

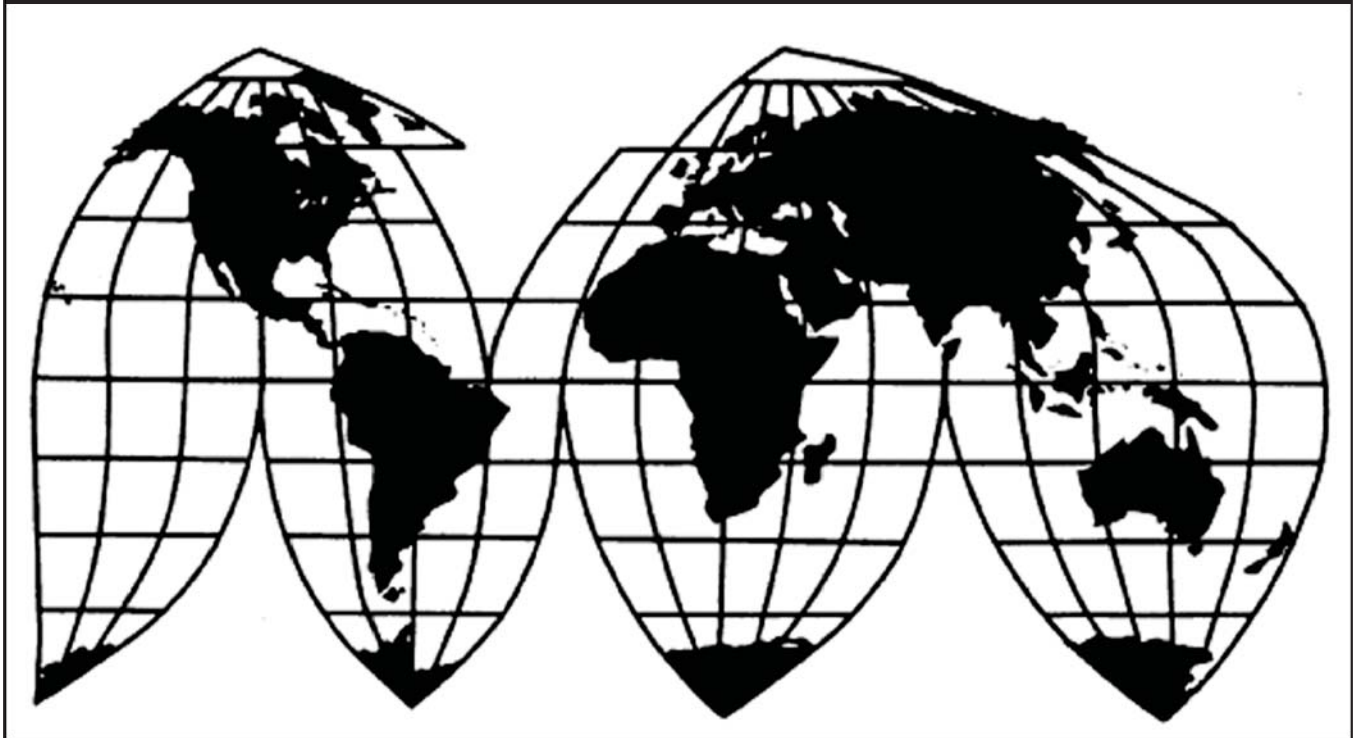
Welded Stainless Steel Pressure Pipe from India

Investigation Nos. 701-TA-548 and 731-TA-1298 (Final)

Publication 4644

November 2016

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-548 and 731-TA-1298 (Final)
Welded Stainless Steel Pressure Pipe from India

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that an industry in the United States is materially injured by reason of imports of welded stainless steel pressure pipe from India, 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”), and that have been found by Commerce to be subsidized by the government of India.²

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)), instituted these investigations effective September 30, 2015, following receipt of a petition filed with the Commission and Commerce by Bristol Metals, LLC, Bristol, Tennessee; Felker Brothers Corp., Marshfield, Wisconsin; Marcegaglia USA, Munhall, Pennsylvania; and Outokumpu Stainless Pipe, Inc., Wildwood, Florida. 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 India were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and dumped within the meaning of 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* on May 27, 2016 (81 FR 33706). The hearing was held in Washington, DC, on September 22, 2016, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² All six Commissioners voted in the affirmative.

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports of welded stainless steel pressure pipe (“WSSPP”) from India found by the U.S. Department of Commerce (“Commerce”) to be sold in the United States at less than fair value and to be subsidized by the government of India.

I. Background

Bristol Metals, LLC (“Bristol Metals”), Felker Brothers Corp. (“Felker Brothers”), Marcegaglia USA (“Marcegaglia”), and Outokumpu Stainless USA LLC, Inc. (“Outokumpu”), domestic producers of WSSPP (collectively, “petitioners” or “domestic producers”), filed the petitions in these investigations on September 30, 2015. Representatives of petitioners appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs. In addition, a representative from the United Steelworkers of America, a labor union representing workers engaged in the production of WSSPP, also appeared at the hearing in support of imposition of duties.

Two respondent groups participated actively in the final phase of these investigations. Representatives and counsel for Bhandari Group, Prakash Steelage Ltd., and Steamline Industries, Indian producers of WSSPP (collectively “subject producers”), and Allied Fitting LP and Merit Brass Company, U.S. importers of subject merchandise, appeared at the hearing and jointly submitted prehearing and posthearing briefs.¹

U.S. industry data are based on the questionnaire responses from five domestic producers that accounted for virtually all domestic production of WSSPP in 2015. U.S. import data are based on proprietary data from U.S. Customs and Border Protection, questionnaire data from prior WSSPP investigations,² and current questionnaire responses of nine U.S. importers of WSSPP during the January 2013 to March 2016 period of investigation, which accounted for essentially all subject imports from India in 2015. Subject industry data are based on questionnaire responses from five foreign producers whose reported exports were equivalent to *** percent of U.S. imports of subject merchandise from India in 2015.³

¹ At the hearing, a witness from Steamline Industries represented subject producers and a witness from Warren Alloy, a subsidiary of Allied Fitting LP, represented importers of subject merchandise.

² Certain data in the current investigations are based on questionnaire responses reported in *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam*, 731-TA-1210-1212 (Final), USITC Pub. 4477 (July 2014) (“WSSPP from Malaysia, Thailand, and Vietnam”). Confidential Report, Memorandum INV-OO-093 (Oct. 13, 2016) (“CR”) at IV-1 n.2, Public Report (“PR”) at IV-1 n.2.

³ CR at I-5, IV-1 n.2, PR at I-4, IV-1 n.2.

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

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:

circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. 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 of the investigation are: (1) welded stainless mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications.

The subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (“HTSUS”). They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090.¹²

WSSPP refers to welded stainless steel pressure pipe that is not greater than 14 inches in outside diameter. WSSPP is of a circular cross-section, produced in standard sizes designated

(...Continued)

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).

¹² *Welded Stainless Pressure Pipe from India: Final Determination of Sales at Less than Fair Value*, 81 Fed. Reg. 66921, 66923 (Sept. 29, 2016) (“Final AD Determination”); *Countervailing Duty Investigation of Welded Stainless Pressure Pipe from India: Final Affirmative Determination*, 81 Fed. Reg. 66925, 66927 (Sept. 29, 2016) (“Final CVD Determination”).

by nominal diameter and wall thickness, and is designed for use with standard pipefittings. WSSPP is manufactured to ASTM specifications A 312 or A 778, or to similar specifications, either foreign or domestic. This product is produced using austenitic stainless steel coils, typically grade 304 or 316, which vary in their content of chromium, molybdenum, and nickel.¹³ WSSPP transports liquids at high temperatures, high pressures, or both for applications in which the materials are reactive, or for which there is a need to prevent contamination.¹⁴ WSSPP is used by a wide variety of industries, including food and beverage, chemical, petrochemical, pharmaceutical, manufacturing, oil and gas, waste water treatment, and pulp and paper.¹⁵

C. Analysis

In our preliminary determinations, we defined a single domestic like product that was coextensive with the scope of these investigations.¹⁶ We found that all domestically produced WSSPP corresponding to the scope definition has the same basic physical characteristics and end uses, is produced by the continuous-mill process, is generally sold to distributors, and that purchasers typically did not perceive there to be differences between various WSSPP products other than wall thickness and diameter.¹⁷

The record in the final phase of these 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 determinations.¹⁸ Therefore, for the reasons set forth in our preliminary determinations, we define a single domestic like product consisting of WSSPP, corresponding to the scope of the investigations.

¹³ CR at I-11-12, PR at I-9. Grade 304 contains 18.0 to 20.0 percent chromium and 8.0 to 10.5 percent nickel and grade 316 contains 16.0 to 18.0 percent chromium, 2.0 to 3.0 percent molybdenum, and 10.0 to 14.0 percent nickel. CR at I-12, PR at I-9.

¹⁴ CR at I-10-11, II-1, PR at I-8, II-1.

¹⁵ CR at I-14, II-1, PR at I-10, II-1.

¹⁶ *Welded Stainless Steel Pressure Pipe from India*, Inv. Nos. 701-TA-548 and 731-TA-1298 (Preliminary), USITC Pub. 4582 (Nov. 2015) (“Preliminary Determinations”) at 7.

¹⁷ Preliminary Determinations, USITC Pub. 4582 at 6-7.

¹⁸ See generally CR at I-10-18, PR at I-8-13. In the final phase of these investigations, petitioners did not address the definition of the domestic like product and respondents stated that they do not contest the like product definition the Commission adopted in its 2014 final determinations in *WSSPP from Malaysia, Thailand, and Vietnam*, USITC Pub. 4477. Respondents’ Prehearing Br. at 3. In those determinations, the Commission found a domestic like product consisting of the WSSPP described in Commerce’s scope. The scope in those investigations is identical to the scope in the current investigations. Compare *WSSPP from Malaysia, Thailand, and Vietnam*, USITC Pub. 4477 at 6-7 with Final AD Determination, 81 Fed. Reg. 66921 and Final CVD Determination, 81 Fed. Reg. 66925.

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.”¹⁹ 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.

In our preliminary determinations, we defined the domestic industry to include all U.S. producers of WSSPP.²⁰ No party argued for a different definition of domestic industry in the final phase of these investigations.²¹ There are no related party or other domestic industry issues in these investigations. We consequently define the domestic industry as consisting of all domestic producers of WSSPP.

IV. Material Injury by Reason of Subject Imports

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 WSSPP from India that Commerce has found to be sold in the United States at less than fair value and to be subsidized by the government of India.

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.²² 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

¹⁹ 19 U.S.C. § 1677(4)(A).

²⁰ Preliminary Determinations, USITC Pub. 4582 at 7-8.

²¹ In the final phase of these investigations, petitioners did not address the definition of the domestic industry. Respondents stated that they agree with the domestic industry definition the Commission adopted in its 2014 final determinations on *WSSPP from Malaysia, Thailand, and Vietnam*. Respondents’ Prehearing Br. at 3. In those determinations, the Commission defined the domestic industry to include the five U.S. producers from which it had received usable data. *WSSPP from Malaysia, Thailand, and Vietnam*, USITC Pub. 4477 at 9.

²² 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

like product, but only in the context of U.S. production operations.²³ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”²⁴ 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.²⁵ 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.”²⁶

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,²⁷ 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.²⁸ 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.²⁹

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

²³ 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).

²⁴ 19 U.S.C. § 1677(7)(A).

²⁵ 19 U.S.C. § 1677(7)(C)(iii).

²⁶ 19 U.S.C. § 1677(7)(C)(iii).

²⁷ 19 U.S.C. §§ 1671d(a), 1673d(a).

²⁸ *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).

²⁹ The Federal Circuit, in addressing the causation standard of the statute, observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass’n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

injury threshold.³⁰ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.³¹ 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.³² It is clear that the existence of injury caused by other factors does not compel a negative determination.³³

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

³⁰ 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.

³¹ 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.”).

³² S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

³³ *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.”).

the subject imports.”³⁴ ³⁵ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”³⁶

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.³⁷ The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission’s interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record” to “show that the harm occurred ‘by reason of’ the LTFV imports,” and requires that the Commission not attribute injury from nonsubject imports or other factors to

³⁴ *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. In its decision in *Swift-Train v. United States*, 792 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comports with the Court’s guidance in *Mittal*.

³⁵ Commissioners Pinkert and Kieff do not join this paragraph or the following three paragraphs. They point out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when analyzing present material injury, to consider a particular issue with respect to the role of nonsubject imports, without reliance upon presumptions or rigid formulas. The Court has not prescribed a specific method of exposition for this consideration.

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.

³⁶ *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.”).

³⁷ *Mittal Steel*, 542 F.3d at 875-79.

subject imports.³⁸ 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.³⁹

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.⁴⁰ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁴¹

³⁸ *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).

³⁹ 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 the final phase of 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 the final phase of investigations in which there are substantial levels of nonsubject imports.

⁴⁰ We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁴¹ *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.").

B. Conditions of Competition and the Business Cycle⁴²

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

1. Demand Considerations

WSSPP has a variety of end-use markets, including the food and beverage, chemical, petrochemical, pharmaceutical, manufacturing, oil and gas, waste water treatment, and pulp and paper industries.⁴³ Demand for WSSPP is derived from demand for downstream products in these industries, particularly demand stemming from new plant construction and plant maintenance and repair.⁴⁴ According to petitioners, the largest end-use industries for WSSPP are oil and gas and chemical and petrochemical processing.⁴⁵

⁴² 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)). The statute further provides that subject imports from a single country which comprise less than 3 percent of total such imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than 7 percent of the volume of all such merchandise imported into the United States. 19 U.S.C. § 1677(24)(A)(ii). In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative), the statute indicates that the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent. 19 U.S.C. § 1677(24)(B). USTR has designated India to be a developing country subject to the 4 percent threshold for countervailing duty investigations. 15 C.F.R. § 203.1.

Official import data indicate that subject imports from India exceed the requisite statutory negligibility thresholds. In its final countervailing duty determination, Commerce assigned non-*de minimis* subsidy rates to all producers/exporters in India. Final CVD Determination, 81 Fed. Reg. 66925. From October 2014 to September 2015, the most recent 12-month period preceding the filing of the petitions, U.S. imports from India accounted for 24.8 percent of total imports of WSSPP by quantity. CR at IV-9, PR at IV-7. Because subsidized imports from India are greater than 4 percent, we find that subsidized imports of WSSPP from India are not negligible.

In its final antidumping duty determination, Indian exporter/producer Sunrise Stainless Pvt. Ltd. and Sun Mark Stainless Pvt. Ltd. (collectively "Sunrise") received a *de minimis* duty margin from Commerce. Final AD Determination, 81 Fed. Reg. 66921. Imports from India excluding those from Sunrise accounted for *** percent of total imports of WSSPP by quantity from October 2014 to September 2015. CR at IV-9, PR at IV-7. Because dumped imports of WSSPP from India exceed 3 percent, we find that imports of WSSPP from India sold at less-than-fair value are not negligible.

⁴³ CR at I-13-14, II-1, PR at I-10, II-1.

⁴⁴ CR at II-1, PR at II-1.

⁴⁵ CR at II-10, PR at II-7. Next in size are the pulp and paper, waste water treatment, and mining industries; smaller uses are for food and beverage and pharmaceutical uses. WSSPP can also be used in the shipbuilding and desalination industries. *Id.*

Questionnaire responses from U.S. market participants indicated that demand has either decreased or fluctuated since 2013.⁴⁶ Apparent U.S. consumption of WSSPP fluctuated over the period of investigation, rising by 28.7 percent from 64,933 short tons in 2013 to 83,579 short tons in 2014, before falling by 22.5 percent in 2015 to 64,742 short tons.⁴⁷ U.S. market participants reported that the decline in apparent U.S. consumption from 2014 to 2015 was due to the decline in demand in the oil and gas industry.⁴⁸ Petitioners reported that demand in other sectors was growing, including petrochemical and some water treatment applications.⁴⁹

2. Supply Considerations

The domestic industry was the second largest source of WSSPP to the U.S. market over the period of investigation. The domestic industry's share of apparent U.S. consumption decreased overall, declining from 40.2 percent in 2013 to 33.9 percent in 2014, and then increasing to 35.5 percent in 2015.⁵⁰ There were seven known U.S. producers of WSSPP during the period of investigation. Four of these firms, ***, accounted for *** percent of reported U.S. production of WSSPP during 2015.⁵¹ Domestic producers' combined annual capacity, was stable from 2013 to 2014 but declined slightly in 2015, and was lower than apparent U.S. consumption throughout the period of investigation.⁵²

Subject imports' market share increased from 4.0 percent in 2013 to 20.7 percent in 2014, and increased further to 23.3 percent in 2015.⁵³

Nonsubject imports accounted for the largest share of the market over the period of investigation. Their market share declined from 55.8 percent in 2013 to 45.4 percent in 2014 and 41.2 percent in 2015.⁵⁴ The two largest sources of nonsubject imports were Taiwan and Korea.⁵⁵ Certain imports of WSSPP made to the A 312 specification from Korea and Taiwan

⁴⁶ CR at II-12, PR at II-8. Many firms were unable to report which end uses experienced demand fluctuations, as producers reported selling through distributors and larger purchasers reported selling to smaller distributors rather than to end users. *Id.*

⁴⁷ CR/PR at Table IV-3. Apparent U.S. consumption was higher in January-March ("interim") 2016, at 19,017 short tons, than in interim 2015, at 16,985 short tons. *Id.*

⁴⁸ CR at II-12-15, PR at II-8-10.

⁴⁹ CR at II-15, PR at II-11.

⁵⁰ CR/PR at Table IV-3. The domestic industry's market share was 33.1 percent in interim 2015 and 37.4 percent in interim 2016. *Id.*

⁵¹ CR at III-1-2; PR at III-1; CR/PR at Table III-1.

⁵² CR/PR at Tables III-5, IV-3.

⁵³ CR/PR at Table IV-3. Their market share in interim 2015 was *** percent and in interim 2016 was *** percent. *Id.*

⁵⁴ CR at Table IV-3. Their market share in interim 2015 was *** percent and in interim 2016 was *** percent. *Id.*

⁵⁵ CR at Table IV-3. Taiwan was the largest source of nonsubject imports, supplying between *** and *** percent of the U.S. market from 2013 to 2015, while Korea was the second largest source of nonsubject imports, supplying between *** and *** percent of the market during this period. *Id.*

have been subject to antidumping duty orders in the United States since 1991.⁵⁶ Since 2009, U.S. imports of WSSPP from China have been subject to antidumping and countervailing duty orders with a scope similar to that in the current investigations.⁵⁷ Since mid-2014, imports from Malaysia, Thailand, and Vietnam have been subject to antidumping duty orders, the scope of which is identical to the scope in these investigations.⁵⁸

3. Substitutability Conditions

WSSPP is generally produced to ASTM specifications.⁵⁹ All responding U.S. producers reported that subject imports are always or frequently interchangeable with the domestic like product.⁶⁰ Most importers reported that subject imports and the domestic like product are sometimes interchangeable, while some reported that they were frequently interchangeable.⁶¹ Purchaser responses were mixed, with a majority of purchasers reporting that subject imports and the domestic like product are either always or frequently interchangeable, while a large minority found them to be sometimes interchangeable.⁶² Based on the record, we find that the domestic like product and the subject imports have a moderate-to-high degree of substitutability.⁶³

⁵⁶ CR/PR at Table I-1. The scope of the orders on imports from Korea and Taiwan differs from that of these investigations because it includes only welded stainless steel pressure pipe made to ASTM A 312 specification regardless of the outside diameter of the pipe. CR at I-6 n.7, PR at I-5 n.7. Two producer/exporters in Taiwan, Ta Chen and Chang Mien, are not subject to the order on imports from Taiwan. Chang Mien was excluded from the original order as Commerce found zero dumping margin, and the order for Ta Chen was revoked effective June 26, 2000 as Ta Chen had three consecutive years of zero or *de minimis* margins. *Amended Final Determination and Antidumping Duty Order; Certain Welded Stainless Steel Pipe from Taiwan*, 57 Fed. Reg. 62300, 62301 (Dec. 30, 1992); *Certain Welded Stainless Steel Pipe from Taiwan: Final Results of Antidumping Duty Administrative Review and Determination To Revoke Order in Part*, 65 Fed. Reg. 39367, 39368 (July 26, 2000); CR/PR at Table I-1 n.3.

⁵⁷ See *Antidumping Duty Order: Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China*, 74 Fed. Reg. 11351 (Mar. 17, 2009); *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Countervailing Duty Order*, 74 Fed. Reg. 11712 (Mar. 19, 2009).

⁵⁸ *Compare Welded Stainless Pressure Pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam: Antidumping Duty Orders*, 79 Fed. Reg. 42289 (July 21, 2014) with Final AD Determination, 81 Fed. Reg. 66921; Final CVD Determination, 81 Fed. Reg. 66925.

⁵⁹ See CR at I-11-14, PR at I-8-11.

⁶⁰ CR at II-32, PR at II-22; CR/PR at Table II-9.

⁶¹ CR at II-32, PR at II-22; CR/PR at Table II-9.

⁶² CR at II-33, PR at II-23; CR/PR at Table II-9.

⁶³ CR at II-17, PR at II-12. According to questionnaire responses, purchasers noted distinctions between the domestic like product and the subject imports with respect to several factors such as availability, delivery time, and purchaser perception of quality. CR/PR at Table II-8. However, these distinctions were largely outweighed by evidence provided by purchasers indicating that these products (Continued...)

Purchasers cited price, quality, and availability as the top three factors they considered in purchasing decisions, with quality most frequently cited as the first-most important factor, followed by price.⁶⁴ When asked whether differences other than price are significant in sales of WSSPP from the United States, India, or nonsubject countries, most domestic producers reported that factors other than price are never significant, while most responding importers reported that factors other than price are always or frequently significant.⁶⁵ The response of purchasers was mixed.⁶⁶ We find that price is an important factor in purchasing decisions, although other factors, particularly quality, are also important.

The record indicates that some end users and distributors use approved manufacturers lists (“AMLs”) in making purchasing decisions.⁶⁷ AMLs are most widely used in the oil and gas sector, but are also used in other end-use sectors.⁶⁸ AMLs are not limited to domestic sources and may include foreign sources of supply.⁶⁹ Respondents argue that subject producers in India are not on any major end-user AML; however, the record indicates that some subject producers in India are included on some AMLs.⁷⁰ Not all purchasers, however, use AMLs, and a significant share of the market consists of sales that do not require the supplier to be on one of these lists.⁷¹ Domestic producers compete for sales in all portions of the market.⁷²

(...Continued)

were comparable across similar factors, and therefore do not detract from our overall finding that there is a moderate-to-high degree of substitutability between subject imports and the domestic like product.

For example, a majority of purchasers rated the perceived quality of the domestic like product to be superior to subject imports and comparable to nonsubject imports from Korea and Taiwan. CR at II-27-29; PR at II-18-19; CR/PR at Table II-8. By contrast, most purchasers found the domestic like product, the subject imports, and nonsubject imports from Korea and Taiwan to be comparable with respect to whether product quality met or exceeded industry standards. CR/PR at Table II-8. In addition, the large majority of purchasers stated that the domestic like product and both subject and nonsubject imports “always” or “usually” had the ability to meet minimum quality specifications. CR/PR at Table II-10. The evidence in the record suggests that market participants generally do not recognize actual quality differences between WSSPP from different sources.

⁶⁴ CR at II-19-20; PR at II-13; CR/PR at Table II-5.

⁶⁵ CR at II-34, PR at II-23; CR/PR at Table II-11.

⁶⁶ See CR at II-34-35, PR at II-23-24; CR/PR at Table II-11. 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 with respect to subject imports and the domestic like product. *Id.*

⁶⁷ See CR at II-23, PR at II-16.

⁶⁸ CR at II-23, PR at II-16.

⁶⁹ CR at II-25, PR at II-17.

⁷⁰ CR at II-25, VII-3 n.4, PR at II-17, VII-3 n.4.

⁷¹ CR at II-23-24, PR at II-16-17. See Respondents’ Posthearing Br. Attachment at 22 (noting that the AML segment does not account for the majority of the U.S. market).

⁷² See Hearing Tr. at 31 (Podsiad), 43 (Tidlow); CR/PR at Table II-2.

4. Other Conditions

The primary raw materials used in the production of WSSPP are grade 304 or grade 316 stainless steel coil.⁷³ Grade 304 stainless steel, the most widely used austenitic grade, contains 18.0-20.0 percent chromium and 8.0-10.5 percent nickel, while grade 316 stainless steel contains 16.0-18.0 percent chromium, 10.0-14.0 percent nickel, and 2.0-3.0 percent molybdenum.⁷⁴ Price trends for raw materials such as nickel are widely known in the market and are listed on the London Metal Exchange.⁷⁵ Raw material prices fluctuated over the period of investigation but declined overall.⁷⁶

The vast majority of WSSPP (both domestic and imported) is sold to distributors.⁷⁷ U.S. producers and importers generally sold WSSPP on a spot basis.⁷⁸

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.”⁷⁹

Both the volume and market penetration of subject imports increased substantially from 2013 to 2015. The volume of subject imports was 3,151 short tons in 2013, 19,823 short tons in 2014, and 16,475 short tons in 2015.⁸⁰ The share of apparent U.S. consumption held by

⁷³ CR at I-12, PR at I-9.

⁷⁴ CR at I-12, PR at I-9.

⁷⁵ Hearing Tr. at 28 (Hendrickson), 76 (Van Zandt), 102 (Robinson), 122 (Dougan). Firms reported that changes in the price of raw materials had an impact on prices for WSSPP over the period of investigation. CR at V-5, PR at V-3. Testimony at the hearing suggested that because raw material costs are transparent, customers expect prices for WSSPP to reflect the prevailing price of raw materials at the time of sale rather than at the time of production. See Hearing Tr. at 122 (Dougan). The record indicates that domestic producers attempt to recoup changes in raw materials costs through various means, with some producers using formal surcharges and others factoring raw materials costs into their net price. CR at V-5-6, PR at V-3-4.

⁷⁶ CR at V-1, PR at V-1; CR/PR at Figure V-2. From January 2013 through March 2016, the price of 304 and 316 grade stainless steel sheet decreased overall by *** percent and *** percent, respectively. *Id.* Over the same period, the prices for ferrochrome, molybdenum, and nickel also decreased by 7.3 percent, 47.8 percent, and 49.5 percent, respectively. CR at V-1, PR at V-1; CR/PR at Figure V-2.

⁷⁷ CR at II-2, PR at II-2; CR/PR at Table II-1.

⁷⁸ CR at V-7, PR at V-4; CR/PR at Table V-3.

⁷⁹ 19 U.S.C. § 1677(7)(C)(i).

⁸⁰ CR/PR at Table IV-2. Subject import volume was *** lower in interim 2016, when it was *** short tons, than in interim 2015, when it was *** short tons. *Id.* Monthly subject import volume data indicate that monthly subject import volumes were sharply lower in the first quarter of 2016 as compared to the first quarter of 2015 and were considerably lower than the monthly average volume for 2015. Derived from Investigation Worksheet, EDIS Doc. 592934. We find that the decline in the volume of subject imports in interim 2016 as compared to interim 2015 was due at least in part to the (Continued...)

subject imports, by quantity, increased from 4.0 percent in 2013 to 20.7 percent in 2014, and then increased further to 23.3 percent in 2015. We find that the volume and increase in volume of subject imports are significant both in absolute terms and relative to consumption in the United States.

We do not agree with respondents that the increase in subject import volume is not significant because subject imports simply replaced nonsubject imports from Malaysia, Thailand, and Vietnam in a “generic” segment of the market served exclusively by imported WSSPP.⁸¹ The domestic industry competes in all portions of the market.⁸² Given the relatively limited use of AMLs and the fact that imported products, including the subject imports, appear on some AMLs, we do not find the market to be strictly segmented.

D. 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.⁸³

As discussed above, the record in these investigations indicates that subject imports and domestically produced WSSPP are made to ASTM specifications and have a moderate-to-high degree of substitutability. Additionally, price is an important factor in purchasing decisions.

The Commission collected pricing data for four products.⁸⁴ Five U.S. producers and eight importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.⁸⁵

(...Continued)

filing of the petitions on September 30, 2015, and therefore give reduced weight to interim 2016 data in our analysis. See 19 U.S.C. § 1677(7)(I).

⁸¹ Hearing Tr. at 97-99 (Robinson).

⁸² See Hearing Tr. at 31 (Podsiad), 43 (Tidlow); CR/PR at Table II-2.

⁸³ 19 U.S.C. § 1677(7)(C)(ii).

⁸⁴ CR at V-10, PR at V-6. Pricing product 1 is ASTM A 312, welded, grade AISI 304/304L pipe, 1-inch schedule 40. Pricing product 2 is ASTM A 312, welded, grade AISI 304/304L pipe, 2-inch schedule 40. Pricing product 3 is ASTM A 312, welded, grade AISI 304/304L pipe, 0.5 inch schedule 10. Pricing product 4 is ASTM A 312, welded, grade AISI 304/304L pipe, 6-inch schedule 10. *Id.*

⁸⁵ CR at V-10, PR at V-6. Pricing data reported by these firms accounted for approximately 7.5 percent of U.S. producers’ shipments of the domestic like product and 19.9 percent of U.S. shipments of subject imports from India in 2015. *Id.*

The pricing data show consistent underselling by subject imports for all four pricing products. From 2013 to 2015, subject imports undersold the domestic like product in 36 of 46 possible quarterly comparisons.⁸⁶ During this period, 3.1 million feet of subject imports undersold the domestic like product and 1.2 million feet of subject imports oversold the domestic industry's prices.⁸⁷ The margins of underselling ranged from 1.7 to 37.8 percent, and the average margin of underselling was 14.0 percent.⁸⁸ 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.

The pricing data show that prices for each of the four domestically produced pricing products declined from 2013 to 2015. Price declines for domestically produced products from the first quarter of 2013 to the fourth quarter of 2015 ranged from *** to *** percent.⁸⁹

Chairman Williamson, Commissioner Pinkert, and Commissioner Schmidlein find that subject imports depressed domestic producers' prices to a significant degree. As noted above, the prices of all four domestically produced products decreased during 2013-15, and the prices of three of these products decreased by between 22 percent and 39 percent,⁹⁰ despite the fact that U.S. apparent consumption was at virtually the same level in 2015 as it was in 2013. These three products accounted for 97.3 percent of the total volume of the four pricing products.⁹¹ Although raw material costs decreased during this period driving down the COGS, the average unit value of U.S. producers' domestic shipments decreased by \$285/short ton during 2013-15 while the unit value of the industry's total COGS decreased by only \$101/short ton.⁹² These price declines occurred as the volume of subject imports increased significantly in the market and undersold the domestic product. We find that this significant volume of low-priced imports in a price-sensitive market put downward pressure on the domestic industry's prices.

Vice Chairman Johanson, Commissioner Broadbent, and Commissioner Kieff do not find that subject imports depressed domestic producers' prices to a significant degree. The record indicates that domestic producers' prices rose in 2014, while demand for WSSPP increased.⁹³ While prices declined in 2015, so too did demand, particularly in the oil and gas sector.⁹⁴ In

⁸⁶ See CR/PR at Tables V-4-7. As previously stated, we have given reduced weight to interim 2016 data. During interim 2016, the subject imports oversold the domestic like product in three of four quarterly comparisons.

⁸⁷ Derived from CR/PR at Tables V-4-7.

⁸⁸ Derived from CR/PR at Tables V-4-7.

⁸⁹ Derived from CR/PR at Tables V-4-7. Prices for three of the four domestically produced products were lower in the first quarter of 2016 than in the fourth quarter of 2015. Price trends for the subject imports varied by product. *Id.*

⁹⁰ Derived from CR/PR at Tables V-4-7.

⁹¹ Derived from CR/PR at Tables V-4-7.

⁹² CR/PR at Table C-1.

⁹³ See CR at V-19, PR at V-9, CR/PR at Table IV-3.

⁹⁴ CR at II-12-14, V-19, PR at II-8-10, V-9; CR/PR at Table IV-3. Apparent U.S. consumption declined 22.5 percent from 2014 to 2015. CR/PR at Table C-1.

addition, raw material costs decreased in 2015,⁹⁵ and closely monitored prices of key raw materials declined sharply from their peak levels in mid-2014 to their lowest levels at the end of 2015.⁹⁶ In light of the combination of factors contributing to price declines during 2015, we cannot conclude that subject imports caused significant price depression.

Vice Chairman Johanson, Commissioner Broadbent, and Commissioner Kieff also do not find that subject imports prevented price increases for the domestic like product that otherwise would have occurred to a significant degree. In 2014, the domestic industry's COGS to net sales ratio improved and sales values were able to rise by more than costs.⁹⁷ In 2015, the domestic industry would not be expected to obtain price increases in light of declining demand and raw material costs.⁹⁸

Accordingly, based on the record in the final phase of these investigations, we find that there was significant underselling of the domestic like product by the subject imports. As a result of this underselling, the subject imports gained market share at the expense of the domestic industry.⁹⁹ Chairman Williamson, Commissioner Pinkert, and Commissioner Schmidlein also find that the subject imports significantly depressed the domestic industry's prices. The low-priced subject imports consequently had significant effects on the domestic industry, which are described further below.

⁹⁵ See CR at V-1-3, PR at V-1-2; CR/PR at Table VI-1. Per unit raw material costs decreased from \$2,934 in 2014 to \$2,806 in 2015. CR/PR at Table VI-1.

⁹⁶ CR/PR at Figures V-1 and V-2.

⁹⁷ Domestic producers' ratio of COGS to net sales improved from 100.5 percent in 2013 to 93.6 percent in 2014. Prices for all four domestically produced pricing products were higher in the fourth quarter of 2014 than they were in the fourth quarter of 2013. CR/PR at Tables V-4-7, VI-1, C-1.

⁹⁸ As observed above, apparent U.S. consumption of WSSPP declined from 83,579 short tons in 2014 to 64,742 short tons in 2015; unit raw material costs declined in 2015. CR/PR at Tables IV-3, VI-1, C-1.

⁹⁹ Responses to the lost sales/lost revenue survey confirm that purchasers shifted from the domestic like product to the subject imports because of their lower prices. All five domestic producers reported lost sales to subject imports from India during the period of investigation. Ten of 19 responding purchasers reported shifting purchases of WSSPP from domestic producers to subject imports since the beginning of the period of investigation, with nine indicating that subject imports were priced lower than the domestic like product and seven purchasers indicating that price was the primary reason for the shift. CR at V-20-22, PR at V-10-11; CR/PR at Table V-11. One of the seven purchasers reported that *** of its shifts in purchases were due to price. ***. CR/PR at Table V-11. While respondents argue that the reported shifts of volumes were small, subject imports did gain appreciable market share from the domestic industry during the period of investigation and these responses confirm that the low price of the subject imports was a factor in at least some of those sales. Respondents' Prehearing Br. at 40; CR/PR at Table IV-3.

E. Impact of the Subject Imports^{100 101}

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.”¹⁰² These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debts, 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.”¹⁰³

The domestic industry’s capacity remained relatively stable over the period of investigation.¹⁰⁴ Production and capacity utilization fluctuated, however, with both lower in 2015 than in 2013. Production increased from 25,849 short tons in 2013 to 30,827 short tons in 2014, then decreased to 22,582 short tons in 2015.¹⁰⁵ Capacity utilization increased from 41.6 percent in 2013 to 49.0 percent in 2014, then decreased to 38.3 percent in 2015.¹⁰⁶ The

¹⁰⁰ 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 determinations of sales at less than fair value, Commerce found antidumping duty margins of 12.66 percent for imports from India, other than those from the Sunrise Group, which received a *de minimis* margin. 81 Fed. Reg. 66921 (Sept. 29, 2016). We take into account in our analysis the fact that the Department of Commerce found that subject producers in India are selling subject imports in the United States at less than fair value. In addition to this consideration, our impact analysis has considered other factors affecting domestic prices. Our analysis of the significant underselling of the subject imports and the effects of that underselling, described in both the price effects discussion and below, is particularly probative to an assessment of the impact of the subject imports.

¹⁰¹ In accordance with our usual practice, we have relied principally on data collected from our period of investigation. As previously stated, we have given reduced weight to the data from interim 2016.

¹⁰² 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.”).

¹⁰³ 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

¹⁰⁴ The domestic industry’s capacity was 62,201 short tons in 2013, 62,853 short tons in 2014, and 59,171 short tons in 2015. CR/PR at Tables III-5, C-1.

The domestic industry’s capacity was lower in interim 2015, when it was 14,990 short tons, than in interim 2016, when it was 15,200 short tons. *Id.*

¹⁰⁵ CR/PR at Table III-5. Production was 6,240 short tons in interim 2015 and 6,753 short tons in interim 2016. *Id.*

¹⁰⁶ CR/PR at Table III-5. Capacity utilization was 41.6 percent in interim 2015 and 44.4 percent in interim 2016. *Id.*

domestic industry's net sales and U.S. shipments were also lower in 2015 than in 2013. Net sales increased from 26,536 short tons in 2013 to 28,470 short tons in 2014, then decreased to 23,264 short tons in 2015.¹⁰⁷ U.S. shipments increased from 26,073 short tons in 2013 to 28,299 short tons in 2014, before decreasing to 23,006 short tons in 2015.¹⁰⁸ As the volume and market penetration of the low-priced subject imports increased, U.S. producers' share of apparent U.S. consumption fell from 40.2 percent in 2013 to 33.9 percent in 2014, before increasing slightly to 35.5 percent in 2015.¹⁰⁹

The U.S. industry's employment decreased from 294 production-related workers in 2013 to 292 in 2014, and 256 workers in 2015.¹¹⁰ Other employment-related indicators, except for productivity, also decreased from 2013 to 2015.¹¹¹

The domestic industry's net sales values, operating income, and operating margins each showed improvement from 2013 to 2014 before declining in 2015 to levels lower than those of 2013. Net sales value increased from \$106.3 million in 2013 to \$117.1 million in 2014, then decreased to \$86.8 million in 2015. Operating income improved from a loss of \$10.8 million in 2013 to a loss of \$2.0 million in 2014, then declined to a loss of \$14.5 million in 2015.¹¹² The industry's operating margin improved from negative 10.1 percent in 2013 to negative 1.7 percent in 2014, then decreased to negative 16.7 percent in 2015.¹¹³

We find that the significant and increased volumes of subject imports that undersold the domestic like product led to declines in the domestic industry's market share during the

¹⁰⁷ CR/PR at Tables VI-1, C-1. Net sales were 5,752 short tons in interim 2015 and 7,118 short tons in interim 2016.

¹⁰⁸ CR/PR at Tables IV-3, C-1. U.S. shipments were 5,614 short tons in interim 2015 and 7,109 short tons in interim 2016. *Id.*

U.S. producers' end-of-period inventories increased from 4,595 short tons in 2013 to 6,974 short tons in 2014, and then decreased to 6,301 short tons in 2015. CR/PR at Tables III-7, C-1. The ratio of inventories to production, as well as the ratio of inventories to U.S. shipments, increased during each full year of the period of investigation. CR/PR at Table III-7. Domestic producers' end-of-period inventories were 7,422 short tons in interim 2015 and 6,009 short tons in interim 2016. *Id.*

¹⁰⁹ CR/PR at Tables IV-3, C-1. The domestic industry's share of apparent U.S. consumption was 33.1 percent in interim 2015 and 37.4 percent in interim 2016. *Id.*

¹¹⁰ There were 261 production and related workers in interim 2015, and 225 in interim 2016. CR/PR at Table III-8.

¹¹¹ Hours worked decreased from 619,000 hours in 2013 to 567,000 hours in 2014, and then to 478,000 hours in 2015. CR/PR at Tables III-8, C-1. Wages paid also decreased from \$11.8 million in 2013 to \$10.8 million in 2014, and then to \$9.7 million in 2015. *Id.* Productivity (in short tons per 1000 hours) fluctuated but increased overall, increasing from 41.8 in 2013 to 54.4 in 2014, but then decreasing to 47.5 in 2015. *Id.* Hours worked and wages paid were both lower in interim 2016 than in interim 2015, and productivity was higher. *Id.*

¹¹² CR/PR at Tables VI-1, C-1. The industry sustained a gross loss of \$571,000 in 2013, gross profit of \$7.5 million in 2014, and a gross loss of \$4.5 million in 2015. Net losses were \$12.8 million in 2013, \$4.6 million in 2014, and \$17.1 million in 2015. Gross profit, operating income, and net income were all lower in interim 2016 than in interim 2015. *Id.*

¹¹³ CR/PR at Tables VI-1, C-1. The domestic industry's operating margin was negative 4.8 percent in interim 2015 and negative 18.1 percent in interim 2016. *Id.*

period of investigation. Because of its loss of market share, the domestic industry's indicia of output were worse than they would have been in the absence of subject imports. In 2014, increasing volumes of subject imports pervasively undersold the domestic like product, often at substantial margins.¹¹⁴ As a result, subject imports sharply increased their market share, while the domestic industry's market share declined by 6.3 percentage points.¹¹⁵

The increase in subject imports in 2014 occurred simultaneously with increased apparent U.S. consumption and the departure of WSSPP imports from Malaysia, Thailand, and Vietnam from the U.S. market.¹¹⁶ Respondents argue that domestic producers could not have increased production of WSSPP to supply the expanded market without reducing their production of other out-of-scope merchandise, leading to the rapid increase in subject imports in 2014.¹¹⁷ We are not persuaded by this argument. While domestic production capacity for WSSPP remained steady and apparent U.S. consumption increased sharply from 2013 to 2014, the domestic industry produced 4,978 more short tons of WSSPP, while reducing the amount of out-of-scope merchandise produced on the same equipment by only 73 short tons.¹¹⁸ In addition, *** production of WSSPP from 2013 to 2014.¹¹⁹ Thus, the domestic industry produced more WSSPP in 2014 without significantly reducing the volume of out-of-scope merchandise produced on the same equipment. In addition, domestic producers also reported substantial unused capacity in 2014, indicating that they could have increased production by more than they did.¹²⁰ Moreover, domestic producers' end-of-period inventories increased from 2013 to 2014, suggesting that they could have made additional shipments out of their existing production in 2014.¹²¹ Further, respondents' arguments do not explain why subject imports remained at elevated levels and continued to increase market share in 2015, when the domestic industry produced less than it did in 2013, notwithstanding that it had only a minor reduction in capacity.¹²²

Thus, the domestic industry was deprived of additional sales during a time of rising demand and strong prices, despite its ability to increase its production and shipments. In 2015, the domestic industry's output, employment, and financial performance all declined when lower-priced subject imports increased their relative presence in the market.¹²³ We accordingly

¹¹⁴ See CR at Tables V-4-7.

¹¹⁵ CR/PR at Table IV-3.

¹¹⁶ CR/PR at Table IV-3.

¹¹⁷ Respondents' Prehearing Brief at 12-13, 15.

¹¹⁸ CR/PR at Tables III-3, III-5, IV-3.

¹¹⁹ CR at III-10, PR at III-7; Petitioners' Posthearing Br. at 4 n.3.

¹²⁰ See CR/PR at Table III-5. Respondents argue that the domestic industry's low capacity utilization figures are the result of *** between the preliminary and final phases of these investigations. Respondents' Prehearing Br. at 14. However, staff confirmed information regarding *** on verification. Verification Report at 3. We also observe that, even excluding ***, the domestic industry had substantial unused capacity by which to increase production. Derived from CR/PR at Table III-5.

¹²¹ See CR/PR at Tables III-7, C-1. Domestic producers' end-of-period inventories increased from 4,595 short tons in 2013 to 6,974 short tons in 2014. *Id.*

¹²² CR/PR at Tables III-5, IV-3.

¹²³ See CR/PR at Table VI-1.

find that the significant and increased volume of subject imports, which gained market share at the expense of the domestic industry through significant underselling, had a significant impact on the domestic industry.¹²⁴

In our analysis of the impact of subject imports on the domestic industry, we have taken into account whether there were other factors that may have had an adverse impact on the domestic industry during the period of investigation to ensure that we are not attributing injury from other factors to the subject imports. We find that the decline in demand for WSSPP from 2014 to 2015 cannot fully explain the domestic industry's difficulties in 2015. Notwithstanding the decline in demand during 2015, apparent U.S. consumption for WSSPP that year was roughly the same as it was in 2013.¹²⁵ However, the domestic industry's market share and nearly all indicators of its performance were lower in 2015 than in 2013.¹²⁶

Respondents argue that nickel prices are determinative of the domestic industry's profitability and do not correlate with market share or levels of capacity utilization.¹²⁷ While we acknowledge that declining nickel prices help explain price declines in 2015, we find that nickel prices cannot explain the declines in the domestic industry's market share and related declines in performance in 2015 relative to 2013.

We have also considered the role of nonsubject imports in these investigations. The record indicates that nonsubject imports were a significant factor in the U.S. market over the period of investigation.¹²⁸ We observe that some nonsubject imports increased their presence in the market in 2014 while nonsubject imports from Malaysia, Thailand, and Vietnam were exiting the market as a result of antidumping duty orders.¹²⁹ Notwithstanding that some nonsubject imports were priced lower than the domestic product, subject imports gained market share at the expense of both the domestic industry and nonsubject imports from 2013 to 2015.^{130 131} Consequently, subject imports were responsible for an appreciable portion of

¹²⁴ Chairman Williamson, Commissioner Pinkert, and Commissioner Schmidlein also find that subject import prices depressed domestic prices to a significant degree.

¹²⁵ Apparent U.S. consumption of WSSPP was 64,933 short tons in 2013 and 64,742 short tons in 2015. CR/PR at Tables IV-3, C-1.

¹²⁶ As set forth above, these indicators include production, capacity utilization, net sales, U.S. shipments, net sales values, operating income, operating margin, and most employment related indicators.

¹²⁷ Respondents' Prehearing Br. at 42-50; Respondents' Posthearing Br. at 9-11, 13-14.

¹²⁸ As observed above, nonsubject imports were the largest source of supply to the U.S. market over the period of investigation. CR/PR at Tables IV-3, C-1. In 2015, imports from Korea and Taiwan accounted for *** percent of nonsubject imports. CR at II-9, PR at II-6.

¹²⁹ From 2013 to 2014, the market share of nonsubject imports from Malaysia, Thailand, and Vietnam decreased from *** percent to *** percent. Subject imports' market share increased by 16.7 percentage points over the same period, while nonsubject imports other than Malaysia, Thailand, and Vietnam increased by 13.7 percentage points. The domestic industry's market share decreased from 2013 to 2014. CR/PR at Table IV-3.

¹³⁰ Pricing data indicate that nonsubject imports from Korea undersold the domestic like product. CR at E-3, PR at E-3; CR/PR at Table E-5. However, the market share of nonsubject imports from Korea decreased from *** percent in 2014 to *** percent in 2015. CR/PR at Table IV-3. We also (Continued...)

the diminished measures of output and other negative effects that the domestic industry experienced over the period of investigation.

V. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of WSSPP from India that are sold in the United States at less than fair value and subsidized by the government of India.

(...Continued)

note that producers in Korea and Taiwan (with the exception of excluded producers Ta Chen and Chang Mien) face discipline from existing antidumping duty orders on pipe meeting the ASTM A 312 specification. CR/PR at Table I-1.

¹³¹ Commissioners Pinkert and Kieff find that WSSPP is a commodity product for purposes of a *Bratsk/Mittal Steel* analysis, and that price-competitive nonsubject imports, mostly from Korea and Taiwan, were a significant factor in the U.S. market for WSSPP during the period of investigation. They find, however, that these nonsubject imports would not have replaced the subject imports fully, without a continuing benefit to the domestic industry, if the subject imports had exited the market. Nonsubject imports from Taiwan would not have done so, because they had a stable presence in the market from 2013 to 2015, they were generally priced higher than the subject imports, and they were unaffected by the exit of nonsubject imports from Malaysia, Thailand, and Vietnam. CR/PR at Table IV-3, Table E-5. Nonsubject imports from Korea, although they were priced lower in 2014 than the subject imports, appeared to reach a volume limit that year as they replaced nonsubject imports. And, in 2015, nonsubject imports from Korea were generally priced higher than the subject imports in the higher-volume pricing products 1 and 2, which accounted for *** percent of the subject import pricing data in that year. CR/PR at Table IV-3; compare CR/PR Tables E-1 and E-2 (Korea) to Tables V-5 and V-6 (India). Thus, if the subject imports had exited the market during the period of investigation, nonsubject imports from Korea would not have replaced them fully in 2014, and there would have been a price benefit for the domestic industry in 2015.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by Bristol Metals, LLC (“Bristol Metals”), of Bristol, Tennessee; Felker Brothers Corp. (“Felker Brothers”) of Marshfield, Wisconsin; Marcegaglia USA (“Marcegaglia”), of Munhall, Pennsylvania; and Outokumpu Stainless USA LLC, Inc. (“Outokumpu”) of Wildwood, Florida, on September 30, 2015, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of welded stainless steel pressure pipe (“WSSPP”)¹ from India. The following tabulation provides information relating to the background of these investigations.^{2 3}

Effective date	Action
September 30, 2015	Petitions filed with Commerce and the Commission; institution of the Commission's investigations (80 FR 60715)
October 27, 2015	Commerce's notice of initiation of AD investigation (80 FR 65696); Commerce's notice of initiation of CVD investigation (80 FR 65700)
November 16, 2015	Commission's preliminary determinations (80 FR 72735)
March 11, 2016	Commerce's preliminary CVD determination and alignment of final determination with AD determination (81 FR 12871, March 11, 2016)
May 10, 2016	Commerce's preliminary AD determination and postponement of final determination (81 FR 28824, May 10, 2016); scheduling of final phase of Commission's investigations (81 FR 33706, May 27, 2016)
September 22, 2016	Commission's hearing
September 29, 2016	Commerce's final AD determination (81 FR 66921, September 29, 2016) and final CVD determination (81 FR 66925, September 29, 2016)
October 25, 2016	Commission's vote
November 9, 2016	Commission's determinations and 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 investigation.

² Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

³ Appendix B presents the list of witnesses appearing at the Commission's hearing.

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, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, 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.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—⁴

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

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

MARKET SUMMARY

WSSPP is used in a variety of applications including oil, gas, and petrochemical processing; chemical fluid handling; and water treatment. The leading U.S. producers of WSSPP are petitioners Bristol Metals, Felker Brothers, Marcegaglia, and Outokumpu, while leading producers of WSSPP in India include Apex Tubes Pvt Ltd. (“Apex Tubes”), Bhandari Foils & Tubes Ltd. (“Bhandari Foils & Tubes”), Prakash Steelage Ltd. (“Prakash Steelage”), and Sunrise Stainless Pvt Ltd. (“Sunrise Stainless”). The leading U.S. importers of WSSPP from India are ***. Leading importers of WSSPP from nonsubject countries (primarily Taiwan and Korea) include ***.

Apparent U.S. consumption of WSSPP totaled 64,742 short tons (\$240.8 million) in 2015. U.S. producers’ U.S. shipments of WSSPP totaled 23,006 short tons (\$85.5 million) in 2015, and accounted for 35.5 percent of apparent U.S. consumption by quantity and 35.5 percent by value. U.S. shipments of imports of subject merchandise from India totaled 15,064 short tons (\$46.5 million) in 2015 and accounted for 23.3 percent of apparent U.S. consumption by quantity and 19.3 percent by value. U.S. shipments of imports from nonsubject sources totaled 26,672 short tons (\$108.8 million) in 2015 and accounted for 41.2 percent of apparent U.S. consumption by quantity and 45.2 percent by value.

⁴ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations appears in appendix C, table C-1. Appendix D presents detailed data on shipments of WSSPP by grade, size, and length. Appendix E presents nonsubject country price data. Appendix F presents U.S. producers' responses regarding surcharges for stainless steel inputs. Appendix G presents U.S. producers' responses regarding actual and anticipated negative effects of subject imports.

Seven firms are believed to produce WSSPP in the United States. Except as noted, U.S. industry data are based on questionnaire responses of five firms that account for virtually all U.S. production of WSSPP during 2015.⁵ U.S. import data are based on questionnaire responses, proprietary Customs data, and historical data provided in questionnaire responses. Questionnaire responses from nine firms account for essentially all imports of subject merchandise from India in 2015, as well as all or virtually all imports from major nonsubject sources, Korea and Taiwan, and for 15 percent of imports from other nonsubject sources. Questionnaire responses from five Indian producers show that their exports to the United States were equivalent to approximately *** percent of U.S. imports of subject merchandise in 2015.

PREVIOUS AND RELATED INVESTIGATIONS

The Commission has conducted several previous import relief investigations and subsequent reviews on welded stainless steel pipe and tube, including ASTM A312⁶ and A778 pipes. Table I-1 presents data on previous and related antidumping and countervailing duty investigations.

⁵ The sixth firm known to produce WSSPP in the United States, Alaskan Copper and Brass Co., reported that it produced only *** short tons of WSSPP in 2015. The seventh firm believed to produce WSSPP, Rath Gibson, did not provide any current production data, but based on its historical data, accounted for less than *** percent of U.S. production of WSSPP in 2013.

⁶ The product scope of the orders on A 312 pipe from Korea and Taiwan is narrower than that of WSSPP pressure pipe because it does not include A 778 pipe. It is broader in that it includes pipe greater than 14 inches in outside diameter ("OD"). 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
WSSPP: 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 A312 pipe	731-TA-540	1991	Korea	Affirmative	Order in place ²
	731-TA-541	1991	Taiwan	Affirmative	Order in place ^{2 3}
Welded stainless steel pressure pipe	701-TA-454	2008	China	Affirmative	Order in place ⁴
	731-TA-1144				
Welded stainless steel pressure pipe	731-TA-1210	2013	Malaysia	Affirmative	Order in place ⁵
	731-TA-1211	2013	Thailand	Affirmative	Order in place ⁵
	731-TA-1212	2013	Vietnam	Affirmative	Order in place ⁵

¹ Not applicable.

² On July 1, 1999, the Commission instituted the first five-year reviews of the antidumping duty orders, and on September 22, 2000, the Commission made affirmative determinations. On September 1, 2005, the Commission instituted the second five-year reviews of the antidumping duty orders, and on August 16, 2006, the Commission made affirmative determinations. On July 1, 2011, the Commission instituted the third five-year reviews of the antidumping duty orders, and on November 17, 2011 made affirmative determinations. The fourth five-year reviews of these orders are expected to begin on November 1, 2016.

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.

⁴ On February 3, 2014, the Commission instituted the first five-year reviews of the antidumping and countervailing duty orders, and on June 24, 2014, the Commission made affirmative determinations. The second five-year reviews of these orders are expected to begin on June 3, 2019.

⁵ The first five-year reviews of these orders are expected to begin on June 3, 2019.

Source: *Certain Welded Stainless Steel Pipe from Korea and Taiwan (Third Review)*, USITC Publication 4280, December 2011; *Welded Stainless Steel Pressure Pipe from China, Inv. Nos. 701-TA-454 and 731-TA-1144 (Expedited Review)*, USITC Publication 4478, July 2014; and *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Inv. Nos. 731-TA-1210-1212 (Final)*, USITC Publication 4477, July 2014.

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 1974⁷ to determine whether certain steel products, including stainless steel welded tubular products,⁸ 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.⁹ On July 26, 2001, the Commission received a resolution adopted by the U.S. Senate

⁷ 19 U.S.C. § 2252.

⁸ 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.

⁹ *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.

Committee on Finance (“Senate Finance Committee” or “Committee”) requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.¹⁰ Consistent with the Senate Finance Committee’s resolution, the Commission consolidated the investigation requested by the Committee with the Commission’s previously instituted investigation No. TA-201-73.¹¹ 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.¹²

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On September 29, 2016, Commerce published a notice in the *Federal Register* of its affirmative final determination of countervailable subsidies for producers and exporters of WSSPP from India.¹³ Table I-2 presents Commerce’s findings of subsidization of WSSPP in India. The following programs in India were found to be countervailable:¹⁴

- I. Government of India programs
 1. Advance authorization scheme/advance license program
 2. Duty drawback
 3. Export promotion of capital goods scheme
 4. Pre- and post-shipment export financing

- II. Programs by state governments
 1. Preferential water rates under the Gujarat industrial development corporation water supply regulation of 1991
 2. Electricity duty exemption provided by the Uttar Gujarat Vij Company Limited

¹⁰ 19 U.S.C. § 2251.

¹¹ *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.

¹² *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

¹³ *Countervailing Duty Investigation of Welded Stainless Pressure Pipe from India: Final Affirmative Determination*, 81 FR 66925, September 29, 2016.

¹⁴ United States Department of Commerce, International Trade Administration, *Issues and Decision Memorandum for the Final Affirmative Determination in the Countervailing Duty Investigation of Welded Stainless Pressure Pipe from India*, September 22, 2016.

Table I-2
WSSPP: Commerce’s subsidy determination with respect to imports from India

Entity	Countervailable subsidy margin (percent)
Streamline Industries Limited	3.13
Sunrise Stainless Private Limited, Sun Mark Stainless Pvt. Ltd., and Shah Foils Ltd. (collectively, “Sunrise Group”)	6.22
All others	4.65

Source: 81 FR 66925, September 29, 2016.

Sales at LTFV

On September 29, 2016, Commerce published a notice in the *Federal Register* of its affirmative final determination of sales at LTFV with respect to imports from India.¹⁵ Table I-3 presents Commerce’s dumping margins with respect to imports of product from India.

Table I-3
WSSPP: Commerce’s weighted-average LTFV margins with respect to imports from India

Exporter/producer	LTFV (dumping) margin (percent)
Steamline Industries Ltd.	12.66
Sunrise Stainless Pvt. Ltd. And Sun Mark Stainless Pvt. Ltd. (collectively, “Sunrise”)	0.00 ⁽¹⁾
All others	12.66

¹ *De minimis*.

Source: 81 FR 66921, September 29, 2016.

THE SUBJECT MERCHANDISE

Commerce’s scope

Commerce has defined the scope of this proceeding as follows:

Circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. 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.

¹⁵ *Welded Stainless Pressure Pipe from India: Final Determination of Sales at Less Than Fair Value*, 81 FR 66921, September 29, 2016.

Excluded from the scope of the investigation are: (1) Welded stainless mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications.¹⁶

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that merchandise subject to these investigations is primarily in subheading 7306.40.50 and is imported under statistical reporting numbers 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”). Such merchandise having a wall thickness of less than 1.65 mm is classifiable in subheading 7306.40.10 (statistical reporting numbers 7306.40.1010 or 7306.40.1015); subject goods may also be imported under HTS 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090 depending on the dimensions and constituent elements.¹⁷ The general duty rate under each of these subheadings is free.

THE PRODUCT

Description and applications¹⁸

WSSPP refers to welded austenitic stainless steel pressure pipe that is not greater than 14 inches in outside diameter (“OD”). The subject pipe is of a circular cross-section, produced in standard sizes designated by nominal diameter and wall thickness,¹⁹ and is designed for use with standard pipefittings. WSSPP conveys fluids at high temperatures, high pressures, or both. WSSPP includes pipe manufactured to ASTM International (ASTM) specifications A 312²⁰ or A 778, or to similar specifications, either foreign or domestic.

¹⁶ Ibid.

¹⁷ Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

¹⁸ Unless otherwise indicated, USITC staff obtained information on the product section from *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212 (Final)*, USITC Publication 4477, July 2014, pp. I-8–I-11.

¹⁹ The nominal pipe size (“NPS”) defines the size of a pipe. NPS is a dimensionless designator that is a substitute for more traditional terms, such as “nominal diameter.” NPS loosely corresponds to, but is not exactly equal to, outside diameter (“OD”) for pipes with ODs of less than or equal to 12 inches; NPS is equal to OD for pipes with ODs greater than 12 inches.

²⁰ A 312 pipe is stenciled as such. Additional proprietary markings can include information on when the pipe was produced, line on which it was made, and sources of material inputs. ***.

Stainless steel is a general class of steel that contains at least 10.5 percent chromium by weight. Chromium gives stainless steel its excellent resistance to corrosion and good strength at high temperatures and pressure. The subject product uses the austenitic class of stainless steel (one of five classes of stainless steel). Austenitic, ferritic, and duplex classes of stainless steel typically have higher ranges of chromium and thus have higher corrosion resistance than the martensitic and precipitation hardening classes.²¹ In addition to excellent corrosion resistance, austenitic steel offers unusually good formability, and increases in strength after cold working (changes to the shape or structure of steel, for example by rolling, without the application of heat). For these reasons, WSSPP is used in corrosive environments, high temperature and pressure conditions, or in conditions where cleanliness and ease of maintenance are strictly required.

Typically, subject WSSPP is produced with grade 304 or 316 stainless steel coil.²² Grade 304 (which contains 18.0–20.0 percent chromium and 8.0–10.5 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 chromium, 10–14 percent nickel, and 2–3 percent molybdenum. Higher nickel and molybdenum content gives grade 316 better corrosion resistance than grade 304.²³ WSSPP can be produced from austenitic grades 304L and 316L coils, which feature lower carbon content than grades 304 and 316. The lower carbon content helps reduce corrosion at the weld site.²⁴

As discussed earlier, WSSPP specifications are ASTM A 312 or A 778. The A 312 specification covers seamless, straight-seam welded, and heavily cold-worked welded austenitic

²¹ Each class of stainless steel has its own set of alloying elements that impart different 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. Ferritic stainless steel also offers corrosion resistance but has lower strength and ductility characteristics and limited use at high temperatures. Duplex steel offers comparable to better corrosion resistance than austenitic steel, with greater strength, but duplex steel also has limited use for high temperature applications. Specialty Steel Industry of North America, “Stainless Steel Overview: Alloy Classifications,” <http://www.ssina.com/overview/alloy-families.html>, accessed August 8, 2016.

²² *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212 (Final)*, USITC Publication 4477, July 2014, p. I-8. ***. ***. ***.

²³ Specialty Steel Industry of North America (SSINA), *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 August 8, 2016.

²⁴ In austenitic stainless steel, the application of high temperatures at the weld site causes a carbide precipitation that depletes the area near the weld of chromium. This leaves the weld susceptible to corrosion and pitting (the WSSPP production process begins with annealed and pickled coil, thus only the weld site is of concern). Annealing is the only way to correct this issue, but lower carbon steel types can help reduce and/or prevent the problem as well. When pipes are field welded, the ends of the pipe are also susceptible to corrosion. ASM International, *Stainless Steels: Metallurgy and Properties of Wrought Stainless*, 1994, ASM International: Materials Park, OH, pp. 22-25.

stainless steel pipe intended for high-temperature and general corrosive service. Welded A 312 pipe requires annealing (heat treatment) after welding,²⁵ whereas A 778 is a standard specification for welded, unannealed austenitic stainless steel tubular products.²⁶

A 778 pipe is similar to A 312, but may differ in the welding process, since A 778 allows for a filler metal in the weld pass. The A 778 specification, moreover, does not require post-weld annealing of the pipe. Conditions that permit the use of the A 778 pipe are low and moderate temperatures and corrosive service where heat treatment is not necessary for corrosion resistance.²⁷

Specification ASTM A 358 is also included in the product scope when produced to the A 312 or A 778 specifications. ASTM A 358 refers to the standard specification for electric-fusion welded austenitic stainless steel pipe for high temperature service and other general applications.²⁸ The ASTM A 358 specification differs from A 312 primarily because A 358 requires a filler metal in the weld pass while the A 312 specification does not allow for such filler metal. ASTM A 358 pipe also requires radiographic testing of the weld for most applications, which is not required by A 312 or A 778 pipes.

WSSPP is used by a variety of industries including food processing, chemicals, pharmaceutical, energy, petrochemicals, oil and gas, manufacturing, paper and pulp processing, and water treatment.²⁹ Major uses for welded A 312 pipe include digester lines, pharmaceutical production lines, petrochemical stock lines, automotive paint lines, and various processing lines such as those in breweries, paper mills, and general food-processing facilities.³⁰ The pulp and

²⁵ Annealing is the process of heating cold stainless steel to obtain certain characteristics such as corrosion resistance. It also relieves stresses caused by cold working the steel (i.e., bending a steel sheet into a tubular form).

²⁶ 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, pp. 180-191 and 557-559.

²⁷ 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 allows the classification of pipe that meets the other ASTM A 778 specifications, as ASTM A 778, even if the diameter is less than 3" or greater than 14". 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, pp. 557-559.

²⁸ ASTM, "Standard Specification for Electric-Fusion-Welded Austenitic Chromium-Nickel Stainless Steel Pipe for High-Temperature Service and General Applications," *Annual Book of ASTM Standards 2009*, Section 1, Iron and Steel Products, vol. 01.01, Steel— Piping, Tubing, Fittings, ASTM: West Conshohocken, PA, pp. 231-237.

²⁹ Outokumpu Stainless AB, *Acom*, February 2011, pp. 2 and 11, <http://www.outokumpu.com/SiteCollectionDocuments/Welded-Stainless-Steel-Tubes-and-Pipes-vs-Seamless-Acom.pdf>.

³⁰ *Certain Welded Stainless Steel Pipes from Korea and Taiwan, Investigation Nos. 731-TA-540-541 (Second Review)*, USITC Publication 3877, August 2006, p. I-15.

paper industry and wastewater industry both use A 778 pipe due to its ability to withstand high temperatures and corrosive contact, although at somewhat lower levels than A 312 pipe. Corn fermentation systems that produce ethanol and low-pressure fluid transfer systems also use A 778 pipe.³¹ Critical applications where failure of the weld might have serious consequences, such as in nuclear power plants and liquefied natural-gas facilities, use A 358 pipe.³²

Manufacturing processes³³

WSSPP production consists of initial tube formation, welding, and final finishing. Production of the subject WSSPP almost exclusively employs a continuous weld mill process (figure I-1), which begins with coils of stainless steel sheet, strip, or plate.³⁴ Coiled steel, of a width essentially corresponding to the desired circumference of the pipe,³⁵ is positioned in an uncoiler and then 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. Domestic producers' facilities include several continuous weld mills, with each dedicated to a limited range of pipe diameters.³⁶ The continuous weld is used to produce pipe up to 14 inches OD. Pipe size 16 inches OD and up requires other manufacturing processes, such as the press brake method.³⁷

³¹ Ibid.

³² ASTM, "Standard Specification for Electric-Fusion-Welded Austenitic Chromium-Nickel Stainless Steel Pipe for High-Temperature Service and General Applications," Annual Book of ASTM Standards 2009, Section 1, Iron and Steel Products, vol. 01.01, Steel—Piping, Tubing, Fittings, ASTM: West Conshohocken, PA, pp. 231-237.

³³ 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>.

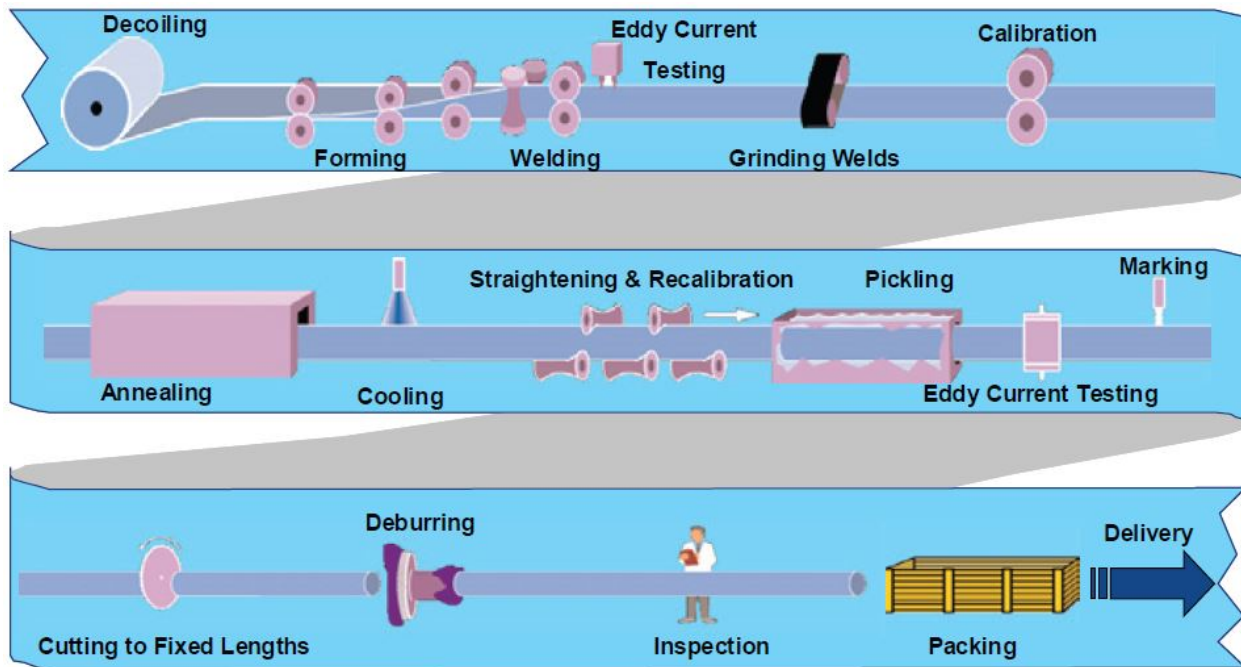
³⁴ Another manufacturing process, the press brake method, is a batch process that produces one length of pipe at a time. This batch process could be used for WSSPP, but is generally used for stainless steel pressure pipe greater than 14 inches OD. The batch process is slower, more labor intensive, and more costly than the continuous mill process. Virtually all subject WSSPP, in excess of 95–98 percent, is produced by the continuous mill process in the United States. *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212 (Final)*, USITC Publication 4477, July 2014, p. I-10.

³⁵ Larger coils are slit into smaller diameters. In the case of ***. ***.

³⁶ *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212 (Final)*, USITC Publication 4477, July 2014, p. I-10.

³⁷ Outokumpu, "How stainless steel pipe is made," n.d., <http://www.outokumpu.com/en/forms/pipes/how-stainless-pipe-is-made/Pages/default.aspx>, retrieved August 8, 2016.

Figure I-1
WSSPP: Manufacturing process



Note.—The figure presents the manufacturing process generally used. However, 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>

In the welding stage, an automatic welding machine using either the tungsten-inert-gas (“TIG”) welding process,³⁸ the plasma welding process, or the laser welding process welds the butt edges together.³⁹ These methods allow welding without filler material,⁴⁰ complete fusion of butted edges, and shielding of the weld area with inert gas to prevent oxidation. In the TIG welding process, the 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 because it heats the plasma as it passes through an arc torch, created by an electrode within a nozzle. In the laser welding process, a laser beam directed to the butt weld joint forms a deep-penetration fusion weld. The laser process is capable of a higher speed of operation than is the TIG process or plasma process.

³⁸ Gas tungsten-arc welding (“GTAW”) process is another term for the TIG process.

³⁹ ***. ***.

⁴⁰ Although the TIG and plasma process can be used with filler metal or work without it, the laser process does not allow for the use of filler metal. WSSPP produced in accordance with the standard for ASTM A 312, according to the ASTM, cannot use filler metal in the weld.

The pipe continues after welding to the finishing state. Finishing includes grinding of the outside welding seam, calibrating pipe diameter, in-line annealing in a non-oxidizing atmosphere,⁴¹ cooling, straightening, removing of surface scale (pickling),⁴² and finally, cutting to length. During the manufacturing process, the pipe may be marked with its specification information and undergoes visual and/or other types of inspection such as eddy current testing.⁴³

DOMESTIC LIKE PRODUCT ISSUES

In the preliminary phase of these investigations, the Commission defined a single domestic like product, consisting of WSSPP, coextensive with the scope of these investigations.⁴⁴ The petitioners propose a domestic like product coextensive with the scope of the investigations.⁴⁵ No respondent party has raised an issue with respect to domestic like product in these investigations, in either comments on draft questionnaires⁴⁶ or in their briefs.⁴⁷

⁴¹ In-line annealing typically occurs in a non-oxidizing atmosphere, a process known as “bright annealing.” Product annealed by methods other than bright annealing must be pickled in acid to remove surface oxides and produce a “bright” finish.

⁴² Pickling removes scale by submerging the pipe in an acid bath.

⁴³ 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 move near the pipe and a circular flow of electrons known as an eddy current begins to move through the pipe like swirling water in a stream. The 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, and a trained operator reads the plot to identify the pipe defects.

⁴⁴ *Welded Stainless Steel Pressure Pipe from India, Investigation Nos. 701-TA-548 and 731-TA-1298 (Preliminary)*, USITC Publication 4582, p. 6

⁴⁵ *Welded Stainless Steel Pressure Pipe from India, Investigation Nos. 701-TA-548 and 731-TA-1298 (Preliminary)*, USITC Publication 4582, p. I-13.

⁴⁶ Indian producers’ and importers’ comments on draft questionnaires, June 7, 2016.

⁴⁷ Indian producers’ and importers’ prehearing brief, p. 3.

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

U.S. MARKET CHARACTERISTICS

WSSPP is used to transport a wide variety of liquids for applications in which the materials are reactive, or for which there is a need to prevent contamination. WSSPP's end-use markets include the food processing, chemicals, pharmaceutical, energy, petrochemicals, oil and gas, paper and pulp processing, and water treatment industries. Consequently, the demand for WSSPP depends on demand for downstream products of these industries (particularly demand that stems from new plant construction) and for plant maintenance and repair in these industries.

Apparent U.S. consumption of WSSPP fluctuated during 2013-15, rising by 28.7 percent from 64,933 short tons in 2013 to 83,579 short tons in 2014, and then declining by 22.5 percent in 2015 to 64,742 short tons. In the first quarter of 2016, apparent U.S. consumption stood at 19,017 short tons, 12.0 percent higher than the same period in 2015.

U.S. PURCHASERS

The Commission received 19 usable questionnaire responses from firms that purchased WSSPP since January 1, 2013.¹ All 19 responding purchasers are distributors. The five largest responding purchasers of WSSPP in 2015 are ***. Combined, these five purchasers accounted for *** percent of the purchases reported by the 19 responding purchasers in 2015 and approximately *** percent of apparent U.S. consumption.

CHANNELS OF DISTRIBUTION

U.S. producers and importers sold almost exclusively to distributors from January 2013 to March 2016, as shown in table II-1. Eleven of 19 purchasers reported that they compete for sales to customers with the manufacturers or importers from which they purchased WSSPP. *** reported that on occasion one of its suppliers may sell directly to its customers, and in those cases it will no longer purchase from that supplier. *** stated that "Ta Chen has a distribution network in the USA and they sell to smaller distributors, who are also customers of ours. Also, in some cases the domestic manufactures will sell large volumes of product to our customers."

¹ Eighteen of 19 purchasers provided purchase data. Of those 18, all purchased domestic WSSPP, 10 purchased imports of the subject merchandise from India, 11 purchased imports of WSSPP from Korea, 10 purchased imports of WSSPP from Taiwan, and 5 purchased imports of WSSPP from other sources.

Table II-1

WSSPP: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Share of quantity (percent)					
U.S. producers' commercial U.S. shipments to:					
Distributors	96.2	96.6	95.9	94.9	96.5
End users	3.8	3.4	4.1	5.1	3.5
U.S. importers' commercial U.S. shipments of imports from India to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' commercial U.S. shipments of imports from Korea to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' commercial U.S. shipments of imports from Taiwan to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' commercial U.S. shipments of imports from all other sources to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***

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

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling WSSPP to all regions of the United States (table II-2). For U.S. producers, 4.7 percent of WSSPP sales were within 100 miles of their production facility, 68.3 percent were between 101 and 1,000 miles, and 26.9 percent were over 1,000 miles. Importers sold 63.9 percent of their WSSPP within 100 miles of their U.S. point of shipment, 32.8 percent between 101 and 1,000 miles, and 3.3 percent over 1,000 miles.

Table II-2

WSSPP: Geographic market areas in the United States served by U.S. producers and U.S. importers

Region	U.S. producers	Subject U.S. importers
Northeast	5	5
Midwest	5	5
Southeast	5	5
Central Southwest	5	4
Mountains	5	3
Pacific Coast	5	5
Other ¹	3	1
All regions (except Other)	5	3
Reporting firms	5	5

¹ All other U.S. markets, including AK, HI, PR, and VI.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of WSSPP have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced WSSPP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, production of other products on the same equipment, and the existence of inventories.

Industry capacity²

Domestic capacity utilization fluctuated during 2013-15. Domestic capacity utilization increased from 41.6 percent in 2013 to 49.0 percent in 2014, but then decreased to 38.3 percent in 2015. Allocated capacity declined from 62,201 short tons in 2013 to 59,171 short tons in 2015. Domestic capacity utilization was 44.4 percent in interim 2016, compared to 41.6 percent in interim 2015. This level of capacity utilization suggests that U.S. producers may have substantial ability to increase production of WSSPP in response to an increase in prices.

² Capacity data in this section are presented for WSSPP only. Data on U.S. producers' overall capacity are presented in Part III.

Alternative markets

U.S. producers' exports, as a percentage of total shipments, fluctuated but declined overall from 2013 to 2015. U.S. producers' exports, as a share of total shipments, decreased from *** percent in 2013 to *** percent in 2014, reflecting decreased exports and increased U.S. shipments. In 2015, U.S. producers' exports, as a share of total shipments, increased to *** percent, reflecting increased exports and decreased U.S. shipments. U.S. producers' reported export markets are ***. This low level of exports indicates that U.S. producers may 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, relative to total shipments, increased from *** percent in 2013 to *** percent in 2015. U.S. producers' inventories, relative to total shipments, were *** percent in interim 2016 compared to *** percent in interim 2015. 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 five responding U.S. producers stated that they could switch production from WSSPP to other products. Other products that producers reportedly can produce on the same equipment as WSSPP included larger welded stainless steel pressure pipe, high alloy pipe, heat exchanger tubing, injection line tubing, and feed water heater tubing. The share of out-of-scope products produced on the same equipment fluctuated moderately, decreasing from 33.9 percent in 2013 to 30.0 percent in 2014, but increasing to 34.6 percent in 2015. The share of out-of-scope products produced on the same equipment increased from 27.4 percent in interim 2015 to 31.3 percent in interim 2016.

Although most producers responded that it was possible to produce out-of-scope product with the same machinery, some noted that doing so would be costly, both in terms of time and additional training required, and that the markets for some of the alternative products are limited.

Supply constraints

Two U.S. producers reported supply constraints since January 1, 2013. *** reported that its supply chain contingency plans prevented any potential supply disruptions from affecting its production or delivery of product to its customers. *** stated that the only reason to refuse an order was that prices were too low. One producer that reported no constraints, ***, reported some supply constraints of raw material, but it did not affect its WSSPP production and delivery to customers.

A majority of purchasers reported that the availability of domestic WSSPP has not changed since January 1, 2013. However, one purchaser (***) reported that the decline in demand from the oil and gas sector has led to a surplus of domestic WSSPP, as well as foreign product.

Most purchasers (11 of 18) reported not experiencing any supply constraints. However, *** reported that it had an overdue order from a domestic producer due to limited raw materials and *** reported that some suppliers have run short on inventory in the last three years and have had to decline orders, but that those firms generally have replenished inventory by the next round of quoting.

Subject imports from India³

Based on available information, producers of WSSPP from India have the ability to respond to changes in demand with large changes in the quantity of shipments of WSSPP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and production of other products on the same equipment.

Industry capacity

Indian producers' capacity utilization fluctuated but increased slightly overall during the period, rising from *** percent in 2013 to *** percent in 2014, before declining to *** percent in 2015, reflecting decreased production. Capacity utilization was *** percent in interim 2016, compared to *** percent in interim 2015. Indian capacity increased from *** short tons in 2013 to *** short tons in 2014, and remained at that level in 2015.⁴ Production of Indian WSSPP fluctuated but increased overall between 2013 and 2015.

Alternative markets

Indian exports to markets other than the United States were a small share of total Indian shipments, fluctuating but increasing from *** percent in 2013 to *** percent in 2015. This level of exports indicates that Indian producers may have a limited ability to shift sales of WSSPP from other markets to the United States.⁵

The share of shipments of Indian WSSPP to the home market fluctuated but declined overall, declining from *** percent in 2013 to *** percent in 2014, then increasing to *** percent in 2015, though still below 2013 levels. Shipments of Indian WSSPP to the home market

³ For data on the number of responding foreign firms and their share of U.S. imports from India, please refer to Part I, "Summary Data and Data Sources."

⁴ Capacity data in this section are presented for WSSPP only. Data on Indian producers' overall capacity are presented in Part VII.

⁵ Indian producers reported that other export markets included Egypt, Ethiopia, Italy, Mexico, South Korea, Sri Lanka, the United Arab Emirates, as well as regions of Africa, Central and South America, and the Middle East.

was higher in interim 2016 (***) percent) than interim 2015 (***) percent). Respondents reported that Indian demand for WSSPP will increase due to heavy spending on infrastructure products, reducing the amount of WSSPP available for export.⁶

Inventory levels

Indian producers' inventories, relative to total shipments, decreased from *** percent in 2013 to *** percent in 2015 and were *** percent in interim 2016. These relatively low inventory levels suggest that Indian producers have limited ability to increase shipments from inventories.

Production alternatives

Four of the five responding Indian producers reported producing other products with the same equipment, machinery, and workers used for WSSPP. Alternative products include heater tubing, specialized tubing, square tubes, mechanical piping, and decorative piping.

Supply constraints

Most importers did not report any constraints in supplying WSSPP to their customers since January 1, 2013. However, one importer, ***, and one purchaser, ***, reported that Indian suppliers experienced delivery issues with shipments arriving late and sometimes incomplete. U.S. purchaser *** reported that it had not experienced direct supply constraints, but that lead times were so long that they effectively acted as such. U.S. purchaser *** reported supply constraints from Indian producers as a result of the ongoing investigations.

Most purchasers reported that the availability of WSSPP from India in the U.S. market has increased since January 1, 2013, attributing the rise particularly to the duties imposed on WSSPP from China, Malaysia, Thailand, and Vietnam.

Nonsubject imports

The largest sources of nonsubject imports during 2013-15 were Korea and Taiwan. Combined, these two sources accounted for *** percent of nonsubject imports in 2015.

New suppliers

Nine of 19 purchasers indicated that new suppliers have entered the U.S. market since January 1, 2013. Purchasers cited Indian firms, including Sunrise, Hindustan, and Ratnamani, as well as two nonsubject country suppliers: LS Metal (Korea) and Aperam (Brazil).

⁶ Hearing transcript, pp. 107-109 (Sharma) and pp. 157-158 (Sharma); Respondents' posthearing brief, Responses to Commissioner Questions, pp. 27-29.

U.S. demand

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

End uses

U.S. demand for WSSPP depends on the demand for U.S.-produced downstream products. Purchaser *** reports that WSSPP is used “for low to medium pressure movement of fluids in corrosive conditions found in these industries: oil and gas, chemical and petrochemical processing, liquefied natural gas, food and pharmaceutical processing, desalination and wastewater.” According to petitioners, the largest end uses of WSSPP are in the oil, gas, chemical, and petrochemical sectors; next in size are the pulp and paper, waste water treatment, and mining industries; smaller uses are for food and beverage and pharmaceutical uses.⁷ WSSPP can also be used in the shipbuilding and desalination industries.⁸

Cost share

WSSPP accounts for a small share of the cost of the end-use products in which it is used. Producers reported the following cost shares: oil, gas, and petrochemical plants (2 percent); OEM (3 percent); water treatment plants (10 percent); and chemical fluid handling (20 percent).⁹

Business cycles

Three of five responding U.S. producers, 4 of 6 importers, and 7 of 17 purchasers indicated that the WSSPP market was subject to business cycles or other conditions of competition. The level and volatility of raw material prices, particularly for nickel and chromium, used to produce stainless steel, were cited as impacting WSSPP.

Firms also noted that changes in oil and gas industry demand have affected demand for WSSPP in the U.S. market. Purchasers noted that the decline in demand in the oil and gas industry since 2014 has suppressed demand for WSSPP. One purchaser, ***, reported that capital expenditures from major energy companies dropped 80 percent, which reduced demand for WSSPP. Another purchaser, ***, reported a 50-percent decline in its WSSPP demand as a result of the downturn in the oil and gas market.

⁷ Conference transcript, pp. 37-38 (Tidlow). Petitioners estimate that demand from the energy sector makes up approximately 25 percent of total demand for WSSPP. Hearing transcript, p. 78 (Schagrin).

⁸ Conference transcript, pp. 84-87 (Robinson).

⁹ One importer reported that WSSPP was 35 percent of the cost of pipe nipple. Purchasers did not provide cost shares.

In addition, firms reported that the entry of new suppliers affected the conditions of competition for WSSPP. Importer *** noted that because WSSPP is similar to a commodity product, additional suppliers entering the market will reduce the market price, and attributed the fluctuations in its purchasing patterns since January 2013 to imports of WSSPP from India.

Demand trends

Most firms reported a decrease in U.S. demand for WSSPP since January 1, 2013, or that demand had fluctuated (table II-3). However many firms were unable to report which specific end uses had experienced demand fluctuations – producers reported that they sell through distributors and were unaware of end uses, and the larger purchasers of WSSPP, including *** reported that they sell to smaller distributors and generally do not sell directly to end users.

Table II-3

WSSPP: Firms' perceptions regarding demand in the United States and outside of the United States

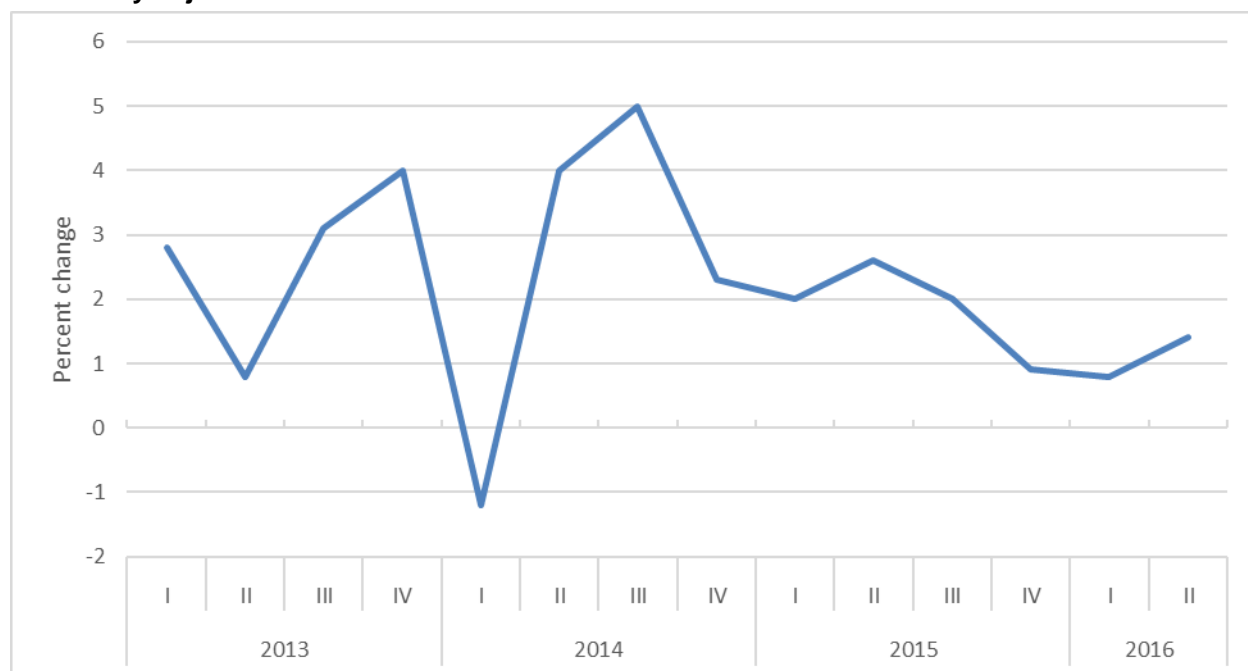
Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States:				
U.S. producers	0	1	4	0
Importers	0	1	2	3
Purchasers	1	1	8	8
Demand outside the United States:				
U.S. producers	0	1	2	0
Importers	0	0	3	0
Purchasers	1	1	4	4
Demand for purchasers' final products:				
Purchasers	0	2	0	0

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

Demand for WSSPP is generally reported to be dependent on levels of capital expenditure, particularly in the petrochemical and oil and gas sectors, as well as commercial construction. These in turn are affected by movements in the real U.S. gross domestic product, presented in figure II-1. Demand was reported to be high in 2014, but declines in capital expenditure in the oil and gas sectors in 2015 has reduced demand for WSSPP. Some firms noted that both demand for WSSPP and raw material prices were high in 2014, whereas demand for WSSPP and nickel prices both declined in 2015.

Figure II-1

Real gross domestic product, percent change from previous period January 2013-June 2016, seasonally adjusted at annual rates



Source: USDOC, BEA, NIPA table 1.1.1. (accessed October 4, 2016).

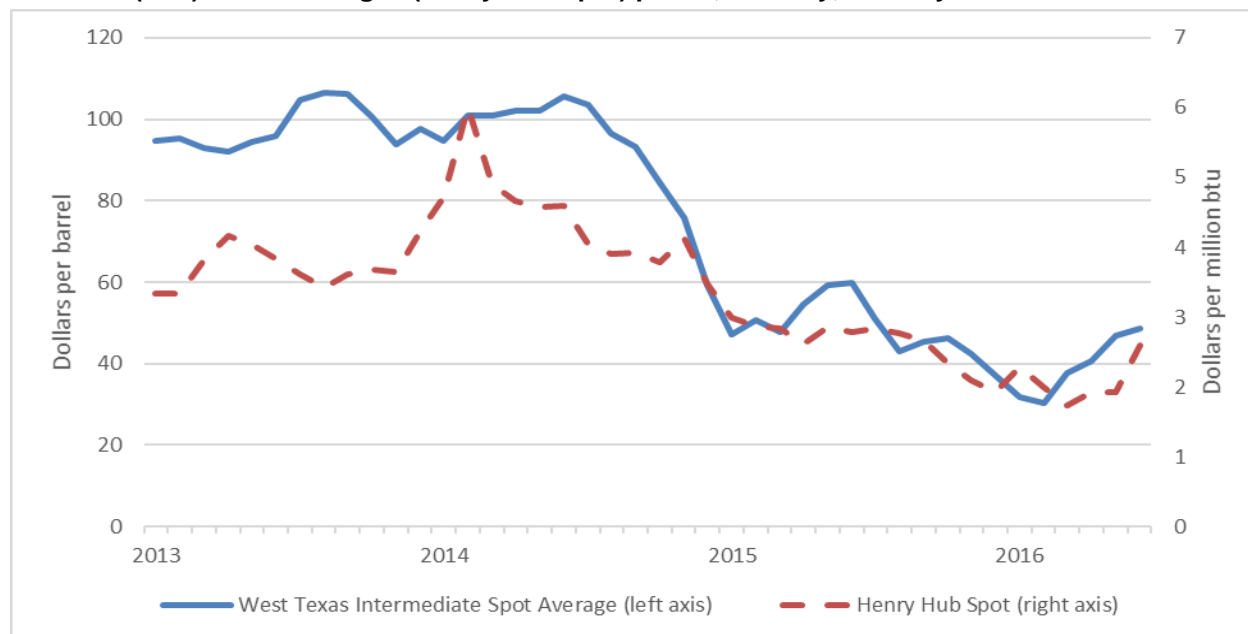
Because many of the larger purchasers act as master distributors, they were unable to provide responses as to how WSSPP is used in the oil and gas sector. While most firms cited changes in oil and gas prices as an important factor contributing to changes in demand for WSSPP, this may be just one of a number of factors, as noted by purchasers in follow-up questions asking about the source of the changes in demand. Purchaser ***, for example, reported that its oil and gas sector customers do not purchase WSSPP and that very little WSSPP is used in that sector.¹⁰ Another purchaser, ***, stated: “Our company’s purchases of WSSPP goes up when demand is strong and decreases when demand is soft. It does not relate necessarily to any one particular industry, but oil and gas related industries began slowing in late 2014, and continued to slow during 2015 and 2016.” Another purchaser, ***, also reported that distributors make up their largest customers and that the fluctuations in their purchases were driven by distributor demand, which experienced an increase of approximately 30 percent in 2014 and a similar decline in 2015. Purchaser *** reported that the increase in its purchases in 2014 was due to both an actual increase in demand due to additional projects as well as the anticipation of additional demand, while the decrease in demand experienced by the firm is attributed to “the softening in the overall market demands, which can be attributed to the lower oil prices.”¹¹

¹⁰ Email message from *** to USITC staff, September 28, 2016.

¹¹ Email messages from ***, ***, and *** to USITC staff, September 27-30, 2016.

According to petitioners, the increase in demand for WSSPP in 2014 and the subsequent decline in demand in 2015 have followed the expansion and contraction of the oil and gas sectors and the change in oil prices.¹² Oil and gas prices are presented in figure II-2. Outokumpu and Bristol Metals noted that the increase in demand for WSSPP in 2014 was due to expansion in the oil and gas sector.¹³ Although parties agree that demand from the oil and gas sector was an important factor in the changes in demand for WSSPP, its impact is indirect. Purchaser *** reported that it sees the greatest use of WSSPP in downstream markets, such as in refining and chemical plants.¹⁴ Warren Alloy testified that increased oil and gas activity also has an indirect but strong effect on demand for WSSPP, noting “when drilling activity increases, this leads to additional spending on related infrastructures, such as hotels, retail stores, et cetera, all of which consume generic WSSPP.”¹⁵

Figure II-2
Crude oil (WTI) and natural gas (Henry Hub spot) prices, monthly, January 2013-June 2016



Source: U.S. Energy Information Administration
<http://www.eia.gov/beta/steo/#/?v=8&f=M&s=0&start=201301&end=201512&maptype=0&ctype=linechart&linechart=WTIPUUS>, accessed September 6, 2016.

¹² Hearing transcript, pp. 22-23 (Pennington); Conference transcript, pp. 32-33 (Schagrín, Podsiad) and pp. 38-39 (Schagrín, Brunswick).

¹³ Hearing transcript, pp. 22-23 (Pennington); Conference transcript, p. 33 (Podsiad). However, Outokumpu also reported that larger pipe has been more significantly impacted by the downturn in oil and gas demand and new investment and that WSSPP is more often used in maintenance, repair, and operations (MRO), which is less directly affected by oil and gas sector demand. Conference transcript, p. 33 (Podsiad).

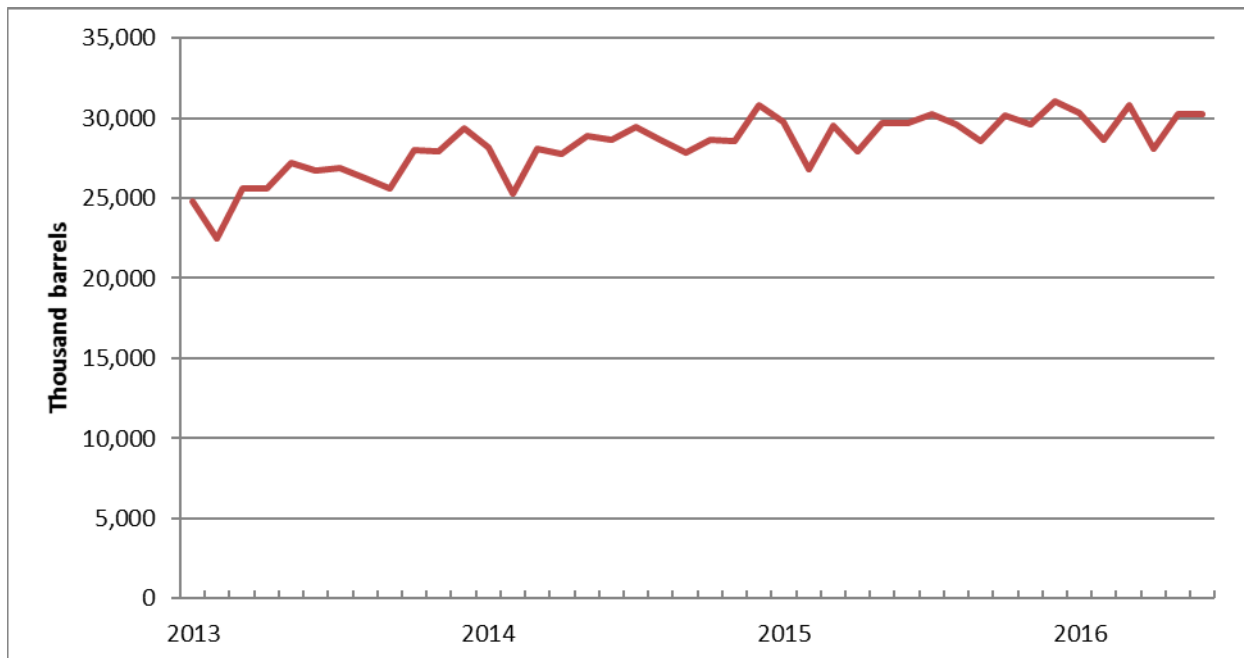
¹⁴ Email message from *** to USITC staff, September 27, 2016.

¹⁵ Hearing transcript, p. 101 (Robinson).

Although demand in the oil and gas sector has declined, demand in other sectors was reported to be growing, including in refineries, petrochemical, and some water treatment.¹⁶ For example, figure II-3 below, shows fluctuating but increasing production of fuel ethanol from January 2013 to June 2016.

Figure II-3

Ethanol: Monthly production of U.S. fuel ethanol oxygenate, January 2013-June 2016



Source: EIA, Petroleum and Other Liquids, Oxygenate Production
https://www.eia.gov/dnav/pet/pet_pnp_oxy_dc_nus_mbbl_m.htm

Substitute products

Substitutes for WSSPP are limited. Most responding U.S. producers (3 of 5) and purchasers (11 of 18) and half of responding importers (2 of 4) said that there were no substitutes for WSSPP. Firms reported some substitutes for WSSPP in limited applications. For example, some firms reported copper and plastic pipe as substitutes, but only for certain plumbing, heating, and cooling uses, as well as water processing and process piping. Other substitutes, such as seamless stainless steel pressure pipe, are more expensive than WSSPP. Additional substitutes cited were brass, chlorinated polyvinyl chloride (CPVC), and polypropylene, for use in water lines; carbon steel for pulp and paper and water and wastewater uses; and fiberglass reinforced polyurethane (FRP) for water and pulp and paper applications.

¹⁶ Conference transcript, p. 32 (Schagrin).

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported WSSPP depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Substitutability may also vary by customer, depending on other commercial considerations, such as whether a given supplier is on an approved manufacturers list (AML). Based on available data, staff believes that there is a moderate-to-high degree of substitutability between domestically produced WSSPP and WSSPP imported from India.

Lead times

WSSPP is primarily sold from inventory. U.S. producers reported that 67.5 percent of their commercial shipments were from inventory, with lead times averaging 9 days. The remaining 32.5 percent of shipments were produced-to-order with average lead times of 47 days. U.S. importers reported that *** percent of their commercial shipments were from U.S. inventories, with lead times averaging *** days and *** percent of their commercial U.S. shipments were produced-to-order, with lead times averaging *** days. *** percent of U.S. importers' shipments were from foreign inventories, with an average lead time of *** days.

Some importers reported that Indian WSSPP has long lead times and frequent delays. Importer *** reported that lead times quoted by Indian mills ranged *** days, but that it was not unusual to wait *** for certain items, and that orders from India were ***. Respondents reported that Indian WSSPP has both longer lead times and longer and more frequent delays than WSSPP from Southeast Asia. Merit Brass and Warren Alloy provided monthly information on delays in deliveries for their imports from Southeast Asia (Malaysia, Thailand, and Vietnam) and India for part of the period of investigation. Promised lead times for Indian WSSPP sold to ***. Lead times from Southeast Asia were shorter and more dependable. *** reported that these ranged from ***. *** reported that orders from India arrived on average *** , while imports from Southeast Asia arrived on average ***.¹⁷

Knowledge of country sources

All 18 responding purchasers indicated they had marketing/pricing knowledge of domestic product, 13 of product from India, 12 of product from Korea, 13 of product from Taiwan, and 5 of product from other sources.

As shown in table II-4, most purchasers and their customers "sometimes" make purchasing decisions based on the producer. Of the four purchasers that reported that they "always" make decisions based on the manufacturer, two purchasers cited requirements to

¹⁷ Respondents' posthearing brief, exhibit 21.

purchase from an approved manufacturers list (AMLs). Other reasons reported for making purchasing decisions based on producer include domestic requirements, quality, service, and specific finishes required.

Table II-4

WSSPP: Purchasing decisions based on producer and country of origin

Decision	Always	Usually	Sometimes	Never
Purchases based on producer: Purchaser's decision	4	4	9	1
Purchaser's customer's decision	0	3	12	3
Purchases based on country of origin: Purchaser's decision	2	5	9	2
Purchaser's customer's decision	0	3	13	1

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

Fifteen of the 19 responding purchasers limit their purchases to manufacturers that they have approved, which occurs through individual testing processes or through use of other companies' AMLs. This is particularly true for purchasers that sell to the oil and gas industries.

Most purchasers and their customers "sometimes" make purchasing decisions based on country of origin. Purchasers that reported country of origin as a factor in purchasing noted that in addition to AMLs, some orders will specify domestic only, or customers will request no product from China or India. Other reported reasons for basing purchasing decisions on country of origin include lead times, quality, and government restrictions.

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for WSSPP were price (all 19 firms), quality (16 firms), and availability (12 firms) (table II-5). Quality was the most frequently cited first-most important factor (cited by 11 firms),¹⁸ followed by price (4 firms); price was the most frequently reported second-most important factor (8 firms); and availability was the most frequently reported third-most important factor (8 firms).

¹⁸ Petitioners argue that once WSSPP is made to ASTM standards, the product is interchangeable and acts as a commodity product where price is the only basis of comparison. Hearing transcript, p. 35 (Van Zandt), p. 40 (Podsiad), p. 43 (Tidlow), p. 44 (Schagrin), and pp. 80-81 (Pennington). Respondents argue that WSSPP from India is perceived to be of lower quality than WSSPP from U.S. and other sources, and that these quality differences limit the competitiveness of Indian product. According to respondents, the types of factors that can lead to differences in quality include weld bead, packaging, and other cosmetic factors. Hearing transcript, p. 16 (Mendoza), p. 103 (Robinson), p. 167 (Robinson), and p. 169 (Robinson).

Table II-5
WSSPP: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Item	1st	2nd	3rd	Total
	Number of firms (number)			
Price / cost	4	8	7	19
Quality	11	4	1	16
Availability / supply	1	3	8	12
Other factors ¹	3	4	3	10

¹ Other factors include delivery, AML requirements, product range, terms, and service.

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

The majority of purchasers (11 of 19) reported that they usually purchase the lowest-priced WSSPP, with only two purchasers reporting that they always purchase the lowest-priced product.

Most of the fifteen purchasers that purchased WSSPP from one source although a comparable product was available at a lower price from another source, cited quality and delivery time. Other reasons included customer requirements, including AMLs or domestic only requirements. Five of 19 purchasers reported that certain types of product were only available from a single source. Some purchasers also noted that certain countries do not offer particular sizes, particularly longer or heavy-walled pipes, and certain specialized nickel alloys.

Purchasers were asked which factors they considered in determining the quality of WSSPP. The most common response was that the product must meet specifications or must meet relevant ASTM standards. Other identified factors that determined quality included: tolerances, finish, weld bead, packaging, test reports, and consistency.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 18 factors in their purchasing decisions (table II-6). The factors rated “very important” by more than half of the responding purchasers were product consistency and quality meets industry standards (19 each); price (17); delivery time (16); availability in required diameter (15); availability, discounts offered, and reliability of supply (14 each); expected change in nickel prices (13); delivery terms (11); and U.S. transportation costs (10).

Table II-6
WSSPP: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Number of firms reporting		
	Very	Somewhat	Not
Availability	14	4	1
Availability in required diameter	15	3	1
Contract price without surcharge	7	6	5
Delivery terms	11	6	2
Delivery time	16	1	2
Discounts offered	14	3	2
Expected change in nickel prices	13	2	4
Extension of credit	7	7	5
Minimum quantity requirements	6	6	7
Packaging	8	8	3
Price	17	2	0
Product consistency	19	0	0
Product range	9	7	3
Quality meets industry standards	19	0	0
Quality exceeds industry standards	5	11	2
Reliability of supply	14	5	0
Technical support/service	7	10	2
U.S. transportation costs	10	4	4

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

Supplier certification

Fifteen of 19 purchasers require their suppliers to become certified or qualified to sell WSSPP to their firm. Purchasers reported that the time to qualify a new supplier ranged from 1 to 120 days. Six of those purchasers reported certification processes of 30 days or less and the remaining eight that provided a number of days reported processes as long as 60-120 days. All purchasers require that WSSPP be produced to some standard, with 18 of the 19 firms requiring WSSPP meet ASTM standards and some purchasers also requiring WSSPP be produced to ASME or other standards. One purchaser requires WSSPP that meets the ASME (likely SA-312) standard rather than ASTM A-312. One purchaser reported that U.S. producers Bristol Metals and Marcegaglia had been dropped for quality reasons since January 1, 2013, noting that both mills delivered material with defective welds.¹⁹ Two other purchasers identified Indian producers (APT and Hindustan) that lost approved status or could not gain certification due to poor weld quality or failed quality testing.

¹⁹ In response to Commissioner questions, Bristol Metals reported that this quality issue had occurred with one purchaser only and Marcegaglia reported that it was not aware of any quality issues. Hearing testimony, pp. 71-72 (Pennington, Van Zandt).

Approved Manufacturers Lists

Thirteen of 19 purchasers either their customers' AMLs and/or their own internal AMLs to make purchases. Some purchasers use their customers' AMLs for all purchases to ensure that the product can be resold while others use the customer's AML only for particular purchases and at the customer's request. Of the 13 purchasers that reported using AMLs, three, ***, which together represent *** percent of reported WSSPP purchases in 2015, use only their own internal AMLs.²⁰

AMLs are most widely used in the oil and gas sector, but are also used in a number of other sectors, including petrochemicals, pharmaceuticals, wastewater, and mining.²¹ Purchaser *** also reported the use of AMLs in the pulp and paper and power sectors. The 13 purchasers that reported using AMLs were asked to report the most prominent AMLs they used for purchases. The responding purchasers reported their most prominent AMLs were in the oil and gas, chemical, and pulp and paper sectors.²² Of the six purchasers that reported not using AMLs, none reported the oil and gas sector as the end users they sell to, only one listed energy companies, and one listed chemical and petrochemical companies.²³ However, some smaller, resource-constrained companies that may or may not be in the same sector may use the larger oil and gas companies' AMLs to guide their purchases.²⁴

Depending on the type of AML the purchaser uses, shares of purchases based on AMLs can vary greatly. Petitioners argue that the AML market is a small share of the market, roughly estimating that 10 percent of total WSSPP sales are made through AMLs, down from approximately 25 percent 20 years ago.²⁵ One respondent estimated that between 30-40 percent of its sales are based on AMLs.²⁶ In follow-up questions to purchasers that reported using AMLs, purchaser *** reported that approximately 15 percent of its purchases required the use of AMLs, and that its remaining purchases were not based off of AMLs. Another purchaser, *** reported that none of its purchases require using AMLs and that approximately 16 percent of its purchases could qualify as using AMLs. Purchaser *** reported that 77 percent of its purchases require AMLs, and that 88 percent of its purchases use AMLs.²⁷

²⁰ Email messages from ***, ***, and *** to USITC staff, September 27-29, 2016. However, ***.

²¹ Respondents' posthearing brief, Responses to Commission Questions, p. 22 and exhibit 1.

²² Email messages from ***, ***, ***, ***, and *** to USITC staff, September 27-30, 2016.

²³ The other types of customers reported by the six purchasers not using AMLs included food and beverage companies, pharmaceutical firms, mechanical process pipe contractors/fabricators, paper mills, refrigeration OEMs, tunneling contractors, agriculture and well drillers, and corn processing.

²⁴ Conference transcript, pp. 85-86 (Robinson).

²⁵ Hearing transcript, p. 43 (Tidlow, Shagrin). Respondents noted that the share of the AML market is difficult to quantify. Hearing transcript, p. 137 (Planert).

²⁶ Hearing transcript, p. 136 (Robinson).

²⁷ Email messages from ***, ***, and *** to USITC staff, September 27-30, 2016.

The producers listed on AMLs vary in that not all of the major U.S. producers are included on every large AML and a number of foreign producers are included in each AML.²⁸ For the most part, these AMLs are not limited to goods produced in a particular country, with the exception of certain customer AMLs that require domestically produced WSSPP only.

U.S. producer Bristol Metals reported that the process of gaining approval to be added to an AML takes up to one month.²⁹ Importer Warren Alloy reported that it is expensive and time consuming for unapproved firms with little to no track record to be added to an AML and that it is more difficult for foreign firms to be added to AMLs than domestic firms, because proximity allows for easier inspection of mills. Allied Group, Warren Alloy's parent company, reported spending two years attempting to have subsidiary manufacturing firms added to some AMLs.³⁰ Indian producer, Steamline, suggests that it would need a presence on the market of at least seven to eight years to be able to compete with U.S. producers in the oil and gas market.³¹

Respondents argue that no major AMLs include Indian producers.³² Purchaser *** reported that Indian producers were included in both ***.³³ Two purchasers, ***.³⁴

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2013 (table II-7). A plurality of purchasers reported that purchases from domestic manufacturers had fluctuated and purchases of WSSPP from India had increased. Reasons cited for changes in sourcing included changes in prices, changes in demand, increased comfort with imports from new sources, trade actions, and the need for shorter lead times or more consistent deliveries.

Six of 18 responding purchasers reported that they had changed suppliers since January 1, 2013. Some of these firms dropped suppliers as a result of preliminary antidumping duties as well as delivery or quality issues with both foreign and domestic producers. Some firms reported adding domestic and Indian producers, and one purchaser described changes in suppliers as the regular course of searching for competitive sources.

²⁸ Hearing transcript, p. 78 (Schagrin), pp. 92-93 (Tidlow); respondents' posthearing brief, exhibit 1.

²⁹ Hearing transcript, p. 92 (Tidlow).

³⁰ Hearing transcript, p.131 (Robinson); Conference transcript, p. 84 (Robinson).

³¹ Hearing transcript, pp. 148-149 (Sharma).

³² Hearing transcript, p. 98 (Robinson).

³³ Staff telephone interview with ***. Respondents submitted ***. Respondents' posthearing brief, exhibit 1. Petitioners submitted ***. Petitioners' posthearing brief, exhibit 5. Petitioners also report that one Indian producer, Ratnamani, has advertised "approvals" from companies like Bechtel, ExxonMobil, Fluor, GE Oil & Gas on its website. Petitioners' posthearing brief, Questions from Commissioners, p. 25 and Exhibits 5 and 6.

³⁴ Staff telephone interviews with *** and ***.

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

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	0	3	4	6	6
India	7	1	7	2	1
Korea	4	2	3	4	3
Taiwan	3	2	3	5	4
All other sources	5	4	1	3	0
Unknown	5	1	2	1	1

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

Importance of purchasing domestic product

The majority of purchasers reported that purchasing U.S.-produced product was not an important factor in their purchasing decisions; an average of 81 percent of their reported purchases did not have domestic requirements. Thirteen purchasers reported that domestic product was required by law (accounting for 1 to 20 percent of their purchases) and 12 reported that domestic product was required by their customers (accounting for 2 to 32 percent of their purchases).

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing WSSPP produced in the United States, India, and nonsubject countries (including Korea and Taiwan). First, purchasers were asked for a country-by-country comparison on the factors (table II-8) for which they were asked to rate the importance.

Most responding purchasers reported that U.S. product was comparable to that from India on 10 factors: delivery terms, discounts offered, expected change in nickel prices, extension of credit, minimum quantity requirements, packaging, quality meets industry standards, quality exceeds industry standards, reliability of supply, and U.S. transportation costs. A majority of purchasers rated U.S. product as superior to Indian product on five factors: availability, availability in required diameter, delivery time, purchaser perception of quality, and technical support/service. Purchasers were evenly divided between considering U.S. product consistency and product range to be superior to or comparable to Indian product. U.S. product was rated as inferior to Indian product in terms of price, including contract price without surcharge.

Most purchasers reported similar responses when comparing both Korean and Taiwan product to that of the United States, with the exception of a few factors noted below.³⁵ Most purchasers rated U.S. product and product from Korea or Taiwan comparable on delivery

³⁵ Purchasers were also asked to compare product from Korea and Taiwan. The majority of purchasers rated product from Korea and Taiwan comparable on all factors.

terms, discounts offered, expected change in nickel prices, extension of credit, minimum quantity requirements, packaging, product consistency, purchaser perception of quality, quality meets industry standards, reliability of supply, U.S. transportation costs. U.S. product was considered to be superior to product from Korea or Taiwan with respect to availability in required diameter and delivery time. Most purchasers rated the product range of U.S. and Korean product as comparable, but rated the U.S. product range as superior to product from Taiwan. U.S. availability of product and technical support/service are considered to be superior to that of Korean product, but most purchasers consider U.S. product to be comparable to product from Taiwan on these factors.

U.S. product was rated as comparable to all other nonsubject country product on most factors. U.S. product was rated as superior to all other nonsubject sourced product on the following factors: availability, availability in required diameter, delivery time, product range, purchaser perception of quality, and technical support/service. For reliability of supply, purchasers were evenly split between U.S. product being superior and comparable to all other nonsubject country product. U.S. product was considered inferior to all other nonsubject country product on price, and equally split between comparable and inferior on contract price without surcharge.

Most purchasers rated WSSPP from India as comparable to product from Korea and Taiwan on 15 factors: availability in required diameter, contract price without surcharge, delivery terms, discounts offered, expected change in nickel prices, extension of credit, minimum quantity requirement, packaging, product consistency, product range, quality meets industry standard, quality exceeds industry standard, reliability of supply, technical support/service, and U.S. transportation costs. In terms of availability, most purchasers considered WSSPP from India to be comparable to that of Korea, while 5 of 12 purchasers considered WSSPP from India to be inferior to that of Taiwan. Most purchasers reported that WSSPP from India was reported to be comparable to that of Korea on delivery time, but 5 of 10 reported it to be comparable to that of Taiwan. With respect to price, 6 of 13 purchasers reported product from India to be superior to that of Korea and 6 reported it to be comparable, while 6 of 12 purchasers reported that WSSPP from India is superior to that of Taiwan and 5 of 12 reported that the product was comparable. Finally, most purchasers reported that the purchaser perceptions of quality of WSSPP from India is comparable to that of Taiwan, but the 12 reporting purchasers were evenly divided between Indian product being comparable and inferior to that of Korea.

Table II-8

WSSPP: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting					
	United States vs. India			United States vs. Korea		
	S	C	I	S	C	I
Availability	10	4	2	8	4	2
Availability in required diameter	9	4	1	7	6	1
Contract price without surcharge	0	5	9	0	5	8
Delivery terms	3	8	2	2	9	2
Delivery time	11	3	0	11	3	0
Discounts offered	0	7	6	0	7	4
Expected change in nickel prices	0	11	1	0	12	0
Extension of credit	3	10	1	3	10	0
Minimum quantity requirements	3	10	0	2	11	0
Packaging	4	7	1	2	9	1
Price ¹	0	2	13	0	4	9
Product consistency	7	7	0	2	11	1
Product range	6	6	1	4	7	2
Purchaser perception of quality	10	4	0	4	10	0
Quality meets industry standards	4	11	0	1	13	0
Quality exceeds industry standards	3	10	1	1	11	1
Reliability of supply	4	7	2	2	11	0
Technical support/service	9	3	0	8	4	0
U.S. transportation costs ¹	2	8	4	2	7	4
Factor	United States vs. Taiwan			United States vs. all other sources		
	S	C	I	S	C	I
Availability	6	7	2	5	2	2
Availability in required diameter	10	5	0	5	2	2
Contract price without surcharge	0	7	7	1	4	4
Delivery terms	1	12	1	2	5	2
Delivery time	8	6	0	6	3	0
Discounts offered	0	9	4	0	6	2
Expected change in nickel prices	0	13	0	0	8	0
Extension of credit	2	12	0	3	5	0
Minimum quantity requirements	3	11	0	3	6	0
Packaging	1	12	1	1	6	1
Price ¹	0	3	11	0	2	7
Product consistency	3	12	0	3	6	0
Product range	8	6	0	5	3	1
Purchaser perception of quality	5	10	0	6	3	0
Quality meets industry standards	0	15	0	1	8	0
Quality exceeds industry standards	1	12	1	3	6	0
Reliability of supply	2	10	2	4	4	1
Technical support/service	5	8	0	6	2	0
U.S. transportation costs ¹	1	10	3	1	6	2

Table continued.

Table II-8 -- Continued

WSSPP: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting					
	India vs. Korea			India vs. Taiwan		
	S	C	I	S	C	I
Availability	2	7	3	3	4	5
Availability in required diameter	2	6	3	3	6	2
Contract price without surcharge	4	8	1	4	6	1
Delivery terms	0	7	4	2	6	2
Delivery time	1	8	3	2	5	3
Discounts offered	3	7	1	3	7	1
Expected change in nickel prices	0	9	1	0	8	1
Extension of credit	0	8	3	0	8	2
Minimum quantity requirements	0	10	2	2	8	1
Packaging	0	8	3	0	8	2
Price ¹	6	6	1	6	5	1
Product consistency	0	7	5	0	8	3
Product range	1	8	2	2	8	1
Purchaser perception of quality	0	6	6	0	8	3
Quality meets industry standards	0	9	3	0	9	3
Quality exceeds industry standards	0	6	4	0	7	4
Reliability of supply	1	7	3	1	7	3
Technical support/service	1	6	3	1	6	2
U.S. transportation costs ¹	0	11	1	0	9	1
Factor	India vs. all other sources					
	S	C	I			
Availability	1	4	4			
Availability in required diameter	1	4	4			
Contract price without surcharge	2	6	1			
Delivery terms	0	6	3			
Delivery time	0	5	4			
Discounts offered	2	6	1			
Expected change in nickel prices	0	7	1			
Extension of credit	0	4	4			
Minimum quantity requirements	0	7	2			
Packaging	0	5	3			
Price ¹	4	5	1			
Product consistency	0	5	4			
Product range	0	6	3			
Purchaser perception of quality	0	4	5			
Quality meets industry standards	0	7	2			
Quality exceeds industry standards	0	6	3			
Reliability of supply	1	5	3			
Technical support/service	0	5	3			
U.S. transportation costs ¹	0	8	1			

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 list country's product is inferior.

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

Comparison of U.S.-produced and imported WSSPP

In order to determine whether U.S.-produced WSSPP can generally be used in the same applications as WSSPP from India, 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-9, four of five responding U.S. producers report that U.S. product was “always” interchangeable with that of India, and one U.S. producer reported that U.S. product was “frequently” interchangeable with that of India. For all other country pairings, responding U.S. producers reported that products were either “always” or “frequently” interchangeable.

Table II-9

WSSPP: Interchangeability between WSSPP produced in the United States and in other countries, by country pairs

Country pair	U.S. Producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. India	4	1	0	0	0	2	4	0	7	4	6	0
United States vs. Korea	4	1	0	0	0	4	2	1	8	8	1	0
United States vs. Taiwan	4	1	0	0	0	3	2	0	9	5	4	0
United States vs. Other	4	1	0	0	0	3	3	0	5	5	3	0
India vs. Korea	3	1	0	0	0	2	4	0	8	5	4	0
India vs. Taiwan	3	1	0	0	0	3	2	0	9	6	1	0
India vs. Other	3	1	0	0	0	3	3	0	5	5	3	0
Korea vs. Taiwan	3	1	0	0	0	3	2	0	9	5	3	0
Korea vs. Other	3	1	0	0	0	3	3	0	5	4	4	0
Taiwan vs. Other	3	1	0	0	0	3	3	0	5	5	3	0

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

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

Most importers (four of six) reported that U.S. product was “sometimes” interchangeable with product from India, and the remaining two importers reported that it was “frequently” interchangeable. No responding importer reported that products were “always” interchangeable for any of the country pairs. Most importers reported that WSSPP was either “frequently” or “sometimes” interchangeable between country pairs. Some importers noted that although the product itself may be interchangeable, pricing, requirements for domestically produced product or use of AMLs, and perceptions of quality may limit the degree of interchangeability.³⁶ *** noted that AMLs may limit interchangeability, as many end users do not include Indian producers on their AMLs due to quality concerns.

³⁶ Respondents distinguish between “approved” (AML) and “generic” (non-AML) sales and contend that AMLs are “one factor, among several, that differentiates Indian-produced WSSPP (whose producers are not on the major end-user AMLs) from domestically-produced WSSPP and from imports from Taiwan and Korea.” Hearing transcript, pp. 97-98 (Robinson); Respondents’ posthearing brief, p. 4.

(continued...)

Of the 17 responding purchasers, 7 reported that U.S. product was “always” interchangeable with product from India, 4 reported that the product was “frequently” interchangeable, and 6 reported that it was “sometimes” interchangeable. For all other country pairings, most purchasers reported WSSPP as “always” or “frequently” interchangeable. As with importers, responding purchasers stated that beyond domestically-produced requirements and AMLs, WSSPP from India is often interchangeable with domestic product.

As can be seen from table II-10, all responding purchasers reported that WSSPP from all sources “always” or “usually” meets minimum quality specifications, with the exception of India, for which 12 of the 14 responding purchasers reported “always” or “usually,” but two firms reported that Indian product only “sometimes” meets minimum quality specifications.

Table II-10
WSSPP: Ability to meet minimum quality specifications, by source¹

Source	Always	Usually	Sometimes	Rarely or never
United States	9	9	0	0
India	5	7	2	0
Korea	5	9	0	0
Taiwan	7	9	0	0
Other	3	3	0	0

¹ Purchasers were asked how often domestically produced or imported WSSPP meets minimum quality specifications for their own or their customers' uses.

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

In addition, U.S. producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of WSSPP from the United States, India, or nonsubject countries. As seen in table II-11, most or all responding producers stated that factors other than price are “never” significant in sales of WSSPP. Four of the six responding importers reported that factors other than price are “always” or “frequently” significant in their firm’s purchases of WSSPP from India. Some of the factors reported by importers include quality and delivery time when purchasing from India. Firms reported that Indian product is perceived to be of lesser quality and some importers had experienced problems with alloy mix and inconsistent welds. For the remaining country pairs, most importers reported that factors other than price were “frequently” or “sometimes” important in purchasing.

(...continued)

Petitioners report that “the market for this product is not separated into distinct segments for domestic and imported products. These products are interchangeable and there is no bifurcated market. A product either meets specification or it does not. With only limited exceptions, if a product meets spec, an end user does not care where it comes from.” Hearing transcript, p. 31 (Podsiad).

Table II-11**WSSPP: Significance of differences other than price between WSSPP produced in the United States and in other countries, by country pairs**

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. India	1	0	0	4	1	3	1	1	6	2	7	2
United States vs. Korea	1	0	0	4	0	1	3	1	3	2	10	2
United States vs. Taiwan	1	0	0	4	1	1	1	1	5	2	9	2
United States vs. Other	1	0	0	4	0	2	3	1	2	2	9	0
India vs. Korea	0	0	0	3	0	1	1	1	5	2	6	2
India vs. Taiwan	0	0	0	3	1	1	1	1	5	1	6	4
India vs. Other	0	0	0	3	0	2	3	1	3	0	9	1
Korea vs. Taiwan	0	0	0	4	1	1	1	1	5	2	7	3
Korea vs. Other	0	0	0	4	0	1	3	1	3	1	9	0
Taiwan vs. Other	0	0	0	4	0	1	3	1	3	0	9	1

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

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

Eight of the 17 responding purchasers reported that differences other than price were “always” or “frequently” important in choosing between domestic and Indian product. Seven purchasers reported that differences other than price were “sometimes” important and two reported that differences were “never” important. Some of the factors reported by purchasers include delivery times; use of AMLs, which may not include Indian manufacturers; quality; and product range. For all other country pairs, most purchasers reported that differences other than price were “sometimes” significant.

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties did not comment on these estimates.

U.S. supply elasticity

The domestic supply elasticity³⁷ for WSSPP measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of WSSPP. 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 WSSPP. Analysis of these factors earlier indicates that the U.S. industry has the ability to make large increases in shipments to the U.S. market; an estimate in the range of 5 to 7 is suggested.

³⁷ A supply function is not defined in the case of a non-competitive market.

U.S. demand elasticity

The U.S. demand elasticity for WSSPP measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of WSSPP. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the WSSPP in the production of any downstream products. Based on the available information, the aggregate demand for WSSPP 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.³⁸ 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, approved manufacturer lists, etc.). Based on available information, the elasticity of substitution between U.S.-produced WSSPP and imported WSSPP is likely to be in the range of 2 to 4.

³⁸ 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 and dumping margins 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 the vast majority of U.S. production of WSSPP during 2015.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to seven firms based on information contained in the petition. Five firms provided questionnaires with useable data on their productive operations.¹ Staff believes that these responses represent the vast majority of U.S. production of WSSPP.

Table III-1 lists U.S. producers of WSSPP, their production locations, positions on the petition, and shares of total production, and identifies corporate ownership.

¹ Alaskan Copper only produced *** short tons of WSSPP in 2015. In light of Alaskan Copper's limited participation in the WSSPP market, staff did not request the firm to complete an entire questionnaire response. In addition, Rath Gibson did not provide a questionnaire response. Staff believes that Rath Gibson's WSSPP operations are similarly limited (in 2013, Rath Gibson accounted for *** percent of total U.S. production of WSSPP). *Investigation Nos. 731-TA-1210-1212 (Final): Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam—Staff Report*, June 12, 2014, INV-14-058, table III-1. Promotional material for Rath Gibson shows that it can produce A 312 grade pipe and tube in the sizes covered by the scope of these investigations (see table III-4).

Table III-1

WSSPP: U.S. producers of WSSPP, their positions on the petition, production locations, and shares of reported production, 2015

Firm	Position on petition	Production location(s)	Share of production (percent)
Alaskan Copper and Brass Co. ¹	***	Seattle, WA	***
Bristol Metals ²	Petitioner	Bristol, TN	***
Felker Brothers	Petitioner	Glasgow, KY	***
Marcegaglia ³	Petitioner	Munhall, PA	***
Outokumpu ⁴	Petitioner	Wildwood, FL	***
Rath Gibson ⁵	***	***	***
Webco	***	Mannford, OK Kellyville, OK	***
Total			100.0

¹ Alaskan Copper and Brass Co. produced approximately *** tons of WSSPP in 2015.

² Bristol Metals is fully owned by Synalloy, located in Spartanburg, South Carolina.

³ Marcegaglia is fully owned by Marcegaglia SpA, located in Mantova, Italy, also a producer of WSSPP.

⁴ Outokumpu is fully owned by Outokumpu Americas Inc., located in of Calvert, Alabama.

⁵ Rath Gibson did not provide a questionnaire response.

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

As indicated in table III-1, one U.S. producer, Marcegaglia, is related to the Italian foreign producer of WSSPP, Marcegaglia SpA. Marcegaglia, however, does not import any WSSPP, nor did any other petitioning firm. Furthermore, no petitioning firm reported purchasing WSSPP from India.² Alaskan Copper did directly import small quantities of WSSPP (***), but from ***.

Table III-2 presents information on U.S. producers' reported changes in operations, since January 1, 2013.

Table III-2

WSSPP: U.S. producers' reported changes in operations since January 1, 2013

* * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-3 presents data on U.S. producers' overall capacity and production using the same equipment and machinery used to produce WSSPP.³ Products other than WSSPP accounted for a substantial minority of U.S. producers' total production of products made on

² ***.

³ The Commission's questionnaire sought data on U.S. producers' production of specifically excluded tubing made on the same equipment and machinery used to produce WSSPP. These products include ASTM A 534, A 249, A 688, A 269, and A 270. No U.S. producer reported any production of these products on shared equipment.

the same equipment and machinery used to produce WSSPP.⁴ *** of the five reporting firms reported that they produced other products on the same equipment and machinery used to produce WSSPP.⁵ *** firms, *** reported production of out-of-scope large diameter pressure pipe.⁶ *** also produced other products on this equipment and machinery.⁷

Table III-3
WSSPP: U.S. producers' capacity, production, and capacity utilization, 2013-15, January to March 2015, and January to March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
Overall capacity	75,996	75,996	72,588	18,114	17,989
Production: WSSPP	25,849	30,827	22,682	6,240	6,753
Out-of-scope large diameter pressure pipe	***	***	***	***	***
Excluding tubing	***	***	***	***	***
All other products	***	***	***	***	***
All out-of-scope products	13,274	13,201	12,008	2,356	3,071
Total production on same equipment	39,123	44,028	34,690	8,596	9,824
	Ratio and shares (percent)				
Overall capacity utilization	51.5	57.9	47.8	47.5	54.6
Share of production: WSSPP	66.1	70.0	65.4	72.6	68.7
Out-of-scope large diameter pressure pipe	***	***	***	***	***
Excluding tubing	***	***	***	***	***
All other products	***	***	***	***	***
All out-of-scope products	33.9	30.0	34.6	27.4	31.3
Total production on same equipment	100.0	100.0	100.0	100.0	100.0

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

⁴ For full-year data during 2013-15, ***. During this period, these other products accounted for no less than ***. In light of this and the absence of A-312 or A-778 product in its marketing material, ***.

⁵ *** ***, ***.

⁶ ***.

⁷ "All other products" includes high-alloy tube, A 358 grade, fitting grade pipe, heat exchanger tubing, oil and gas tubing, and feedwater tubing.

Overall capacity was the same in 2013 and 2014, and capacity utilization increased during this timeframe. The product mix, however, changed during this period. More WSSPP and out-of-scope large diameter pressure pipe, but less other product, was produced.⁸ Overall capacity decreased from 2014 to 2015, along with production of WSSPP and out-of-scope large diameter pressure pipe products. The decrease in overall production outpaced the decrease in overall capacity, yielding the lowest full-year overall capacity utilization rate in 2015.

The Commission's questionnaire collects information on the bases firms used to report capacity. Responses from each responding producer to these questions and staff's additional inquiries are summarized below.

- Bristol Metals reported capacity based on operating *** hours per week, *** weeks per year. In response to staff's inquiry on when it last operated at this rate, Bristol reported that of its *** continuous mills, *** were utilized at *** hours per week at some point during ***. Bristol reported that it has routinely run its equipment at this schedule, in some instances at a higher rate, and could ***. Further, Bristol noted that the same equipment is run *** shift per week if demand is not strong enough to support production. In this case, workers ***.⁹
- Felker Brothers reported capacity based on operating *** hours per week, *** weeks per year. In response to staff's inquiry on when it last operated at this rate, it stated that it has *** mills that produce WSSPP, ***.¹⁰
- Marcegaglia reported capacity based on operating *** hours per week, ***¹¹ weeks per year, for *** mills at *** shifts per day, *** days per week. In response to staff's questions, Marcegaglia noted that operating at *** hours per week is based on *** that it can run production, but "this is ***."¹² Marcegaglia runs at least one of its mills for *** shifts a day, *** days a week for several periods each year and ran one of its mills at this level during nearly all of 2014.¹³
- Outokumpu reported capacity based on operating *** hours per week, *** weeks per year. Outokumpu acknowledged that it has been "****" since it ran ***,

⁸ ***. E-mail from ***, August 1, 2016. This was further corroborated by petitioners' posthearing brief, which, in reference to the apparent "shift" in *** production from 2013 to 2014, explained that ***. Petitioners' posthearing brief, fn 3, p. 5. Accordingly, staff adjusted ***.

⁹ E-mail from ***, August 1, 2016.

¹⁰ E-mail from ***, August 5, 2016.

¹¹ Unlike the other petitioners, Marcegaglia did not report ***.

¹² E-mail from ***, August 9, 2016.

¹³ E-mail from ***, September 30, 2016.

but noted that in ***, prior to *** it ran at *** capacity. Outokumpu continued, stating that ***.”¹⁴ Outokumpu also reported that ***.

- Webco reported capacity based on operating *** hours per week, *** weeks per year. Compared to other producers, Webco reported ***. Unlike other U.S. producers, the ***. ***. Webco does not list A-312 or A-778 on its tubing products’ product linesheet.¹⁵

Additional information, including the size ranges, specifications, and grades of stainless steel tubular products (including nonsubject welded stainless steel pipe) manufactured by domestic producers, is presented in table III-4.

Table III-4
WSSPP: Welded 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)	0.625-48 inches	A 249, A 269, A 312, A 358, A 376, A 409, A 554, A 778	303, 304, 304L, 309, 310, 316, 316L, 317L, 321, 347, 347, 630 (17-4), 6 Moly (AL-6XN, 254SMO), nickel based (Hastelloys, 625, 800, 20CB3, Monel), titanium, zirconium, Duplex (220, Ferralium, etc.)
Bristol (Bristol, TN)	0.5 -36 inches	A249, A269, and A249/A269 A 312, A358, A778, A 999	304/304L, 304, 304L, , 304H, 309S, 309H, 310S, 310H, 316/316L, 316, 316L, 316H, 317, 317L, 317LMN, 321, 321H, 347, 347H, 348, 348H, AL 611.
Felker (Glaskow, KY) (Marshfield, WI)	2-96 inches	A249/A269, A 312, A 358, A 774, A 778, A 999	304/304L, 304L, 316L, 316/316L
Marcegaglia (Monhall, PA)	0.250-12.750 inches	A 249, A 268, A 269, A 312, A 554, A 668, A 778, A 789, A 790, B 468, B464, B 515, B 516, B513, B 619, B 626, B 673, B 674, B675, B 676, B 704, B 705, B 725	304, 304L, 316, 316L, 316Ti, 317, 317L, 309, 309S, 310, 310S, 321, 347, 347H, 254SMO, 20, 800, 800H, AL6XN, 25-6MO, 904LV, 409, 430, 430Ti, 439, 29-4C, 2003, 2101, 2205, 2304, 2507, 200, 201, 600, 625, 825, C276

Table continued on next page.

¹⁴ E-mail from ***, August 11, 2016.

¹⁵ Webco product linesheet, found at “<http://www.webcotube.com/>,” retrieved September 30, 2016.

Table III-4 -- Continued

WSSPP: Welded 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
Outokumpu (Wildwood, FL)	.840-120 inches	A 312, A 358, A 778, A 790, A 928	153 MA, 253 MA, 304, 304L, 304H, 310S, 316, 316L, 316H, 317, 317L, 317LM, 317LMN, 321, 321H, 347, 347H, 309S, 309H, 904L, DX 2205 Code Plus Two, SDX 2507, LDX 2101, Zeron, 254 SMO, 25- 6MO, 1925HMO, C276, 600, 601, 622, 625, 800, 800H, 800HT, 825, B-2, B-3, C-4, C- 22, C-276, C-2000, G-30, Alloy 20,
Rath Gibson (Clarksville, AR) (Janesville, WI) (North Branch, NJ)	0.063-8 inches	A 249, A 269, A 270, A 312, A 626, A 632, A 688, A 789, A 790, A 803, B 338, B 704, B 705	304, 304H, 304L, 316, 316L, 317, 317L, 625, 825, Duplex 2205, Lean Duplex 19D, Lean Duplex 2003, Lean Duplex 2101, Lean Duplex 2304, Super Duplex 2507, titanium grade 2
Webco (Mannford, OK) (Kellyville, OK)	0.125-2.5 inches	A 249, A 268, A 269, A 270, A 312, A 626, A 688, A 789, A 803, A 1016, B 338, B 704	304, 304H, 304L, 304LN, 316, 316L, 316N, 316LN, 317, 317L, AL-6XN, 409, 439 (XM-8), E- BRITE (XM-27), AL29-4C, 2003, 2101, 2205, 2507, titanium grades 2 and 7 tubing, welded UNS N06686, 18CRCB, Welded UNS N06626 and UNS N08825 alloy tubes

Source: Alaskan, Bristol, Felker, Marcegaglia, Outokumpu, RathGibson and Webco websites.

Table III-5 presents data on U.S. producers' production, capacity, and capacity utilization for WSSPP. Capacity increased slightly from 2013 and 2014 but declined slightly from 2014 to 2015. Changes in capacity are due to *** reporting less available capacity from 2014 to 2015 because of a shift in its product mix and because for ***.¹⁶

¹⁶ ***.

Table III-5
WSSPP: U.S. producers' production, capacity, and capacity utilization, 2013-15, January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
Bristol Metals	***	***	***	***	***
Felker Brothers	***	***	***	***	***
Marcegaglia	***	***	***	***	***
Outokumpu	***	***	***	***	***
Webco	***	***	***	***	***
Capacity	62,201	62,853	59,171	14,990	15,200
	Production (short tons)				
Bristol Metals	***	***	***	***	***
Felker Brothers	***	***	***	***	***
Marcegaglia	***	***	***	***	***
Outokumpu	***	***	***	***	***
Webco	***	***	***	***	***
Production	25,849	30,827	22,682	6,240	6,753
	Ratio (percent)				
Bristol Metals	***	***	***	***	***
Felker Brothers	***	***	***	***	***
Marcegaglia	***	***	***	***	***
Outokumpu	***	***	***	***	***
Webco	***	***	***	***	***
Capacity utilization	41.6	49.0	38.3	41.6	44.4

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

From 2013 to 2014, WSSPP production increased by 19.3 percent, but then decreased by 26.4 percent from 2014 to 2015, resulting in an overall decrease of 12.3 percent during 2013-15. The increase in production from 2013 to 2014 largely reflects *** increased output.¹⁷ Nevertheless, *** reported increased production during this period.¹⁸ The decrease in production from 2014 to 2015 is also largely attributable to ***.¹⁹ *** U.S. producers reported lower production volumes in 2015 compared to 2014 and *** reported lower production volumes in 2015 compared to 2013. The *** U.S. producers that experienced an overall increase in production from 2013 to 2015 showed a combined increase of *** short tons. U.S. producers' production in January-March 2016 was slightly greater than during January-March 2015.

¹⁷ *** went from being the *** U.S. producer of WSSPP in 2013 to being the *** in 2014 with a *** short tons increase in production.

¹⁸ ***.

¹⁹ From 2014 to 2015, *** production volume decreased by *** short tons, cutting its production volume by approximately ***.

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

Table III-6 presents U.S. producers' U.S. shipments,²⁰ export shipments, and total shipments. Commercial U.S. shipments accounted for more than 90 percent of the total volume of WSSPP shipments for each full and partial period.²¹ U.S. producers' exports accounted for no more than *** percent of total shipment volume during any period for which data were collected in these investigations.²²

U.S. producers' U.S. shipments increased by 8.5 percent from 2013 to 2014. U.S. producers' total shipments also increased from 2013 to 2014, by 7.3 percent (1,934 short tons), even though there were slight decreases in internal consumption and export shipments. U.S. producers' U.S. shipments decreased by 18.7 percent from 2014 to 2015, resulting in an overall decrease of 11.8 percent since 2013.

After increasing by 2.6 percent from 2013 to 2014, the unit value of U.S. producers' U.S. shipments decreased from 2014 to 2015 by 9.5 percent, with an overall decrease of 7.1 percent from 2013 to 2015. U.S. producers' U.S. shipment unit values reached their lowest level in interim 2016 (\$2,959 per short ton compared to its peak of \$4,227 per short ton in interim 2015).

Table III-6
WSSPP: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2013-15,
January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Quantity (short tons)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Subtotal, U.S. shipments	26,073	28,299	23,006	5,614	7,109
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Value (1,000 dollars)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Subtotal, U.S. shipments	104,362	116,233	85,540	23,728	21,038
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

Table continued on next page.

²⁰ No U.S. producer reported transfers of WSSPP.

²¹ A small amount of internal consumption was reported. ***. ***.

²² The small amount of exports was destined for ***.

Table III-6 -- Continued
WSSPP: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2013-15,
January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Unit value (dollars per short ton)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Subtotal, U.S. shipments	4,003	4,107	3,718	4,227	2,959
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of quantity (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Subtotal, U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Subtotal, U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0

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

U.S. PRODUCERS' INVENTORIES

Table III-7 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. U.S. producers' inventory, like production and shipments, increased from 2013 to 2014 but decreased from 2014 to 2015.²³ In 2014, end-of-period inventories reached their highest annual level, a 51.8 percent increase over 2013. Although end-of-period inventories were lower in 2015 compared to their levels in 2014, their ratios to shipments and production were at their highest full-year levels in 2015.

²³ *** . *** .

Table III-7
WSSPP: U.S. producers' inventories, 2013-15, January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. producers' end-of-period inventories	4,595	6,974	6,301	7,422	6,009
	Ratio (percent)				
Ratio of inventories to-- U.S. production	17.8	22.6	27.8	29.7	22.2
U.S. shipments	17.6	24.6	27.4	33.1	21.1
Total shipments	***	***	***	***	***

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

None of the five responding U.S. producers reported direct imports of WSSPP from January 2013 to March 2016.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-8 shows U.S. producers' employment-related data.²⁴ Production and related workers, total hours worked, and wages paid were all lower in 2015 compared to 2013 and were lower in January-March 2016 compared to January-March 2015. The number of production and related workers was relatively stable from 2013 to 2014 but decreased by 12.3 percent from 2014 to 2015.²⁵ As noted above, *** reduced its workforce by *** percent since January 2015.²⁶ *** reported fewer production and related workers in 2015 compared to 2014.²⁷ The number of production and related workers in January-March 2016 was 36 fewer than in January-March 2015, even though production was 8.2 percent higher in interim 2016 compared to interim 2015. Productivity peaked in 2014, coinciding with an increase in production and relatively small decrease in production and related workers from 2013.

²⁴ In January 2013, Outokumpu idled two mills making two-inch diameter pipe at its Florida plant. Fifteen workers were laid off at that time. Hearing transcript, pp. 30-31 (Podsiad).

²⁵ *** reported fewer production and related workers in 2014 compared to 2013 but this was mostly offset by gains reported by ***.

²⁶ Bristol testified that it runs its two-inch and smaller diameter mills one or two shifts per week instead of five or up to ten shifts. Hearing transcript, p. 25 (Pennington).

²⁷ In August 2015, Outokumpu laid off 15 workers and the remaining workers hours were reduced to 32-hours per week. Hearing transcript, pp. 30-31 (Podsiad).

Table III-8**WSSPP: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2013-15, January-March 2015, and January-March 2016**

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Production and related workers (number)	294	292	256	261	225
Total hours worked (1,000 hours)	619	567	478	135	116
Hours worked per PRW (hours)	2,105	1,942	1,867	517	516
Wages paid (\$1,000)	11,844	10,768	9,656	2,728	2,337
Hourly wages (dollars per hour)	\$19.13	\$18.99	\$20.20	\$20.21	\$20.15
Productivity (short tons per 1,000 hour)	41.8	54.4	47.5	46.2	58.2
Unit labor costs (dollars per short tons)	\$458.20	\$349.30	\$425.71	\$437.18	\$346.07

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

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 16 firms believed to be importers of WSSPP, as well as to all U.S. producers of WSSPP.^{1 2} Usable questionnaire responses were received from nine companies, representing virtually all known U.S. imports from India.³ Nonsubject imports, specifically those from Korea and Taiwan, accounted for a substantial portion of U.S. imports of WSSPP. Questionnaire responses also account for virtually all imports from these two sources. U.S. imports from other nonsubject countries, namely Malaysia, Thailand, and Vietnam, were present in 2013, but were almost non-existent following affirmative preliminary determinations by Commerce in January 2014 during prior trade remedy investigations. Table IV-1 lists all responding U.S. importers of WSSPP from India and other sources, their locations, and their shares of U.S. imports, in 2015.

¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have accounted for more than one percent of total imports under HTS subheadings 7306.40.50 and 7306.40.10 during January 2013-March 2016.

² Import data are based on several sources. Import data for India, Korea, and Taiwan are based on Commission questionnaire responses. U.S. imports from Malaysia, Thailand, and Vietnam in 2013 are based on data reported in *Investigation No. 731-TA-1210-1212 (Final): Welded Stainless Pressure Pipe from Malaysia, Thailand, and Vietnam*—Corrections to the Staff Report, pp. IV-4 and IV-15, June 18, 2014, INV-MM-059. U.S. imports from China (all periods) and Malaysia, Thailand and Vietnam (2014 forward) are based on proprietary Customs records using HTS statistical reporting numbers under which in-scope merchandise is primarily classifiable (7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085), and HTS statistical reporting numbers under which it may also be classified (7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090 (“secondary” HTS statistical reporting numbers)) for imports that were assessed initial antidumping and/or countervailing duties (“dutied”) at the time of entry. U.S. imports from all other sources are based on proprietary Customs records using HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 (excluding those importers of record that certified their imports under these statistical reporting numbers are out-of-scope merchandise). Staff believes that very little WSSPP is imported under the “secondary” HTS statistical reporting numbers. The importers’ questionnaire requested data on imports of WSSPP that entered under the secondary HTS statistical reporting numbers, and no importer reported any such entries. Furthermore, proprietary Customs data show that from January 2013 to March 2016, a total of only *** short tons of dutied imports of WSSPP entered under these HTS statistical reporting numbers.

³ Questionnaire responses show a greater volume of imports from India than official import statistics. Importer ***. E-mail from ***, August 24, 2016.

**Table IV-1
WSSPP: U.S. importers by source, 2015**

Firm	Headquarters	Share of imports by source (percent)					
		India	Korea	Taiwan	All other sources	Nonsubject	Total imports
Alaskan Copper & Brass Company	Kent, WA	***	***	***	***	***	***
Comprador Inoxidable Inc., DBA Comprinox	Petaluma, CA	***	***	***	***	***	***
DNow ¹	Houston, TX	***	***	***	***	***	***
Merit Brass Company	Cleveland, OH	***	***	***	***	***	***
Norca	Lake Success, NY	***	***	***	***	***	***
SeAH	Irvine, CA	***	***	***	***	***	***
Silbo	Montvale, NJ	***	***	***	***	***	***
Ta Chen	Long Beach, CA	***	***	***	***	***	***
Warren Alloy	Houston, TX	***	***	***	***	***	***
Total		***	***	***	***	***	***

¹ DNow ***.

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

The *** importers of WSSPP from India are Merit Brass, Silbo, and Warren Alloy.⁴ Warren Alloy and Merit Brass were the *** importers of WSSPP from India in 2015. Both are master distributors of WSSPP.⁵

According to Warren Alloy, the imposition of antidumping duty orders on imports from Malaysia, Thailand, and Vietnam reduced the supply of WSSPP.⁶ Increasing demand in 2014 led to increasing import volumes from not only India but also from Korea and Taiwan.⁷ Until 2013, Merit Brass filled its import needs with imports from Thailand, Malaysia, and Vietnam, but stopped importing from those countries as a result of prior trade remedy investigations.⁸ Warren Alloy and Merit Brass argue that imports have had a consistent presence in the U.S. market because the domestic industry cannot supply the entire U.S. market. Warren Alloy

⁴ Warren Alloy and Silbo were interested parties before the Commission during Inv. Nos. 731-TA-1210-1212 (Final): Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam while Merit Brass was an interested party before the Commission during the preliminary phase of these investigations.

⁵ Warren Alloy is a master distributor of stainless steel and alloy pipe, butt weld fittings, forged fittings, flanges and valves. As such, it stocks a broad range of stainless pipe in a variety of sizes, as well as the valves, fittings, and flanges that matches them. This array of products, and machining modifications it makes to them and its services, provides a one-stop just-in-time shopping experience for its customers. Hearing transcript, pp. 96-97 (Robinson). Merit Brass stocks a complete line of stainless pipe in a wide variety of sizes, as well as fittings, flanges and valves and is also a U.S. manufacturer and a master distributor of nipples from stainless pipe. Conference transcript, p. 57 (Lipp).

⁶ Imports from Malaysia, Thailand, and Vietnam were characterized as “generic” WSSPP and that imports from India replaced them. Hearing Transcript, p. 129 (Robinson).

⁷ Hearing transcript, p. 103-104 (Robinson).

⁸ Conference transcript p. 59 (Lipp).

faults the domestic industry for emphasizing investments in equipment and machinery for large-diameter pressure pipe (*i.e.*, greater than 14-inches) rather than for subject merchandise.⁹

The *** importers of WSSPP are Ta Chen, an importer of WSSPP from ***,¹⁰ and SeAH, an importer of *** WSSPP.¹¹ Combined, imports from *** accounted for more than one-half of total imports during the periods for which data were collected.

Ta Chen, which imports WSSPP from its ***, was the *** importer of WSSPP during January 2013 to March 2015. As discussed in Part I, an antidumping duty order has been in place in imports from Taiwan since 1999, but the order for Ta Chen was revoked on merchandise entered on or after December 1, 1998. Not only was Ta Chen the *** of WSSPP, it was also the *** of WSSPP in the United States. Ta Chen's U.S. shipments were equivalent to no less than *** percent – and up to *** percent – of U.S. producers' U.S. shipments during any period for which data were collected in these investigations.

SeAH, which *** imported WSSPP from ***, was the *** importer of WSSPP during January 2013 to March 2015. ***

Respondents argued that imports from Korea ***¹² and that imports from Taiwan ***.¹³ Because nonsubject import volumes are larger than subject import volumes and petitioners' inability to trace lost sales and lost revenues because their sales take place through service centers, respondents argued that nonsubject imports are more likely responsible for domestic industry's lost sales and lost revenues.¹⁴ Petitioners noted that while Korean WSSPP prices tended ***.¹⁵ Imports from Taiwan, petitioners contend, were a steady presence in the market, with prices that tended to be *** and, accordingly, were not causes of price suppression or price depression.¹⁶

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of WSSPP from India, individual countries that have been subject to U.S. trade remedy investigations,¹⁷ and other sources. U.S. imports for WSSPP from India increased by 529.1 percent from 2013 to 2014.¹⁸ Subject imports decreased from 2014 to 2015, but were still over five times greater in 2015 compared to 2013. During January-March 2016, U.S. imports from India were less than *** their volume from the same

⁹ Hearing transcript, pp. 100-101 (Robinson).

¹⁰ Ta Chen's imports account for ***.

¹¹ SeAH's imports account for ***.

¹² Indian producers' and importers' prehearing brief, p. 39.

¹³ Indian producers' and importers' prehearing brief, p. 40.

¹⁴ Indian producers' and importers' prehearing brief, p. 41.

¹⁵ Petitioners' prehearing brief, pp. 17-19.

¹⁶ Petitioners' prehearing brief, p. 14.

¹⁷ This includes China, Korea, Malaysia, Taiwan, Thailand, and Vietnam.

¹⁸ Warren Alloy explained that it had previously engaged in business in India for some of its other product lines so when it lost sources of other "generic" product and demand for WSSPP grew in 2014, it developed new suppliers in India. Hearing transcript, p. 105 (Robinson).

period of 2015. As U.S. imports of WSSPP from India increased, so too did their share of all imports, rising from 8.9 percent in 2013 to 38.0 percent in 2015. In January-March 2016, U.S. imports of WSSPP from India accounted for *** percent of total imports, slightly more than *** of their share in January-March 2015.

Total U.S. imports exhibited a similar trend as U.S. imports from India: increasing from 2013, then decreasing from 2014 to 2015, but still posting larger volumes in 2015 compared to 2013. Unlike U.S. imports from India, total U.S. imports during January-March 2016 were only slightly lower than during January-March 2015.

The increase in quantity of total U.S. imports of WSSPP from 2013 to 2014 primarily reflects increases in imports from India, Korea, and Taiwan. The increase from India (16,672 short tons) was *** percent greater than the increase from Korea and *** percent greater than the increase from Taiwan. Increased import volume from these three sources more than offset the decreases in import volume from Malaysia, Thailand, and Vietnam, as their import entries fell after imposition of antidumping duties in 2014. Imports of WSSPP from China were already small in 2013, as they have been subject to antidumping and countervailing duty orders since 2008.

The average unit values of imports for WSSPP from India were lower than those from Taiwan for each full and partial period. With the exception of January-March 2016, average unit values of imports of WSSPP from India also were lower than those from Korea. They were also lower than the average unit values of imports from Thailand and Vietnam, but not Malaysia, in 2013.

Table IV-2
WSSPP: U.S. imports by source, 2013-15, January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. imports from.--					
India	3,151	19,823	16,475	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject	32,412	38,680	26,886	***	***
Total U.S. imports	35,563	58,503	43,361	11,300	11,002
	Value (1,000 dollars)				
U.S. imports from.--					
India	9,108	59,577	47,499	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject	106,363	148,771	102,609	***	***
Total U.S. imports	115,471	208,348	150,108	42,416	31,804
	Unit value (dollars per short ton)				
U.S. imports from.--					
India	2,891	3,005	2,883	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject	3,282	3,846	3,816	***	***
Total U.S. imports	3,247	3,561	3,462	3,754	2,891

Table continued on next page.

Table IV-2 -- Continued
WSSPP: U.S. imports by source, 2013-15, January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Share of quantity (percent)				
U.S. imports from.--					
India	8.9	33.9	38.0	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject	91.1	66.1	62.0	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.--					
India	7.9	28.6	31.6	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject	92.1	71.4	68.4	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production				
U.S. imports from.--					
India	12.2	64.3	72.6	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject	125.4	125.5	118.5	***	***
Total U.S. imports	137.6	189.8	191.2	181.1	162.9

¹ Subject to antidumping duty orders as a result of petitions filed in 1991. Imports of Taiwan product from Ta Chen have not been subject to duties since December 1998.

² Subject to antidumping and countervailing duty orders as a result of petitions filed in January 2008.

³ Subject to antidumping duties as a result of petitions filed in May 2013.

Source: Compiled from data submitted in response to Commission questionnaires, ***, and historical questionnaire response data. See footnote 2 for a detailed explanation of the sources used.

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.¹⁹ 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.²⁰ All imports from India accounted for 24.8 percent of total imports of WSSPP by quantity during October 2014-September 2015.²¹ Indian exporter/producer Sunrise received a *de minimis* dumping margin from Commerce.²² Imports from India excluding those from Sunrise accounted for *** percent of total imports of WSSPP by quantity during October 2014-September 2015.²³

APPARENT U.S. CONSUMPTION

Table IV-3 presents data on apparent U.S. consumption and U.S. market shares for WSSPP. From 2013 to 2014, the quantity of apparent U.S. consumption increased by 28.7 percent. Apparent U.S. consumption decreased overall from 2013 to 2015 by 0.3 percent. In January-March 2016, apparent U.S. consumption was 12.0 percent greater compared to the same period in 2015.

¹⁹ 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)).

²⁰ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

²¹ Based on official import statistics of entries under HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, 7306.40.5085. Official import statistics understate India's share of imports due to *** entries of WSSPP under other HTS headings.

²² *Welded Stainless Pressure Pipe From India: Final Determination of Sales at Less Than Fair Value*, 81 FR 66921, September 29, 2016.

²³ Based on official import statistics of entries under HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, 7306.40.5085 and entries of imports from Sunrise as reported in proprietary Customs data. Official import statistics understate India's share of imports due to *** entries of WSSPP under other HTS headings.

Table IV-3

WSSPP: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2013-15, January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Quantity (short tons)				
U.S. producers' U.S. shipments	26,073	28,299	23,006	5,614	7,109
U.S. shipments of imports from.-- India	2,622	17,318	15,064	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject	36,238	37,962	26,672	***	***
Total U.S. imports	38,860	55,280	41,736	11,371	11,908
Apparent U.S. consumption	64,933	83,579	64,742	16,985	19,017
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	104,362	116,233	85,540	23,728	21,038
U.S. imports from.-- India	7,339	52,645	46,481	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject	126,023	145,309	108,757	***	***
Total U.S. imports	133,362	197,954	155,238	44,521	36,345
Apparent U.S. consumption	237,724	314,187	240,778	68,249	57,383

Table continued on next page.

Table IV-3 -- Continued

WSSPP: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2013-15, January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
	Share of quantity (percent)				
U.S. producers' U.S. shipments	40.2	33.9	35.5	33.1	37.4
U.S. shipments of imports from.-- India	4.0	20.7	23.3	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject	55.8	45.4	41.2	***	***
Total U.S. imports	59.8	66.1	64.5	66.9	62.6
	Share of value (percent)				
U.S. producers' U.S. shipments	43.9	37.0	35.5	34.8	36.7
U.S. shipments of imports from.-- India	3.1	16.8	19.3	***	***
Korea ¹	***	***	***	***	***
Taiwan ¹	***	***	***	***	***
China ²	***	***	***	***	***
Malaysia ³	***	***	***	***	***
Thailand ³	***	***	***	***	***
Vietnam ³	***	***	***	***	***
All other sources	3.5	5.6	11.5	***	***
Subtotal, nonsubject	53.0	46.2	45.2	***	***
Total U.S. imports	56.1	63.0	64.5	65.2	63.3

¹ Subject to antidumping duty orders as a result of petitions filed in 1991. Imports of Taiwan product from Ta Chen have not been subject to duties since December 1998.

² Subject to antidumping and countervailing duty orders as a result of petitions filed in January 2008.

³ Subject to antidumping duties as a result of petitions filed in May 2013.

Source: Compiled from data submitted in response to Commission questionnaires, ***, and historical questionnaire response data. See footnote 2 for a detailed explanation of the sources used.

As apparent U.S. consumption grew from 2013 to 2014, so too did U.S. shipments from U.S. producers and subject importers while imports from other sources were mixed. U.S. producers' U.S. shipments increased by 8.5 percent during 2013-14 and U.S. shipments of imports from India increased by 560.5 percent. U.S. shipments from Korea and Taiwan also increased from 2013 to 2014, by *** and *** percent, respectively, whereas imports from Malaysia, Thailand, and Vietnam virtually ceased. Apparent U.S. consumption peaked in 2014, then declined by 22.5 percent in 2015 compared to 2014. During 2014 to 2015, U.S. producers' U.S. shipments decreased by 18.7 percent, shipments of imports from India decreased by 13.0 percent, shipments of imports from Taiwan decreased by *** percent, and shipments of imports from Korea decreased by *** percent.

U.S. producers' market share was 4.6 percentage points lower in 2015 compared to 2013 whereas the market share held by subject imports from India was 19.2 percentage points higher. From 2013 to 2015, U.S. imports of WSSPP from Korea and Taiwan gained *** and *** percentage points, respectively, in market share.

Shipments by type of pipe

U.S. producers' and importers' questionnaires requested data on U.S. commercial shipment values, weights, and lengths in feet of pipe by grade and diameter size. As shown in Appendix D, A 778 grade has a very small presence in the United States, with only approximately 1,000 short tons of commercial U.S. shipments from all sources in 2015. The largest source of A 778 grade to the U.S. market was ***, with *** short tons of commercial U.S. shipments, but it accounted for only *** percent of the total weight of commercial U.S. shipments from ***. There were *** imports of A 778 grade in 2015 from ***.²⁴

Table IV-4 presents U.S. commercial shipment data of pipe diameter size, by source, for 2015. Appendix D provides additional detailed data on the length in feet, grades, unit values, and shares of these shipments. As shown in table IV-4, shipments of imports from India were concentrated in sizes greater than 1 inch and up to 4 inches in diameter.²⁵ Imports from India were, however, the second largest source of WSSPP greater than 6 inches and up to 14 inches in diameter in 2015.

Table IV-4
WSSPP: U.S. producers' and importers' commercial U.S. shipments by pipe size and source, 2015

	U.S. producers	U.S. importers			
		India	Korea	Taiwan	All other sources
Quantity (short tons)					
Commercial U.S. shipments of.--					
NPS 1 and less	***	***	***	***	***
NPS >1 to 2	2,878	***	***	***	***
NPS >2 to 4	5,090	***	***	***	***
NPS >4 to 6	3,514	***	***	***	***
NPS >6 to 14	***	***	***	***	***
Total, commercial U.S. shipments	21,435	***	***	***	***

Table continued on next page.

²⁴ As noted in Part I, imports of A 778 grade product are not subject to the antidumping duty orders on imports from Korea or Taiwan.

²⁵ Warren Alloy stated that "Indian suppliers do not offer the same breadth of products in terms of special alloys and custom wall thickness that the U.S. producers offer." Hearing transcript, p. 106 (Robinson).

Table IV-4 -- Continued

WSSPP: U.S. producers' and importers' commercial U.S. shipments by pipe size and source, 2015

	U.S. producers	U.S. importers			
		India	Korea	Taiwan	All other sources
Value (1,000 dollars)					
Commercial U.S. shipments of.-- NPS 1 and less	***	***	***	***	***
NPS >1 to 2	9,689	***	***	***	***
NPS >2 to 4	19,403	***	***	***	***
NPS >4 to 6	12,989	***	***	***	***
NPS >6 to 14	***	***	***	***	***
Total, commercial U.S. shipments	79,834	***	***	***	***
Unit value (dollars per short ton)					
Commercial U.S. shipments of.-- NPS 1 and less	***	***	***	***	***
NPS >1 to 2	3,367	***	***	***	***
NPS >2 to 4	3,812	***	***	***	***
NPS >4 to 6	3,696	***	***	***	***
NPS >6 to 14	***	***	***	***	***
Average unit value	3,724	***	***	***	***
Share of quantity (percent)					
Commercial U.S. shipments of.-- NPS 1 and less	***	***	***	***	***
NPS >1 to 2	13.4	***	***	***	***
NPS >2 to 4	23.7	***	***	***	***
NPS >4 to 6	16.4	***	***	***	***
NPS >6 to 14	***	***	***	***	***
Average unit value	100.0	***	***	***	***

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

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

U.S. producers' raw materials costs as a share of cost of goods sold (COGS) decreased irregularly from 75.9 percent in 2013 to 71.5 percent in 2015. In the first quarter of 2016, the share was 67.4 percent, down from 71.6 percent in the same period in 2015. Flat-rolled stainless steel is the primary raw material used in the production of WSSPP. The price of flat-rolled stainless steel is influenced by the costs of alloying agents used in its production. Overall, the prices of sheet in both AISI stainless steel grades 304 and 316 ("304" and "316") as well as their primary alloying agents (nickel, ferrochrome, and ferromolybdenum) decreased from January 2013 to March 2016, with some recovery later in 2016.

Prices of 304 and 316 stainless steel sheet fluctuated from January 2013 to March 2016, but decreased overall by *** percent and *** percent, respectively (figure V-1).¹ From January 2013 to March 2016, the prices of ferrochrome, molybdenum, and nickel decreased by 7.3 percent, 47.8 percent, and 49.5 percent, respectively (figure V-2).²

Prices of 304 and 316 sheet followed similar trends as molybdenum and nickel. The prices of 304 and 316 sheet reached their period highs in July and August 2014, with 304 sheet peaking at *** per short ton in August 2014 and the price of 316 sheet peaking at *** in July 2014. The lowest prices during the period occurred for 304 sheet in February 2016, dropping to *** per short ton and for 316 sheet, the period low in price occurred in January 2016, when the price dropped to *** per short ton. Similarly, the price of molybdenum reached a period peak of *** per pound in June 2014 and dropped to its period low of *** per pound in December 2015. Nickel prices, also shown for purposes of historical comparison in figure V-3, peaked during the period in May 2014, when they reached *** per pound, while the period low occurred in February 2016, when prices dropped to *** per pound. The trend in nickel prices since 2013 has included upward and downward movement, but is far less pronounced than during 2006-09. Ferrochrome prices fluctuated throughout the period, though not to the extent of molybdenum and nickel, reaching a period high of *** in September 2014 and a period low of *** in March 2016.

¹ However, from March to September 2016, prices increased, by *** percent and *** percent, respectively.

² From March to September 2016, the price of ferrochrome decreased by 6.1 percent, while the price of molybdenum increased by 29.1 percent and the price of nickel increased by 16.7 percent.

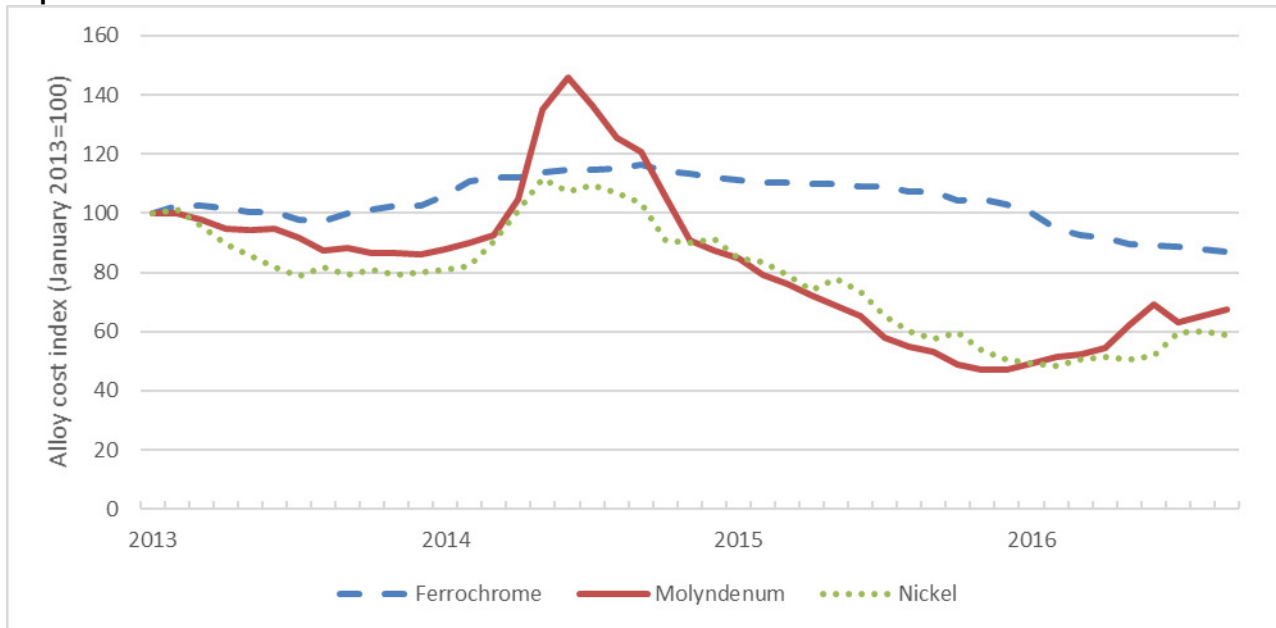
Figure V-1

Hot-rolled stainless steel: Prices of U.S. ex-mill hot-rolled AISI grades 304 and 316 stainless steel, including alloy surcharges, by month, January 2013-September 2016

* * * * *

Figure V-2

Alloy cost index: ferrochrome, molybdenum, and nickel spot price index, by month, January 2013-September 2016



Source: American Metal Market.

Figure V-3

Nickel spot price, by month, January 2005-September 2016

* * * * *

Stainless flat-rolled steel reportedly makes up approximately 70-75 percent of the cost of stainless pipe, and a large amount of the cost of stainless steel is in the alloy components, ferrochrome, nickel, and molybdenum.³ Petitioners testified that during periods of high nickel prices, nickel costs could constitute 40-70 percent of the cost of steel sheet.⁴ Table V-1 shows staff calculations of the approximate share of nickel and ferrochrome in the price for the stainless steel that is used in the production of WSSPP. Since January 2013, the share of nickel

³ Hearing transcript, pp. 26-27 (Hendrickson).

⁴ Hearing transcript, pp. 68-69 (Tidlow).

in the cost of 304/304L sheet has ranged from *** to *** percent, while the share of ferrochrome has ranged from *** to *** percent.

Table V-1
Value share of Ferrochrome (Cr) and Nickel (Ni) in the 304/304L stainless steel price, 2013–16

* * * * *

All five responding U.S. producers, six of the eight responding importers, and all 18 responding purchasers reported that raw material prices have affected WSSPP pricing since January 2013. Three of five responding producers, four of the seven responding importers, and 10 of the 18 responding purchasers reported that raw material prices have decreased overall since January 2013. The remaining two producers, three importers, and eight purchasers reported that prices had fluctuated. Some firms, including ***, reported that the price of nickel in particular drives WSSPP pricing and that it has been the most volatile commodity in the production of WSSPP during the period.

Firms reported that the changes in price of raw materials had an impact on the price of WSSPP. One U.S. producer, ***, reported that the base price of grade 304L stainless steel sheet decreased by approximately \$0.09 per pound during 2015, which effectively devalued its inventory by \$0.09 per pound. Another U.S. producer, ***, responded that fluctuations in raw material costs, in either direction, are always passed on to the customer, but that nickel price increases in 2016 have not yet been fully passed on to the customer.

For domestic producers of WSSPP and other stainless steel products, surcharges are often added to a base price to allow for fluctuating raw material costs. *** reported charging at least some surcharges based on raw material price movements, though application of surcharges varies across producers. Specifically, *** reported charging the surcharge at the time of shipment and *** reported charging the surcharge at the time the order is booked.⁵ *** reported accounting for ferrochrome, iron, molybdenum, and nickel prices with surcharge prices on a published monthly surcharge sheet but also reported that ***.⁶ One U.S. producer that did not charge a surcharge, ***, reported that its surcharges are included in its sales price of WSSPP and are not invoiced as a separate charge. Finally, Bristol Metals reported that it no longer charges a surcharge and that the effect of the surcharge is included in the net price, and that while surcharges based on raw material prices have an impact on prices, they are not the only factor that effect pricing.⁷

The majority of importers did not report using surcharges. One importer that did not use surcharges, ***, responded that its prices are adjusted to match changes in producer prices, while ***, the only importer to report using a surcharge, noted that its surcharges were in effect during ***.

⁵ Email messages from *** and *** to USITC staff, October 12, 2016.

⁶ Email message from *** to USITC staff, October 12, 2016.

⁷ Hearing transcript, p. 75 (Hendrickson) and p. 77 (Tidlow).

Eleven of 19 purchasers reported being charged surcharges on their purchases of WSSPP due to raw material price increases. While some purchasers reported surcharges that were updated monthly, others noted that the surcharges were built into the price and not a separate charge. One purchaser, ***, reported that domestic mills generally separate the surcharge, whereas foreign mills tend to incorporate the surcharge into the total price.

U.S. inland transportation costs

All five responding U.S. producers and three of the five responding importers reported that they typically arrange transportation to their customers. U.S. producers and importers reported that U.S. inland transportation costs ranged from 1 to 4 percent of total costs.

PRICING PRACTICES

Pricing methods

Four of the five U.S. producers and six of the seven responding importers reported using transaction-by-transaction negotiations (table V-2). U.S. producer *** also reported using set price lists, and *** also reported using market feedback. One U.S. producer, ***, and one importer, ***, reported using only set price lists.

Table V-2

WSSPP: U.S. producers and importers reported price setting methods, by number of responding firms¹

Method	U.S. producers	U.S. importers
Transaction-by-transaction	4	6
Contract	0	0
Set price list	2	1
Other	1	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.

Nearly all of U.S. producers' sales (94.3 percent) as well as importers' sales (98.2 percent) were on a spot basis in 2015 (table V-3). The remaining sales were made through short-term contracts.⁸

⁸ U.S. producer *** reported that its typical short-term contracts were for 30 days, prices were not renegotiated during the contract period, the contracts fixed both price and quantity, and that, depending on the contract, may or may not offer meet-or-release provisions. Importer *** reported that its typical short-term contracts were for 180 days, that its prices were not renegotiated during the
(continued...)

Table V-3**WSSPP: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2015**

Item	U.S. producers	Subject U.S. importers
Share (percent)		
Share of commercial U.S. shipments.--		
Long-term contracts	0.0	0.0
Annual contract	0.0	0.0
Short-term contracts	5.7	1.8
Spot sales	94.3	98.2

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

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

Four purchasers reported that they purchase product daily, three purchase weekly, one purchases bi-monthly, five purchase monthly, five purchase quarterly, and one purchases semi-annually. Five of 19 purchasers reported that their purchasing pattern has changed since 2013, with most of these 5 firms reporting increased frequency of purchases because of nickel price volatility and delivery volatility. In addition, *** noted that having WSSPP in inventory is a risk. Nearly all purchasers (18 of 19) contact one to six suppliers before making a purchase, and 10 purchasers contact fewer than five suppliers. Fifteen of 19 purchasers reported that purchases involve negotiations between supplier and purchaser. Price, delivery, and lead time were the most common factors that the purchasers reported negotiating. Only one purchaser, ***, reported quoting competing prices during negotiations. Of the purchasers that responded that they did not negotiate, one, ***, stated that it requests quotes and places the order with the supplier that can best meet its needs with regard to delivery and cost.

Sales terms and discounts

Most U.S. producers (4 of 5) and most responding importers (4 of 5) quoted prices on a delivered basis.⁹ One producer quoted prices on an f.o.b. basis from the mill, and one importer quoted prices on an f.o.b. basis from its warehouses.

Three of the five producers reported sales terms of net 30 days, the two remaining producers reported sales terms of ½ or 1 percent within 10 days, and the net in 30 days. Three of six responding importers reported sales terms of net 30 days, one importer reported sales terms of net 60 days, one importer reported using various sales terms (30, 60, or 90 days), and the remaining importer reported 45-day sales terms.

(...continued)

contract period, the contracts fixed both price and quantity, and it did not offer any meet-or-release provisions.

⁹ One of the importers that reported quoting prices on a delivered basis noted that it quotes c.i.f. from the U.S. port and some customers require that the firm deliver duty paid to their warehouse.

Four U.S. producers reported offering quantity discounts. One producer, ***, offered annual total volume discounts on a limited number of accounts. In addition to quantity discounts, one producer, ***, offered discounts based on market feedback. Four of the seven responding importers reported having no discount policy. One importer offered quantity discounts, one reported having rebate programs that are based on the sale price, and the other offers a bundle quantity discount.

Price leadership

Purchasers reported that U.S. producers Bristol Metals and Outokumpu, and importer Ta Chen (Taiwan) were price leaders. *** reported that the presence of Indian product has led to lower prices in the U.S. market. Purchaser *** reported that the three large domestic producers, Bristol Metals, Outokumpu, and Marcegaglia, control the domestic prices of WSSPP and are quick to raise prices and slow to lower them, whereas import pricing tends to follow supply and demand. Of the three purchasers that reported Ta Chen was a price leader, two noted that Ta Chen is often the first company to increase prices while the other purchaser noted that Ta Chen's prices appear to be benchmarked against U.S. producer prices.

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 WSSPP products shipped to unrelated U.S. customers during January 2013 to March 2016.

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

Five U.S. producers and eight importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹⁰ Pricing data reported by these firms accounted for approximately 7.5 percent of U.S. producers' shipments of WSSPP and 19.9 percent of U.S. shipments of imports from India in 2015.

¹⁰ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

Price data for products 1-4 are presented in tables V-4 to V-7 and figures V-4 to V-7. Nonsubject country prices are presented in Appendix E.

Table V-4

WSSPP: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

Table V-5

WSSPP: Weighted-average f.o.b. prices and quantities of domestic and imported product 2¹ and margins of underselling/(overselling), by quarters, January 2013-March 2016

Period	United States		India		
	Price (dollars per foot)	Quantity (feet)	Price (dollars per foot)	Quantity (feet)	Margin (percent)
2013:					
Jan.-Mar.	6.01	73,392	***	***	***
Apr.-Jun.	6.12	67,651	***	***	***
Jul.-Sep.	5.69	120,921	***	***	***
Oct.-Dec.	5.74	88,682	***	***	***
2014:					
Jan.-Mar.	5.65	153,171	***	***	***
Apr.-Jun.	6.24	143,916	***	***	***
Jul.-Sep.	6.83	80,874	***	***	***
Oct.-Dec.	6.35	101,187	***	***	***
2015:					
Jan.-Mar.	6.30	95,233	***	***	***
Apr.-Jun.	5.39	123,939	***	***	***
Jul.-Sep.	4.97	91,417	***	***	***
Oct.-Dec.	4.67	71,420	***	***	***
2016:					
Jan.-Mar.	4.35	235,701	***	***	***

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

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

Table V-6

WSSPP: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2013-March 2016

* * * * *

Table V-7

WSSPP: Weighted-average f.o.b. prices and quantities of domestic and imported product 4¹ and margins of underselling/(overselling), by quarters, January 2013-March 2016

Period	United States		India		
	Price (dollars per foot)	Quantity (feet)	Price (dollars per foot)	Quantity (feet)	Margin (percent)
2013:					
Jan.-Mar.	15.71	33,951	***	***	***
Apr.-Jun.	15.32	42,460	***	***	***
Jul.-Sep.	14.53	54,897	***	***	***
Oct.-Dec.	14.62	55,523	***	***	***
2014:					
Jan.-Mar.	14.85	66,420	***	***	***
Apr.-Jun.	15.98	67,168	***	***	***
Jul.-Sep.	16.96	47,874	***	***	***
Oct.-Dec.	16.63	44,859	***	***	***
2015:					
Jan.-Mar.	17.18	35,714	***	***	***
Apr.-Jun.	15.49	35,342	***	***	***
Jul.-Sep.	13.72	43,206	***	***	***
Oct.-Dec.	12.26	79,853	***	***	***
2016:					
Jan.-Mar.	12.21	71,354	***	***	***

¹ Product 4: ASTM A 312, welded, grade AISI 304/304L pipe, 6-inch schedule 10

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

Figure V-4

WSSPP: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2013-March 2016

* * * * *

Figure V-5

WSSPP: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2013-March 2016

* * * * *

Figure V-6

WSSPP: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2013-March 2016

* * * * *

Figure V-7

WSSPP: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2013-March 2016

* * * * *

Price trends

Prices for U.S.-produced WSSPP decreased overall for all four products during January 2013-March 2016. In general, domestic prices declined in 2013, increased through the second half of 2014 or first quarter 2015, and then declined through first quarter 2016. Table V-8 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases for all four products ranged from *** to *** percent during 2013-16 while import price decreases ranged from *** to *** percent, although prices for product 1 from India increased by *** percent.

Table V-8

WSSPP: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and India

Item	Number of quarters	Low price (dollars per foot)	High price (dollars per foot)	Change in price over period ¹ (percent)
Product 1: United States	13	***	***	***
India	12	***	***	***
Product 2: United States	13	4.35	6.83	(27.6)
India	13	***	***	***
Product 3: United States	13	***	***	***
India	12	***	***	***
Product 4: United States	13	12.21	17.18	(22.2)
India	13	***	***	***

¹ Percentage change from the first quarter in which data were available to the last quarter in which price data were available. Calculations for product 1 and 3 from India are based on second quarter 2013.

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

Price comparisons

As shown in table V-9, prices for WSSPP imported from India were below those for U.S.-produced product in 37 of 50 instances (3.1 million feet); margins of underselling ranged from 1.7 to 37.8 percent. In the remaining 13 instances (1.5 million feet), prices for WSSPP from India were between 0.8 and 21.1 percent above prices for the domestic product.

Table V-9

WSSPP: Instances of underselling/overselling of WSSPP from India and the range and average of margins, by product, January 2013-March 2016¹

Source	Underselling				
	Number of quarters	Quantity (feet)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	8	***	***	***	***
Product 2	8	***	***	***	***
Product 3	11	***	***	***	***
Product 4	10	***	***	***	***
Total, underselling	37	3,113,202	13.9	1.7	37.8
Source	(Overselling)				
	Number of quarters	Quantity (feet)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	4	***	***	***	***
Product 2	5	***	***	***	***
Product 3	1	***	***	***	***
Product 4	3	***	***	***	***
Total, overselling	13	1,540,314	(6.6)	(0.8)	(21.1)

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

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

LOST SALES AND LOST REVENUE

In the final phase of the investigations, all five U.S. producers reported that they had lost sales to Indian imports since January 1, 2013. All five also reported that they had to reduce prices, and four of five U.S. producers reported that they had to roll back announced price increases.¹¹

Staff received responses from 19 purchasers.¹² Responding purchasers reported purchasing 14,954 short tons of domestic WSSPP, 3,907 short tons of WSSPP from India, 13,030 short tons from all other sources, and 1,974 short tons of WSSPP from unknown sources in 2015 (table V-10).

¹¹ In the preliminary phase of the investigations, none of the U.S. producers provided specific lost sales and lost revenue allegations. The petitioners reported that it is difficult to trace lost sales and lost revenue because the vast majority of WSSPP is sold through distributors and service centers. Petition, p. 24; Petitioners' postconference brief, pp. 13-14.

¹² One purchaser did not report purchase data but provided qualitative responses.

Table V-10

WSSPP: Purchasers' responses to purchasing patterns

* * * * *

Of the 19 purchasers, 10 reported that they had shifted purchases of WSSPP from U.S. producers to subject imports since January 1, 2013. Nine purchasers reported that WSSPP from India was priced lower than domestic product, and seven purchasers reported that price was a primary reason for the shift (table V-11).

Table V-11

WSSPP: Purchasers' responses to shifting supply sources

* * * * *

Of the 19 responding purchasers, six reported that U.S. producers had reduced prices in order to compete with lower-priced subject imports and 10 reported that they did not know (table V-12). The reported estimated price reduction ranged from 10 to 25 percent. In describing the price reductions, *** reported that U.S. producers took at least 6 months to lower their prices after demand declined and supply increased, and that they were "ignoring market conditions and major surplus of supply." *** reported that although domestic producers would lower their prices on occasion in order to be more competitive with the lower-priced importers, they were often 8-10 percent higher in price and if the customer was able to wait for delivery, *** would purchase imported product.

Table V-12

WSSPP: Purchasers' responses to U.S. producer price reductions

* * * * *

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Five U.S. producers (Bristol Metals, Felker Brothers, Marcegaglia, Outokumpu, and Webco) provided financial data on their operations on WSSPP. These data are believed to account for nearly all U.S. production of WSSPP in 2015. *** were the only firms to report sales other than commercial sales. *** firms reported internal consumption which, in total, accounted for *** percent of total net sales value between January 2013 and March 2016.¹ All firms reported a fiscal year end of December 31 except *** but provided financial data on a calendar year basis.

OPERATIONS ON WSSPP

Income-and-loss data for U.S. producers of WSSPP are presented in table VI-1, while selected financial data, by firm, are presented in table VI-2. The reported profitability of the U.S. industry declined from 2013 to 2015. The reported aggregate net sales quantity declined by 12.3 percent from 2013 to 2015, while the aggregate net sales value declined by 18.3 percent during this time. Collectively, the aggregate cost of goods sold (“COGS”) and selling, general, and administrative (“SG&A”) expenses declined by 13.4 percent during this time. As a result of the larger decline in revenue compared to operating costs and expenses, aggregate operating income declined from 2013 to 2015. Gross and net profitability followed generally similar trends during this time.

Net sales quantities were higher, net sales values were lower, and the operating loss was greater in January-March 2016 compared to January-March 2015. The reported aggregate net sales quantity was higher by 23.7 percent, while the aggregate net sales value was lower by 13.8 percent. Collectively, operating costs and expenses were lower by 2.8 percent. As a result of the larger change in revenue compared to operating costs and expenses, the aggregate operating loss was higher in January-March 2016 than in January-March 2015. Gross and net profitability followed generally similar trends during this time.²

¹ ***.

² Gross profit reflects revenue minus COGS, and is not affected by SG&A expenses. Operating income reflects gross profit minus SG&A expenses. Net income reflects operating income minus “other income and expenses.” Other income and expenses accounted for an average of 2.2 percent of all reported costs from January 2013 to March 2016. While gross, operating, and net profitability declined from 2013 to 2015, the industry experienced an improvement in all three measures in 2014, with a gross profit and smaller operating and net losses in that year as revenue increased more than operating costs and expenses. Operating and net losses occurred in all periods.

Table VI-1
WSSPP: Results of operations of U.S. producers, 2013-15, January-March 2015, and January-March 2016

Item	Fiscal year			January-March	
	2013	2014	2015	2015	2016
Quantity (short tons)					
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Total net sales	26,536	28,470	23,264	5,752	7,118
Value (\$1,000)					
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Total net sales	106,264	117,117	86,842	24,449	21,083
Cost of goods sold.--					
Raw materials	81,100	83,526	65,286	16,659	14,967
Direct labor	8,221	8,729	8,341	2,168	2,668
Other factory costs	17,514	17,337	17,690	4,448	4,571
Total COGS	106,835	109,592	91,317	23,275	22,206
Gross profit or (loss)	(571)	7,525	(4,475)	1,174	(1,123)
SG&A expense	10,188	9,512	10,021	2,342	2,696
Operating income or (loss)	(10,759)	(1,987)	(14,496)	(1,168)	(3,819)
Other income or (expense), net	(2,053)	(2,600)	(2,595)	(551)	(903)
Net income or (loss)	(12,812)	(4,587)	(17,091)	(1,719)	(4,722)
Depreciation	2,986	3,267	3,325	854	818
Cash flow	(9,826)	(1,320)	(13,766)	(865)	(3,904)
Ratio to net sales (percent)					
Cost of goods sold.--					
Raw materials	76.3	71.3	75.2	68.1	71.0
Direct labor	7.7	7.5	9.6	8.9	12.7
Other factory costs	16.5	14.8	20.4	18.2	21.7
Average COGS	100.5	93.6	105.2	95.2	105.3
Gross profit or (loss)	(0.5)	6.4	(5.2)	4.8	(5.3)
SG&A expense	9.6	8.1	11.5	9.6	12.8
Operating income or (loss)	(10.1)	(1.7)	(16.7)	(4.8)	(18.1)
Net income or (loss)	(12.1)	(3.9)	(19.7)	(7.0)	(22.4)
Unit value (dollars per short ton)					
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Total net sales	4,005	4,114	3,733	4,251	2,962
Cost of goods sold.--					
Raw materials	3,056	2,934	2,806	2,896	2,103
Direct labor	310	307	359	377	375
Other factory costs	660	609	760	773	642
Average COGS	4,026	3,849	3,925	4,046	3,120
Gross profit or (loss)	(22)	264	(192)	204	(158)
SG&A expense	384	334	431	407	379
Operating income or (loss)	(405)	(70)	(623)	(203)	(537)
Net income or (loss)	(483)	(161)	(735)	(299)	(663)
Number of firms reporting					
Operating losses	5	2	5	4	5
Net losses	5	3	5	4	5
Data	5	5	5	5	5

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

Table VI-2

WSSPP: Selected results of operations of U.S. producers, by firm, 2013-15, January-March 2015, and January-March 2016

* * * * *

Per short ton revenue declined from 2013 to 2015, and was lower in January-March 2016 than in January-March 2015.³ Per short ton raw material costs (primarily stainless steel coil) also declined from 2013 to 2015, and were lower in January-March 2016 than in January-March 2015.⁴ Direct labor, other factory costs, and SG&A expenses increased on a per short ton basis from 2013 to 2015 due in part to reduced sales volume, but were lower in January-March 2016 than in January-March 2015 due to higher sales volume.^{5 6 7} As a ratio to net sales, raw material costs declined irregularly during the period examined; all other operating costs and expenses generally increased due in large part to the decline in net sales value.

Raw material costs accounted for an average *** percent of total COGS for the reporting period, and had a notable impact on the increase or decrease in COGS during this time.⁸ SG&A expenses accounted for an average *** percent of total operating costs and expenses for the reporting period. U.S. producers experienced positive gross profits in 2014 and January-March 2015; however, ***.⁹

³ Net sales declined by \$272 per short ton between 2013 and 2015, and were \$1,289 per short ton lower in January-March 2016 than in January-March 2015.

⁴ Raw material costs declined by \$250 per short ton between 2013 and 2015, and were \$793 per short ton lower in January-March 2016 than in January-March 2015. The total value of raw material costs declined by 19.5 percent from 2013 to 2015, and was 10.2 percent lower in January-March 2016 than in January-March 2015.

⁵ Direct labor costs increased by \$49 per short ton between 2013 and 2015, and were \$2 per short ton lower in January-March 2016 and January-March 2015. The total value of direct labor costs increased by 1.5 percent from 2013 to 2015, and was 23.1 percent higher in January-March 2016 than in January-March 2015. ***. Email from ***, July 27, 2016.

⁶ Other factory costs increased by \$100 per short ton between 2013 and 2015, and were \$131 per short ton lower in January-March 2016 than in January-March 2015. The total value of other factory costs increased by 1.0 percent from 2013 to 2015, and was 2.8 percent higher in January-March 2016 than in January-March 2015.

⁷ SG&A expenses increased by \$47 per short ton between 2013 and 2015, and were \$28 per short ton lower in January-March 2016 than in January-March 2015. The total value of SG&A expenses declined by 1.6 percent from 2013 to 2015, and was 15.1 percent higher in January-March 2016 than in January-March 2015. ***. Email from ***, October 20, 2015. ***. Email from ***, July 29, 2016.

⁸ ***.

⁹ ***. Staff notes and telephone interview with ***, August 10, 2016. ***. Email from ***, July 29, 2016. Marcegaglia's financial data were verified by Commission staff. Revisions to COGS, capital expenditures, and assets are included in this report.

In this final phase of the investigations, U.S. producers were asked various questions related to stainless steel coil purchases, including the average number of weeks that stainless steel coil inventories are maintained for normal WSSPP operations, and any timing differences between surcharges paid for stainless steel coil and the pass through of such surcharges to purchasers of WSSPP. Responses reflected a range of 4 to 13 weeks of stainless steel coil inventories, and all firms *** reported purchasing stainless steel coil on a spot basis.¹⁰ Similar to the average number of weeks for stainless steel coil inventories, responses regarding the payment of surcharges on stainless steel coil and the pass through of such surcharges to purchasers of WSSPP indicated that timing differences in the range of 4 to 12 weeks are typical for U.S. producers, and the ability to pass through the full surcharge paid for stainless steel coil is dependent on prevailing market prices inclusive of the effects of competitors' prices. Individual firm responses are presented in appendix F.¹¹

Variance analysis

The variance analysis presented in table VI-3 is based on the data in table VI-1.¹² The analysis shows that the increased operating loss from 2013 to 2015 is primarily attributable to an unfavorable price variance despite a favorable net cost/expense variance (that is, prices declined more than costs and expenses). Similarly, the larger operating loss in January-March 2016 compared to January-March 2015 is primarily attributable to an unfavorable price variance despite a favorable net cost/expense variance.

¹⁰ ***. Email from ***, August 8, 2016.

¹¹ U.S. producers' questionnaire responses, question III-8, and emails from ***, July 27, 2016; ***, July 27, 2016; ***, July 29, 2016; ***, July 29, 2016; and ***, August 8, 2016.

¹² 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 variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. 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 volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances.

Table VI-3
WSSPP: Variance analysis on the operations of U.S. producers, 2013-15, and January-March 2015-16

Item	Fiscal year			Jan.-March
	2013-15	2013-14	2014-15	2015-16
Value (\$1,000)				
Total net sales:				
Price variance	(6,319)	3,108	(8,859)	(9,172)
Volume variance	(13,103)	7,745	(21,416)	5,806
Total net sales variance	(19,422)	10,853	(30,275)	(3,366)
Cost of sales:				
Cost variance	2,345	5,029	(1,765)	6,596
Volume variance	13,173	(7,786)	20,040	(5,527)
Total cost variance	15,518	(2,757)	18,275	1,069
Gross profit variance	(3,904)	8,096	(12,000)	(2,297)
SG&A expenses:				
Expense variance	(1,089)	1,419	(2,248)	202
Volume variance	1,256	(743)	1,739	(556)
Total SG&A variance	167	676	(509)	(354)
Operating income variance	(3,737)	8,772	(12,509)	(2,651)
Summarized at the operating income level as:				
Price variance	(6,319)	3,108	(8,859)	(9,172)
Net cost/expense variance	1,256	6,448	(4,013)	6,799
Net volume variance	1,327	(784)	363	(277)

Note.--Unfavorable variances are shown in parenthesis; all others are favorable.

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

Capital expenditures, research and development expenses, total assets, and return on assets

The responding firms' aggregate data on capital expenditures, research and development ("R&D") expenses, total assets, and return on assets ("ROA") are shown in table VI-4. Three firms reported capital expenditure data, and *** reported research and development ("R&D") expenses. Aggregate capital expenditures declined irregularly from 2013 to 2015, and were higher in January-March 2016 compared to January-March 2015. According to ***.¹³ According to ***.¹⁴ According to ***.¹⁵ The total assets utilized in the production,

¹³ Email from ***, August 15, 2016. ***. The firm's reported capital expenditures represented *** and *** percent of total capital expenditures in 2013 and 2014, respectively.

¹⁴ U.S. producers' questionnaire response of ***, question III-13. The firm's reported capital expenditures represented *** percent of total capital expenditures in 2014, and *** percent of total capital expenditures in January-March 2016. The firm's reported capital expenditures represented *** percent in all other periods for which data were requested.

¹⁵ U.S. producers' questionnaire response of ***, question III-13. The firm's reported capital expenditures represented *** percent of total capital expenditures in 2015 and *** percent of total

(continued...)

warehousing, and sale of WSSPP increased irregularly from \$87.4 million in 2013 to \$88.9 million in 2015, and the ROA declined irregularly from negative 12.3 percent in 2013 to negative 16.3 percent in 2015.¹⁶

Table VI-4
WSSPP: Capital expenditures, R&D expenses, total assets, and ROA of U.S. producers, 2013-15, January-March 2015, and January-March 2016

Item	Fiscal year			January-March	
	2013	2014	2015	2015	2016
Value (\$1,000)					
Capital expenditures	***	***	***	***	***
R&D expenses	***	***	***	***	***
Total assets	87,396	105,088	88,913		
Percent					
ROA	(12.3)	(1.9)	(16.3)		

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

Capital and investment

The Commission requested that U.S. producers of WSSPP describe any negative effects of imports of WSSPP from India on their firms' return on investment or the scale of capital investments, as well as any negative effects on their firms' growth, ability to raise capital, or existing development and production efforts. A summary of U.S. producers' responses are shown in table VI-5. Firm-specific responses are provided in appendix G.

Table VI-5
WSSPP: Negative effects of imports as reported by U.S. producers, by factor

* * * * *

(...continued)

capital expenditures in January-March 2015. The firm's reported capital expenditures represented *** percent in all other periods for which data were requested.

¹⁶ The return on assets is calculated as operating income divided by total assets. With respect to a firm's overall operations, the total asset value reflects an aggregation of a number of assets which are generally not product specific. Thus, high-level allocations are generally required in order to report a total asset value for the subject product.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

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

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
- (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
- (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
- (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
- (V) inventories of the subject merchandise,*

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 subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. 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 INDIA

The Commission issued foreign producers' or exporters' questionnaires to thirteen firms believed to produce and/or export WSSPP from India.³ Useable responses to the Commission's questionnaire were received from five firms:⁴ Apex Tubes Private Limited ("Apex Tubes"),⁵ Bhandari Foils & Tubes Ltd. ("Bhandari"),⁶ Hindustan Inox Limited ("Hindustan Inox"),⁷ Prakash Steelage Ltd. ("Prakash"),⁸ and Steamline India Limited ("Steamline").⁹ These firms' exports to the United States were equivalent to approximately 57.2 percent of U.S. imports of WSSPP from India in 2015. Three responding firms were not able to provide an estimate of their share of total production of WSSPP in India. The two responding Indian producers, ***, provided vastly different estimates of total production of WSSPP in India. Table VII-1 presents summary data of the responding WSSPP producers in India.

³ These firms were identified through a review of information submitted in the petition and contained in *** records.

⁴ In the preliminary phase of these investigations, two additional firms provided questionnaire responses: Ratnamani Metals & Tubes Ltd. ("Ratnamani") and Sunrise Stainless. In its preliminary phase questionnaire response, Ratnamani reported overall production capacity of *** short tons and producing *** short tons of WSSPP and *** short tons of other products in 2014. *** of its WSSPP shipments in 2014 were to *** and it ***. Ratnamani is identified as an ***. Petitioners' posthearing brief, answers to questions from Commissioners, p. 24 and exh. 5. In its preliminary phase questionnaire response, Sunrise Stainless reported *** short tons of WSSPP capacity and production of *** short tons of WSSPP in 2014. ***. Sunrise Stainless was listed as being on the *** by ***. Respondents' prehearing brief, exh 1.

⁵ Apex reported that WSSPP represented *** percent of its total sales in its most recent fiscal year.

⁶ Bhandari reported that WSSPP represented *** percent of its total sales in its most recent fiscal year.

⁷ Hindustan Inox reported that WSSPP represented *** percent of its total sales in its most recent fiscal year.

⁸ Prakash reported that WSSPP represented *** percent of its total sales in its most recent fiscal year.

⁹ Steamline reported that WSSPP represented *** percent of its total sales in its most recent fiscal year.

Table VII-1
WSSPP: Summary data on firm in India, 2015

Firm	Production (short tons)	Share of reported production (percent)	Exports to the United States (short tons)	Share of reported exports to the United States (percent)	Total shipments (short tons)	Share of firm's total shipments exported to the United States (percent)
Apex Tubes	***	***	***	***	***	***
Bhandari	***	***	***	***	***	***
Hindustan Inox	***	***	***	***	***	***
Prakash	***	***	***	***	***	***
Steamline	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

Two Indian producers reported changes in operations since 2012. Steamline Industries is a new producer of WSSPP which started operations in 2013.¹⁰ Prakash experienced *** as part of a new joint venture company named “Tubacex Prakash India Pvt. Ltd.”¹¹

Table VII-2 presents data on the WSSPP industry in India from responding producers. Capacity to produce WSSPP grew by *** percent from 2013 to 2014, reflecting the opening of Steamline’s new plant in 2013.¹² Capacity did not change from 2014 to 2015 and is projected to remain the same for full-year 2015 and in 2016.¹³ Indian producers’ production of WSSPP increased by *** percent from 2013 to 2014, with *** producers contributing to the increase. Production was lower in 2015 compared to 2014, but *** higher compared to 2013. Production in January-March 2016 was *** percent lower compared to January-March 2015. Reported production projections¹⁴ for 2016 show smaller volumes than what were reached in 2014 and 2015 but an increase in 2017 relative to 2016. Capacity utilization ranged from *** percent to *** percent during 2013-15.

¹⁰ Steamline Industries Pipe Manufacturing Division, “Our Profile,” 2013, <http://www.steamlineind.com/about.html>, retrieved August 10, 2016.

¹¹ The Economic Times (India), “Prakash Steelage completes JV agreement with Tubacex SA Spain,” December 30, 2015, <http://economictimes.indiatimes.com/industry/indl-goods/svs/paper/-/wood/-/glass/-plastic/-marbles/prakash-steelage-completes-jv-agreement-with-tubacex-sa-spain/articleshow/50385146.cms>, retrieved August 10, 2016.

¹² Apex Tubes’s reported capacity is based on operating *** hours per week, *** weeks per year; Bhandari’s is based on *** hours per week, *** weeks per year; Hindustan’s is based on *** hours per week, *** weeks per year; Prakash’s is based on *** hours per week, *** weeks per year; and Steamline’s *** hours per week, *** weeks per year.

¹³ Furthermore, in response to the Commission’s questionnaire requesting information on anticipated changes, to include providing projections for production in 2016 and 2017, Indian producers reported none.

¹⁴ Indian producers reported that their projections were based on ***.

Responding Indian producers' home market commercial shipments were at their highest level in 2013. After decreasing by *** percent from 2013 to 2014, they increased by *** percent from 2014 to 2015. Projections for 2016 and 2017 show home market commercial shipments at levels similar to the volume reached in 2013.¹⁵ Respondents argue that home market end-use applications for WSSPP will grow, as the new government proposes increased investments in infrastructure project.¹⁶ Oil and gas refinery was cited as attracting investment along with the petrochemical, food, and pharmaceutical industries.¹⁷

Reporting Indian producers' export shipments were largely destined for the United States from January 2013 – March 2016, accounting for no less than *** percent of exports, but are projected to account for approximately *** percent of exports in 2016 and 2017. Exports to the United States increased by *** percent (*** short tons) from 2013 to 2014 then decreased in 2015. Even so, exports to the United States were still *** percent greater in 2015 compared to 2013. Projected export volumes to the United States for 2016 and 2017 are less than what was shipped in 2013.

Table VII-2
WSSPP: Data for producers in India, 2013-15, January-March 2015, January-March 2016, and projected calendar years 2016 and 2017

* * * * *

Table VII-3 presents responding Indian producers data on their production and overall capacity to produce products on the same equipment and machinery used to produce WSSPP. Four of the five responding producers reported that they are able to shift production between WSSPP and nonsubject products. Other products Indian producers make on the same equipment and machinery used to produce WSSPP include, ranked by descending volumes, tubes explicitly excluded from the scope, small volumes of WSSPP with diameters larger than 14 inches, and even smaller volumes of other products. All told, production of out-of-scope products accounted for *** to *** percent of production of all products made on the same equipment and machinery used to produce WSSPP.

¹⁵ The responses of the seven responding producers during the preliminary phase of these investigations showed projected home market shipments in 2016 of 20,690 short tons. *Welded Stainless Steel Pressure Pipe from India, Investigation Nos. 701-TA-548 and 731-TA-1210-1298 (Preliminary)*, USITC Publication 4582, table VII-2.

¹⁶ Indian producers' and importers' prehearing brief, p. 58.

¹⁷ Indian producers' and importers' prehearing brief, pp. 59-60.

Table VII-3

WSSPP: Indian producers' overall capacity and production on the same equipment and machinery as WSSPP, 2013-15, January-March 2015, and January-March 2016

* * * * *

Table VII-4 presents information on India's global exports classifiable in HS 7306.40 during 2013-15, as reported by Global Trade Atlas. The data are for circular welded tubes, pipes, and hollow profiles of stainless steel, which encompass a broader commodity category than subject WSSPP (not exceeding 14 inches in OD). For example, mechanical tubing, pressure tubing, and other specialized tubing are also classifiable in HS 7306.40.

Table VII-4
Circular welded tubes, pipes, and hollow profiles of stainless steel: Exports from India by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Exports from India to the United States	4,110	15,356	8,723
Exports from India to other major destination markets.--			
Turkey	87	809	662
Ethiopia	1	874	415
Brazil	1,527	1,121	353
Italy	173	196	204
Indonesia	11	54	186
United Arab Emirates	406	1,161	133
Ghana	159	21	112
South Africa	197	67	108
All other destination markets	2,652	2,327	1,328
Total India exports	9,320	21,984	12,225
	Value (1,000 dollars)		
Exports from India to the United States	13,687	48,519	25,366
Exports from India to other major destination markets.--			
Turkey	554	2,537	1,891
Ethiopia	2	2,164	307
Brazil	4,223	3,021	868
Italy	896	737	732
Indonesia	45	275	693
United Arab Emirates	1,487	4,245	412
Ghana	460	38	239
South Africa	712	183	295
All other destination markets	11,945	10,290	5,095
Total India exports	34,011	72,009	35,899

Table continued on next page.

Table VII-4 -- Continued
Circular welded tubes, pipes, and hollow profiles of stainless steel: Exports from India by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Exports from India to the United States	3,330	3,160	2,908
Exports from India to other major destination markets.--			
Turkey	6,402	3,138	2,857
Ethiopia	2,893	2,477	740
Brazil	2,766	2,696	2,456
Italy	5,185	3,755	3,592
Indonesia	4,176	5,121	3,734
United Arab Emirates	3,665	3,657	3,087
Ghana	2,894	1,807	2,122
South Africa	3,623	2,731	2,724
All other destination markets	4,505	4,422	3,838
Total India exports	3,649	3,275	2,937
	Share of quantity (percent)		
Exports from India to the United States	44.1	69.8	71.4
Exports from India to other major destination markets.--			
Turkey	0.9	3.7	5.4
Ethiopia	0.0	4.0	3.4
Brazil	16.4	5.1	2.9
Italy	1.9	0.9	1.7
Indonesia	0.1	0.2	1.5
United Arab Emirates	4.4	5.3	1.1
Ghana	1.7	0.1	0.9
South Africa	2.1	0.3	0.9
All other destination markets	28.5	10.6	10.9
Total India exports	100.0	100.0	100.0

Source: Official Indian export statistics reported by India's Ministry of Commerce in the GTIS/GTA database under HTS subheading 7306.40, accessed July 27, 2016. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation such as heater tubing, mechanical tubing, and other circular welded stainless steel tubular products not matching the scope of these investigations.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-5 presents data on U.S. importers' reported inventories of WSSPP. End-of-period inventories of imports from India quadrupled from 2013 to 2015 and levels were essentially the same in interim 2016 as they were in interim 2015. Importers *** accounted for *** Indian WSSPP inventories. Warren Alloy noted that as a master distributor, it stocks a complete line of stainless pipe in a wide variety of sizes as well as other related products such as fittings, flanges, and valves.¹⁸ It increased its holdings of inventories of WSSPP imports from India to mitigate erratic supply from India. Even so, the larger inventories were not able to prevent disruptions to its customers.¹⁹ For Merit Brass, managing inventories of WSSPP from India was further complicated because not all items ordered were shipped.²⁰ Further, due to long lead times,²¹ Warren Alloy, had to cover its inventory position with inventories beyond what would constitute their normal levels because of the uncertainty of when their next order of imports would arrive, effectively buying a hedge to cover their positions.²²

Warren Alloy's stores "generic" and "approved" WSSPP²³ and classifies its inventory accordingly.²⁴ Material is stocked by supplier name, with certain ones being approved and others being generic; essentially "two different options" for "two different markets."²⁵

¹⁸ Hearing transcript, p. 96 (Robinson).

¹⁹ Hearing transcript, p. 105 (Robinson).

²⁰ Conference transcript, p. 71 (Lipp).

²¹ The lead time for imports from India has been on average nine-to-ten months. Hearing transcript, pp. 105 (Robinson).

²² Conference transcript, pp. 72-73 (Cameron). Postconference brief of Indian importers and producers, p. 36.

²³ Hearing transcript, p. 136 (Robinson). To determine if the product is "generic" or "approved," Warren Alloy considers the country of origin and AML lists. Hearing transcript, p. 171 (Robinson).

²⁴ Hearing transcript, p. 145 (Robinson).

²⁵ Hearing transcript, p. 145 (Robinson).

Table VII-5
WSSPP: U.S. importers' inventories, 2013-15, January-March 2015, and January-March 2016

Item	Calendar year			January to March	
	2013	2014	2015	2015	2016
Imports from India:					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from Korea:					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from Taiwan:					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total 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)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from nonsubject sources:					
Inventories (short tons)	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***
Imports from all sources:					
Inventories (short tons)	8,639	7,625	9,165	7,563	8,196
Ratio to U.S. imports (percent)	23.6	13.4	22.4	17.6	19.6
Ratio to U.S. shipments of imports (percent)	22.5	13.1	23.4	17.5	18.0
Ratio to total shipments of imports (percent)	22.4	13.1	23.3	17.5	18.0

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 WSSPP from India after March 31, 2016. Importer ***, which first began importing subject merchandise in the first quarter for 2016, accounted for the large majority of arranged imports from India in April-June 2016.

Table VII-6
WSSPP: Arranged imports, April 2016-March 2017

Item	Period				
	Apr-Jun 2016	Jul-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Total
India	***	***	***	***	***
All other sources	***	***	***	***	***
Total U.S. imports	***	***	***	***	***

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

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

All eight responding U.S. importers and all five responding foreign producers/exporters in India reported no known trade remedy actions on WSSPP from India in third-country markets.

INFORMATION ON NONSUBJECT COUNTRIES

During 2013-15, the leading nonsubject sources of U.S. imports of WSSPP were Taiwan and Korea. Other major nonsubject sources of WSSPP were Canada, Thailand, Malaysia, and Vietnam. Of these, Canada is the only leading nonsubject country not currently subject to U.S. trade remedy actions (although, two companies are excluded from the order in place on WSSPP from Taiwan).

As noted in table I-1, imports from China, Malaysia, Thailand, and Vietnam are subject to orders on WSSPP made to ASTM A 312, A 778, or A 358 (if it is produced to A 312 or A 778 specifications up to 14 inches in outside diameter).²⁶ The orders on imports from China have been in place since 2009 and those for imports from Malaysia, Thailand, and Vietnam have been in place since late 2014. Meanwhile, imports from Korea and Taiwan have been subject to orders on A 312 WSSPP since 1991; the orders for these two countries have no restriction on outside diameter.

²⁶ The product scope for the orders in place on China, Malaysia, Thailand and Vietnam is identical to the scope for WSSPP from India.

Korea

Table VII-7 presents information on Korea's global exports classifiable in HS 7306.40 during 2013-15, as reported by Global Trade Atlas. As noted with the export statistics for India, circular welded tubes, pipes, and hollow profiles of stainless steel encompass a broader commodity category than subject WSSPP (not exceeding 14 inches in OD). For example, mechanical tubing, pressure tubing, and other specialized tubing is also classifiable in HS 7306.40.

Table VII-7
Circular welded tubes, pipes, and hollow profiles of stainless steel: Korean exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Korea's exports to the United States	11,191	20,448	15,816
Korea's exports to other major destination markets.--			
China	6,197	7,605	7,015
Thailand	4,787	1,810	2,718
Japan	1,639	2,344	2,691
Malaysia	907	376	2,410
Indonesia	2,587	2,532	1,994
Iraq	1	211	1,520
India	770	905	1,120
Turkey	3,294	974	1,087
All other destination markets	12,239	11,418	9,854
Total Korea exports	43,612	48,623	46,224
	Value (1,000 dollars)		
Korea's exports to the United States	51,953	75,641	58,265
Korea's exports to other major destination markets.--			
China	29,095	22,109	19,976
Thailand	23,666	7,514	10,650
Japan	6,480	9,043	9,201
Malaysia	4,765	2,432	7,629
Indonesia	7,388	7,010	4,948
Iraq	6	646	5,389
India	3,242	3,858	4,040
Turkey	14,532	5,232	4,533
All other destination markets	57,694	54,788	44,417
Total Korea exports	198,821	188,274	169,048

Table continued on next page.

Table VII-7 -- Continued
Circular welded tubes, pipes, and hollow profiles of stainless steel: Korean exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Korea's exports to the United States	4,642	3,699	3,684
Korea's exports to other major destination markets.-- China	4,695	2,907	2,848
Thailand	4,943	4,151	3,919
Japan	3,953	3,858	3,420
Malaysia	5,252	6,466	3,165
Indonesia	2,856	2,769	2,482
Iraq	11,880	3,065	3,544
India	4,212	4,264	3,607
Turkey	4,412	5,374	4,172
All other destination markets	4,714	4,798	4,507
Total Korea exports	4,559	3,872	3,657
	Share of quantity (percent)		
Korea's exports to the United States	25.7	42.1	34.2
Korea's exports to other major destination markets.-- China	14.2	15.6	15.2
Thailand	11.0	3.7	5.9
Japan	3.8	4.8	5.8
Malaysia	2.1	0.8	5.2
Indonesia	5.9	5.2	4.3
Iraq	0.0	0.4	3.3
India	1.8	1.9	2.4
Turkey	7.6	2.0	2.4
All other destination markets	28.1	23.5	21.3
Total Korea exports	100.0	100.0	100.0

Source: Official Korean exports statistics under HTS subheading 7306.40 as reported by Korea Customs and Trade Development Institution in the GTIS/GTA database, accessed July 27, 2016. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation.

The United States is Korea's largest export market in terms of both the quantity and value of exports classifiable in HS 7306.40. Korea's exports of circular welded tubes, pipes, and hollow profiles of stainless steel to the United States accounted for 34.2 percent of the volume of Korea's total exports of these products in 2015. After the United States, Korea's largest markets are in China, Thailand, Japan, Malaysia, and Indonesia during 2013-15. As of October 2015, the Ministry of Finance in Thailand initiated an antidumping duty investigation on imports

of stainless steel pipe and tube from Korea, as well as, China, Taiwan, and Vietnam.²⁷ The ongoing investigation covers product classifiable in HS 7306.40.²⁸

Korean manufacturers that produce pipe to meet ASTM A 312 specifications include Hyundai Steel Pipe Co. (HYSCO), SeAH, and Sungwon Pipe Co. Ltd.²⁹ Despite existing antidumping orders on A 312 pipe from Korea, exports of goods classified in HS 7306.40 to the United States increased from 2013 to 2014, but decreased slightly in 2015.

Taiwan

Table VII-8 presents information on Taiwan's global exports under HS 7306.40 during 2013-15. The United States is Taiwan's largest export market for circular welded tubes, pipes, and hollow profiles of stainless steel by quantity and by value, accounting for 18.5 percent of the volume of Taiwan's exports under HS 7306.40 in 2015. Other large markets for Taiwan are Australia and Canada. Otherwise, Taiwan has dispersed coverage in terms of other global exports. Froch Enterprises, Ta Chen, and several other companies in Taiwan produce pipe to ASTM A 312 specifications.³⁰ While most Taiwan producers have been subject to a U.S. antidumping order on A 312 pipe since 1991, Chang Tieh (later Chang Mien) and Ta Chen are excluded from the order.³¹ In 2015, Ta Chen announced the expansion of its Charlotte, NC warehouse location, which added 100,000 square feet for a total space of 125,000 square feet.³²

²⁷ Preston Pipe & Tube Report, "International Mill Activity," October 2015, 32

²⁸ WTO, "Semi-Annual Report under Article 16.4 of the Agreement: Thailand," G/ADP/N/280/THA, December 30, 2015.

²⁹ SIMDEX, "The SIMDEX Metal Tube Manufacturers World Wide Guide," accessed October 23, 2015; PR Newswire, "Sungwon Pipe Announces New Contracts for 2011," January 25, 2011.

³⁰ SIMDEX, "The SIMDEX Metal Tube Manufacturers World Wide Guide," accessed October 23, 2015; Froch Enterprise Co., LTD., "Stainless Steel Pipes, Tubes, Sheets, and Coils," http://www.froch.com/ENG/Major_Products.php, accessed October 23, 2015; and Ta Chen International, INC., "Stainless P.V.F. Summary," <http://www.tachen.com/RVF.asp>, accessed October 23, 2015.

³¹ *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212 (Final)*, USITC Publication 4477, July 2014, p. VII-12.

³² Charlotte Business Journal, "Ta Chen International expanding Charlotte operation, leases space in new Prologis building," January 23, 2015 http://www.bizjournals.com/charlotte/blog/real_estate/2015/01/ta-chen-international-expanding-charlotte.html, retrieved August 10, 2016; Ta Chen, "Locations: U.S.A.," http://www.tachen.com/location_US.asp, retrieved August 10, 2016.

Table VII-8
Circular welded tubes, pipes, and hollow profiles of stainless steel: Taiwan exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Taiwan's exports to the United States	30,577	37,619	34,017
Taiwan's exports to other major destination markets.--			
Australia	11,870	13,583	12,575
Canada	10,107	11,164	10,620
Mexico	5,812	7,243	8,764
South Africa	7,337	7,249	7,722
Thailand	6,404	6,697	7,225
Saudi Arabia	4,126	5,100	6,967
Netherlands	6,195	7,240	6,714
Turkey	9,782	7,534	6,361
All other destination markets	88,084	90,478	82,587
Total Taiwan exports	180,295	193,906	183,552
	Value (1,000 dollars)		
Taiwan's exports to the United States	96,041	143,953	93,333
Taiwan's exports to other major destination markets.--			
Australia	36,032	41,245	33,551
Canada	27,454	30,603	25,629
Mexico	14,830	18,702	19,508
South Africa	21,285	19,899	18,942
Thailand	15,999	16,307	15,339
Saudi Arabia	11,866	13,668	17,880
Netherlands	18,230	21,438	16,997
Turkey	25,153	19,210	14,690
All other destination markets	240,519	251,051	201,063
Total Taiwan exports	507,409	576,076	456,931
	Unit value (dollars per short ton)		
Taiwan's exports to the United States	3,141	3,827	2,744
Taiwan's exports to other major destination markets.--			
Australia	3,036	3,037	2,668
Canada	2,716	2,741	2,413
Mexico	2,551	2,582	2,226
South Africa	2,901	2,745	2,453
Thailand	2,498	2,435	2,123
Saudi Arabia	2,876	2,680	2,566
Netherlands	2,943	2,961	2,532
Turkey	2,571	2,550	2,309
All other destination markets	2,731	2,775	2,435
Total Taiwan exports	2,814	2,971	2,489

Table continued on next page.

Table VII-8 -- Continued
Circular welded tubes, pipes, and hollow profiles of stainless steel: Taiwan exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Share of quantity (percent)		
Taiwan's exports to the United States	17.0	19.4	18.5
Taiwan's exports to other major destination markets.--			
Australia	6.6	7.0	6.9
Canada	5.6	5.8	5.8
Mexico	3.2	3.7	4.8
South Africa	4.1	3.7	4.2
Thailand	3.6	3.5	3.9
Saudi Arabia	2.3	2.6	3.8
Netherlands	3.4	3.7	3.7
Turkey	5.4	3.9	3.5
All other destination markets	48.9	46.7	45.0
Total Taiwan exports	100.0	100.0	100.0

Source: Official Taiwanese exports statistics under HTS subheading 7306.40 as reported by Taiwan in the GTIS/GTA database, accessed July 27, 2016. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation.

Global export market

Table VII-9 presents information on global exports of circular welded tubes, pipes and hollow profiles of stainless steel (HS 7306.40) during 2013-15 as reported by Global Trade Atlas. In 2015, Italy was the top global exporter of the goods classified in HS 7306.40, and Taiwan and China were the second and third largest global exporters, respectively. In 2015, the United States, Canada, and Germany had the highest export unit values; while the Czech Republic and Uruguay had some of the lowest.

Table VII-9
Circular welded tubes, pipes, and hollow profiles of stainless steel: Global exports by country,
2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
United States	30,028	28,700	26,766
India	9,320	21,984	12,225
All other major exporting countries.--			
Italy	312,651	320,968	330,932
Taiwan	180,295	193,906	183,552
China	132,711	142,994	152,201
Germany	81,427	94,700	89,795
South Korea	43,612	48,623	46,224
Czech Republic	55,322	63,449	33,846
Netherlands	17,751	19,085	25,207
Finland	22,726	24,091	22,468
Canada	17,669	21,132	21,244
Uruguay	26,223	21,850	20,114
All other exporting countries.	165,707	170,727	132,101
Total global exports	1,095,441	1,172,209	1,096,675
	Value (\$1,000)		
United States	202,854	199,879	181,066
India	34,011	72,009	35,899
All other major exporting countries.--			
Italy	1,148,388	1,212,488	999,020
Taiwan	507,409	576,076	456,931
China	421,787	490,274	517,910
Germany	537,962	580,811	456,677
South Korea	198,821	188,274	169,048
Czech Republic	70,876	86,591	82,528
Netherlands	109,550	101,889	98,220
Finland	93,719	104,936	81,484
Canada	109,170	133,607	131,944
Uruguay	64,760	54,760	49,010
All other exporting countries.	780,539	783,694	571,374

Table continued.

Table VII-9 -- Continued
Circular welded tubes, pipes, and hollow profiles of stainless steel: Global exports by country, 2013-15

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
United States	6,755	6,964	6,765
India	3,649	3,275	2,937
All other major exporting countries.--			
Italy	3,673	3,778	3,019
Taiwan	2,814	2,971	2,489
China	3,178	3,429	3,403
Germany	6,607	6,133	5,086
South Korea	4,559	3,872	3,657
Czech Republic	1,281	1,365	2,438
Netherlands	6,171	5,339	3,897
Finland	4,124	4,356	3,627
Canada	6,179	6,323	6,211
Uruguay	2,470	2,506	2,437
All other exporting countries.	4,710	4,590	4,325
Total global exports	3,907	3,912	3,493
	Share of quantity (percent)		
United States	2.7	2.4	2.4
India	0.9	1.9	1.1
All other major exporting countries.--			
Italy	28.5	27.4	30.2
Taiwan	16.5	16.5	16.7
China	12.1	12.2	13.9
Germany	7.4	8.1	8.2
South Korea	4.0	4.1	4.2
Czech Republic	5.1	5.4	3.1
Netherlands	1.6	1.6	2.3
Finland	2.1	2.1	2.0
Canada	1.6	1.8	1.9
Uruguay	2.4	1.9	1.8
All other exporting countries.	15.1	14.6	12.0
Total global exports	100.0	100.0	100.0

Note.—Data were compiled from HS 7306.40, which covers WSSPP as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel outside of the scope of this investigation.

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

Source: Official exports statistics under HTS subheading 7306.40 as reported by various national statistical authorities in the GTIS/GTA database, accessed July 27, 2016.

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
80 FR 60715, October 7, 2015	<i>Welded Stainless Steel Pressure Pipe From India Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	https://www.federalregister.gov/articles/2015/10/07/2015-25469/welded-stainless-steel-pressure-pipe-from-india-institution-of-antidumping-and-countervailing-duty
80 FR 65696, October 27, 2015	<i>Welded Stainless Pressure Pipe From India: Initiation of Antidumping Duty Investigation</i>	https://www.federalregister.gov/articles/2015/10/27/2015-27364/welded-stainless-pressure-pipe-from-india-initiation-of-antidumping-duty-investigation
80 FR 65700, October 27, 2015	<i>Welded Stainless Pressure Pipe From India: Initiation of Countervailing Duty Investigation</i>	https://www.federalregister.gov/articles/2015/10/27/2015-27376/welded-stainless-pressure-pipe-from-india-initiation-of-countervailing-duty-investigation
81 FR 12871, March 11, 2016	<i>Countervailing Duty Investigation of Welded Stainless Pressure Pipe From India: Preliminary Affirmative Determination and Alignment of Final Determination With Final Antidumping Duty Determination</i>	https://www.federalregister.gov/articles/2016/03/11/2016-05575/countervailing-duty-investigation-of-welded-stainless-pressure-pipe-from-india-preliminary
81 FR 28824, May 10, 2016	<i>Welded Stainless Pressure Pipe From India: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i>	https://www.federalregister.gov/articles/2016/05/10/2016-11034/welded-stainless-pressure-pipe-from-india-affirmative-preliminary-determination-of-sales-at-less

Citation	Title	Link
81 FR 33706, May 27, 2016	<i>Welded Stainless Steel Pressure Pipe from India; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations</i>	https://www.federalregister.gov/articles/2016/05/27/2016-12622/welded-stainless-steel-pressure-pipe-from-india-scheduling-of-the-final-phase-of-countervailing-duty
81 FR 66921, September 29, 2016	<i>Welded Stainless Pressure Pipe From India: Final Determination of Sales at Less Than Fair Value</i>	https://www.federalregister.gov/documents/2016/09/29/2016-23577/welded-stainless-pressure-pipe-from-india-final-determination-of-sales-at-less-than-fair-value
81 FR 66925, September 29, 2015	<i>Countervailing Duty Investigation of Welded Stainless Pressure Pipe From India: Final Affirmative Determination</i>	https://www.federalregister.gov/documents/2016/09/29/2016-23575/countervailing-duty-investigation-of-welded-stainless-pressure-pipe-from-india-final-affirmative

APPENDIX B

LIST OF 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 India

Inv. Nos.: 701-TA-548 and 731-TA-1298 (Final)

Date and Time: September 22, 2016 - 9:30 am

Sessions were held in connection with these investigations in the Main Hearing Room (Room 101), 500 E Street, SW, Washington, DC.

CONGRESSIONAL APPEARANCE:

The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

OPENING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**Julie C. Mendoza**, Morris Manning & Martin LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Schagrin Associates
Washington, DC
on behalf of

Bristol Metals LLC
Felker Brothers Corporation
Marcegaglia USA
Outokumpu Stainless Pipe, Inc.
United Steelworkers

Kyle Pennington, President, Synalloy Metals/Bristol Metals

John Tidlow, Executive Vice President, Synalloy Metals/ Bristol Metals

David Hendrickson, President, Felker Brothers Corporation

Kevin Van Zandt, President, Marcegaglia USA

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Kevin Van Zandt, President, Marcegaglia USA

Kris Podsiad, Senior Vice President *and* General Manager,
Outokumpu Stainless Pipe

Holly Hart, Legislative Director *and* Assistant to the President,
United Steelworkers

Roger B. Schagrin)
Paul W. Jameson) – OF COUNSEL
Christopher T. Cloutier)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

Morris Manning & Martin LLP
Washington, DC
on behalf of

Bhandari Group
Prakash Steelage Ltd.
Streamline Industries
(collectively “Indian Producers”)
Allied Fitting LP
Merit Brass Company

Rohit Krishnakumar Sharma, Head Marketing, Steamline
Industries Ltd.

Chad Robinson, Global Procurement, Warren Alloy Valve &
Fitting Co., LP and the Allied Group

James P. Dougan, Vice President, Economic Consulting
Services, LLC

Emma Peterson, Staff Economist, Economic Consulting
Services, LLC

Julie C. Mendoza)
) – OF COUNSEL
R. Will Planert)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Christopher T. Cloutier**, Schagrin Associates)

Respondents (**R. Will Planert** *and* **Julie C. Mendoza**, Morris Manning & Martin LLP)

-END-

APPENDIX C
SUMMARY DATA

Table C-1

WSSPP: Summary data concerning the U.S. market, 2013-15, January to March 2015, and January to March 2016

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	2013	Calendar year 2014	2015	January to March 2015	2016	2013-15	Calendar year 2013-14	2014-15	Jan.-March 2015-16
U.S. consumption quantity:									
Amount.....	64,933	83,579	64,742	16,985	19,017	(0.3)	28.7	(22.5)	12.0
Producers' share (fn1).....	40.2	33.9	35.5	33.1	37.4	(4.6)	(6.3)	1.7	4.3
Importers' share (fn1):									
India	4.0	20.7	23.3	***	***	19.2	16.7	2.5	***
All other sources (fn2).....	55.8	45.4	41.2	***	***	(14.6)	(10.4)	(4.2)	***
Total U.S. imports.....	59.8	66.1	64.5	66.9	62.6	4.6	6.3	(1.7)	(4.3)
U.S. consumption value:									
Amount.....	237,724	314,187	240,778	68,249	57,383	1.3	32.2	(23.4)	(15.9)
Producers' share (fn1).....	43.9	37.0	35.5	34.8	36.7	(8.4)	(6.9)	(1.5)	1.9
Importers' share (fn1):									
India	3.1	16.8	19.3	***	***	16.2	13.7	2.5	***
All other sources (fn2).....	53.0	46.2	45.2	***	***	(7.8)	(6.8)	(1.1)	***
Total U.S. imports.....	56.1	63.0	64.5	65.2	63.3	8.4	6.9	1.5	(1.9)
U.S. shipments of imports from:									
India:									
Quantity.....	2,622	17,318	15,064	***	***	474.5	560.5	(13.0)	***
Value.....	7,339	52,645	46,481	***	***	533.3	617.3	(11.7)	***
Unit value.....	\$2,799	\$3,040	\$3,086	***	***	10.2	8.6	1.5	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All other sources (fn2):									
Quantity.....	36,238	37,962	26,672	***	***	(26.4)	4.8	(29.7)	***
Value.....	126,023	145,309	108,757	***	***	(13.7)	15.3	(25.2)	***
Unit value.....	\$3,478	\$3,828	\$4,078	***	***	17.3	10.1	6.5	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity.....	38,860	55,280	41,736	11,371	11,908	7.4	42.3	(24.5)	4.7
Value.....	133,362	197,954	155,238	44,521	36,345	16.4	48.4	(21.6)	(18.4)
Unit value.....	\$3,432	\$3,581	\$3,720	\$3,915	\$3,052	8.4	4.3	3.9	(22.0)
Ending inventory quantity.....	8,639	7,625	9,165	7,563	8,196	6.1	(11.7)	20.2	8.4
U.S. producers:									
Average capacity quantity.....	62,201	62,853	59,171	14,990	15,200	(4.9)	1.0	(5.9)	1.4
Production quantity.....	25,849	30,827	22,682	6,240	6,753	(12.3)	19.3	(26.4)	8.2
Capacity utilization (fn1).....	41.6	49.0	38.3	41.6	44.4	(3.2)	7.5	(10.7)	2.8
U.S. shipments:									
Quantity.....	26,073	28,299	23,006	5,614	7,109	(11.8)	8.5	(18.7)	26.6
Value.....	104,362	116,233	85,540	23,728	21,038	(18.0)	11.4	(26.4)	(11.3)
Unit value.....	\$4,003	\$4,107	\$3,718	\$4,227	\$2,959	(7.1)	2.6	(9.5)	(30.0)
Export shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	4,595	6,974	6,301	7,422	6,009	37.1	51.8	(9.7)	(19.0)
Inventories/total shipments (fn1).....	***	***	***	***	***	***	***	***	***
Production workers.....	294	292	256	261	225	(12.9)	(0.7)	(12.3)	(13.8)
Hours worked (1,000s).....	619	567	478	135	116	(22.8)	(8.4)	(15.7)	(14.1)
Wages paid (\$1,000).....	11,844	10,768	9,656	2,728	2,337	(18.5)	(9.1)	(10.3)	(14.3)
Hourly wages (dollars).....	\$19.13	\$18.99	\$20.20	\$20.21	\$20.15	5.6	(0.7)	6.4	(0.3)
Productivity (short tons per 1,000 hours).....	41.8	54.4	47.5	46.2	58.2	13.6	30.2	(12.7)	25.9
Unit labor costs.....	\$458	\$349	\$426	\$437	\$346	(7.1)	(23.8)	21.9	(20.8)
Net sales:									
Quantity.....	26,536	28,470	23,264	5,752	7,118	(12.3)	7.3	(18.3)	23.7
Value.....	106,264	117,117	86,842	24,449	21,083	(18.3)	10.2	(25.9)	(13.8)
Unit value.....	\$4,005	\$4,114	\$3,733	\$4,251	\$2,962	(6.8)	2.7	(9.3)	(30.3)
Cost of goods sold (COGS).....	106,835	109,592	91,317	23,275	22,206	(14.5)	2.6	(16.7)	(4.6)
Gross profit or (loss).....	(571)	7,525	(4,475)	1,174	(1,123)	683.7	fn3	fn3	fn3
SG&A expenses.....	10,188	9,512	10,021	2,342	2,696	(1.6)	(6.6)	5.4	15.1
Operating income or (loss).....	(10,759)	(1,987)	(14,496)	(1,168)	(3,819)	34.7	(81.5)	629.5	227.0
Net income or (loss).....	(12,812)	(4,587)	(17,091)	(1,719)	(4,722)	33.4	(64.2)	272.6	174.7
Capital expenditures.....	***	***	***	***	***	***	***	***	***
Unit COGS.....	\$4,026	\$3,849	\$3,925	\$4,046	\$3,120	(2.5)	(4.4)	2.0	(22.9)
Unit SG&A expenses.....	\$384	\$334	\$431	\$407	\$379	12.2	(13.0)	28.9	(7.0)
Unit operating income or (loss).....	(\$405)	(\$70)	(\$623)	(\$203)	(\$537)	53.7	(82.8)	792.8	164.2
Unit net income or (loss).....	(\$483)	(\$161)	(\$735)	(\$299)	(\$663)	52.2	(66.6)	356.0	122.0
COGS/sales (fn1).....	100.5	93.6	105.2	95.2	105.3	4.6	(7.0)	11.6	10.1
Operating income or (loss)/sales (fn1).....	(10.1)	(1.7)	(16.7)	(4.8)	(18.1)	(6.6)	8.4	(15.0)	(13.3)
Net income or (loss)/sales (fn1).....	(12.1)	(3.9)	(19.7)	(7.0)	(22.4)	(7.6)	8.1	(15.8)	(15.4)

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Refer to Part IV, footnote 2.

fn3.--Undefined.

APPENDIX D

U.S. PRODUCERS' AND IMPORTERS' SHIPMENTS OF WSSPP BY TYPE

Table D-1

WSSPP: U.S. producers' commercial U.S. shipments by size, length, and grade, 2015

	A-312	A-778	Other products	Total
	Quantity (feet)			
U.S. producers' commercial U.S. shipments of.-- NPS 1 and less	***	***	***	***
NPS >1 to 2	2,135,934	***	***	2,135,934
NPS >2 to 4	1,730,439	***	***	1,736,949
NPS >4 to 6	601,809	***	***	606,577
NPS >6 to 14	***	***	***	***
Total, commercial U.S. shipments	7,653,367	***	***	7,686,465
	Quantity (short tons)			
U.S. producers' commercial U.S. shipments of.-- NPS 1 and less	***	***	***	***
NPS >1 to 2	2,878	***	***	2,878
NPS >2 to 4	5,075	***	***	5,090
NPS >4 to 6	3,493	***	***	3,514
NPS >6 to 14	***	***	***	***
Total, commercial U.S. shipments	21,203	***	***	21,435
	Share of quantity based on weight (percent)			
U.S. producers' commercial U.S. shipments of.-- NPS 1 and less	***	***	***	***
NPS >1 to 2	13.6	***	***	13.4
NPS >2 to 4	23.9	***	***	23.7
NPS >4 to 6	16.5	***	***	16.4
NPS >6 to 14	***	***	***	***
Total, commercial U.S. shipments	100.0	***	***	100.0

Table continued on next page.

Table D-1--Continued

WSSPP: U.S. producers' commercial U.S. shipments by size, length, and grade, 2015

	A-312	A-778	Other products	Total
	Value (1,000 dollars)			
U.S. producers' commercial U.S. shipments of.-- NPS 1 and less	***	***	***	***
NPS >1 to 2	9,689	***	***	9,689
NPS >2 to 4	19,350	***	***	19,403
NPS >4 to 6	12,905	***	***	12,989
NPS >6 to 14	***	***	***	***
Total, commercial U.S. shipments	78,900	***	***	79,834
	Unit value (dollars per short ton)			
U.S. producers' commercial U.S. shipments of.-- NPS 1 and less	***	***	***	***
NPS >1 to 2	3,367	***	***	3,367
NPS >2 to 4	3,813	***	***	3,812
NPS >4 to 6	3,695	***	***	3,696
NPS >6 to 14	***	***	***	***
Total, commercial U.S. shipments	3,721	***	***	3,724

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

Table D-2

WSSPP: U.S. importers' commercial U.S. shipments by size, length, and grade from India, 2015

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Table D-3

WSSPP: U.S. importers' commercial U.S. shipments by size, length, and grade from Korea, 2015

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Table D-4

WSSPP: U.S. importers' commercial U.S. shipments by size, length, and grade from Taiwan, 2015

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Table D-5

WSSPP: U.S. importers' commercial U.S. shipments by size, length, and grade from all other sources, 2015

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APPENDIX E
NONSUBJECT COUNTRY PRICE DATA

Three importers reported price data for nonsubject sources Korea and Taiwan. Two of those importers provided pricing for product from Taiwan and one importer provided pricing for product from Korea. Price data reported by these firms accounted for 14.0 percent of U.S. commercial shipments from Korea and 12.5 percent of U.S. commercial shipments from Taiwan in 2015. These price items and accompanying data are comparable to those presented in tables V-4 to V-7. Price and quantity data for Korea and Taiwan are shown in tables E-1 to E-4 and in figures E-1 to E-4 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for WSSPP imported from Korea were lower than prices for U.S.-produced product in 46 instances and higher in 4 instances and prices for WSSPP imported from Taiwan were lower than prices for U.S.-produced product in 23 instances and higher in 29 instances. In comparing nonsubject country pricing data with subject country pricing data, prices for WSSPP imported from Korea were lower than prices for WSSPP imported from India in 32 instances and higher in 16 instances and prices for WSSPP imported from Taiwan were lower than prices for WSSPP imported from India in 9 instances and higher in 41 instances. A summary of price differentials is presented in table E-5.

Table E-1

WSSPP: Weighted-average f.o.b. prices and quantities of imported product 1, by quarters, January 2013-March 2016

* * * * *

Table E-2

WSSPP: Weighted-average f.o.b. prices and quantities of imported product 2,¹ by quarters, January 2013-March 2016

Period	United States		Korea		Taiwan	
	Price (dollars per foot)	Quantity (feet)	Price (dollars per foot)	Quantity (feet)	Price (dollars per foot)	Quantity (feet)
2013:						
Jan.-Mar.	6.01	73,392	***	***	***	***
Apr.-Jun.	6.12	67,651	***	***	***	***
Jul.-Sep.	5.69	120,921	***	***	***	***
Oct.-Dec.	5.74	88,682	***	***	***	***
2014:						
Jan.-Mar.	5.65	153,171	***	***	***	***
Apr.-Jun.	6.24	143,916	***	***	***	***
Jul.-Sep.	6.83	80,874	***	***	***	***
Oct.-Dec.	6.35	101,187	***	***	***	***
2015:						
Jan.-Mar.	6.30	95,233	***	***	***	***
Apr.-Jun.	5.39	123,939	***	***	***	***
Jul.-Sep.	4.97	91,417	***	***	***	***
Oct.-Dec.	4.67	71,420	***	***	***	***
2016:						
Jan.-Mar.	4.35	235,701	***	***	***	***

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

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

Table E-3

WSSPP: Weighted-average f.o.b. prices and quantities of imported product 3, by quarters, January 2013-March 2016

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Table E-4

WSSPP: Weighted-average f.o.b. prices and quantities of imported product 4, by quarters, January 2013-March 2016

Period	United States		Korea		Taiwan	
	Price (dollars per foot)	Quantity (feet)	Price (dollars per foot)	Quantity (feet)	Price (dollars per foot)	Quantity (feet)
2013:						
Jan.-Mar.	15.71	33,951	***	***	***	***
Apr.-Jun.	15.32	42,460	***	***	***	***
Jul.-Sep.	14.53	54,897	***	***	***	***
Oct.-Dec.	14.62	55,523	***	***	***	***
2014:						
Jan.-Mar.	14.85	66,420	***	***	***	***
Apr.-Jun.	15.98	67,168	***	***	***	***
Jul.-Sep.	16.96	47,874	***	***	***	***
Oct.-Dec.	16.63	44,859	***	***	***	***
2015:						
Jan.-Mar.	17.18	35,714	***	***	***	***
Apr.-Jun.	15.49	35,342	***	***	***	***
Jul.-Sep.	13.72	43,206	***	***	***	***
Oct.-Dec.	12.26	79,853	***	***	***	***
2016:						
Jan.-Mar.	12.21	71,354	***	***	***	***

¹ Product 4: ASTM A-312, welded, grade AISI 304/304L pipe, 6-inch schedule 10

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

Figure E-1

WSSPP: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarters, January 2013-March 2016

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Figure E-2

WSSPP: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters, January 2013-March 2016

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Figure E-3

WSSPP: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarters, January 2013-March 2016

* * * * *

Figure E-4

WSSPP: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, by quarters, January 2013-March 2016

* * * * *

Table E-5

WSSPP: Summary of underselling/(overselling), by country, January 2013-March 2016

Comparison	Total number of comparisons	Nonsubject lower priced than comparison source		Nonsubject higher priced than comparison source	
		Number of quarters	Quantity (feet)	Number of quarters	Quantity (feet)
Nonsubject vs United States.--					
Korea vs. United States	50	46	***	4	***
Taiwan vs. United States	52	23	***	29	***
Nonsubject vs Subject.--					
Korea vs. India	48	32	***	16	***
Taiwan vs. India	50	9	***	41	***

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

APPENDIX F

**RESPONSES OF U.S. PRODUCERS REGARDING SURCHARGES PAID FOR STAINLESS
STEEL SHEET AND SURCHARGES ADDED TO THE TOTAL SALES PRICE FOR WSSPP**

U.S. producers' individual responses regarding surcharges paid for stainless steel sheet and surcharges added to the total sales price for WSSPP are presented below.

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APPENDIX G

**QUESTIONNAIRE RESPONSES OF U.S. PRODUCERS REGARDING ACTUAL AND
ANTICIPATED NEGATIVE EFFECTS OF SUBJECT IMPORTS**

U.S. producers' individual responses to questions regarding the actual and anticipated negative effects of subject imports are presented below.

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