brass Co. and Rath Gibson provided partial information, included only in Table III-1.

Table III-1
WSS pressure pipe: U.S. producers of WSS pressure pipe, their positions on the petition, production locations, production, and shares of reported production, 2013

Firm	Position on orders	U.S. production location(s)	Related and/or affiliated firms in the United States	Share of 2013 production (percent)
Alaskan Copper & Brass	***	Seattle, WA	Alco Investment Co.[1]	***
Bristol Metals	Petitioner	Bristol, TN	Synalloy Corporation[1]	***
Felker Brothers	Petitioner	Glasgow, KY	None.	***
Marcegaglia USA	***	Munhall, PA	Marcegalia (Italy)[1]	***
Outokumpu	Petitioner	Wildwood, FL	Outokumpu Americas, Inc. (United States)[1] Outokumput Stainless Tubular Products Holding Oy	***
Rath Gibson	***	Clarksville, AR Janesville, WI North Branch, NJ	([3])	***
Webco	***	Mannford, OK; Kellyville, OK	None.	***

[1] ***.
[2] Less than 0.5 percent.
[3] Not available.

Note: Because of rounding, share may not total 100.0 percent.

Source: Compiled from data submitted in response to Commission questionnaires and Simdex Steel Tube Manufacturers Worldwide guide (2011).

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-2 presents U.S. producers' production, capacity, and capacity utilization. U.S. capacity of WSS pressure pipe producers rose slightly throughout the period of investigation for these investigations. Total U.S. production increased from 2011 to 2013 by 5.5 percent. Annual capacity utilization rates for WSS pressure pipe production increased from 46.9 percent in 2011 to 49.2 percent in 2013.

Table III-2
WSS pressure pipe: U.S. producers' production, capacity, and capacity utilization, 2011-13

Item	Calendar year		
	2011	2012	2013
Capacity	57,511	57,566	57,817
Production	26,980	28,126	28,456
Capacity utilization (*percent*)	46.9	48.9	49.2

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

U.S. producers' share of production by grade was consistent throughout the period for which data were collected. Grade ASTM-A312 accounted for 95.5 percent to 96.9 of total U.S. production quantity, and Grade ASTM-A778 accounted for all other production quantity.[2]

In the Commission's questionnaire, U.S. producers were asked if they experienced any plant openings, plant closings, relocations, expansions, acquisitions, consolidations, prolonged shutdowns or production curtailments, or revised labor agreements since January 1, 2011. ***. In January 2011, ***. ***. In 2011 and 2012, ***. Outokumpu claims that when its parent company, OK Oyj, sold its interests in all of its pipe mills globally, the buyer did not take the U.S. operations due to concerns over the U.S. market.[3]

*** U.S. producers of WSS pressure pipe reported the production of other products on the same equipment and machinery used to produce WSS pressure pipe. *** reported that it produces ***. *** produces ***. *** reported that it produces ***. *** reported that it produces ***. *** reported that it produces *** on the same equipment and machinery used to produce WSS pressure pipe.[4] Additional information, including the size ranges, specifications, and grades of stainless steel tubular products manufactured by domestic producers, is presented in table III-3.

[2] No U.S. producer reported producing WSS pressure pipe in grades other than ASTM-A312 or ASTM-A778.

[3] Conference transcript, pp. 22-23 (Podsiad).

[4] ***. ***.

Table III-3

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

Firm name (mill location)	Size range O.D.	ASTM specifications	Stainless steel grades
Alaskan (Seattle, WA)	3-36 inches	A-312	304, 304L, 304H, 309S, 310S, 316, 316L, 316H, 317,317L, 321, 321H, 347, 347H
Bristol (Bristol, TN)	0.840 16 inches	A 312, A 358, A 409, A 450, A 530, A 778, A 790, A 813, A 814	304, 321, 200, 800, 304L, 321H, 201, 800H, 304H, 347, 400, 800HT, 347H, 825, 316, 600, 316L, 309S, 601, 316H, 309H, 622, 310S, 625, 317, 310H, 686 C276, 317LM, 59, 317LMN, 904L
Felker (Glaskow, KY) (Marshfield, WI)	2.375-96 inches	A 249, A 269, A 312, A 312, A 774, A 778	304L, 316L, 317L
Marcegaglia (Monhall, PA)	0.405-12.75 inches	A 249, A 268, A 269, A 270, A 312, A 554, A 778	304, 304L, 316, 316L, 316Ti, 317, 317L, 309, 309S, 310, 310S, 347, 347H, 321, 2545MO, 20, 800, 800H, AL6Xn, 25-6MO, 904LV, 409, 430, 430Ti, 439, 29-4C, 2003, 2101, 2205, 2304, 2507,
Outokumpu (Wildwood, FL)	0.5-80 inches	A 249, A 268, A 312, A 358, A 409, A 778, A 789, A 790, A-928	204CU, 301, 302, 303, 304, 304L, 304LN, 305, 307, 308, 308L, 308LSi, 316, 316H, 316L, 316LN, 316Ti, 317L, 317LMN, 321, 347, 904L, 410S, 416, 420, 430, 430F, 441, 444, 304H, 321H, 347H, 309H, 309H, 309S, 310H, 310S, 253MA
Rath Gibson (Clarksville, AR) (Janesville, WI) (North Branch, NJ)	0.008-8 inches	A 249, A 269, A 270, A 312, A 450, A 530, A 632, A 688, A 789	200, 304, 304L, 304H,316, 316-H, 316L, 317, 317L, 309S, 309H, 310S, 310H, 310-S, 321, 321H, 347, 347H, 400, 600, 625, 800, 825, 2205 duplex
Webco	0.125-5 inches	A 179, A 210, A 213, A 214, A 249, A 268, A 334, A 512, A 513, A 519 A 556	304, 304L, 309, 310, 316, 316L, 317, 321, 347, 409, 430, 439

Source: Simdex Steel Tube Manufacturers Worldwide Guide (2011), Marcegaglia and Outokumpu websites.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-4 presents U.S. producers' commercial U.S. shipments, export shipments, and total shipments. Export destinations included Canada, Mexico, Argentina, Singapore, and South America.

Table III-4
WSS pressure pipe: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (*short ton*)		
Commercial shipments	23,902	24,488	26,482
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	25,857	26,794	28,530
Export shipments	884	619	472
Total shipments	26,741	27,413	29,002
	Value (*1,000 dollars*)		
Commercial shipments	123,316	112,709	96,651
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	132,946	123,455	104,692
Export shipments	5,944	3,214	1,967
Total shipments	138,890	126,669	106,659
	Unit value (dollars per short ton)		
Commercial shipments	$5,159	$4,603	$3,650
Internal consumption***	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	5,142	4,608	3,670
Export shipments	6,724	5,192	4,167
Total shipments	5,194	4,621	3,678
	Share of quantity (*percent*)		
Commercial shipments	89.4	89.3	91.3
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	96.7	97.7	98.4
Export shipments	3.3	2.3	1.6
Total shipments	100.0	100.0	100.0

[1] Not applicable.
Note: Because of rounding, share may not total 100.0 percent.

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

Table III-5 presents U.S. producers' commercial shipments by size.[5]

Table III-5
Welded stainless steel pressure pipe: U.S. producers' U.S. shipments by size, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (1,000 feet)		
U.S. shipments:			
<= 1 inch	1,381	1,291	1,455
>1 and <=2 inches	1,283	1,018	1,203
>2 and <=4 inches	1,185	1,278	1,283
>4 and <=6 inches	552	611	564
>6 and <=12 inches	730	814	813
Other	12	7	8
Total U.S. shipments	5,143	5,019	5,326
	Value (1,000 dollars)		
U.S. shipments:			
<= 1 inch	4,016	4,025	3,408
>1 and <=2 inches	9,572	6,815	7,054
>2 and <=4 inches	18,747	17,469	15,346
>4 and <=6 inches	16,413	16,668	13,293
>6 and <=12 inches	47,968	49,071	41,868
Other	2,037	2,636	2,902
Total U.S. shipments	98,753	96,684	83,871
	Unit value (dollars per foot)		
U.S. shipments:			
<= 1 inch	2.91	3.12	2.34
>1 and <=2 inches	7.46	6.69	5.86
>2 and <=4 inches	15.82	13.67	11.96
>4 and <=6 inches	29.73	27.28	23.57
>6 and <=12 inches	65.71	60.28	51.50
Other	169.75	376.57	362.75
Total U.S. shipments	19.20	19.26	15.75
	Share of quantity (percent)		
U.S. shipments:			
<= 1 inch	26.9	25.7	27.3
>1 and <=2 inches	24.9	20.3	22.6
>2 and <=4 inches	23.0	25.5	24.1
>4 and <=6 inches	10.7	12.2	10.6
>6 and <=12 inches	14.2	16.2	15.3
Other	0.2	0.1	0.2
Total U.S. shipments	100.0	100.0	100.0

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

[5] Marcegaglia USA stated that its "Information not kept in this format" so its production is not included in this section.

U.S. PRODUCERS' INVENTORIES

Table III-6 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments over the period examined.

Table III-6
WSS pressure pipe: U.S. producers' inventories, 2011-13

	Calendar year		
Item	**2011**	**2012**	**2013**
Inventories *(short tons*)	5,247	5,530	4,923
Ratio to production (*percent*)	19.4	19.7	17.3
Ratio to U.S. shipments (*percent*)	20.3	20.6	17.3
Ratio to total shipments (*percent*)	19.6	20.2	17.0

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

None of the five U.S. producers reported direct imports of WSS pressure pipe during the period for which data were collected.[6] *** reported purchases from other sources, ***, citing that its reason for these purchases was ***.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-7 shows U.S. producers' employment-related data during the period examined.

Table III-7
WSS pressure pipe: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2011-13

	Calendar year		
Item	**2011**	**2012**	**2013**
PRWs (*number*)	280	288	289
Total hours worked (*1,000 hours*)	570	584	637
Hours worked per PRW (*hours*)	2,036	2,028	2,204
Wages paid *($1,000*)	9,846	10,425	11,498
Hourly wages (*dollars*)	$17.27	$17.85	$18.05
Productivity (*short tons per 1,000 hours*)	47.3	48.2	44.7
Unit labor costs (*per short ton*)	$365	$371	$404

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

[6] *** imported WSS pressure pipe from Malaysia ***, from Thailand ***, and from all other sources ***.

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 20 firms believed to be importers of subject WSS pressure pipe, as well as to all known U.S. producers of WSS pressure pipe.[1] Usable questionnaire responses were received from 13 companies, representing a majority of subject imports from Malaysia, Thailand, and Vietnam between 2011 and 2013.[2] Table IV-1 lists all responding U.S. importers of WSS pressure pipe from Malaysia, Thailand, and Vietnam and other sources, their locations, and their shares of U.S. imports, in 2013.

[1] The Commission issued questionnaires to the two firms identified in the petition, along with firms that, based on a review of confidential data provided by U.S. Customs and Border Protection ("Customs"), may each have accounted for more than one percent of total imports under HTS statistical reporting numbers 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.50.90 in 2012. Questionnaires were also sent to key firms identified in confidential Customs data that may have imported WSS pressure pipe under HTS statistical reporting numbers 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.50.90.

[2] Imports of WSS pressure pipe are based on responses to Commission questionnaires. WSS pressure pipe imports are normally classified under HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085. Petition, Vol. I, p. 3. Imports may also enter under HTS statistical reporting numbers 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.50.90. Petition, Vol. I, p. 3. Only three U.S. importers reported importing subject imports under these HTS statistical reporting numbers.

Table IV-1
WSS pressure pipe: U.S. importers by source, 2013

Firm	Headquarters	Related and/or affiliated firms	Share of imports from Malaysia (*percent*)	Share of imports from Thailand (percent)	Share of imports from Vietnam (*percent*)	Share of subject imports (*percent*)	Share of imports from all other sources (*percent*)	Share of all imports (*percent*)
Alaskan Copper	Kent, WA	Alco Investment Co.[1]	***	***	***	***	***	***
Le Commodities	Fairfield, CA	None	***	***	***	***	***	***
Merit Brass	Cleveland, OH	None	***	***	***	***	***	***
Millennia	Santa Fe Springs, CA	None	***	***	***	***	***	***
Norca	Great Neck, NY	Norca Corporation[2]	***	***	***	***	***	***
Permagro	Buena Park, CA	None	***	***	***	***	***	***
Primrose[2]	Burlingame, CA	None	***	***	***	***	***	***
SeAH[2]	Santa Fe Springs, CA	SeAH Steel Corp. (Korea)[1]	***	***	***	***	***	***
Silbo	Montvale, NJ	None	***	***	***	***	***	***
Summit	North Brunswick, NJ	Summit Stainless Steel Holding Company[3] Sumitomo Corporation of America[4]	***	***	***	***	***	***
Ta Chen	Long Beach, CA	Ta Chen Stainless Pipe (Taiwan)[1]	***	***	***	***	***	***
Techlin	Somerset, NJ	None	***	***	***	***	***	***
Warren Alloy Valve & Fitting Co.	Houston, TX	None	***	***	***	***	***	***
Total		0	100.0	100.0	100.0	100.0	100.0	100.0

[1] ***.
[2] ***.
[3] ***.

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

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

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of WSS pressure pipe from Malaysia, Thailand, and Vietnam and all other sources. U.S. imports are based on questionnaire responses.[3] During the period for which data were collected for these investigations, Taiwan and Korea were the largest foreign suppliers of WSS pressure pipe to the United States. Tables IV-3, IV-4, IV-5, IV-6, and IV-7 present U.S. importers' commercial shipments by size and source.

[3] Official import statistics of Commerce show imports from nonsubject countries other than Taiwan and Korea to be primarily from Canada, China, Mexico, Germany, and Italy. The overwhelming majority of imports from Canada are for nonsubject product (large-diameter WSS pressure pipe and mechanical tubing). Petition, p. 5. Furthermore, key importers from Canada identified in confidential data provided by Customs were sent questionnaires and provided "no" responses to the Commission's U.S. importers' questionnaire. Finally, witnesses appearing at the preliminary phase conference noted that imports of WSS pressure pipe from Canada, China, Germany, Mexico, and Italy are virtually nonexistent. Conference transcript, pp. 38 and 39 (Tidlow, Schagrin), p. 41 (Podsiad), p. 82 (Schagrin), and pp. 110 and 111 (Jakob). The response rate for firms identified as potential importers of subject product was high. Accordingly, U.S. importers' questionnaire response data are considered to cover the vast majority of imports of subject product. Petitioners, however, note that Foreign Producers' questionnaire response data show that the quantity of exports from Malaysia and Vietnam to the United States were greater than the corresponding quantities of imports from those sources reported in Official Commerce Statistics. Petitioners' postconference brief, pp. 3-5. The same holds true when comparing export quantities to importers' questionnaire response data.

Table IV-2
WSS pressure pipe: U.S. imports by source, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (*Short tons*)		
Imports from			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	18,007	18,357	12,125
All others	20,447	21,793	18,576
Total U.S. imports	38,454	40,150	30,701
	Value (*1,000 dollars*)[1]		
Imports from			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	67,400	62,072	35,969
All others	83,761	75,075	60,077
Total U.S. imports	151,161	137,147	90,046
	Unit value (*per short ton*)		
Imports from			
Malaysia	$***	$***	$***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	3,743	3,381	2,966
All others	4,096	3,445	3,234
Total U.S. imports	3,931	3,416	3,128

Table continued on following page.

Table IV-2--*Continued*
WSS pressure pipe: U.S. imports by source, 2011-13

Item	Calendar year		
	2011	2012	2013
	Share of quantity (*percent*)		
Imports from			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	46.8	45.7	39.5
All others	53.2	54.3	60.5
Total U.S. imports	100.0	100.0	100.0
	Share of value (*percent*)[1]		
Imports from			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	44.6	45.3	37.4
All others	55.4	54.7	62.6
Total U.S. imports	100.0	100.0	100.0

[1] Landed, duty-paid.

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

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

Table IV-3
Welded stainless steel pressure pipe: U.S. importers' U.S. shipments from Malaysia, by size, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (1,000 feet)		
U.S. importers' U.S. shipments of imports from Malaysia:			
<= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Malaysia	2,509	2,979	14,471
	Value (1,000 dollars)[1]		
U.S. importers' U.S. shipments of imports from Malaysia:			
<= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Malaysia	19,579	22,462	22,056
	Unit value (dollars per foot)		
U.S. importers' U.S. shipments of imports from Malaysia:			
<= 1 inch	$***	$***	$***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Malaysia	7.80	7.54	1.52
	Share of quantity (percent)		
U.S. importers' U.S. shipments of imports from Malaysia:			
<= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Malaysia	100.0	100.0	100.0

[1] Landed, duty-paid.
[2] Not applicable.

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

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

Table IV-4
Welded stainless steel pressure pipe: U.S. importers' U.S. shipments from Thailand, by size, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (1,000 feet)		
U.S. importers' U.S. shipments of imports from Thailand: <= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Thailand	3,591	3,190	4,225
	Value (1,000 dollars)[1]		
U.S. importers' U.S. shipments of imports from Thailand: <= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Thailand	27,973	21,497	29,483
	Unit value (dollars per foot)		
U.S. importers' U.S. shipments of imports from Thailand: <= 1 inch	$***	$***	$***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Thailand	7.79	6.74	6.98
	Share of quantity (percent)		
U.S. importers' U.S. shipments of imports from Thailand: <= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Thailand	100.0	100.0	100.0

[1] Landed, duty-paid.
[2] Not applicable.

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

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

Table IV-5
Welded stainless steel pressure pipe: U.S. importers' U.S. shipments from Vietnam, by size, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (1,000 feet)		
U.S. importers' U.S. shipments of imports from Vietnam: <= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Vietnam	2,621	2,420	901
	Value (1,000 dollars)[1]		
U.S. importers' U.S. shipments of imports from Vietnam: <= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Vietnam	12,059	9,472	3,014
	Unit value (dollars per foot)		
U.S. importers' U.S. shipments of imports from Vietnam: <= 1 inch	$***	$***	$***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Vietnam	4.60	3.91	3.35
	Share of quantity (percent)		
U.S. importers' U.S. shipments of imports from Vietnam: <= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from Vietnam	100.0	100.0	100.0

[1] Landed, duty-paid.
[2] Not applicable.

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

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

Table IV-6
Welded stainless steel pressure pipe: U.S. importers' U.S. shipments from subject sources, by size, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (1,000 feet)		
U.S. importers' U.S. shipments of imports from subject sources: <= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from subject sources	8,721	8,589	19,597
	Value (1,000 dollars)[1]		
U.S. importers' U.S. shipments of imports from subject sources: <= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from subject sources	59,611	53,431	54,553
	Unit value (dollars per foot)		
U.S. importers' U.S. shipments of imports from subject sources: <= 1 inch	$***	$***	$***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from subject sources	6.84	6.22	2.78
	Share of quantity (percent)		
U.S. importers' U.S. shipments of imports from subject sources: <= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from subject sources	***	***	***

[1] Landed, duty-paid.
[2] Not applicable.

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

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

Table IV-7
Welded stainless steel pressure pipe: U.S. importers' U.S. shipments from All Other Sources, by size, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (1,000 feet)		
U.S. importers' U.S. shipments of imports from All Other Sources:			
<= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from AOS	234	205	826
	Value (1,000 dollars)[1]		
U.S. importers' U.S. shipments of imports from All Other Sources:			
<= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from AOS	2,963	2,590	6,248
	Unit value (dollars per foot)		
U.S. importers' U.S. shipments of imports from All Other Sources:			
<= 1 inch	$***	$***	$***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from AOS	12.66	12.63	7.56
	Share of quantity (percent)		
U.S. importers' U.S. shipments of imports from All Other Sources:			
<= 1 inch	***	***	***
>1 and <=2 inches	***	***	***
>2 and <=4 inches	***	***	***
>4 and <=6 inches	***	***	***
>6 and <=12 inches	***	***	***
Other	***	***	***
Total U.S. shipments of imports from AOS	100.0	100.0	100.0

[1] Landed, duty-paid.
[2] Not applicable.

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

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

CRITICAL CIRCUMSTANCES

On May 30, 2014, Commerce issued its final determination that "critical circumstances" exist with regard to certain imports of WSS pressure pipe from Malaysia,[4] but not Thailand or Vietnam.[5] In this investigation, if both Commerce and the Commission make affirmative final critical circumstances determinations, certain subject imports may be subject to antidumping duties retroactive by 90 days from January 7, 2014, the effective date of Commerce's preliminary affirmative LTFV determination. Table IV-8 presents these data.

[4] Because the mandatory respondents (Kanzen, Pantech, and Superinox) did not participate in the Commerce investigation, Commerce made an adverse inference that imports from these three respondents were massive during the relevant time period. However, it found that critical circumstances do not exist with respect to all other exporters or producers of WSS pressure pipe from Malaysia.

[5] When petitioners file timely allegations of critical circumstances, Commerce examines whether there is a reasonable basis to believe or suspect that (1) either there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at LTFV and that there was likely to be material injury by reason of such sales; and (2) there have been massive imports of the subject merchandise over a relatively short period.

Table IV-8
Welded stainless steel pressure pipe: U.S. imports, by month, period

Period	Superinox		Kanzen Tetsu		Pantech		All three combined	
	U.S. imports (short tons)	U.S. inventories (short tons)	U.S. imports (short tons)	U.S. inventories (short tons)	U.S. imports (short tons)	U.S. inventories (short tons)	U.S. imports (short tons)	U.S. inventories (short tons)
2012: December	***	***	***	***	***	***	505	3,170
2013: January	***	***	***	***	***	***	577	1,403
February	***	***	***	***	***	***	***	***
March	***	***	***	***	***	***	***	***
April	***	***	***	***	***	***	330	1,414
May	***	***	***	***	***	***	379	1,451
June	***	***	***	***	***	***	607	1,402
July	***	***	***	***	***	***	1,176	1,773
August	***	***	***	***	***	***	368	1,746
September	***	***	***	***	***	***	***	***
October	***	***	***	***	***	***	0	1,743
November	***	***	***	***	***	***	***	***
December	***	***	***	***	***	***	***	***
Subtotal, 2013	***		***		***		4,614	
Total Dec. 2012 – Dec. 2013 (13 months)	***		***		***		5,119	

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

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[6] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible. Imports from Malaysia accounted for 16.2 percent of total imports of WSS pressure pipe by quantity during May 2012-April 2013, imports from Thailand accounted for 17.3 percent of total imports of WSS pressure pipe by quantity during May 2012-April 2013, and imports from Vietnam accounted for 10.9 percent of total imports of WSS pressure pipe by quantity during May 2012-April 2013.

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Issues concerning fungibility and channels of distribution are addressed in *Part* II of this report. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below. With regard to geographical markets and presence in the market, the petitioners argue that imported WSS pressure pipe from Malaysia, Thailand, and Vietnam compete without regard to geographical location in the United States and that these imports have been simultaneously present in the U.S. market during the period of investigation.[7] Official Commerce statistics show that U.S. imports from the Malaysia, Thailand, and Vietnam did enter the United States through geographically dispersed U.S. ports of entry throughout the entire period of investigation. Both U.S. producers and U.S. importers reported distributing WSS pressure pipe geographically throughout the United States.[8] As discussed in *Part V* of this report, WSS pressure pipe produced in the United States and Malaysia, Thailand, and Vietnam

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

[7] Petitioners' postconference brief, pp. 3, 19-21.

[8] *See Part* II of this report.

were sold in each quarter between January 2011 and December 2013. During the preliminary and final phase of these investigations, respondents did not raise any issues with regard to cumulation of subject imports.[9]

APPARENT U.S. CONSUMPTION

Table IV-9 presents data on apparent U.S. consumption and U.S. market shares for WSS pressure pipe over the period examined.

Table IV-9
WSS pressure pipe: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (*Short tons*)		
U.S. producers' shipments	25,857	26,794	28,530
U.S. importers' U.S. shipments from--			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	17,840	18,444	15,657
All others	21,781	21,597	19,107
Total U.S. imports	39,621	40,041	34,764
Apparent consumption	65,478	66,835	63,294
	Value (*1,000 dollars*)[1]		
U.S. producers' shipments	132,946	123,455	104,692
U.S. importers' U.S. shipments from--			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	72,130	67,537	49,893
All others	103,331	90,100	70,856
Total U.S. imports	175,461	157,637	120,749
Apparent consumption	308,407	281,092	225,441

[1] FOB, U.S. point of shipment.

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

[9] Respondent Sonha's postconference brief at 1; conference transcript, p. 123 (Slater); respondent Pantech's posthearing brief, pp. 13-14 (response to Johanson question) and respondent Sonha's posthearing brief, p. 11 (response to Pinkert and Johanson questions)

U.S. MARKET SHARES

Data on U.S. market shares for WSS pressure pipe are presented in table IV-10.

Table IV-10
WSS pressure pipe: U.S. consumption and market shares, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (Short tons)		
Apparent U.S. consumption	65,478	66,835	63,294
	Value (*1,000 dollars*)[1]		
Apparent U.S. consumption	308,407	281,092	225,441
	Share of quantity (percent)		
U.S. producers' shipments	39.5	40.1	45.1
U.S. importer' s U.S. shipments from--			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	27.2	27.6	24.7
All others	33.3	32.3	30.2
Total U.S. imports	60.5	59.9	54.9
	Share of value (percent)		
U.S. producers' shipments	43.1	43.9	46.4
U.S. importer' s U.S. shipments from--			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	23.4	24.0	22.1
All others	33.5	32.1	31.4
Total U.S. imports	56.9	56.1	53.6

[1] FOB, U.S. point of shipment.

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

RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-11 presents data on the ratio of U.S. imports to U.S. production.

Table IV-11
WSS pressure pipe: Ratio of U.S. imports to U.S. production, 2011-13

Item	Calendar year		
	2011	2012	2013
	Quantity (short tons)		
U.S. production	26,980	28,126	28,456
U.S. imports from.--			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	18,007	17,205	12,125
All others	20,447	21,793	18,576
Total U.S. imports	38,454	38,998	30,701
	Ratio of imports to production		
U.S. imports from.--			
Malaysia	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subtotal, subject	66.7	65.3	42.6
All others	75.8	77.5	65.3
Total U.S. imports	142.5	142.8	107.9

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

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Flat-rolled stainless steel and alloying agents are the primary raw materials used in the production of WSS pressure pipe. The cost of hot-rolled AISI grade 304 and grade 316 stainless steel declined by *** and *** percent, respectively, between January 2011 and May 2014. *** (figure V-1). U.S. producers report that, when they purchase the grades 304 and 316 stainless steel for WSS pressure pipe, they are charged surcharges for nickel, moly (molybdenum), and chrome.[1] According to the petitioners, the base price for grades 304 and 316 stainless steel has not changed much in the last three years, and the changes in the surcharges have, therefore, driven the price up and down.[2]

Figure V-1
Hot-rolled stainless steel: Prices of U.S. ex-mill hot-rolled stainless steel products including alloy surcharges, by months, January 2011-May 2014

* * * * * * *

From January 2011 to May 2014, the price of nickel decreased by 24.2 percent and that of ferrochrome decreased by 14.7 percent (both alloying agents), as shown in figure V-2.

Respondents claim that it is the falling price of nickel rather than imports from subject countries that has caused U.S. prices for WSS pressure pipe to decline. In addition, respondents assert that the declines in nickel prices have also directly caused the low profitability of the U.S. producers.[3] Respondents contend that low profits are caused by the time lag between when producers purchase the stainless steel and when they sell the WSS pressure pipe. If the price of nickel is falling, the price of WSS pressure pipe sold at the end of production reflects the newer lower price of nickel, rather than the higher price U.S. producers paid in the surcharge when they purchased the stainless steel (which reflected a higher nickel input price). Thus, during the last three years, according to respondents, the U.S. producers' low profits were caused by the decline in nickel prices. If the price of nickel increases, U.S. producers' profits will increase because the WSS pressure pipe sales prices increase, reflecting a nickel price above what they paid when they purchased the stainless steel.[4]

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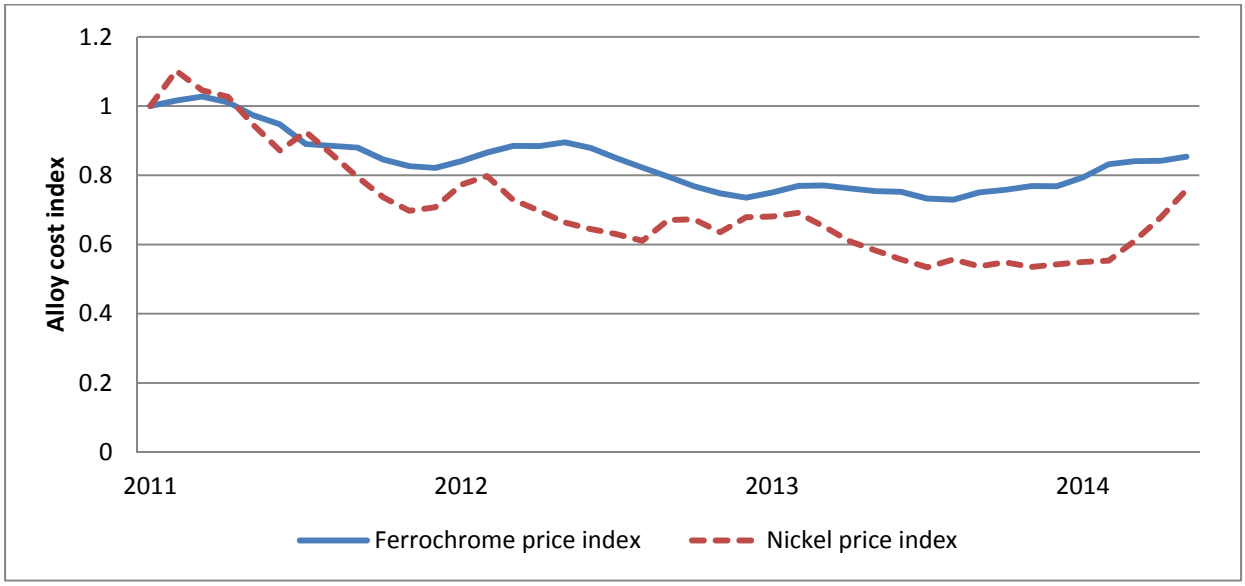
[1] Hearing transcript, pp. 77-78 (Hendrickson and Tidlow).
[2] Hearing transcript, p. 77 (Hendrickson).
[3] Hearing transcript, pp. 133-134 (Dougan).
[4] Hearing transcript, pp. 143-145 (Dougan). Son Ha's posthearing brief, pp. 2-5.

Figure V-2
Alloy cost index: Ferrochrome and nickel spot p rice index, by months, January 2011-May 2014



Source: American Metal Market.

U.S. producers assert, however, that if WSS pressure pipe from subject countries was not in the market, they would face less price pressure, and could add a surcharge to their prices,[5] or increase their base price, or not pass all the reduction in the nickel prices on to the purchasers.[6] They report, for example, that they can profitably sell pipes with diameters of over 14 inches, where there is little competition from subject imports, although these larger pipes have the same steel input as WSS pressure pipe and face the same declining price of nickel inputs.[7] The differences in profitability, petitioners assert, are not due to the changes in nickel prices. Petitioners also report that during the three years, profits were not correlated with changes in nickel prices, and that prices of WSS pressure pipe fell more than can be explained by the changes in the price of nickel.[8] This, they contend, indicates that U.S. producers lack market power to maintain profitable prices and this lack of market power is caused by subject imports.[9]

Surcharges

Changes in raw material costs can either be reflected by changing prices of the product or by using an unchanged base price and with an additional charge, a "surcharge," to reflect changes in the price of the raw materials. When raw materials prices are unpredictable,

[5] Hearing transcript, pp. 78-79 (Tidlow).
[6] Petitioners prehearing brief, p. 13.
[7] Petitioners posthearing brief, pp. 4-5.
[8] Petitioners posthearing brief, pp. 5-6.
[9] Petitioners posthearing brief, p. 7.

surcharges become more important. In long term contracts,[10] surcharges allow a pricing method to be agreed in advance even if future raw material prices are uncertain. The use of the word "surcharge" in this industry is inconsistent. In some instances, it is used to reflect how the cost of raw material is included in a base price (in this case the so called "surcharge" is included in the base price), while in other instances, it refers to a charge in addition to the base price (a "surcharge" reflecting the current costs of raw materials). The difference between the two methods of adjusting prices when raw material prices change is that if the price of raw material is in a separate "surcharge," the amount of the purchaser pays for raw material is determined at the time of shipment of the WSS pressure pipe. If the price of raw material is included in the base price, the price is agreed to at the time of the order and will not be affected if the price of raw material changes after that time. In this section, "surcharge" refers only to a surcharge that is separate from the base price and that is determined based on when the product is shipped.

U.S. producers (***) report that they stopped having separate surcharges in their selling price of WSS pressure pipe in ***.[11] ***.[12] Steel makers' surcharges are publicly available.[13]

U.S. inland transportation costs

*** responding U.S. producers and 9 of the 11 responding importers reported that they typically arrange transportation to their customers.[14] U.S. producers reported that their U.S. inland transportation costs ranged from 2 to 5 percent of total costs while importers reported transportation costs of 1 to 6 percent, with six of the eight responding firms reporting transportation costs of 3 percent or less. Five of nine responding importers reported shipping from their storage facilities and four from their point of import.

PRICING PRACTICES

Pricing methods

*** responding U.S. producers reported using transaction-by-transaction negotiations to determine prices; some also used contracts (***) and price lists (***)[15] (table V-1). Eleven of

---

[10] No U.S. producer or importer reported using long term contracts for their sales of WSS pressure pipe.

[11] ***. Petitioners' post hearing brief Exhibit 1. ***.

[12] ***.

[13] Stainless steel surcharges are available on the web, for example, http://www.aksteel.com/markets_products/surcharges/stainless.aspx and http://www.stainlesssales.com/surcharges.html downloaded June 9, 2014.

[14] One importer reported that its customers arrange transportation and one importer reported that sometimes it arranges transportation and sometimes its customers do.

[15] ***.

the 12 responding importers reported using only transaction-by-transaction negotiations to determine prices and one used price lists.

Table V-1
WSS pressure pipe: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	***	11
Contract	***	0
Set price list	***	1
Other	***	0

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

Most sales are on a spot basis – *** percent of U.S. producers' sales as well as most sales of imports from Malaysia (93.5 percent), Thailand (96.2 percent), (table V-2) and nonsubject countries (91.2 percent). In contrast, less than half (41.0 percent) of sales of WSS pressure pipe from Vietnam are sold on a spot basis. All other sales were on short-term contracts. U.S. producers reported that short-term contracts were ***, ***, and ***. *** importers reported using short-term contracts; *** of these reported the length of their contracts and only one importer reported the details for its contracts. *** U.S. producers and one importer reported that prices were not renegotiated during the contract. *** producers and one importer reported that the contract fixed both price and quantity. *** producer reported that contracts fix only price. *** U.S. producers reported meet-or-release provisions (although one of these reported that some contracts did not have meet-or-release provisions) and *** U.S. producer reported no meet-or-release provisions. The one responding importer reported no meet-or-release provisions in its contracts.

Table V-2
WSS pressure pipe: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2013

* * * * * * *

Three purchasers reported that they purchase product daily, five purchase weekly, and eight purchase monthly. Twelve of 16 responding purchasers reported that they had not changed their purchasing patterns since 2011. Those changing purchase patterns reported that it was either caused by a slowing market or by an increase in the size of their purchases. Purchasers contact from 1 to 10 suppliers before making a purchase, with 7 of the 14 responding purchasers typically contacting 3 or fewer suppliers.

Sales terms and discounts

Most U.S. producers (***) and most importers (8 of 10) quote prices on a delivered basis. *** and one importer sold mainly f.o.b., and one importer reported it had no usual basis for its sales. *** responding U.S. producers and 8 of 11 responding importers reported sales terms of net 30 days.[16]

Price leadership

Purchasers were asked to identify price leaders; 5 of the 14 responding firms reported that there were no price leaders. Fifteen different suppliers were reported to be price leaders. Six of these were listed by more than one purchaser including: Bristol and Ta Chen (3 each); and Merit, Outokumpu, Summit, and Warren (2 each).

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following WSS pressure pipe products shipped to unrelated U.S. customers during 2011-13.

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

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

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

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

Product 5.-- ASTM A-312, welded, grade AISI 316/316L pipe, 2-inch schedule 40

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

*** U.S. producers and nine importers provided usable pricing data for sales of the requested products from subject countries, although not all firms reported pricing for all products for all quarters. Five importers provided usable price data for Malaysian product, six importers provided usable price data for Thai product, and six importers provided usable price

[16] One producer reported selling 1% 10 days, net 30. One importer required payment against documents, and one reported no typical terms.

data for Vietnamese product. Pricing data reported by these firms cover the period 2011-13 and accounted for approximately *** percent of the value of U.S. producers' U.S. commercial shipments of subject product, 27.2 percent of the value of U.S. commercial shipments of subject imports from Malaysia, 15.8 percent of the value of U.S. commercial shipments of subject imports from Thailand, and 25.7 percent of the value of U.S. commercial shipments of subject imports from Vietnam.

Price data for products 1-6 are presented in tables V-3 to V-8 and figures V-2 to V-7. Nonsubject country prices are presented in Appendix E.

Table V-3
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2011- December 2013

* * * * * * *

Table V-4
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2011- December 2013

* * * * * * *

Table V-5
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2011- December 2013

* * * * * * *

Table V-6
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2011- December 2013

* * * * * * *

Table V-7
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, January 2011- December 2013

* * * * * * *

Table V-8
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2011- December 2013

* * * * * * *

Figure V-2
WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2011- December 2013

* * * * * * *

Figure V-3
WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2011- December 2013

* * * * * * *

Figure V-4
WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2011- December 2013

* * * * * * *

Figure V-5
WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2011- December 2013

* * * * * * *

Figure V-6
WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2011- December 2013

* * * * * * *

Figure V-7
WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2011- December 2013

* * * * * * *

Price trends

Prices for all six products from all country sources decreased overall from the first quarter in 2011 to the final quarter of 2013. U.S. product and subject imports tended to follow similar trends, although the prices of U.S. product tended to fall more over the period so that the difference between U.S. and subject country prices for most products had decreased by the end of the period. Table V-9 summarizes the price trends, by country and by product.

Table V-9
WSS pressure pipe: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and Malaysia, Thailand, and Vietnam

Item	Number of quarters	Low price (*per unit*)	High price (*per unit*)	Change in price[1] (*percent*)
Product 1				
United States	12	***	***	(25.8)
Malaysia	12	***	***	(21.3)
Thailand	12	***	***	(17.5)
Vietnam	11	***	***	(15.7)
Product 2				
United States	12	***	***	(23.2)
Malaysia	12	***	***	(22.6)
Thailand	12	***	***	(17.7)
Vietnam	12	***	***	(28.5)
Product 3				
United States	12	***	***	(26.2)
Malaysia	12	***	***	(17.8)
Thailand	12	***	***	(18.5)
Vietnam	11	***	***	(10.4)
Product 4				
United States	12	***	***	(19.9)
Malaysia	12	***	***	(23.5)
Thailand	12	***	***	(18.1)
Vietnam	11	***	***	(34.5)
Product 5				
United States	12	***	***	(29.2)
Malaysia	12	***	***	(18.2)
Thailand	12	***	***	(16.9)
Vietnam	10	***	***	(4.4)
Product 6				
United States	12	***	***	(24.2)
Malaysia	12	***	***	(20.7)
Thailand	12	***	***	(20.0)
Vietnam	11	***	***	(13.0)

[1] Percentage change from the first quarter in 2011 to the last quarter in 2013 for which price data were available.

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

Price comparisons

As shown in table V-10, prices for WSS pressure pipe imported from Malaysia, Thailand, and Vietnam were below those for U.S.-produced product in 201 of 210 instances; margins of underselling ranged from *** percent. In the remaining nine instances, prices for WSS pressure pipe from Malaysia, Thailand, and Vietnam were between *** percent above prices for the domestic product. Overselling occurred only for products 5 and 6.

Table V-10
WSS pressure pipe: Instances of underselling/overselling and the range and average of margins, by country, January 2011- December 2013

	Underselling			Overselling		
Source	Number of instances	Range (*percent*)	Average margin (*percent*)	Number of instances	Range (*percent*)	Average margin (*percent*)
Malaysia	69	***	9.6	3	***	6.0
Thailand	69	***	10.2	3	***	4.9
Vietnam	63	***	12.2	3	***	5.2
Total	201	***	10.6	9	***	5.3

Source: Compiled from data in response to Commission questionnaires.

LOST SALES AND LOST REVENUE

The Commission requested U.S. producers of WSS pressure pipe to report any instances of lost sales or revenue they experienced due to competition from imports of WSS pressure pipe from Malaysia, Thailand, and Vietnam during January 2010 to March 2013.[17] All four of the responding U.S. producers reported that they had to reduce prices, and three of these four reported they had to roll back announced price increases. The petition contained instances of lost sales or revenue experienced due to competition from imports of WSS pressure pipe from Malaysia, Thailand, and Vietnam during January 2010 to March 2013.[18] All four responding U.S. producers reported that they had lost sales. ***. The *** lost sales allegation totaled $*** and involved *** short tons of WSS pressure pipe and the *** lost revenue allegations ***, totaled $***, and involved *** short tons of WSS pressure pipe. Staff contacted *** purchasers and *** (tables V-11 and V-12).

***

***

[17] All lost sales allegations were received in the petition and therefore cover the period covered in the preliminary investigation.

[18] Petitioners were requested to provide information on lost sales or lost revenue that have occurred since the petition, and firms that were not petitioners were requested to provide instances of lost sales or lost revenue. ***.

Table V-11
WSS pressure pipe: U.S. producers' lost sales allegations

* * * * * * *

Table V-12
WSS pressure pipe: U.S. producers' lost revenue allegations

* * * * * * *

Table V-12 *Continued*
WSS pressure pipe: U.S. producers' lost revenue allegations

* * * * * * *

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Five U.S. producers, Bristol, Felker, Marcegaglia,[1] Outukumpu, and Webco,[2] which together accounted for the vast majority of the U.S. production of WSS pressure pipe during the period of investigation, supplied financial data on their WSS pressure pipe operations. Webco's fiscal year ends July 31, while the fiscal year for the other producers ends December 31. Bristol, Marcegaglia, and Outukumpu are subsidiaries of larger entities, while Felker and Webco are independent producers. All five domestic producers manufacture other products (most notably other stainless and alloy steel pipes and tubes) at the establishments where WSS pressure pipe is produced. *** reported internal consumption of WSS pressure pipe, and these sales accounted for approximately *** percent of the industry's 2013 sales values. The unit sales values of *** product were somewhat lower than the unit sales values of its commercial sales for 2011 and 2012. However, since the quantities of internally consumed product were much smaller than sales quantities of commercial sales, the effect of lower per-unit sales values of internally consumed product did not have much impact on the combined per-unit values. No firms reported any transfers to related parties.

The company records underlying the financial data of Marcegaglia were reviewed at Commission offices.[3] The office review adjustments have been incorporated in this final report. The financial data of Marcegaglia were changed to ***.[4]

OPERATIONS ON WSS PRESSURE PIPE

Aggregate income-and-loss data for the U.S. producers are presented in table VI-1. To summarize, the overall financial condition of the domestic WSS pressure pipe industry continuously deteriorated between 2011 and 2013, while it continued to experience operating losses (only deepened) for the entire period of investigation, from an operating loss of $4.1 million in 2011 to an operating loss of $10.7 million in 2013. From 2011 to 2012, the decrease in

[1] ***. E-mails from ***, April 21 and 22, 2014.

[2] ***. E-mails from ***, April 1, 2, and 3, 2014.

[3] Marcegaglia was selected for verification because its ***. E-mails from ***, May 12, 14, and 16, 2014. Marcegaglia's data were verified at Commission offices from May 16 through 23, 2014 and its final revisions were submitted on May 23, 2014.

[4] ***. E-mails from ***, May 12, 13, 14, 15, 16, 21, 22, and 23, 2014.

unit sales price (a decrease by $565 per short ton) was more than the decrease in unit total cost, i.e., COGS and SG&A expenses combined (a decrease by $523 per short ton, primarily resulting from lower COGS, especially lower raw materials cost), which resulted in a higher per-unit operating loss in 2012. From 2012 to 2013, net sales values decreased due to lower per-unit sales values. The operating loss further increased because the decrease in unit sales price (by $937 per short ton) exceeded the decrease in unit total cost (by $761 per short ton, primarily due to decreased raw materials cost).

Table VI-1
WSS pressure pipe: Results of operations of U.S. producers, fiscal years 2011-13

Item	Fiscal year		
	2011	2012	2013
Net sales:	**Quantity (*short tons*)**		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	0	0	0
Total net sales	26,776	27,518	28,818
Net sales:	**Value (*$1,000*)**		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	0	0	0
Total net sales	139,041	127,343	106,358
COGS	133,585	124,681	108,392
Gross profit	5,456	2,662	(2,034)
SG&A expenses	9,585	8,079	8,685
Operating income (loss)	(4,129)	(5,417)	(10,719)
Interest expense	1,109	1,446	2,219
Other expense	977	2,039	270
Other income	4,446	632	113
Net income (loss)	(1,769)	(8,270)	(13,095)
Depreciation/amortization	3,091	3,231	3,388
Cash flow	1,322	(5,039)	(9,707)

Table continued on next page.

Table VI-1--*Continued*
WSS pressure pipe: Results of operations of U.S. producers, fiscal years 2011-13

Item	Fiscal year		
	2011	2012	2013
	Unit value (*per short ton*)		
Net sales	$5,193	$4,628	$3,691
COGS	4,989	4,531	3,761
Gross profit	204	97	(71)
SG&A expenses	358	294	301
Operating income (loss)	(154)	(197)	(372)
	Ratio to net sales (*percent*)		
COGS	96.1	97.9	101.9
Gross profit	3.9	2.1	(1.9)
SG&A expenses	6.9	6.3	8.2
Operating income (loss)	(3.0)	(4.3)	(10.1)
	Number of firms reporting		
Operating losses	3	3	4
Data	5	5	5

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

Selected company-by-company data are presented in table VI-2. Total net sales (quantities and values), per-unit values (sales, COGS, SG&A, and operating income), operating income, and the ratio of operating income (loss) to net sales are presented in this table on a firm-by-firm basis. All producers had the same experience – sales values decreased between 2011 and 2013. All producers reported decreases in raw material costs from 2011 to 2013 (except *** in 2012 – a slight increase from 2011 and then a decrease in 2013). However, the operation results differ between the five domestic producers, which may be attributable to product mix.[5] Among the five producers, *** per-unit sales prices in all three years were much lower compared to other producers.6 The operating loss and loss margins of *** were generally higher than those for other producers (except ***). No producer *** reported any inputs purchased from related firms (***) and no firm *** reported any nonrecurring items for any periods (***).7 The operating margins for four producers, ***, were lower in 2013 compared to

[5] Per-unit cost data by each producer were largely affected by product mix, based on the e-mails and comments (***) provided by the same U.S. producers for similar products during the 2008-09 investigations.

[6] ***. E-mails from ***, April 22 and 24, 2014.

[7] E-mails from ***, April 1 and 3, 2014.

2012. While three producers, *** reported operating losses for the entire period, only ***, reported operating income for all periods. There were ***.[8]

Table VI-2
WSS pressure pipe: Results of operations of U.S. producers, by firm, fiscal years 2011-13

* * * * * * *

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

Selected aggregate per-short ton cost data of the producers on their operations, i.e., COGS and SG&A expenses, are presented in table VI-3. Overall per-short ton COGS and total cost (which includes SG&A expenses) continuously decreased from 2011 to 2013, driven mainly by changes in raw materials cost (i.e., reflecting changes in the cost of hot-rolled stainless steel coils) and fabrication costs (labor and factory overhead). However, the ratio of total COGS to net sales increased between 2011 and 2013, due mainly to decreased per-unit sales values.

Table VI-3
WSS pressure pipe: Average unit costs of U.S. producers, fiscal years 2011-13

Item	Fiscal year		
	2011	2012	2013
COGS:	Value (*per short ton*)		
Raw materials	$4,024	$3,555	$2,954
Direct labor	315	300	261
Factory overhead	651	676	546
Total COGS	4,989	4,531	3,761
SG&A expenses	358	294	301
Total cost	5,347	4,824	4,063

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

A variance analysis for showing the effects of prices and volume on the producers' sales of WSS pressure pipe, and of costs and volume on their total costs, is presented in table VI-4.[9]

[8] E-mail from ***, May 21, 2014.

[9] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the net volume variance is the sum of the price, COGS, SG&A

The information for this variance analysis is derived from table VI-1. The analysis indicates that the increase in operating losses between 2011 and 2013 was the result of per-unit prices decreasing more than costs and expenses. The summary at the bottom of the table illustrates that the negative effect of decreased prices ($43.3 million) was greater than the positive effect of decreased costs and expenses ($37.0 million) between 2011 and 2013.

Table VI-4
WSS pressure pipe: Variance analysis of operations of U.S. producers, fiscal years 2011-13

Item	Between fiscal years		
	2011-13	2011-12	2012-13
	Value (*$1,000*)		
Net sales:			
Price variance	(43,287)	(15,551)	(27,001)
Volume variance	10,604	3,853	6,016
Total net sales variance	(32,683)	(11,698)	(20,985)
Cost of sales:			
Cost variance	35,381	12,606	22,179
Volume variance	(10,188)	(3,702)	(5,890)
Total cost variance	25,193	8,904	16,289
Gross profit variance	(7,490)	(2,794)	(4,696)
SG&A expenses:			
Expense variance	1,631	1,772	(224)
Volume variance	(731)	(266)	(382)
Total SG&A variance	900	1,506	(606)
Operating income variance	(6,590)	(1,288)	(5,302)
Summarized as:			
Price variance	(43,287)	(15,551)	(27,001)
Net cost/expense variance	37,011	14,377	21,955
Net volume variance	(315)	(114)	(256)

Note.--Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table VI-1.

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

volume variance. All things equal, a stable overall product mix generally enhances the utility of the Commission's variance analysis.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are presented in table VI-5. Only three producers, ***, reported capital expenditures during the period of investigation. Capital expenditures increased from 2011 to 2012, and then decreased from 2012 to 2013. None of these firms spent more than $*** in any given year and overall, capital expenditures spent over the period were relatively small. Data for capital expenditures on a firm-by-firm basis are shown in table VI-6. ***.

Table VI-5
WSS pressure pipe: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2011-13

* * * * * * *

[1] *** reported capital expenditures.
[2] Only *** reported R&D expenses.

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

Table VI-6
WSS pressure pipe: Capital expenditures by U.S. producers, by firms, fiscal years 2011-13

* * * * * * *

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

ASSETS AND RETURN ON ASSETS

Table VI-7 presents data on the U.S. producers' total net assets and their return on assets ("ROA"). Total net assets were relatively unchanged during the period of investigation. At the same time, the return on assets remained negative from 2011 to 2013 while the ratio of operating loss to total net assets increased during the same period. The trend of ROA over the period was the same as the trend of the operating loss margin shown in table VI-1.

Table VI-7
WSS pressure pipe: Value of assets and return on assets of U.S. producers, fiscal years 2011-13

Item	Fiscal year		
	2011	2012	2013
	Value (*$1,000*)		
Operating income (loss)	(4,129)	(5,417)	(10,719)
	Value (*$1,000*)		
Total net assets	85,650	87,838	82,701
	Ratio of operating income to total assets (*percent)*		
Return on investment	(4.8)	(6.2)	(13.0)

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

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual negative effects on their return on investment, or their growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of WSS pressure pipe from Malaysia, Thailand, and Vietnam. Their comments are as follows:

Actual Negative Effects

Bristol.–***

Felker.–***

Marcegaglia.–***

Outokumpu.–***

Webco.–***

Anticipated Negative Effects

Bristol.–***

Felker.–***

Marcegaglia.–***

Outokumpu.–***

Webco.–***

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(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,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(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,

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

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

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

Information on the nature of the alleged sales at less than fair value was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" 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.

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

THE INDUSTRY IN MALAYSIA

The Commission issued foreign producers' or exporters' questionnaires to eight firms believed to produce and/or export WSS pressure pipe from Malaysia.[3] Usable responses to the Commission's questionnaire were received from three firms: Kanzen, Pantech, and Superinox[4] in the preliminary phase of these investigations, however only Pantech responded in the final phase of these investigations. Table VII-1 presents information on the WSS pressure pipe operations of Pantech. *** on the same equipment and machinery used to produce WSS pressure pipe.

[3] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

[4] The remaining five firms, Amalgamated Industrial Stainless Steel, K. Seng Seng Corp., Precision Tube Product (m) Sdn Bhd, Prestar Precision Tubes Sdn Bhd, and Tan Timur Stainless Steel Dan Copper Sdn Bhd, did not provide the Commission with questionnaire responses.

Table VII-1
Welded stainless steel pressure pipe: Data on industry in Malaysia, 2011-13 and projections for 2014 and 2015

Item	Actual experience			Projections	
	Calendar years				
	2011	2012	2013	2014	2015
	Quantity (*short tons*)				
Capacity	***	***	***	***	***
Production	***	***	***	***	***
End-of-period inventories	***	***	***	***	***
Shipments: Internal consumption/ transfers	***	***	***	***	***
Home market shipments	***	***	***	***	***
Export shipments to: United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***
	Ratio and shares (*percent*)				
Capacity utilization	***	***	***	***	***
Inventories/production	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***
Share of total shipments: Internal consumption/ transfers	***	***	***	***	***
Home market shipments	***	***	***	***	***
Export shipments to: United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***

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

THE INDUSTRY IN THAILAND

The Commission issued foreign producers' or exporters' questionnaires to four firms believed to produce and/or export WSS pressure pipe from Thailand.[5] The Commission received a usable response from Ametai Company Limited.[6] Table VII-2 presents information on the WSS pressure pipe operations of Ametai Company Limited. *** on the same equipment and machinery used to produce WSS pressure pipe.

Simdex Steel Tube Manufacturers Worldwide Guide (Simdex) includes only Thai-German Products Public Company ("Thai-German") (capacity of 15,000 short tons of all types of pipe) as a producer of A-312 or A-778 stainless steel pipe. In addition to subject product, Thai-German also produces mechanical tubing, linepipe, ornamental/furniture tubing, and tubing for heat exchangers.[7] Thai-German produces pipe with diameters ranging from 4.75 mm (0.19 inch) to 508 mm (20 inches).[8] Thai-German Products received a loan from the Export-Import Bank of Thailand with the objective to finance the expansion of Thai-German' production capability of stainless steel pipes and products for domestic sales and export sales in preparation for the ASEAN Economic Community in 2015.[9] Thai-German did not provide a questionnaire response in these final phase investigations.

[5] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records. *** reported that it is neither a producer nor an exporter of WSS pressure pipe. A review of *** website shows that what it purportedly produces appears not to include WSS pressure pipe. ***, retrieved June 18, 2012).

[6] ***, May 27, 2013. ***.

[7] *Simdex Steel Tube Manufacturers Worldwide Guide* (2011). Some companies do not report data on capacity to Simdex and some do not specifically identify their stainless steel types or product specifications.

[8] Thai-German Products website (found at http://www.tgpro.co.th/index.php/en/about-us-tgpro/history-company-tgpro.html, retrieved June 18, 2013).

[9] Petition, vol. II, p. 16 and Exhibit II-25, citing Thai-German news release "EXIM Thailand Lends to Support Stainless Steel," October 2, 2012. The same news release also states that 92 percent of Thai-German Products are sold domestically while the remaining 8 percent are export sales.

Table VII-2
Welded stainless steel pressure pipe: Data on industry in Thailand, 2011-13 and projections for 2014 and 2015

Item	Actual experience			Projections	
	Calendar years				
	2011	2012	2013	2014	2015
	Quantity (*short tons*)				
Capacity	***	***	***	***	***
Production	***	***	***	***	***
End-of-period inventories	***	***	***	***	***
Shipments: Internal consumption/ transfers	***	***	***	***	***
Home market shipments	***	***	***	***	***
Export shipments to: United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***
	Ratio and shares (*percent*)				
Capacity utilization	***	***	***	***	***
Inventories/production	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***
Share of total shipments: Internal consumption/ transfers	***	***	***	***	***
Home market shipments	***	***	***	***	***
Export shipments to: United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***

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

THE INDUSTRY IN VIETNAM

The Commission issued foreign producers' or exporters' questionnaires to two firms believed to produce and/or export WSS pressure pipe from Vietnam.[10] Usable responses to the Commission's questionnaire were received from two firms in the preliminary phase of these investigations (Mejonson and SonHa). SonHa was the only responding Vietnamese producer of WSS pressure pipe in the final phase and its data are presented in table VII-3. *** on the same equipment and machinery used to produce WSS pressure pipe.

[10] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

Table VII-3
Welded stainless steel pressure pipe: Data on industry in Vietnam, 2011-13 and projections for 2014 and 2015

Item	Actual experience			Projections	
	Calendar years				
	2011	2012	2013	2014	2015
	Quantity (*short tons*)				
Capacity	***	***	***	***	***
Production	***	***	***	***	***
End-of-period inventories	***	***	***	***	***
Shipments: Internal consumption/ transfers	***	***	***	***	***
Home market shipments	***	***	***	***	***
Export shipments to: United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***
	Ratio and shares (*percent*)				
Capacity utilization	***	***	***	***	***
Inventories/production	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***
Share of total shipments: Internal consumption/ transfers	***	***	***	***	***
Home market shipments	***	***	***	***	***
Export shipments to: United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***

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

FOREIGN INDUSTRY DATA FOR MALAYSIA, THAILAND, AND VIETNAM COMBINED

Table VII-4 presents information on WSS pressure pipe operations of the reporting producers and exporters in Malaysia, Thailand, and Vietnam.

Table VII-4
WSS pressure pipe: Data for producers in Malaysia, Thailand, and Vietnam, 2011-13 and projections for 2014 and 2015

Items	Actual experience			Projections	
	2011	2012	2013	2014	2015
	Quantity (*short tons*)				
Capacity	***	***	***	***	***
End-of-period inventories	***	***	***	***	***
Production	***	***	***	***	***
Shipments:					
Internal consumption/ transfers	***	***	***	***	***
Home market	***	***	***	***	***
Exports to:					
United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***
	Ratios and shares (*percent*)				
Capacity utilization	***	***	***	***	***
Inventories/production	***	***	***	***	***
Inventories/shipments	***	***	***	***	***
Share of total shipments:					
Internal consumption/ transfers	***	***	***	***	***
Home market	***	***	***	***	***
Exports to:					
United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***

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

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-5 presents data on U.S. importers' reported inventories of WSS pressure pipe.

Table VII-5
WSS pressure pipe: U.S. importers' inventories, 2011-2013

Item	Calendar year		
	2011	2012	2013
Imports from Malaysia			
Inventories (short tons)	***	***	***
Ratio to U.S. imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***
Imports from Thailand			
Inventories (short tons)	***	***	***
Ratio to U.S. imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***
Imports from Vietnam			
Inventories (short tons)	***	***	***
Ratio to U.S. imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***
Imports from subject sources			
Inventories (short tons)	***	***	***
Ratio to U.S. imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***
Imports from all other sources			
Inventories (short tons)	***	***	***
Ratio to U.S. imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***
Imports from all sources			
Inventories (short tons)	***	***	***
Ratio to U.S. imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***

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

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of WSS pressure pipe from Malaysia, Thailand, and Vietnam after December 31, 2013. No responding importer reported any arrangements of imports after December 31, 2013.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS[11]

Based on available information, WSS pressure pipe from Malaysia, Thailand, and Vietnam have not been the subject of import relief investigations in any other country. In the United States, antidumping duty orders are in effect on ASTM A-312 pipe from Korea and Taiwan, a product that has been defined both more broadly (for example, there is no limit on the pipe O.D.) and more narrowly (product scope include pipe produced to ASTM specification A-312 only) than the scope of these investigations, and antidumping and countervailing duty orders are in effect on WSS pressure pipe from China.[12]

On July 3, 2012, Brazil initiated an antidumping investigation on imports from China of welded tubes of austenitic stainless steel of circular cross section, with O.D. of 6mm (¼ inch) or more but less than 2032 mm (80 inches), with pipe wall thickness of 0.40 mm (0.016 inches) or more and less than or equal to 12.70 mm (5 inches) and imposed antidumping duty orders on these imports on July 27, 2013. [13] The product scope of the Brazilian antidumping investigation is broader than the WSS pressure pipe product scope because Brazil's scope includes pipe with O.D. of greater than 14 inches. Pipe with O.D. greater than 14 inches is excluded from the WSS pressure pipe product scope.

Turkey initiated antidumping investigations against China and Taiwan on April 19, 2012 on imports of welded stainless steel tubes, pipes, and profiles and imposed antidumping duty orders on both countries on March 15, 2013. [14] The product scope covered by these orders is broader than that of WSS pressure pipe as the Turkish orders include welded stainless steel pipe of circular, square, and rectangular cross section. Tubes and profiles of square and rectangular cross section are outside of the WSS pressure pipe product scope.

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[11] The petition, vol. 2 page 14, alleges that the EU has instituted antidumping investigations or has antidumping duty orders on WSS pressure pipe from China. The steel pipe-related antidumping orders the EU has imposed on China cover seamless stainless steel pipe and welded iron and nonalloy steel pipe (WTO, Committee on Antidumping Practices, Semi-Annual Report under Article 16.4 of the Agreement: European Union," G/ADP/N/237/EU, p. 14, April 8, 2013). Both seamless stainless steel pipe and welded iron and nonalloy steel pipe are outside the WSS pressure pipe product scope.

[12] *Welded Stainless Steel Pressure Pipe from China, Inv. Nos. 701-TA-454 and 731-TA-1144 (Final)*, USITC Publication 4064, March 2009. *Certain Welded Stainless Steel Pipe from Korea and Taiwan (Third Review)*, USITC Publication 4280, December 2011. Imports of subject merchandise from two Taiwan producers are not subject to antidumping duties. Chang Tieh (later Chang Mien) was excluded from the original order, and the order for Ta Chen was revoked effective June 26, 2000, on merchandise entered on or after December 1, 1998.

[13] WTO, Committee on Antidumping Practices, Semi-Annual Report under Article 16.4 of the Agreement: Brazil," document symbol G/ADP/N/237/BRA, p. 3, April 16, 2013 and G/ADP/N/252/BRA, p. 3, March 28, 2014.

[14] Republic of Turkey Ministry of Economy, "List of Definitive Anti-Dumping Measures," http://www.economy.gov.tr/index.cfm?sayfa=71F44472-9290-D77E-3BAB6F7C07B1E205,retrieved on June 2, 2014 and WTO, Committee on Antidumping Practices, Semi-Annual Report under Article 16.4 of the Agreement: Turkey," G/ADP/N/237/TUR, p. 2, March 28, 2013.

INFORMATION ON NONSUBJECT COUNTRIES

As discussed in Part IV of this report, the leading nonsubject sources of WSS pressure pipe during 2011-13 were Korea and Taiwan, which accounted for the great majority of U.S. nonsubject imports in 2013.

Korea

Table VII-6 presents information on Korea's global exports of circular welded tubes, pipes, and hollow profiles of stainless steel (HTS 7306.40) during 2011-13 as reported by Global Trade Atlas. Circular welded tubes, pipes, and hollow profiles of stainless steel encompass a significantly larger commodity category, at the 6-digit international harmonization level, than subject WSS pressure pipe not exceeding 14 inches O.D.– e.g., including also larger pipe sizes, mechanical tubing, pressure tubing, and other specialized tubing.

Korea's largest export market for circular welded tubes, pipes, and hollow profiles of stainless steel is the United States, which accounted for 25.7 percent of Korea's exports in 2013. Sungwon Pipe Co. Ltd. is the largest stainless steel pipe manufacturer in Korea.[15] Additional manufacturers of A-312 and A-778 pipe in Korea (as well as other types of pipe and tube), as reported by Simdex , include Hyundai Steel Pipe Co. (HYSCO) (with annual production capacity for all pipe of 1.1 million short tons) and SeAH (annual production capacity for all pipes of 1.3 million tons). Outside the United States, Korea's largest markets are in Asia.

[15] PR Newswire, "Sungwon Pipe Announces New Contracts for 2011," January 25, 2011.

Table VII-6
Circular welded tubes, pipes, and hollow profiles of stainless steel: Korea's global export markets, by quantity and average unit value, 2011-13

Market	Quantity *(short tons)*			Unit value (dollars per short ton)		
	2011	2012	2013	2011	2012	2013
United States	12,580	10,166	11,191	4,319	4,366	4,642
China	6,231	4,330	6,197	5,086	4,753	4,695
Thailand	4,718	4,667	4,787	4,386	4,709	4,944
Turkey	217	266	3,294	4,480	3,744	4,412
Indonesia	1,715	3,301	2,587	2,752	3,154	2,856
United Arab Emirates	8,783	1,616	1,808	6,748	7,240	5,841
Japan	2,825	2,610	1,639	4,476	4,326	3,953
Canada	2,993	1,022	1,026	3,268	2,835	2,310
All other	14,411	12,259	11,082	5,295	4,844	4,762
World	54,472	40,239	43,612	4,964	4,564	4,559

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

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

Source: Compiled from statistics of Global Trade Information Services, Inc., "Global Trade Atlas," for HTS subheading 7306.40.

Taiwan

Taiwan's exports are presented in table VII-7. The United States is its largest export market for circular welded tubes, pipes, and hollow profiles of stainless steel, and accounted for 17.0 percent of Taiwan's exports in 2013. According to Simdex, Ta Chen (16,000 ton capacity for all pipes and tubes including pipe and tube outside the product scope), and several other companies in Taiwan produce stainless steel welded pipe meeting ASTM A-312 specifications. U.S. imports of ASTM A-312 pipe from Taiwan are generally subject to antidumping duties but imports of such pipe from Taiwan producers Chang Tieh and Ta Chen are not covered. Taiwan exports to a widely-dispersed area; its four largest markets are the United States, Australia, Canada, and Brazil and its exports extend to the European Union, Asia and other regions.

Table VII-7

Circular welded tubes, pipes, and hollow profiles of stainless steel: Taiwan's global export markets, by quantity and average unit value, 2011-13

Market	Quantity *(short tons)*			Unit value *(dollars per short ton)*		
	2011	2012	2013	2011	2012	2013
United States	27,961	29,678	30,577	4,153	3,554	3,141
Australia	11,824	11,560	11,870	3,957	3,352	3,036
Canada	10,937	10,092	10,107	3,743	3,173	2,716
Turkey	7,226	7,976	9,782	3,343	2,863	2,571
Brazil	11,429	9,842	8,336	3,364	2,876	2,512
South Africa	7,546	8,439	7,337	3,867	3,483	2,901
Indonesia	7,104	7,518	6,435	3,229	2,746	2,436
Thailand	7,217	6,851	6,404	3,391	2,836	2,498
Netherlands	5,900	5,459	6,195	3,937	3,507	2,943
United Kingdom	4,883	4,986	5,881	3,806	3,251	2,926
Mexico	5,114	5,502	5,812	3,449	2,940	2,551
Singapore	3,278	5,243	5,019	3,666	3,315	2,694
Colombia	3,907	3,461	4,221	3,216	2,746	2,435
Saudi Arabia	2,891	3,240	4,126	3,754	3,418	2,876
United Arab Emirates	3,177	3,246	4,039	3,826	3,257	2,900
Malaysia	2,209	2,957	3,660	3,714	3,175	2,766
Argentina	3,589	3,474	3,376	3,428	2,983	2,705
Philippines	2,488	3,305	3,137	3,534	3,051	2,675
All others	41,599	41,718	43,981	3,622	3,127	2,809
World	170,278	174,546	180,293	3,700	3,192	2,814

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

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

Source: Compiled from statistics of Global Trade Information Services, Inc., "Global Trade Atlas," for HTS subheading 7306.40.

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

Table VII-8 presents information on global exports of circular welded tubes, pipes, and hollow profiles of stainless steel (HTS 7306.40) during 2011-13 (the most recent full-year period available) as reported by Global Trade Atlas. As noted earlier, circular welded tubes, pipes, and hollow profiles of stainless steel encompass a significantly larger commodity category, at the 6-digit international harmonization level, than subject WSS pressure pipe not exceeding 14 inches O.D.– e.g., including also larger pipe sizes, mechanical tubing, pressure tubing, and other specialized tubing. Not only are Korea and Taiwan major suppliers to the United States, they are included in the top six exporting counties for circular welded tubes, pipes, and hollow profiles of stainless steel (table VII-8). Taiwan is the second-largest global exporter. Korea is the sixth-largest global exporter.

Table VII-8

Circular welded tubes, pipes, and hollow profiles of stainless steel: Global export markets, by quantity and average unit value, 2011-13

Source	Quantity *(short tons)*			Unit value (U.S. dollars per short ton)		
	2011	2012	2013	2011	2012	2013
Italy	308,450	305,468	312,681	4,311	3,818	3,674
Taiwan	170,278	174,546	180,293	3,700	3,192	2,814
China	105,621	121,884	132,722	2,249	2,520	3,178
Germany	80,673	79,400	81,244	7,329	6,608	6,611
Czech Republic	28,524	46,670	55,321	2,720	1,545	1,282
Korea	54,471	40,239	43,611	4,964	4,564	4,559
United States	26,578	31,596	30,055	7,213	6,771	6,753
Uruguay	13,757	25,120	26,227	2,698	2,594	2,470
Finland	14,712	18,901	22,726	5,074	4,229	4,124
France	25,550	25,894	22,683	6,445	5,384	5,380
All other	155,414	160,183	182,044	5,867	5,520	4,774
World	984,029	1,029,902	1,089,608	4,590	4,072	3,889

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

Note.—2013 data include partial-year 2013 exports for Egypt (data are available through August 2013) and Venezuela (November 2013). Therefore, 2013 exports may be understated.

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

Source: Compiled from statistics of Global Trade Information Services, Inc., “Global Trade Atlas,” for HTS subheading 7306.40.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, Federal Register notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
78 FR 31574, May 24, 2013	*Institution of antidumping duty investigations*	https://www.federalregister.gov/articles/2013/05/24/2013-12341/welded-stainless-steel-pressure-pipe-from-malaysia-thailand-and-vietnam-institution-of-antidumping
78 FR 35253, June 12, 2013	*Welded Stainless Pressure Pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*	https://www.federalregister.gov/articles/2013/06/12/2013-13963/welded-stainless-pressure-pipe-from-malaysia-thailand-and-the-socialist-republic-of-vietnam
79 FR 11126, February 27, 2014	*Welded Stainless Steel Pressure Pipe From Malaysia, Thailand, and Vietnam; Scheduling of the Final Phase of an Antidumping Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2014-02-27/pdf/2014-04303.pdf
79 FR 31090, May 30, 2014	*Welded Stainless Pressure Pipe From Malaysia: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part; 2012–2013*	http://www.gpo.gov/fdsys/pkg/FR-2014-05-30/pdf/2014-12586.pdf
79 FR 31092, May 30, 2014	*Welded Stainless Pressure Pipe From the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2014-05-30/pdf/2014-12587.pdf
79 FR 31093; May 30, 2014	*Welded Stainless Pressure Pipe From Thailand: Final Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2014-05-30/pdf/2014-12588.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: Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam
Inv. Nos.: 731-TA-1210-1212 (Final)
Date and Time: May 22, 2014 - 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, DC.

CONGRESSIONAL APPEARANCES:

The Honorable Tammy Baldwin, United States Senator, Wisconsin

The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

In Support of the Imposition of Antidumping Duty Orders:

Schagrin Associates
Washington, DC
on behalf of

Bristol Metals LLC; Felker Brothers Corporation;
Outokumpu Stainless Pipe, Inc. and United Steelworkers
of America

Kyle Pennington, President, Synalloy Metals

John Tidlow, Executive Vice President, Synalloy Metals

David Hendrickson, President, Felker Brothers Corporation

In Support of the Imposition of
Antidumping Duty Orders (continued):

Randy Krogman, Sales Manager Stainless Pipe, Felker Brothers Corporation

Kris Podsiad, Senior Vice President *and* General Manager, Outokumpu Stainless Pipe

Don Brunswick, Vice President of Sales, Marcegaglia USA Services

Ken Norman, Finisher *and* Former Union Local President, Marcegaglia USA Services

Holly Hart, Legislative Director, United Steelworkers of America

Roger B. Schagrin)
John W. Bohn) – OF COUNSEL
Paul W. Jameson)

In Opposition to the Imposition of
Antidumping Duty Orders:

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, DC
on behalf of

Son Ha International Corporation ("Son Ha")
Silbo Industries, Inc. ("Silbo")

Howard Jakob, Executive Vice President, Silbo

Jim Dougan, Senior Economist, Economic Consulting Services

Max F. Schutzman)
Ned H. Marshak) – OF COUNSEL
Kavita Mohan)

In Opposition to the Imposition of
Antidumping Duty Orders(continued):

Morris Manning & Martin LLP
Washington, DC
on behalf of

Allied Fitting LP ("Allied")

Julie C. Mendoza)
) – OF COUNSEL
R. Will Planert)

Appleton Luff PTE LTD
Washington, DC
on behalf of

Pantech Stainless & Alloy Industries Sdn. Bhd. ("Pantech")

Kelly A. Slater)
) – OF COUNSEL
Edmund W. Sim)

APPENDIX C

SUMMARY DATA

Table C-1
Welded stainless steel pressure pipe: Summary data concerning the U.S. market, 2011-13
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data			Period changes		
	Calendar year			Comparison period		
	2011	2012	2013	2011-13	2011-12	2012-13
U.S. consumption quantity:						
Amount	65,478	66,835	63,294	(3.3)	2.1	(5.3)
Producers' share (fn1)	39.5	40.1	45.1	5.6	0.6	5.0
Importers' share (fn1):						
Malaysia	***	***	***	***	***	***
Thailand	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***
Subtotal, subject sources	27.2	27.6	24.7	(2.5)	0.4	(2.9)
All others sources, nonsubject	33.3	32.3	30.2	(3.1)	(1.0)	(2.1)
Total imports	60.5	59.9	54.9	(5.6)	(0.6)	(5.0)
U.S. consumption value:						
Amount	308,407	281,092	225,441	(26.9)	(8.9)	(19.8)
Producers' share (fn1)	43.1	43.9	46.4	3.3	0.8	2.5
Importers' share (fn1):						
Malaysia	***	***	***	***	***	***
Thailand	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***
Subtotal, subject sources	23.4	24.0	22.1	(1.3)	0.6	(1.9)
All others sources, nonsubject	33.5	32.1	31.4	(2.1)	(1.5)	(0.6)
Total imports	56.9	56.1	53.6	(3.3)	(0.8)	(2.5)
U.S. importers' U.S. shipments of Imports from:						
Malaysia:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Thailand:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Vietnam:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subject sources:						
Quantity	17,840	18,444	15,657	(12.2)	3.4	(15.1)
Value	72,130	67,537	49,893	(30.8)	(6.4)	(26.1)
Unit value	$4,043.16	$3,661.73	$3,186.60	(21.2)	(9.4)	(13.0)
Ending inventory quantity	4,371	6,233	3,862	(11.6)	42.6	(38.0)
All other sources:						
Quantity	21,781	21,597	19,107	(12.3)	(0.8)	(11.5)
Value	103,331	90,100	70,856	(31.4)	(12.8)	(21.4)
Unit value	$4,744.09	$4,171.88	$3,708.38	(21.8)	(12.1)	(11.1)
Ending inventory quantity	5,498	6,291	5,128	(6.7)	14.4	(18.5)
Total imports:						
Quantity	39,621	40,041	34,764	(12.3)	1.1	(13.2)
Value	175,461	157,637	120,749	(31.2)	(10.2)	(23.4)
Unit value	$4,428.48	$3,936.89	$3,473.38	(21.6)	(11.1)	(11.8)
Ending inventory quantity	9,869	12,524	8,990	(8.9)	26.9	(28.2)

Table C-1--Continued
Welded stainless steel pressure pipe: Summary data concerning the U.S. market, 2011-13
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data			Period changes		
	Calendar year			Comparison period		
	2011	2012	2013	2011-13	2011-12	2012-13
U.S. producers':						
Average capacity quantity	57,511	57,566	57,817	0.5	0.1	0.4
Production quantity	26,980	28,126	28,456	5.5	4.2	1.2
Capacity utilization (fn1)	46.9	48.9	49.2	2.3	1.9	0.4
U.S. shipments:						
Quantity	25,857	26,794	28,530	10.3	3.6	6.5
Value	132,946	123,455	104,692	(21.3)	(7.1)	(15.2)
Unit value	$5,141.59	$4,607.56	$3,669.54	(28.6)	(10.4)	(20.4)
Export shipments:						
Quantity	884	619	472	(46.6)	(30.0)	(23.7)
Value	5,944	3,214	1,967	(66.9)	(45.9)	(38.8)
Unit value	$6,723.98	$5,192.25	$4,167.37	(38.0)	(22.8)	(19.7)
Ending inventory quantity	5,247	5,530	4,923	(6.2)	5.4	(11.0)
Inventories/total shipments (fn1)	19.6	20.2	17.0	(2.6)	0.6	(3.2)
Production workers	280	288	289	3.2	2.9	0.3
Hours worked (1,000s)	570	584	637	11.8	2.5	9.1
Wages paid ($1,000)	9,846	10,425	11,498	16.8	5.9	10.3
Hourly wages ($)	$17.27	$17.85	$18.05	4.5	3.3	1.1
Productivity (short tons per hour)	47.3	48.2	44.7	(5.6)	1.7	(7.2)
Unit labor costs	$364.94	$370.65	$404.06	10.7	1.6	9.0
Net sales:						
Quantity	26,776	27,518	28,818	7.6	2.8	4.7
Value	139,041	127,343	106,358	(23.5)	(8.4)	(16.5)
Unit value	$5,192.75	$4,627.63	$3,690.68	(28.9)	(10.9)	(20.2)
Cost of goods sold (COGS)	133,585	124,681	108,392	(18.9)	(6.7)	(13.1)
Gross profit of (loss)	5,456	2,662	(2,034)	(2)	(2)	176.4
SG&A expenses	9,585	8,079	8,685	(9.4)	(15.7)	7.5
Operating income or (loss)	(4,129)	(5,417)	(10,719)	159.6	31.2	97.9
Capital expenditures	1,430	2,435	1,474	3.1	70.3	(39.5)
Unit COGS	$4,988.98	$4,530.89	$3,761.26	(24.6)	(9.2)	(17.0)
Unit SG&A expenses	$357.97	$293.59	$301.37	(15.8)	(18.0)	2.7
Unit operating income or (loss)	($154.21)	($196.85)	($371.96)	141.2	27.7	89.0
COGS/sales (fn1)	96.1	97.9	101.9	5.8	1.8	4.0
Operating income or (loss)/sales (fn1)	(3.0)	(4.3)	(10.1)	(7.1)	(1.3)	(5.8)

fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.

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

APPENDIX D

OFFICIAL IMPORT STATISTICS

Table D-1
WSS pressure pipe: Official Commerce imports for 2011-2013

Source	2011	2012	2013
		Quantity (*short tons*)	
Malaysia	5,085	5,924	4,370
Thailand	7,868	6,721	5,685
Vietnam	4,523	3,971	2,658
Subtotal	17,476	16,615	12,712
Canada	3,283	3,683	3,480
China	1,714	1,694	1,544
Korea	5,050	4,740	3,443
Taiwan	15,523	17,707	18,495
All Other sources	1,290	1,519	1,666
Non-subject sources	26,860	29,342	28,627
Total	44,336	45,957	41,340
		Value *($1,000)*	
Malaysia	19,612	19,659	12,458
Thailand	32,118	24,176	18,025
Vietnam	16,913	14,307	8,826
Subtotal	68,642	58,142	39,308
Canada	19,976	22,789	20,407
China	7,878	7,036	5,652
Korea	20,064	16,637	12,195
Taiwan	73,658	68,940	63,129
All Other sources	5,816	9,814	6,763
Non-subject sources	127,393	125,216	108,146
Total	196,035	183,358	147,455
		Unit Value (*dollars per short ton*)	
Malaysia	$3,856	$3,319	$2,851
Thailand	4,082	3,597	3,171
Vietnam	3,739	3,603	3,320
Subtotal	3,928	3,499	3,092
Canada	6,085	6,188	5,864
China	4,596	4,154	3,661
Korea	3,973	3,510	3,542
Taiwan	4,745	3,893	3,413
All Other sources	4,510	6,462	4,059
Non-subject sources	4,743	4,267	3,778
Total	4,422	3,990	3,567

The subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 306.40.5044, 7306.40.5080, and 7306.40.5090.