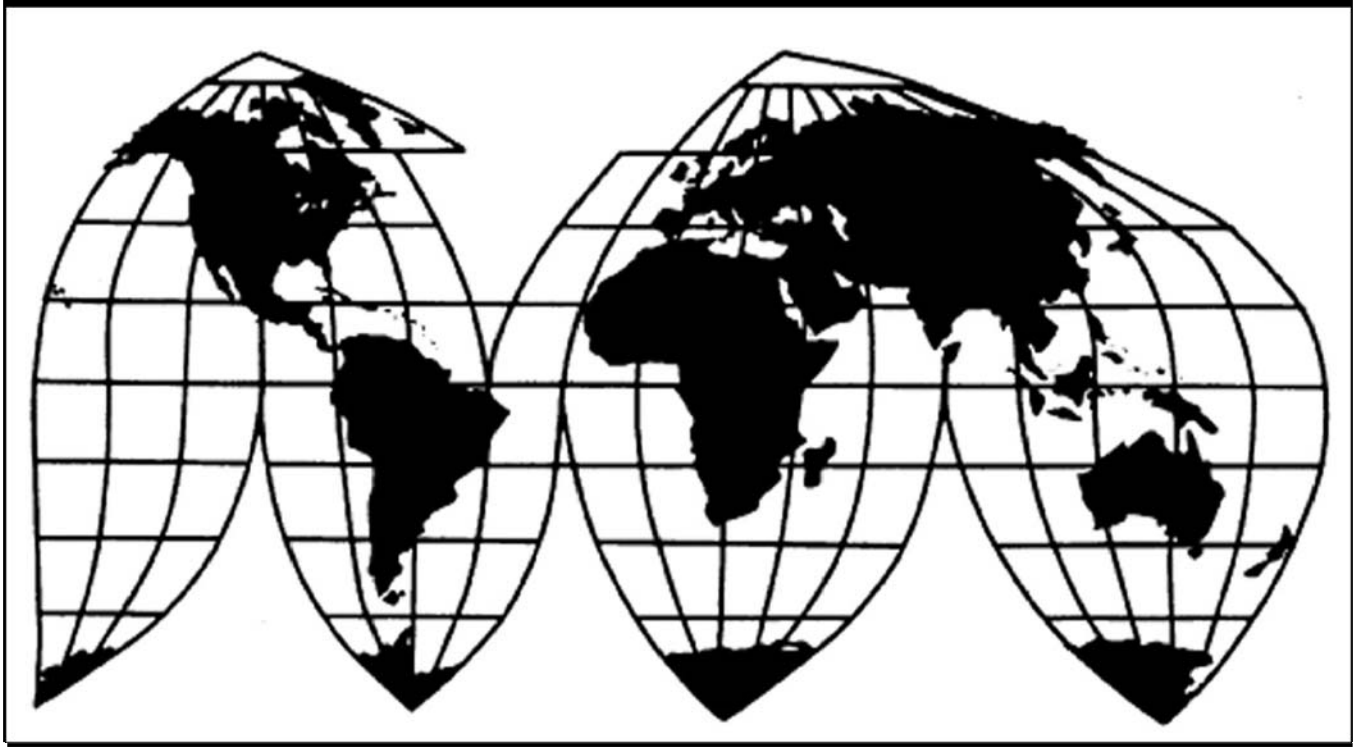
Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China

Investigation Nos. 701-TA-469 and 731-TA-1168 (Preliminary)

Publication 4106 **November 2009**

U.S. International Trade Commission



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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-469 and 731-TA-1168 (Preliminary)

CERTAIN SEAMLESS CARBON AND ALLOY STEEL STANDARD, LINE, AND PRESSURE PIPE FROM CHINA

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a) and 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from China of certain seamless carbon and alloy steel standard, line, and pressure pipe, provided for in subheadings 7304.19, 7304.31, 7304.39, 7304.51, and 7304.59 of the Harmonized Tariff Schedule of the United States, that are alleged to be subsidized by the Government of China and sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

BACKGROUND

On September 16, 2009, counsel on behalf of U.S. Steel Corp., Pittsburgh, PA and V&M Star L.P., Houston, TX, filed a countervailing duty and antidumping petition with both the Commission and the Department of Commerce.[2] The petition alleges that an industry in the United States is materially injured and threatened with material injury by reason of imports of certain seamless carbon and alloy steel standard, line, and pressure pipe allegedly subsidized by the Government of China and sold at less than fair value. Accordingly, effective September 16, 2009, the Commission instituted countervailing duty investigation No. 701-TA-469 (Preliminary) and antidumping duty investigation No. 731-TA-1168 (Preliminary).

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

[2] On September 25, 2009, the petition was amended to add TMK IPSCO and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Worker International Union ("USW") as additional petitioners.

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of seamless carbon and alloy steel standard, line, and pressure pipe ("seamless SLP pipe") from the People's Republic of China ("China") that are allegedly sold in the United States at less than fair value and subsidized by the Government of China.

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

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

II. BACKGROUND

The petitions in these investigations were filed on September 16, 2009, by U.S. Steel Corporation ("U.S. Steel"), Pittsburgh, Pennsylvania, and V&M Star L.P. ("V&M Star"), Houston, Texas ("Petitioners").[3] Representatives from U.S. Steel, V&M Star, and the USW appeared at the staff conference accompanied by counsel and submitted postconference briefs.[4] The Commission sent questionnaires to six firms identified in the petitions as producers of seamless SLP pipe and received five usable questionnaire responses.[5] These domestic producers accounted for the large majority of U.S. production of the domestic like product in 2008.[6]

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[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

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

[3] Petitions, Vol. I at 2; Confidential Staff Report, Mem. INV-GG-101 at III-1 (October 26, 2009) ("CR"). On September 25, 2009, the petition was amended to include TMK IPSCO, Ambridge, Pennsylvania, and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW") as additional petitioners.

[4] V&M Star, TMK IPSCO, and the USW filed a joint postconference brief.

[5] The Commission received usable responses from U.S. Steel, V&M Star, TMK IPSCO, The Timken Company ("Timken"), and Wheatland Tube Co. (a subsidiary of The John Maneely Company that produces seamless SLP pipe) ("Wheatland"). Evraz Rocky Mountain Steel reported that it did not produce the domestic like product during the period for which data were collected. See CR at III-1, n.1, PR at III-1, n.1.

[6] CR at III-1, PR at III-1. Originally, it was believed that the five domestic producers accounted for 100 percent of U.S. production of the domestic like product in 2008. According to staff interviews and follow-up communications, however, another company, Wyman-Gordon Forgings, is now believed to produce the domestic like product. The company estimates that it produces and sells *** of large diameter (*** inch seamless ***) pipe annually. We will examine this issue in any final phase of these investigations.

Counsel for a Chinese producer, Hengyang Valin Steel Tube Co., Ltd. ("Hengyang Valin"), appeared at the staff conference and submitted a postconference brief.

The Commission sent questionnaires to 151 firms believed to be importers of subject seamless SLP pipe, based on information provided in the petitions and information provided by U.S. Customs and Border Protection. Usable questionnaire responses were received from 28 U.S. importers and accounted for 65.4 percent of total subject seamless SLP pipe imports in 2008.

The Commission sent foreign producer questionnaires to 84 Chinese firms believed to be producing seamless SLP pipe. Four firms provided usable responses.[7] These firms' exports to the United States accounted for 9.3 percent of seamless SLP pipe imported from China in 2008 as reported in official Commerce import statistics.[8]

III. DOMESTIC LIKE PRODUCT

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[9] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the 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."[10] In turn, the 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 ...."[11]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[12] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[13] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[14] Although the Commission must accept the determination of the U.S. Department of Commerce

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[7] CR at VII-5, PR at VII-2.

[8] CR at VII-6, PR at VII-3 (as revised by Memorandum INV-GG-103, October 29, 2009).

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(10).

[12] 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: (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).

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

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

("Commerce") as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[15] the Commission determines what domestic product is like the imported articles Commerce has identified.[16] The Commission must base its domestic like product determination on the record in these investigations. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.[17] Each like product determination made by the Commission is sui generis, and starts with the scope of the investigation.

B. Product Description

Commerce's notices of initiation defined the imported merchandise within the scope of these investigations as follows:

> The merchandise covered by this investigation is certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (*e.g.* hot-finished or cold-drawn), end finish (*e.g.* plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (*e.g.*. bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or ''hollow profiles'' suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials (''ASTM'') or American Petroleum Institute (''API'') specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–335, ASTM A–589, ASTM A–795, ASTM A–1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below.
>
> Specifically excluded from the scope of the investigation are unattached couplings.[18]

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[15] See, e.g., USEC, Inc. v. United States, Slip Op. 01-1421at 9 (Fed. Cir. April 25, 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), aff'd, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

[16] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (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 Commission determination of six like products in investigations where Commerce found five classes or kinds).

[17] See, e.g., Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

[18] 74 Fed. Reg. 52744, 52748 (October 14, 2009) (initiation of antidumping investigation) and 74 Fed. Reg. 52945, 52948 (October 15, 2009) (initiation of countervailing duty investigation).

Seamless SLP pipe is used for the transmission of oil and natural gas; in chemical, petrochemical, and refinery facilities; and in mechanical applications for general construction. Seamless standard pipe is intended for the low temperature and pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses.[19] Seamless line pipe is produced to the API 5L specification and is intended for the conveyance of oil and natural gas or other fluids in pipe lines, transmission lines, or gathering lines.[20] Seamless pressure pipe is commonly produced to the ASTM A-106 specification (covering seamless carbon steel pipe for higher temperature service) and is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases in industrial piping systems. Seamless pressure pipe may carry these substances at elevated pressures and temperatures and may be subject to the application of external heat.[21] Seamless SLP pipes are commonly produced and certified to meet all of the most common standard, line, and pressure pipe requirements (i.e., multiple-certified or multiple-stenciled)[22] to avoid separate production runs and to allow distributors to maintain a single inventory of "quad-stenciled"[23] pipe for multiple applications.

C. Domestic Like Product Analysis

Petitioners argue that the Commission should find a single seamless SLP pipe domestic like product that is co-extensive with the scope of the investigations as defined by Commerce.[24] Hengyang Valin disagrees with Petitioners and argues that the Commission should define two domestic like products comprised of "small diameter" seamless SLP pipe less than or equal to 4.5 inches in outside diameter and "large diameter" seamless SLP pipe greater than 4.5 inches and less than or equal to 16 inches in outside diameter.[25]

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[19] CR at I-11 to I-12, PR at I-10 to I-11. Seamless standard pipes are most commonly produced to the ASTM A-53 specification and generally are not intended for high temperature service. If exceptionally low temperature uses or conditions are anticipated, standard pipe may be manufactured to ASTM A-333 or ASTM A-334 specifications.

[20] CR at I-12, PR at I-10.

[21] Seamless pressure pipes sold in the United States are commonly produced to the ASTM A-106 standard. Alloy pipes made to the ASTM A-335 standard must be used if temperatures and stress levels exceed those allowed for ASTM A-106. CR at I-13, n.25, PR at I-11, n.25.

[22] CR at I-12 and n.24, PR at I-11 and n.24.

[23] Quadruple certification is referred to as a "quad stencil," whereby manufacturers put four stencils, or markings, on the pipe to show that it has been produced to meet the requirements and tests of the respective specifications (ASTM A-53, ASTM A-106, API 5L grade B, and API 5L X-42). CR at I-12 to I-13 and n.24, PR at I-11 and n.24.

[24] U.S. Steel Postconference Brief at Exhibit 1; V&M Star Postconference Brief at 2-8; and Petitions, Vol. I at 5. Petitioners request that the Commission find one domestic like product comprised of all seamless SLP pipe less than or equal to 16 inches in outside diameter. Id.

[25] Hengyang Valin Postconference Brief at 4-10. In support of its proposed definitions, Hengyang Valin cites the Commission's like product findings in Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Japan and South Africa, USITC Pub. 3311, 731-TA-847 and 850 (Final) (June 2000). We note, however, that Commission determinations are sui generis in nature, and like product determinations are based on the record of each investigation. See e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (CIT 1988); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp 1165, 1669 n.5 (CIT 1988).

Physical Characteristics and Uses

Small and large diameter seamless SLP pipes share nearly all the same physical characteristics and are made to common specifications from identical grades of carbon and alloy steel. Size is the only physical difference between small and large diameter pipes, and the difference in pipe sizes can correspond to different end uses.[26] Small diameter SLP pipe generally is used in industrial applications such as refineries and chemical plants to carry liquids or gases under pressure, while large diameter SLP pipe generally is used in pipeline applications to convey large volumes of oil and gas over longer distances. Petitioners claim that small and large diameter SLP pipes have some overlapping end uses and that both are used in standard, line, and pressure pipe applications.[27] Nearly all reporting importers stated that the characteristics and uses of small and large diameter seamless SLP pipes are either the same or similar, while several also noted that the only physical difference was size.[28]

Interchangeability

Small and large diameter seamless SLP pipes are not generally interchangeable because the size of the pipe is a function of the design requirements. Producers report that seamless SLP pipes of different sizes are not interchangeable regardless of whether they are small or large diameter pipes.[29] Importers report generally that small and large diameter seamless SLP pipes are not interchangeable because of differences in engineering requirements and design factors (end uses).[30]

Channels of distribution

All parties agree that the channels of distribution for all sizes of seamless SLP pipe less than or equal to 16 inches in outside diameter are the same, with *** percent of domestic producers' U.S. shipments sold to distributors and the remainder to end users.[31] Moreover, virtually all importers reported that the channels of distribution for small and large diameter seamless SLP pipe are the same or similar, again with the majority of shipments being made to distributors.[32]

Common Manufacturing Facilities, Production Processes, and Production Employees

Producers stated that the manufacturing processes used to make small and large diameter pipes are the same – using the rotary piercing process and steel billets (for seamless SLP pipe greater than 2.0 inches in outside diameter).[33] Only two of the five U.S. producers, ***, currently manufacture both small and large diameter seamless SLP pipes, but four of the U.S. producers reported using the same rotary piercing manufacturing processes, regardless of the diameter of the pipe.[34] ***.[35] Virtually all

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[26] CR at D-3, PR at D-3. See also Petitions, Vol. I at 15-16; U.S. Steel Postconference Brief, Exhibit 1 at 6.
[27] Petitions, Vol. I at 15-16; U.S. Steel Postconference Brief, Exhibit 1 at 6.
[28] CR at D-5 to D-6, PR at D-3.
[29] CR at D-3, PR at D-3.
[30] CR at D-6, PR at D-3.
[31] CR/PR at Table I-3. U.S. Steel Postconference Brief, Exhibit 1 at 7-8; V&M Postconference Brief at 7; and Hengyang Valin Postconference Brief at 8.
[32] CR at D-7, PR at D-3; CR/PR at Table II-1.
[33] CR at D-3 to D-4, PR at D-3.
[34] *** Staff Correspondence (e-mail from ***), dated October 12, 2009.
[35] CR at D-3, PR at D-3.

responding importers stated that small and large diameter seamless SLP pipes are produced using the same or similar manufacturing process, the rotary piercing process.[36]

Producer and Customer Perceptions

Producers generally reported that customers and producers do not perceive small and large diameter pipes as distinct products, but rather perceive the full range of sizes as similar. Producers note that ASTM and API specifications – which they report reflect the perceptions of producers and customers alike – do not establish bright-line distinctions between small and large diameter SLP pipes.[37] *** also reports that it does not market "small" and "large" diameter SLP pipes, nor do its customers purchase from *** on the basis of that distinction. Importers generally reported that customers and producers perceive small and large diameter SLP pipes as similar.[38]

Price

Producers reported that prices were similar throughout the size ranges, consistent with average unit value and price data collected by the Commission.[39] Pricing data collected by the Commission do not show the larger diameter product to be consistently lower priced than the smaller diameter product.[40] Importers report generally that prices are similar across all seamless SLP pipe, but can vary based on a variety of factors such as size, quantity, tolerances, and thickness.[41]

Conclusion

The record indicates that small diameter and large diameter seamless SLP pipes possess similarities and differences with respect to uses and common manufacturing facilities/employees, but mostly similarities with respect to physical characteristics, channels of distribution, manufacturing methods, customer and producer perceptions, and price.

Both small and large diameter SLP pipes are seamless and made of carbon or alloy steel, are manufactured to ASTM or API specifications using the same production methods (with the exception of small diameter pipe generally 2.0 inches or less in outside diameter), and are generally used for the transmission of fluids or gas under pressure. There remains some question as to the extent to which small diameter and large diameter seamless SLP pipes may be used for applications other than industrial and pipeline applications. Domestic producers accounting for a substantial portion of seamless SLP pipe

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[36] CR at I-21 to I-22, PR at I-17; and CR at D-3 to D4 and D-6 to D-7, PR at D-3. Small diameter seamless SLP pipe of 2 inches or less in outside diameter often is produced using the cold drawn method because hot-rolling (used in the rotary piercing method) of small diameter pipe is often not possible. CR at I-17, PR at I-14. Gulf States Tube Division, a producer of seamless SLP pipe of 2.5 inches or less in outside diameter, ceased operations in 2002. The exit of this producer from the domestic seamless SLP pipe industry resulted in a significantly greater share of U.S. producers manufacturing both small and large diameter seamless SLP pipe. V&M Star Postconference Brief at 4.

[37] CR at D-4, PR at D-3.

[38] CR at D-8, PR at D-3.

[39] See CR/PR at Tables I-4 and V-1 through V-4.

[40] CR/PR at Tables V-1 to V-4 (as compared to product of 2" in outside diameter and 4" in outside diameter, product that is 8" in outside diameter is lower priced, but product that is 12" in outside diameter is higher priced, on a per short ton basis). The average unit values ("AUVs") for small diameter seamless SLP pipe were somewhat higher than the AUVs of the large diameter pipe over the period examined. Nevertheless, we do not find the difference in AUVs to be significant. CR/PR at Tables C-1 and C-2.

[41] CR/PR at Table I-4; CR at D-8 to D-9, PR at D-3.

production in 2008 manufactured both small and large diameter pipe, with one producer manufacturing both size ranges in one mill on the same equipment.[42] Because purchasers generally seek seamless SLP pipe that meets a particular ASTM/API or proprietary specification, seamless SLP pipes with different diameters generally will not be substitutable for each other in particular end uses.[43] All seamless SLP pipe is sold through the same channels of distribution, principally through distributors, with the remainder to end users.[44] Prices for seamless SLP pipe vary based on a number of factors, although the data are mixed regarding the existence of any relationship between price and diameter. Although customers and producers perceive small and large pipes as different insofar as they are not generally interchangeable, they do not perceive small and large seamless SLP pipes as two distinct product groups with a clear dividing line at 4.5 inches in outside diameter.

Overall, the record indicates that seamless SLP pipe represents a continuum of products with no clear dividing line between different sizes of seamless SLP pipe. Therefore, we find a single domestic like product, consisting of all seamless SLP pipe less than or equal to 16 inches in outside diameter, that is co-extensive with the scope of the investigations.[45]

IV. DOMESTIC INDUSTRY

The domestic industry is defined 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."[46] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Based on our finding of a single domestic like product that is co-extensive with the scope of these investigations, we find that the domestic industry includes all domestic producers of seamless carbon and alloy steel standard, line, and pressure pipe with an outside diameter of 16 inches or less.[47] [48]

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[42] The combined share of domestic production of the two domestic producers that manufacture both small and large diameter seamless SLP pipes, ***, was *** percent of total seamless SLP pipe, *** percent of small diameter pipe, and *** percent of large diameter pipe in 2008. CR/PR at Table III-1.

[43] CR at D-5 to D-6, PR at D-3.

[44] CR/PR at Table I-3.

[45] In any final phase of these investigations, we intend to seek further data to better assess the extent to which the end uses for seamless SLP pipe vary with diameter, as argued by Hengyang Valin, in order to determine whether end use presents a clear dividing line between small and large diameter seamless SLP pipes.

[46] 19 U.S.C. § 1677(4)(A).

[47] The domestic industry is U.S. Steel, V&M Star, TMK IPSCO, Timken, and Wheatland.

[48] We find no basis to exclude any producer from the domestic industry pursuant to the statute's related party provision. 19 U.S.C. § 1677(4)(B). In these investigations, one domestic producer, ***, is a related party because it directly imported subject merchandise during the period examined. See CR/PR at Table at III-10. *** from China in 2006 and 2007, in order to ***. CR/PR at Table III-10, n.2 and *** Importer Questionnaire. The quantity of *** subject imports was much lower than its production of the domestic like product in 2006 and 2007. CR/PR at Table III-8. The ratio of its subject imports to its domestic production was *** percent in 2006 and *** percent in 2007. CR/PR at Table III-10. *** the petitions, and its interests appear to be primarily in domestic production, particularly given that it ceased importing the subject merchandise in 2007. CR at Tables III-1 and III-10. Notably, no party argued for the exclusion from the domestic industry of any related party. Based on the information discussed above, we do not find that appropriate circumstances exist to exclude any member of the domestic industry in the preliminary phase of these investigations.

V. REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS[49]

A. Legal Standard

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[50] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[51] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[52] In assessing whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[53] 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."[54]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury "by reason of" unfairly traded imports,[55] 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.[56] 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.[57]

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[49] Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations. Official statistics from Commerce indicate that subject imports from China, by quantity, accounted for 53.2 percent of total seamless SLP pipe imports from August 2008 to July 2009, the most recent 12-month period preceding the filing of the petition for which data were available. CR at IV-15, PR at IV-14. Therefore, the volume of subject imports was well above the statute's three percent negligibility level.

[50] 19 U.S.C. §§ 1671b(a), 1673b(a).

[51] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {and} explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[52] 19 U.S.C. § 1677(7)(A).

[53] 19 U.S.C. § 1677(7)(C)(iii).

[54] 19 U.S.C. § 1677(7)(C)(iii).

[55] 19 U.S.C. §§ 1671b(a), 1673b(a).

[56] 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).

[57] 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

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[58] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[59] 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.[60] It is clear that the existence of injury caused by other factors does not compel a negative determination.[61]

Assessment of whether material injury or threat of material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject

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F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

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

[59] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

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

[61] 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.").

imports."[62] [63] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[64]

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

Mittal Steel clarifies that the Commission's interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[66] 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.

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[62] 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.

[63] Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances, when considering present material injury, to undertake a particular kind of analysis of nonsubject imports. Mittal explains as follows:

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

542 F.3d at 878.

[64] 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.").

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

[66] 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).

market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[67] [68]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard. Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[69] [70]

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[71] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[72] In making our determination, we consider all statutory threat factors that are relevant to these investigations.[73]

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

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

[69] 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.").

[70] We provide in the discussion of impact below an analysis of other factors alleged to have caused any threat of material injury that likely would be experienced by the domestic industry.

[71] 19 U.S.C. § 1677(7)(F)(ii).

[72] 19 U.S.C. § 1677(7)(F)(ii).

[73] These factors are as follows:

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

As noted above, the Commission has nearly complete data coverage for the domestic industry. The Commission also received questionnaire responses from 28 importers that accounted for 65.4 percent of total subject imports in 2008. The Commission received questionnaire responses from four subject producers in China that accounted for 9.3 percent of subject imports in 2008.[74] When appropriate in these investigations, we have relied on the facts otherwise available, including official import statistics from Commerce and information available from published sources, as well as information submitted in these investigations.[75]

For the reasons stated below, we find there is a reasonable indication that the domestic industry producing certain seamless carbon and alloy steel standard, line, and pressure pipe is threatened with material injury by reason of subject imports from China that are allegedly sold in the United States at less than fair value and subsidized by the Government of China.

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis in the preliminary phase of these investigations.

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

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the price effects analysis, and statutory threat factor (IX) is discussed in the impact analysis. Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in these investigations. No party has argued that the domestic industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, which would implicate statutory threat factor (VIII).

[74] CR/PR at Table IV-1; CR at VII-5 to VII-6, PR at VII-2 to VII-3.

[75] Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in injury investigations, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties' suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive." SAA at 869.

1. Demand Considerations

Overall U.S. demand for seamless SLP pipe is influenced by demand in the energy industry, including such factors as oil and natural gas prices and the extent of drilling activities. Monthly prices of oil and gas increased irregularly from January 2006 though June 2008, decreased sharply by the end of 2008, then rebounded somewhat in early 2009.[76] Some increases in oil and gas prices are expected in 2010 as U.S. and world economic conditions improve.[77] Drilling activity, as measured by the number of active drilling rigs, increased irregularly from January 2006 to September 2008 and then declined sharply, before recovering slightly from July to September 2009.[78] Seamless SLP pipe is also used extensively in the construction and repair of refining and other energy facilities, in the chemical industry, in power generation, and in mechanical applications for general construction.[79]

Most producers and importers reported that demand fluctuated over the period examined, with demand generally strong in 2006, weakening in 2007,[80] strengthening in 2008, then declining sharply beginning in 2009.[81] The strong demand in 2008 appears to have been amplified by speculative purchases, which then contributed to the sudden decline in orders that occurred as many market participants failed to anticipate the collapse in demand.[82]

When measured by apparent U.S. consumption, U.S. seamless SLP pipe demand increased by *** percent on a quantity basis and *** percent on a value basis during 2006-2008. Apparent U.S. consumption was to *** short tons in January-June 2008 compared to *** short tons in January-June 2009.[83] The data on apparent U.S. consumption, however, do not fully factor in seamless SLP pipe still being held in inventory by distributors. Those inventories surged toward the end of the period examined as demand declined, and this overhang of inventory is likely to dampen demand for seamless SLP pipe in the imminent future.[84]

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[76] CR/PR at Figure II-1 (crude oil spot prices and monthly summary of natural gas prices and volumes).

[77] CR at II-7, PR at II-5.

[78] CR/PR at Figure II-2 (total monthly active drilling rigs for oil and gas exploration).

[79] CR at II-7, PR at II-5. The majority of questionnaire respondents reported that there are no viable substitutes for seamless pipe. Some firms, however, reported that welded pipe can be substituted for either small or large diameter seamless SLP pipe in certain applications. One firm reported that plastic pipe is a potential substitute. CR at II-9, PR at II-7.

[80] Conference Transcript at 64 (Lindgren) ("In 2007, business decreased in relation to OCTG, for example, the drilling decreased in 2007, and so there was some destocking, which could have an affect {sic} o{n} market prices.").

[81] CR at II-9, PR at II-7. The domestic producers generally acknowledged an overall increase in demand through mid-2008 followed by a decline in demand beginning in October 2008 and continuing through January-June 2009. U.S. Steel Postconference Brief at 13-16; V&M Star Postconference Brief at 11-12; Conference Transcript at 66-67 (Lindgren); at 102-103 (Durham); and at 103 (Gilleland).

[82] Conference Transcript at 104-105 (Durham) (failure to anticipate demand); Conference Transcript at 106 (Gilleland) ("The problem is a lot of people have gotten into this business because of price that never really historically were in this business. And they saw opportunities to get into the business and do things strictly because of the price involved. And so, traders became more speculative buyers of the product, rather than just buying for orders and working on small margins, as they had in the past."); Conference Transcript at 68 (Thompson) (" I think any speculation in the marketplace was caused by excessive availability of very low-priced product out of China that led speculators into the business that may or may not have been in the pipe business before. I think what it was the opportunity to move product from China and the lack of any discernability as to who they would sell to. If you have a check, and you want pipe, you can buy pipe from China.").

[83] CR/PR at Table C-3.

[84] CR at II-5, PR at II-4; CR/PR at Table VII-10; Conference Transcript at 44 (Gilleland) and 110 (Durham).

The currently weak seamless SLP pipe market is not unique to the United States. The global economic downturn has caused a general decline in global demand for oil and gas since the third quarter of 2008, which has led to a weakening global seamless SLP pipe market.[85]

2. Supply Considerations

There are three sources of supply in the U.S. market: domestic shipments, imports of subject merchandise from China, and imports from non-subject countries. At the beginning of the period examined, domestic producers accounted for the largest share of the U.S. market, followed by non-subject imports, then subject imports. By 2008, the three sources of seamless SLP pipe each supplied roughly one-third of the U.S. market, with subject imports holding the largest share. In January-June 2009, as demand for seamless SLP plunged, the domestic industry's market share dwindled substantially, and non-subject imports accounted for the largest share of the market.[86] Since 2006, nonsubject imports have been supplied by many countries, including Argentina, Russia, Italy, and Germany.[87]

End-of-period inventories held by U.S. distributors increased over the period examined.[88] The Petitioners and Hengyang Valin differ as to why the inventory increase occurred. Hengyang Valin contends that the subject producers in China and the U.S. importers were surprised by the sudden decline in demand in the fourth quarter of 2008. They assert that there is a substantial lag between when orders for seamless SLP pipe are placed with Chinese producers and when delivery occurs,[89] such that subject imports continued to enter the United States for several months after demand began to decline at volumes that reflected the prior period of high demand, causing excess import volumes to enter inventories.[90] Petitioners, however, contend that the volume of subject imports was well in excess of the volume the

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[85] CR at VII-16, PR at VII-7.

[86] CR/PR at Table IV-16. Domestic producers' market share, based on quantity, decreased over the period examined from *** percent in 2006 to *** percent in 2007 and *** percent in 2008, and was *** percent in January-June 2008 compared to *** percent in January-June 2009. Subject imports' share of apparent U.S. consumption increased from *** percent in 2006 to *** percent in 2007 and to *** percent in 2008. Subject imports' share of apparent U.S. consumption was *** percent in January-June 2008 compared to *** percent in January-June 2009. Nonsubject imports' share of apparent U.S. consumption, based on quantity, decreased from *** percent in 2006 to *** percent in 2007 and *** percent in 2008, and was *** percent in January-June 2008 compared to *** percent in January-June 2009. CR/PR at Table C-3.

[87] CR/PR at Table IV-7.

[88] According to one distributor, "{w}e normally would carry an inventory that would be three months supply, maybe four, but four would be tops. And, of course, now, we've got probably 12 to 14 months supply." Conference Transcript at 110 (Durham). Another distributor has stated that his firm has not purchased any seamless SLP pipe for inventory for an entire year. Conference Transcript at 44 (Gilleland).

[89] Average lead times for delivery of seamless SLP pipe depend on whether the product is sold from inventory or produced to order. Among U.S. producers, average lead times range from 1 day to 1 week if the product is held in inventory and from 2 to 10 weeks if the product is produced to order. Among importers, lead times range from 2 to 10 days if the product is held in inventory and 2 to 6 months if made to order. The majority of producers and importers reported that all or most of their seamless SLP pipe is produced to order. CR/PR at II-1.

[90] Hengyang Valin Postconference Brief at 43; Conference Transcript at 101 (Durham) ("{I}t's more difficult to do that with imports than it is with domestic because the lead times extend out more with imports. And we were not successful really in canceling much at all. There were some cancellations and, of course, those cancellations, that material just came into the market unsold.").

market would have required even if demand had remained strong.[91] Whatever the reasons for the inventory buildup, inventories currently constitute a significant source of supply in the U.S. market.[92]

3. Substitutability

Although factors such as differences in lead times and product quality may limit substitutability somewhat, the record indicates that there is a moderately high degree of substitutability among the domestic like product, subject imports, and nonsubject imports.[93] Petitioners, Hengyang Valin, and importers mostly agree that domestic seamless SLP pipe, subject imports, and nonsubject imports are of comparable quality, and the questionnaire responses confirm that the domestic like product, subject imports, and nonsubject imports are ***.[94] A majority of importers, however, frequently consider factors other than price (such as quality and availability) to be important when comparing domestic seamless SLP pipe with subject imports. Thus, price is an important sales factor, but quality and availability are also important.[95]

4. Other Conditions

Whether domestically produced or imported, seamless SLP pipe is sold mainly through distributors. In 2008, *** percent of domestic seamless SLP pipe was sold to distributors, while *** percent of U.S. imports of seamless SLP pipe from China and *** percent of nonsubject imports were sold to distributors.[96]

C. Likely Volume of the Subject Imports[97]

We consider the likely future volume of subject imports both in absolute terms and relative to domestic consumption and production. For the reasons stated below, we find that, although the absolute volume of subject imports may not increase over current levels, subject imports are likely to continue to increase substantially relative to domestic consumption and production.

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[91] U.S. Steel Postconference Brief at 14-18; V&M Star Postconference Brief at 11-12; Conference Transcript at 43 (Gilleland) ("Even if the market had remained strong, the market simply could not handle so much pipe.").

[92] CR/PR at Tables III-9 and VII-10; Conference Transcript at 100-101 (Durham) and at 101-102 (Gilleland). In any final phase of these investigations, we will explore further the factors that may have led to the rapid and unanticipated decline in demand in 2009. We also intend to explore how the market was affected by the lag between the time that orders were placed with producers of the subject merchandise and the time those imports arrived in the U.S. market.

[93] CR/PR at Tables II-2 and II-3.

[94] CR at II-10 to II-11, PR at II-9 to II-10.

[95] CR at II-12, PR at II-9.

[96] Calculated from CR/PR at Table II-1.

[97] Commerce initiated a countervailing duty investigation based on 41 alleged subsidy programs, including seven preferential loan programs, four equity programs, four direct tax benefit programs, nine indirect and tax exemption programs, seven remuneration programs, eight grant programs, and two other regional programs. CR at I-8 to I-9, PR at I-7 to I-8; Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Initiation of Countervailing Duty Investigation, 74 Fed. Reg. 52945, 52947 (October 15, 2009). As required by section 771(7)(F)(i)(I) of the Act, we examined the nature of the subsidies in determining whether imports of the subject merchandise are likely to increase as a result of these subsidies. 19 U.S.C. § 1677(7)(F)(i)(I). Several of the alleged subsidies are intended to benefit exportation and, thereby, to encourage exports. See 74Fed. Reg. at 52947.

Our analysis begins with the trends observed over the period examined. In absolute terms, the volume of subject imports increased from 158,126 short tons in 2006 to 366,088 short tons in 2008, an increase of 131.5 percent. Subject imports were 43.5 percent lower in January-June 2009, at 66,458 short tons, than in January-June 2008, at 117,601 short tons.[98]

In terms of market penetration, subject imports' share of apparent U.S. consumption increased from 2006 to 2008 regardless of whether demand was increasing or decreasing. From 2006 to 2007, apparent U.S. consumption decreased by *** percent, while the volume of subject imports increased by 9.0 percent. From 2007 to 2008, apparent U.S. consumption increased *** percent, while the volume of subject imports increased by 112.4 percent. Apparent U.S. consumption was *** percent lower in January-June 2009 compared to January-June 2008, but subject import volumes were only 43.5 percent lower during that time. As a result, the market share held by subject imports increased from *** percent in 2006 to *** percent in 2007 and *** percent in 2008 and, despite the steep decline in demand beginning in late 2008, was higher in January-June 2009, at *** percent, than in January-June 2008, when it was *** percent. As subject imports' market share rose, domestic producers' market share declined from *** percent in 2006 to *** percent in 2007 and *** percent in 2008. Domestic producers' market share was significantly lower in January-June 2009, at only *** percent, than in January-June 2008, at *** percent.[99]

The increased volume of subject imports contributed to a sharp increase in inventories held by importers.[100] The volume of subject imports held in importers' inventories increased from 17,701 short tons at the end of 2006 to 29,326 short tons at the end of 2008, and was higher at the end of January-June 2009, at 32,433 short tons, than at the end of January-June 2008, at 17,326 short tons.[101] Importers' inventories of subject merchandise were sharply higher at the end of 2008 and the end of June 2009 than they were at other points during the period examined.[102]

Hengyang Valin argues that the higher volumes of imports entering the United States, notwithstanding low demand, occurred because importers had to place orders with producers in China months before the imports actually arrived in the United States.[103] Thus, Chinese product ordered when demand conditions were strong did not reach the United States until after the market had declined in late 2008. Based on the available data, this lag does not appear to account adequately for the increase. During periods of both increasing and declining apparent U.S. consumption, market penetration by subject imports was increasing sharply even prior to the sudden drop in demand. Moreover, as of June 30, 2009, the volume of orders for subject imports booked with U.S. importers was substantially greater than the volume of orders booked with domestic producers.[104] Thus, the currently available information indicates that the market penetration of subject imports has continued to increase notwithstanding lower demand and irrespective of lags associated with trans-Pacific shipping.

In addition to examining the most recent trends, we have analyzed the likely future volume of imports in the context of demand for seamless SLP pipe in the U.S. market in the imminent future. As

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[98] CR/PR at Table C-3.

[99] The ratio of subject imports to domestic production, measured by quantity, increased even more substantially, from *** percent in 2006 to *** percent in 2007 and *** percent in 2008. The ratio of subject imports to domestic production was *** percent in January-June 2009 compared to *** percent in January-June 2008. CR/PR at Table IV-19.

[100] The record in this preliminary phase of these investigations does not contain sufficient information to draw conclusions as to the size and makeup of inventories held by purchasers. We intend to explore this issue in any final phase of these investigations.

[101] CR/PR at Table C-3.

[102] CR/PR at Table VII-10.

[103] Hengyang Valin Postconference Brief at 18.

[104] CR/PR at Table III-8 and CR at VII-13, PR at VII-5.

previously noted, the demand for seamless SLP pipe declined sharply in late 2008 and early 2009 and is projected to remain at low levels in the imminent future. Particularly given high distributor inventory levels and a sharply reduced volume of booked orders, we believe that the volume of overall U.S. market purchases of seamless SLP pipe will remain low in the imminent future.

Given the limited cooperation by Chinese producers in responding to our questionnaires, precise data on the Chinese seamless pipe industry are limited. Published data suggest that likely available supply from China will be very high. China is the world's largest producer of seamless tubular products, a category that includes seamless SLP pipe and other products, such as oil country tubular goods ("OCTG") as well. According to the World Steel Association ("WSA"),[105] China was the leading global producer of seamless tubular products in 2007, accounting for 62 percent (20.0 million short tons) of global production of seamless pipe and tube.[106] According to ***, China's annual production of seamless tubular products increased by more than *** percent in 2000-2008 to almost *** short tons, accounting for approximately half of global production.[107] China reportedly has more than *** seamless pipe and tube producers with a combined annual capacity of *** short tons.[108] China's total annual seamless tubular production capacity is projected to increase to *** short tons by the end of 2009 as new production facilities come online.[109] Seamless tubular capacity is often shared, rather than dedicated solely to standard, line, or pressure pipe. Even from the limited responses provided by the Chinese producers of seamless SLP pipe, it is clear that substantial amounts of seamless tubular capacity can be used to produce seamless SLP pipe.[110]

According to *Global Trade Atlas*, China surpassed Germany in 2007 to become the world's leading exporter of seamless pipe (excluding OCTG). Between 2007 and 2008, China's exports of seamless pipe (excluding OCTG) increased by approximately 1 million short tons, accounting for 26 percent (2.4 million short tons) of global exports of seamless pipe.[111] The limited data from questionnaire responses show the Chinese producers' seamless SLP pipe capacity increased from *** short tons in 2006 to *** short tons in 2007 and more than *** short tons in 2008.[112] The Chinese industry's capacity was higher in January-June 2009, at *** short tons, than in January-June 2008, at *** short tons.[113] Thus, the available data show that the Chinese industry has a demonstrated ability to increase capacity in a short period of time.[114]

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[105] The WSA, formerly known as the International Iron and Steel Institute, is an international organization representing approximately 180 steel producers, national and regional steel industry associations, and steel research institutes. WSA members produce about 85 percent of the world's steel. WSA provides data for all seamless tubular products, a much broader category than the subject product. CR at VII-2, PR at VII-1.

[106] CR/PR at Table VII-1.

[107] CR at VII-1, PR at VII-1.

[108] CR at VII-1 to VII-2, PR at VII-1.

[109] CR at VII-1 to VII-2, PR at VII-1.

[110] See, e.g., CR/PR at table VII-7 (production of other seamless tubular products more than *** times the level of production of seamless SLP pipe on shared equipment in 2008. See also ***, which provides a detailed examination of the Chinese seamless pipe mills capable of producing both line pipe and OCTG.

[111] CR/PR at Table VII-13 (trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59). These subheadings include nonsubject products and, therefore, likely overstate the volume of imports and exports of seamless SLP pipe. CR/PR at VII-5, PR at VII-2.

[112] CR/PR at Table VII-6.

[113] CR/PR at Table VII-6.

[114] ***. *** provides data for seamless line pipe, a category that is narrower than the subject products. According to ***, there are reportedly *** producers of seamless line pipe in China, with a combined annual capacity of *** short tons (for all API products). Between 2005 and 2007, China's production of seamless line pipe increased by *** percent to *** short tons. In 2007, China was the world's leading producer of seamless line pipe,

Based on questionnaire responses, Chinese producers reported that their production of the subject merchandise increased from *** short tons in 2006 to *** short tons in 2008, and was slightly lower in January-June 2009, at *** short tons, than in interim 2008, at *** short tons.[115] Moreover, *** percent of Chinese producers' capacity was unused in 2008, meaning that, just from existing 2008 capacity, these producers have the ability to increase production by almost *** short tons.[116]

Chinese producers reported that ***.[117] Based on the available data, the Chinese producers view the U.S. seamless SLP pipe market as highly attractive and, therefore, have an incentive to shift production from other products to seamless SLP pipe.[118]

Chinese producers also would have some incentive to shift exports of seamless SLP pipe from certain other markets because of trade restrictions in those markets. In September 2009, the EU imposed antidumping duties on certain seamless pipe and tube from China.[119] The Government of India has reportedly placed imports of seamless pipes and tubes on a list of "Restricted" imported products in order to reduce the potential volume of seamless pipe and tube imports from China.[120] In addition, the global financial crisis and reduced global demand for oil and gas consumption[121] have the effect of limiting the extent to which the Chinese home market and third country markets will be able to absorb Chinese seamless SLP pipe.

Chinese producers' inventories would also permit them to increase exports to the United States substantially. Chinese producers' end-of-period inventories were *** short tons in 2006, increased to *** short tons in 2007, then declined to *** short tons in 2008, and were *** short tons in January-June 2008 compared to *** short tons in January-June 2009. Notably, in January-June 2009, Chinese producers' reported end-of-period inventories exceeded the domestic producers' shipments (*** short tons).[122]

Despite the large and increasing supply of subject merchandise, and the incentive for Chinese producers to ship to the United States, we find that, due to lower demand and high domestic inventory levels, the absolute volume of subject imports from China will likely not increase substantially beyond the levels observed during the January-June 2009 period. Relative to domestic consumption and production, however, subject imports will likely increase significantly in the imminent future. As noted above, subject imports increased in market share during the period examined, regardless of whether apparent U.S. consumption increased or decreased. Available record data indicate that the market penetration of subject imports will continue to increase, given that orders for subject merchandise pending with importers are far greater than those booked with domestic producers.

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accounting for more than *** of the world's total seamless line pipe production. CR/PR at Table VII-2; CR/at VII-2, PR at VII-1 to VII-2.

[115] CR/PR at Table VII-6.

[116] CR/PR at Tables VII-6, C-3. Chinese producers forecast that they will decrease their seamless SLP production in 2010 slightly compared to the level they forecast for 2009. CR/PR at Table VII-6.

[117] CR/PR at Table VII-3, nn. 1 & 4 (***).

[118] The United States was by far the largest import consumer of seamless pipe in 2008. CR at VII-17, PR at VII-7; CR/PR at Tables VII-12 and VII-13. In 2008, Chinese producers exported approximately five to seven times as much seamless tubular product to the United States as they did to two other major export regions, the European Union ("EU") and Korea. U.S. Steel Postconference Brief at 33 and Exhibit 7.

[119] CR at VII-13, PR at VII-5. In March 2008, the Canadian Government imposed antidumping and countervailing duty remedies on seamless OCTG casing from China. CR at VII-13 to VII-14 and n.22, PR at VII-5 and n.22.

[120] CR at VII-13, PR at VII-5.

[121] CR at VII-15 to VII-16, PR at VII-6 to VII-7; and CR/PR at Figure II-1.

[122] CR/PR at Tables VII-6 and C-3.

For the foregoing reasons, we find, for purposes of the preliminary phase of these investigations, that the volume of subject imports is likely to be significant within the imminent future, both in absolute terms and relative to consumption and production in the United States.

D. Likely Price Effects of the Subject Imports

In assessing the likely price effects of subject imports, we consider pricing developments during the period examined and likely developments in the imminent future in light of key conditions of competition in the U.S. market. The record indicates that subject imports from China and domestic seamless SLP pipe are highly substitutable and that most sales of the domestic like product and subject imports are made to distributors.[123]

The Commission collected quarterly pricing data for four seamless SLP pipe products.[124] Usable pricing data were provided by 4 domestic producers, accounting for *** percent of domestic producers' shipments during the period examined, and 10 importers, accounting for 27.9 percent of shipments of subject imports during the period examined.[125] Subject imports undersold the domestic like product in all 56 quarterly pricing comparisons by an average margin of 37.4 percent, with some of the highest margins of underselling occurring at the end of the period examined.[126]

For each of the four products, the prices of both the Chinese and domestic products were substantially higher at the end of the period examined than at the beginning.[127] The subject imports, however, undersold the domestic like product by high margins in each comparison in the January-June 2009 period, a time during which demand was declining precipitously.[128] Given that subject imports undersold the domestic like product to a significant degree throughout the period, we find that underselling is likely to be significant in the imminent future.[129]

In addition, we find that subject imports are entering at prices that are likely to have significant adverse effects on U.S. prices and will likely increase demand for subject imports relative to domestic consumption and production. The prices of U.S.-produced seamless SLP pipe increased through the fourth quarter of 2008, before declining in the first or second quarter of 2009.[130] We attribute the rise in seamless SLP pipe prices in 2008 to a combination of sharp increases in demand driven by the energy sector and to rapidly rising raw materials costs. The conditions that drove prices higher in 2008 are not likely to re-emerge in the imminent future. Demand, whether measured by oil and gas prices,[131] rig count,[132] or apparent U.S. consumption,[133] increased significantly in 2008 relative to 2006 and 2007, but had already declined dramatically in early 2009 and is likely to remain at depressed levels in the imminent future.[134] Consistent with these declines, the peak levels of seamless SLP pipe on order with

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[123] CR/PR at Table II-1.
[124] CR at V-3 to V-4, PR at V-2 to V-3.
[125] CR at V-3 to V-4, PR at V-3.
[126] CR at V-14, PR at V-4; and CR/PR at Table V-6.
[127] CR/PR at Tables V-1 to V-4.
[128] CR/PR at Tables V-1 to V-6.
[129] Petitioners did not identify any evidence of specific sales or revenues lost to the subject imports. They claim that such evidence is elusive because sales in the seamless SLP pipe industry are made primarily to distributors and rarely to end users. U.S. Steel Postconference Brief at 22. We intend to examine this issue in any final phase of these investigations.
[130] CR/PR at Tables V-1 to V-4. The exception was Product 4 which increased through the first quarter of 2009.
[131] CR/PR at Figure II-1.
[132] CR/PR at Figure II-2.
[133] CR/PR at Table IV-16.
[134] CR at II-7 and n.10, PR at II-5 to II-7 and n.10; CR/PR at Figures II-1 and II-2.

U.S. mills in March and June 2008 (more than *** short tons respectively) collapsed to *** short tons as of June 2009.[135] With fewer sales available in the market in the imminent future, the significant volume of subject imports at low prices is likely to place substantial downward pressure on domestic prices. Accordingly, we find adverse price effects to be likely in the imminent future given the likely significant volume of subject imports from China.

E. Likely Impact of the Subject Imports

Between 2006 and 2008, apparent U.S. consumption of seamless SLP pipe fluctuated, declining from 2006 to 2007, then increasing from 2007 to 2008. Many indicators of the domestic seamless SLP pipe industry's performance – such as production, shipments, and employment – fluctuated in the same manner. Unlike apparent U.S. consumption, however, which were substantially higher in 2008 than in 2006 (by *** percent), the domestic industry's volume-based performance indicators generally were lower in 2008 than in 2006.[136] These declines were due in large part to the industry's loss of market share from 2006 to 2008, mainly to subject imports.[137] The domestic industry's financial results also fluctuated over the 2006-2008 period, but due to steadily rising unit sales values the industry was solidly profitable in each year from 2006 to 2008.[138]

As described above, U.S. market demand for seamless SLP pipe plunged starting in the latter part of 2008 and remained anemic through January-June 2009. As a result, many domestic industry performance indicators were dramatically lower in January-June 2009 than in January-June 2008. Domestic production was *** percent lower, capacity utilization was *** percentage points lower, U.S. shipments were *** percent lower, domestic producers' market share was *** percentage points lower, the number of production workers was *** percent lower, hours worked were *** percent lower, wages paid were *** percent lower, and productivity was *** percent lower.[139] In particular, the volume of orders for seamless SLP pipe deliveries on the books of domestic producers was *** percent lower in June 30, 2009 relative to June 30, 2008.[140] In contrast, the domestic industry's operating income in

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[135] CR/PR at Table III-8.

[136] Production was *** short tons in 2006, *** short tons in 2007, and *** short tons in 2008. Domestic shipments were *** short tons in 2006, *** short tons in 2007, and *** short tons in 2008. Production related workers totaled *** in 2006, *** in 2007, and *** in 2008. Production capacity decreased from *** short tons in 2006 to *** short tons in 2008. Hours worked totaled *** in 2006, *** in 2007, and *** in 2008. Wages paid were $*** in 2006, $*** in 2007, and $*** in 2008. Hourly wages were $*** in 2006, $*** in 2007, and $*** in 2008. Capacity utilization was *** percent in 2006, *** percent in 2007, and *** percent in 2008. CR/PR at Table C-3.

[137] Domestic producers' share of apparent U.S. consumption was *** percent in 2006, *** percent in 2007, and *** percent in 2008. CR/PR at Table C-3.

[138] The domestic industry's operating profit was $*** in 2006, $*** in 2007, and $*** in 2008. The domestic industry's ratio of operating income to net sales was *** percent in 2006, *** percent in 2007, and *** percent in 2008. CR/PR at Tables VI-1 and C-3.

[139] Production was *** short tons in January-June 2008 and *** short tons in January-June 2009, a decline of *** percent. Capacity utilization was *** percent in January-June 2008 and *** percent in January-June 2009, a decline of *** percentage points. U.S. shipments were *** short tons in January-June 2008 and *** short tons in January-June 2009, a decline of *** percent. The number of production workers was *** in January-June 2008 and *** in January-June 2009, a decline of *** percent. Hours worked were *** in January-June 2008 and *** in January-June 2009, a decline of *** percent. Productivity (tons per 1,000 hours worked) was *** in January-June 2008 and *** in January-June 2009, a decline of *** percent. CR/PR at Table C-3.

[140] Calculated from CR/PR at Table III-8. Order book volumes were *** percent lower as of June 30, 2009, compared to June 30, 2008. Id. In 2008, order book volume was *** short tons at the end of the first quarter and *** short tons at the end of the second quarter; in 2009, it was *** short tons at the end of the first quarter and *** short tons at the end of the second quarter. CR/PR at Table III-8.

January-June 2009, though lower than in January-June 2008, remained positive.[141] The industry benefitted from unit sales values that were much higher in January-June 2009 than in January-June 2008, despite a significantly lower volume of sales in 2009.[142] [143] [144]

For purposes of these preliminary phase investigations, we find that there likely will be a causal nexus between the subject imports and an imminent adverse impact on the domestic industry. This conclusion is based on the declines in the industry's trade and employment data discussed above, our finding that the volume of subject imports is likely to increase significantly in relative terms in an imminent time frame, and our conclusion that underselling by subject imports will likely continue and will likely have significant adverse effects on domestic prices. Significant volumes of subject imports at low prices are likely to negatively affect the industry's sales volumes and prices, thereby reducing the industry's levels of production, employment, and profitability.

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[141] The domestic industry's operating income was $*** in January-June 2008 compared to $*** in January-June 2009. CR/PR at Tables VI-1 and C-3. Domestic prices for each of the pricing products declined from the first quarter of 2009 to the second quarter of 2009, but remained at levels well above prices in January-June 2008. CR/PR at Tables V-1 to V-4. Domestic producers assert that many sales in January-June 2009 were made at prices agreed to during 2008 when demand conditions were much stronger. See e.g., V&M Star Postconference Brief at 16; Conference Transcript at 80 (Schagrin).

[142] Chairman Aranoff, Vice Chairman Pearson, and Commissioner Okun note that, throughout much of the period examined, the SLP industry has maintained strong financial returns by curtailing production while selling on very favorable pricing terms. The domestic industry's operating income increased *** percent from 2006 to 2008. Indeed, the profitability of the U.S. industry reached record levels in 2008, at *** percent, even as subject import volumes were at their highest level. Further, U.S. prices rose significantly during the period examined, and the average unit values of U.S. producers' U.S. shipments remained very high in the most recent period, January-June 2009. Moreover, the domestic industry has been able to increase its prices to cover increases in costs. On the other hand, in light of current economic conditions, the domestic industry is unlikely to perform as well in the near term as it did during the period examined. Nonetheless, given the industry's robust performance throughout the period, they do not find that the domestic industry is currently in a vulnerable state. For purposes of the preliminary phase of these investigations, however, they find a reasonable indication that the continued or increased presence of subject imports at low prices will likely result in material injury to the domestic industry unless antidumping and countervailing duty orders are issued.

[143] Commissioners Lane, Williamson, and Pinkert note that, notwithstanding the strong performance of the industry through 2008, it has experienced a severe curtailment of operations in 2009. Second quarter 2009 data, confirmed by more recent information, reveal an industry that is on the verge of shutting down due to lack of demand for its seamless SLP pipe products. Thus, they find that the domestic industry is in a weakened state and, therefore, vulnerable to the likely volume and price effects of subject imports.

The dire nature of the domestic industry's financial condition becomes more evident when the first and second quarters of 2009 are compared. Based on quarterly 2009 data from U.S. Steel, V&M Star, and TMK IPSCO, the combined operating margin for the three firms for the first quarter of 2009 was *** percent compared to *** percent in the second quarter of 2009. The operating income for the three firms for the first quarter of 2009 was $*** compared to *** in the second quarter of 2009. The ratio of COGS to net sales was *** percent in the first quarter of 2009 compared to *** percent in the second quarter of 2009. Calculated from U.S. Steel Postconference Brief at Exhibit 21 and staff correspondence with V&M Star and TMK IPSCO. These data suggest that the industry's financial performance in the first quarter of 2009 masks the industry's dismal financial performance in the second quarter of 2009.

[144] Commissioner Lane notes that the industry's financial performance, although apparently still strong in January-June 2009, has dropped significantly from overall 2008 levels and even more significantly when measured against the last quarter of 2008. Moreover, even if the domestic industry's financial performance is viewed as good, the same cannot be said for the condition of workers in the domestic industry. The number of production workers dropped significantly in 2009 and the hours worked have dropped even more, indicating fewer payroll hours for those workers that remained employed.

We have considered whether there are other factors that will likely have an imminent impact on the domestic industry. We recognize that the decline in demand for seamless SLP pipe played a role in the downturn in the domestic industry's performance at the end of the period examined, particularly in the second quarter of 2009. Moreover, as discussed above, demand is likely to remain at suppressed levels in the imminent future. In any final phase investigations, we intend to explore further the role that any changes in demand would play in the performance of the domestic industry to ensure that we do not attribute to subject imports the effects of any future adverse demand conditions.[145]

Consequently, we conclude for purposes of the preliminary phase of these investigations that there is a likely causal nexus between the subject imports and an imminent adverse impact on the domestic industry, which demonstrates a reasonable indication that the domestic industry is threatened with material injury by reason of subject imports.

CONCLUSION

For the reasons stated above, and based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that the domestic industry producing seamless SLP pipe is threatened with material injury by reason of subject imports from China that are allegedly sold in the United States at less than fair value and allegedly subsidized by the Government of China.

[145] We also recognize that nonsubject imports were a factor in the U.S. market during the period examined. The market share of nonsubject imports declined from 2006 to 2008, but was substantially higher in January-June 2009 than in January-June 2008. Nonsubject imports' market share was *** percent in January-June 2009 compared to *** percent in January-June 2008. CR/PR at Table C-3. The sudden increase in market share for nonsubject imports in January-June 2009 reportedly is attributable to the importation from Germany of special, heavy-walled line pipe designed specifically for two projects in the Gulf of Mexico. Conference Transcript at 105 (Pogonec); U.S. Steel Postconference Brief at n.139; and V&M Postconference Brief at 9. This type of pipe reportedly is not produced by the domestic industry, and the Chinese industry does not compete for the Gulf projects. Nonsubject imports had average unit values that were substantially higher than those of subject imports over the period examined. CR/PR at Table C-3. In any final phase of these investigations, we will further examine the role of nonsubject imports.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by U.S. Steel Corp., Pittsburgh, PA and V&M Star L.P., Houston, TX on September 16, 2009,[1] 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 certain seamless carbon and alloy steel standard, line, and pressure pipe ("seamless SLP pipe")[2] from China. Information relating to the background of the investigations is provided below.[3]

Effective date	Action
September 16, 2009	Petition filed with Commerce and the Commission; institution of Commission investigations (74 FR 48282, September 22, 2009)
October 7, 2009	Commission's conference[1]
October 14, 2009	Commerce's antidumping notice of initiation (74 FR 52744)
October 15, 2009	Commerce's countervailing duty notice of initiation (74 FR 52945)
October 30, 2009	Commission's vote
November 2, 2009	Commission's determinations transmitted Commerce
November 9, 2009	Commission's views transmitted Commerce

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

[1] On September 25, 2009, the petition was amended to add TMK IPSCO and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Worker International Union ("USW") as additional petitioners.

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

[3] *Federal Register* notices cited in the tabulation are presented in app. A.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

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

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

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

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.*
> . . .
> *In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.*
> . . .
> *In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to*
> . . .
> *(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

Organization of the Report

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

U.S. MARKET SUMMARY

Seamless standard pipe's end-use applications include the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinklers, and other related uses; seamless line pipe is intended for the conveyance of oil and natural gas and other fluids in pipe lines, transmission lines, or gathering lines; and seamless pressure pipe is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases at elevated temperatures or pressures, or both, in industrial piping systems. The leading U.S. producers of seamless SLP pipe include The Timken Co. ("Timken"); TMK Ipsco ("IPSCO"); U.S. Steel Corp. ("U.S. Steel"); V&M Star, L.P. ("V&M Star"); and Wheatland Tube Co. ("Wheatland").[4] U.S. Steel is the largest producer of seamless SLP pipe in both small and large diameters. By far the largest responding producer of seamless SLP pipe in China is ***. The leading U.S. importers of seamless SLP pipe from China are ***. U.S. purchasers of seamless SLP pipe include distributors that typically purchase directly from U.S. mills and U.S. importers.

Apparent U.S. consumption of small diameter seamless SLP pipe[5] totaled *** short tons ($***) in 2008. Currently, four firms *** are known to produce small diameter seamless SLP pipe in the United States. U.S. producers' U.S. shipments of small diameter seamless SLP pipe totaled *** short tons ($***) in 2008, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from China totaled 197,022 short tons ($221.0 million) in 2008 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports of small diameter seamless SLP pipe from nonsubject sources totaled 105,551 short tons ($172.0 million) in 2008 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

Apparent U.S. consumption of large diameter seamless SLP pipe[6] totaled *** short tons ($***) in 2008. Currently, three firms *** reported producing large diameter seamless SLP pipe in the United States.[7] U.S. producers' U.S. shipments of large diameter seamless SLP pipe totaled *** short tons ($***) in 2008, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from China totaled 169,066 short tons ($191.0 million) in 2008 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports of large diameter seamless SLP pipe from nonsubject sources totaled 242,269 short tons ($425.2 million) in 2008 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

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[4] ***.

[5] The term "small diameter seamless SLP pipe" refers to seamless SLP pipe up to and including 4.5 inches in outside diameter.

[6] The term "large diameter seamless SLP pipe" refers to seamless SLP pipe greater than 4.5 inches and less than or equal to 16 inches in outside diameter.

[7] ***.

Apparent U.S. consumption of total seamless SLP pipe[8] reached *** short tons ($***) in 2008. Currently, five firms reported producing seamless SLP pipe (either small or large diameter) in the United States.[9] U.S. producers' U.S. shipments of total seamless SLP pipe totaled *** short tons ($***) in 2008, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from China totaled 366,088 short tons ($412.1 million) in 2008 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled 348,420 short tons ($597.2 million) in 2008 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, tables C-1 through C-3. Except as noted, U.S. industry data are based on questionnaire responses of five firms that accounted for the large majority of U.S. production of seamless SLP pipe during 2008 (see Part III of this report). U.S. imports are based on official Commerce statistics (see Part IV of this report). Foreign producers' and exporters' data are based on questionnaire responses of four producers and exporters in China (see Part VII of this report). Additional information regarding a comparison of small diameter and large diameter seamless SLP pipe appears in appendix D. Further information regarding price data -- specifically incorporating prices of small diameter and large diameter seamless SLP pipe from nonsubject countries -- appears in appendix E.

[8] The term "total seamless SLP pipe" refers to the combination of both small diameter and large diameter seamless SLP pipe.

[9] ***.

PREVIOUS AND RELATED TITLE VII INVESTIGATIONS

Seamless SLP pipe has been the subject of several Commission investigations and reviews. A listing of these proceedings is presented in table I-1. Of the three antidumping duty orders in place, two cover small diameter seamless SLP pipe only (Germany, Romania) whle one covers small diameter and large diameter seamless SLP pipe (Japan).

Table I-1
Seamless SLP pipe: Previous and related investigations, 1980-2009

Original Investigation				Review		Current status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	
1980	731-TA-15	Japan	Negative[2 3]	-	-	-
1982	731-TA-87	Japan	Affirmative/ Negative[4]	-	-	ITA revoked effective 10/29/85
1994	701-TA-362	Italy	Affirmative	2000	Negative	ITA revoked effective 8/8/00
1994	731-TA-707	Argentina	Affirmative	2000	Affirmative	ITA revoked effective 7/16/06
				2006	Negative	
1994	731-TA-708	Brazil	Affirmative	2000	Affirmative	ITA revoked effective 7/16/06
				2006	Negative	
1994	731-TA-709	Germany	Affirmative	2000	Affirmative	Continuation order 5/18/07
				2006	Affirmative	
1994	731-TA-710	Italy	Affirmative	2000	Negative	ITA revoked effective 8/3/00
2000	731-TA-846	The Czech Republic	Affirmative	2005	Negative	ITA revoked effective 8/14/05
2000	731-TA-847	Japan	Affirmative	2005	Affirmative	Continuation order 5/8/06
2000	731-TA-848	Mexico	Affirmative	2005	Negative	ITA revoked effective 8/14/05
2000	731-TA-849	Romania	Affirmative	2005	Affirmative	Continuation order 5/8/06
2000	731-TA-850	South Africa	Affirmative	2005	Negative	ITA revoked effective 8/14/05

[1] "Date" refers to the year in which the investigation or review was instituted by the Commission.
[2] Preliminary determination.
[3] *See Determination of the Commission After Reconsideration of Imports Provided for in Item 610.3205 of the Tariff Schedule of the United States Annotated*, 45 FR 47769, July 16, 1980.
[4] The Commission made an affirmative determination with respect to seamless heat-resisting and seamless stainless pipes and tubes, and a negative determination with respect to seamless "other alloy" pipes and tubes.

Source: Compiled from U.S. International Trade Commission publications.

Previous and Related Global Safeguard Investigations

Following receipt of a request from the Office of the United States Trade Representative ("USTR") on June 22, 2001, the Commission instituted investigation No. TA-201-73, *Steel*, under section 202 of the Trade Act of 1974[10] to determine whether certain steel products, which included seamless carbon and alloy steel SLP pipe,[11] 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.[12] On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate ("Senate Finance Committee" or "Committee") requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.[13] 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.[14] On December 20, 2001, the Commission issued its determinations and remedy recommendations. With regard to this product category, the Commission made a negative determination, concluding that the U.S. seamless pipe industry was not seriously injured by increased U.S. imports, citing the profitability of the U.S. industry during the period examined.[15]

[10] 19 U.S.C. § 2252.

[11] *Steel*, Inv. No. TA-201-73, USITC Publication 3479, December 2001, volume 1, p. 155.

[12] *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.

[13] 19 U.S.C. § 2251.

[14] *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.

[15] *Steel*, Inv. No. TA-201-73, Publication No. 3479, volume 1, p. 188 ("In summary, the data present a mixed picture as to whether the domestic industry is seriously injured. There were annual fluctuations in many of the factors examined. . . Nevertheless, one facet of domestic industry performance remained consistent throughout the period examined: profitability. The domestic industry maintained strong operating margins throughout the period, other than in 1999.").

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged Subsidies

On October 15, 2009, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on seamless SLP pipe from China.[16] Commerce identified the following government programs in China:

A. Preferential Loans

1. Policy Loans to the Seamless Pipe Industry
2. Export Loans
3. Treasury Bond Loans
4. Preferential Loans for State–Owned Enterprises (''SOEs'')
5. Preferential Loans for Key Projects and Technologies
6. Preferential Lending to Seamless Pipe Producers and Exporters Classified as ''Honorable Enterprises"
7. Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program

B. Equity Programs

1. Debt–to-Equity Swaps
2. Equity Infusions
3. Exemptions for SOEs from Distributing Dividends to the State
4. Loan and Interest Forgiveness for SOEs

C. Tax Benefit Programs

1. Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment
2. Preferential Income Tax Policy for Enterprises in the Northeast Region
3. Forgiveness of Tax Arrears for Enterprises in the Old Industrial Bases of Northeast China
4. Reduction in or Exemption from Fixed Assets Investment Orientation Regulatory Tax

D. Subsidies for Foreign Invested Enterprises (''FIEs'')

1. ''Two Free, Three Half'' Program
2. Local Income Tax Exemption and Reduction Programs for ''Productive'' FIEs
3. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises
4. Income Tax Reductions for Export-Oriented FIEs

[16] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 74 FR 52945, October 15, 2009.

E. Tariff and Indirect Tax Programs

1. Stamp Exemption on Share Transfers Under Non–Tradable Share Reform
2. Value Added Tax (''VAT'') and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund Program
3. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
4. Deed Tax Exemption For SOEs Undergoing Mergers or Restructuring
5. Export Incentive Payments Characterized as ''VAT rebates''

F. Government Provision of Goods and Services for Less Than Adequate Remuneration

1. Provision of Land to SOEs for Less Than Adequate Remuneration
2. Provision of Land Use Rights for Less Than Adequate Remuneration
3. Provision of Steel Rounds for Less Than Adequate Remuneration
4. Provision of Electricity for Less Than Adequate Remuneration
5. Provision of Electricity and Water for Less Than Adequate Remuneration to Seamless Pipe Producers Located in Jiangsu Province
6. Export Restrictions on Coke
7. Provision of Coking Coal for Less Than Adequate Remuneration

G. Grant Programs

1. The State Key Technology Project Fund
2. Foreign Trade Development Fund (Northeast Revitalization Program)
3. Export Assistance Grants
4. Program to Rebate Antidumping Duties
5. Subsidies for Development of Famous Export Brands and China World Top Brands
6. Sub-Central Government Programs to Promote Famous Export Brands and China World Top Brands
7. Grants to Loss–Making SOEs
8. Export Interest Subsidies

H. Other Regional Programs

1. Subsidies Provided in the Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area
2. High–Tech Industrial Development Zones

Alleged Sales at LTFV

On October 14, 2009, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on seamless SLP pipe from China.[17] Commerce has initiated antidumping duty investigation based on estimated dumping margins of 98.37 percent for seamless SLP pipe from China.

[17] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Initiation of Antidumping Duty Investigation,* 74 FR 52744, October 14, 2009.

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the scope of its investigation as follows:

> Certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (e.g., hot-finished or cold-drawn), end finish (e.g., plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (e.g., bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or ''hollow profiles'' suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials (''ASTM'') or American Petroleum Institute (''API'') specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–335, ASTM A–589, ASTM A–795, ASTM A–1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application. Specifically excluded from the scope of the investigation are unattached couplings.[18]

Tariff Treatment

The imported seamless standard, line, and pressure pipes subject to these investigations are classified in the 2009 Harmonized Tariff Schedule of the United States ("HTS") in subheadings 7304.19, 7304.31, 7304.39, 7304.51, and 7304.59.[19] The HTS statistical reporting numbers are provided for convenience and customs purposes only; the written description of the scope of the investigations is dispositive. The column-1 general (normal trade relations) rates of duty for the subject product under all covered subheadings are free.

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[18] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Initiation of Antidumping Duty Investigation*, 74 FR 52744, October 14, 2009.

[19] The merchandise covered by these investigations is currently imported under following HTS statistical reporting numbers: 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.31.3000, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, 7304.59.8070. As of February 3, 2007, statistical reporting numbers 7304.10.1020, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5020, and 7304.10.5050 were replaced by statistical reporting numbers 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050.

THE PRODUCT[20]

Overview

Steel pipes and tubes are made in circular, rectangular, or other cross sections, and are generally manufactured by either the welded or seamless production process. Steel pipe and tube manufactured by either process can be categorized by the grades of steel (e.g., carbon and alloy grades) used in steel production.[21] In addition, steel pipe and tube can be further categorized by end-use. The American Iron and Steel Institute (AISI) has defined six such end-use categories: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods (OCTG).[22]

Steel pipes and tubes are generally produced according to standards and specifications published by a number of organizations, including the American Society for Testing and Materials (ASTM), the American Society of Mechanical Engineers (ASME), and the American Petroleum Institute (API). Comparable organizations in the United Kingdom, Japan, Russia, and other countries also have developed standard specifications for steel pipes and tubes.[23] The imported products subject to these investigations are certain seamless SLP pipe and are produced from carbon or alloy (other than stainless) steel.

Description and Applications

Seamless standard pipe is most commonly produced to the ASTM A-53 specification, and generally is not intended for high temperature or high pressure service. Rather, typical end-use applications include the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinklers, and other related uses. Depending on the type and grade, however, standard pipe may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature end uses or conditions are anticipated, seamless standard pipe may be produced to meet ASTM A-333 and A-334 specifications (covering carbon and alloy seamless pipe and tube for low temperature service).

Seamless line pipe is produced to the API 5L specification, and is intended for the conveyance of oil and natural gas and other fluids in pipe lines, transmission lines, or gathering lines.

Seamless pressure pipe is commonly produced to the ASTM A-106 specification (covering seamless carbon steel pipe for higher temperature service), and is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases at elevated temperatures or pressures, or both, in industrial piping systems. Seamless pressure pipe may carry substances at elevated temperatures and pressures and may be subjected to external heat. Seamless pressure pipe meeting the ASTM A-106 specification may be used in temperatures of up to 1,000 degrees Fahrenheit at various ASME code stress levels. Seamless alloy pipes made to the ASTM A-335

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[20] Except where noted, information presented in this section is drawn from *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review)*, USITC Publication 3918, May 2007.

[21] Included in alloy grades are heat-resisting, stainless, and "other" alloy grades.

[22] Standard, line, and pressure pipe is generally intended to convey liquids and is typically tested and rated for its ability to withstand hydrostatic pressure. Structural pipe and tubing is used for load-bearing purposes and construction, although only small amounts of seamless pipe are used in structural applications. Seamless mechanical tubing is typically a custom-designed product employed within the automotive industry and by equipment manufacturers. OCTG are steel pipes and tubes used in the drilling of oil and gas wells and in the conveying of oil and gas from within the well to ground level.

[23] Particular specifications to which pipe products are produced are commonly marked on each pipe and are referred to as a "stencil."

specification (covering alloy steel pipe for high temperature service) must be used if temperatures and stress levels exceed those allowed for ASTM A-106.

Seamless SLP pipe is commonly produced and certified to meet multiple specifications in order to avoid separate production runs and maintaining inventories for pipe sold for different applications. Manufacturers often quadruple certify pipe made to the ASTM A-53, ASTM A-106, API 5L grade B, and API 5L X-42 specifications,[24] [25] thus allowing distributors to maintain a single inventory of quad stenciled pipe for use in multiple applications.[26] [27] Likewise, small diameter (i.e., less than or equal to 4.5 inches outside diameter) and large diameter (i.e., greater than 4.5 inches up to and including 16 inches outside diameter) seamless SLP pipes have overlapping end uses (i.e., standard pipe applications; line pipe applications; and pressure pipe applications).[28]

Seamless SLP pipe less than 2 inches in outside diameter is commonly pressure pipe produced to the ASTM A-106 specification, and is frequently used in high pressure or high temperature applications--for example, in the construction or repair of refineries and chemical plants. Seamless SLP pipe with outside diameters greater than 2 inches and less than or equal to 4.5 inches is commonly produced and certified to the quad stencil certification and used in more general high pressure applications in industrial piping systems. However, seamless SLP pipe that is 2-3 inches in outside diameter may also be used as gathering lines connecting oil and natural gas wells to transmission lines.[29] Seamless SLP pipe with outside diameters greater than 4.5 inches is typically line pipe used in gas transmission, as well as in

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[24] Quadruple certification is referred to as a "quad stencil," whereby manufacturers put four stencils, or markings, on the pipe to show that it has been produced to meet the requirements and tests pursuant to the respective specifications.

[25] Principal differences among standard pipe made to the ASTM A-53 specification, pressure pipe made to the ASTM A-106 specification, and line pipe made to the API 5L X-42 or grade B specifications include differences in minimum yield strength, chemical composition, and variation in permissible weight and dimensional tolerances. Line pipe made to the API 5L X-42 specification has a higher minimum yield strength (42,000 pounds per square inch (psi)) than line pipe made to the API grade B specification (35,000 psi), pressure pipe made to the ASTM A-06 grade B specification (35,000 psi), and standard pipe made to the ASTM A-53 grade B specification (35,000 psi). Alloying elements such as Columbian (niobium) and titanium may be included in line pipe made to the API 5L X-42 or grade B specifications to achieve a higher minimum yield strength than that of standard pipe made to the ASTM A-53 specification. Line pipe made to the API 5L X-42 specification may also contain more manganese, which increases tensile strength and hardness, than either standard pipe (ASTM A-53) or pressure pipe (ASTM A-106). Variations in permissible weight and dimensional tolerances are more stringent for pressure pipe (ASTM A-106) and line pipe (API 5L grade B or X-42), than those for standard pipe (ASTM A-53). However, all of these specifications overlap, so that pipe may be produced to comply with all them, allowing for duel, triple, or quadruple certification.

[26] Conference transcript, p. 29 (Lindgren).

[27] Although seamless SLP pipe may be quad-stenciled to meet the ASTM A-53, ASTM A-106, and API 5L X-42 or grade B specifications, seamless SLP pipe produced to the ASTM A-333 and A-334 (covering carbon and alloy seamless pipe and tube for lower temperature service), and ASTM A-335 (covering alloy steel pipe for high temperature service) is not duel, triple, or quadruple certified with ASTM A-53, ASTM A-106, and API 5L X-42 or grade B because of the inclusion of higher levels of alloying elements such as nickel, chromium, and molybdenum, and higher requirements for minimum tensile and yield strengths that surpass those of ASTM A-53, ASTM A-106, and API 5L X-42 or grade B.

[28] *Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Inv. Nos. 731-TA-847 and 850 (Final)*, USITC Publication 3311, June 2000, p. 7.

[29] Conference transcript, p. 57 (Pognonec).

pipeline construction.[30] Oil and natural gas producers often specify the diameter of seamless SLP pipe needed according to the type of flow of oil or natural gas achieved from a particular well.[31]

Most steel products, including those subject to these investigations, are produced from carbon steel, which contains controlled amounts of carbon and manganese.[32] Alloy steels, which provide physical properties not achievable to the same degree as carbon steels,[33] contain controlled amounts of alloying elements—usually nickel, chromium, and molybdenum.[34] ASTM specifications that include alloy steel and that are referred to in these investigations are ASTM A-333 and A-334 (covering carbon and alloy seamless pipe and tube for low temperature service),[35] and ASTM A-335 (covering alloy steel pipe for high temperature service).[36]

Production Processes

In the United States, steel used to produce seamless SLP pipe is made by either the basic-oxygen process, in which scrap is added to molten pig iron and alloying materials to convert into molten steel, or by the electric-arc furnace process, in which steel scrap, direct-reduced iron, cold pig iron, and alloying materials are melted to convert into molten steel. The chemical composition of steel, including level of carbon, manganese, and other alloying materials is controlled in the melting process. Molten steel produced by either steelmaking process is continuously cast into either round or square billets, which are the starting materials for the production of seamless SLP pipe. Seamless SLP producers that do not maintain steelmaking operations use purchased billets or redraw hollows as their raw material. Of the five U.S. producers that reported producing seamless SLP pipe, four use billets produced in their own steelmaking facilities,[37] and one is a finisher of pipe using purchased semifinished pipe or redraw hollows.[38]

Seamless SLP pipe is manufactured by either of two high temperature processes to form a central cavity in a solid steel billet. In the rotary piercing process, a heated billet is gripped by angled rolls that cause the billet to rotate and advance over a piercer point, forming a hole through the billet's length (figure I-1). In the extrusion process, the billet is hot-punch pierced and then extruded axially through a

[30] In addition, gathering and distribution lines are commonly less than 16 inches in outside diameter, while transmission lines are commonly greater than 16 inches in outside diameter. Preston Publishing Co., *Preston Pipe and Tube Report* (January 2009), p. 28.

[31] Conference transcript, pp. 56–57 (Pognonec).

[32] Manganese primarily increases tensile strength and hardness, while reducing ductility and weldability.

[33] Alloy steels achieve a high degree of strength and toughness while maintaining weldability—attributes that carbon steels can achieve, though not always to the same degree.

[34] Nickel primarily increases toughness, especially at lower temperatures. Nickel also increases tensile strength and hardness, while slightly reducing weldability. Chromium partly increases tensile strength and hardness, and reduces weldability. Higher concentrations of chromium can improve corrosion and abrasion resistance. Molybdenum primarily increases tensile strength and hardness, but reduces weldability.

[35] ASTM A-333 and A-334 cover several grades of steel used for low temperature applications. Grades 1, 6, and 10 are carbon steel grades. Grades 3, 4, 7, 8, 9, and 11 are alloy steel grades containing nickel and additional alloying elements. The most common alloy steel grade is grade 3, which contains approximately 3.5 percent nickel.

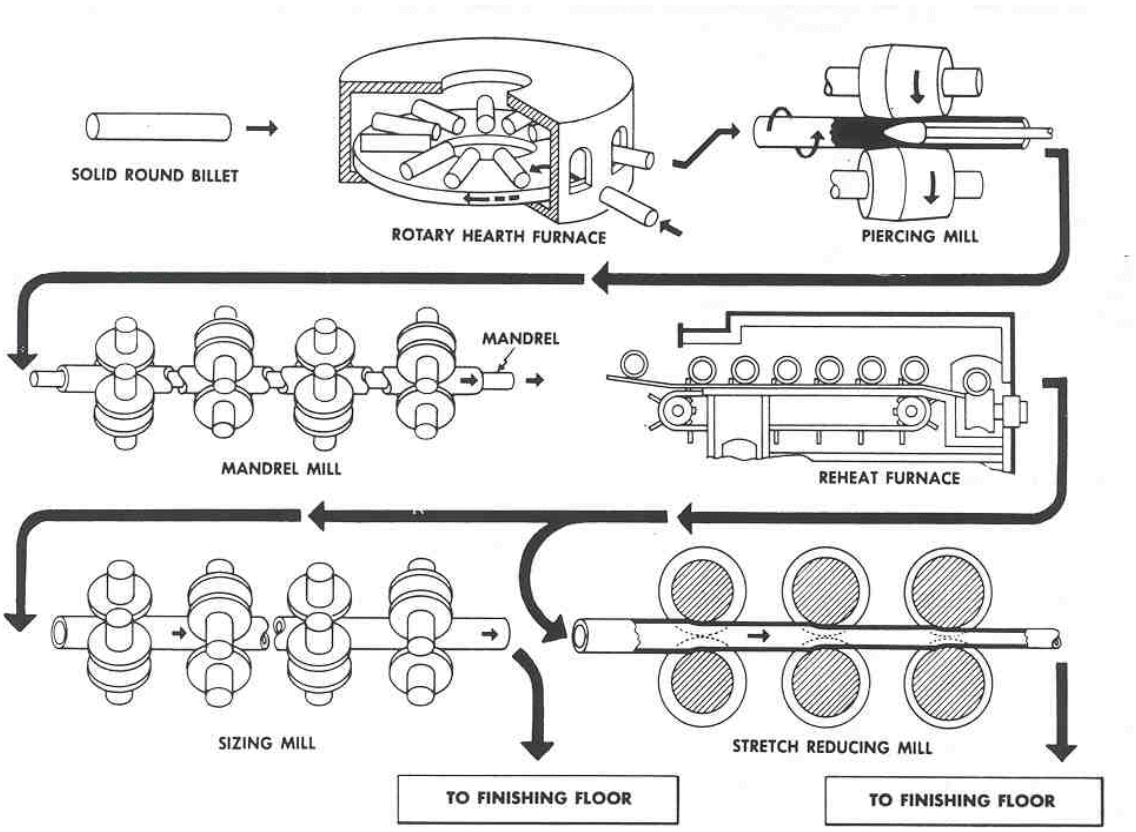
[36] ASTM A-335 covers 12 different alloy steel grades containing varying levels of chromium and molybdenum and additional alloying elements used for high temperature service.

[37] ***.

[38] ***.

die and over a mandrel, forming a hollow shell (figure I-2).[39] The hollow shell produced by either process is then rolled with either a fixed plug or a continuous mandrel inside the shell to reduce the wall thickness and increase the length. The shell is then rolled in a sizing mill or a stretch reduction mill where the shell is formed into a true round and sized to the specified diameter.

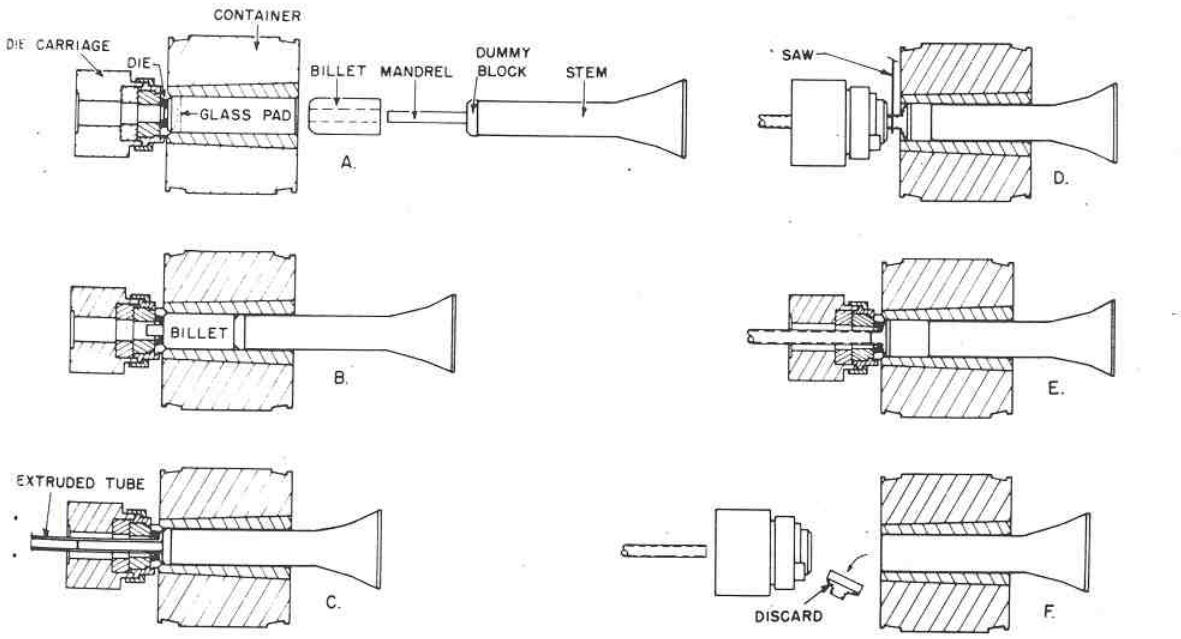
Figure I-1
Seamless pipe: Sequence of operations used to produce seamless pipe products by piercing and rolling



Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products*, October 1980, p. 17.

[39] In addition to billets, steel ingots may be forged on a forging press to form a steel round, which is then hot-punched pierced and extruded axially in an extrusion press to form a hollow shell.

Figure I-2
Seamless pipe: Cycle of operations in the production of an extruded tubular section



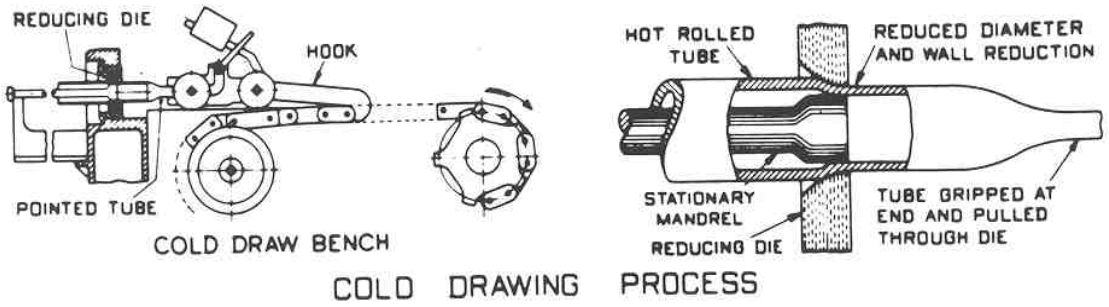
Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products*, October 1980, p. 19.

Whereas seamless SLP pipe is normally produced hot-finished, small diameter pipe of less than two inches in outside diameter is often cold drawn because hot-rolling of small diameter pipe is often not possible.[40] Pipe also may be cold drawn to provide a smoother surface and closer dimensional tolerances than that which can be produced by hot finishing. When pipe is to be cold drawn, seamless hollows (redraw hollows) are first pickled in acid to remove scale and oxides from both the outside and inside surfaces. Redraw hollows are then rinsed in water and coated with a lubricant for cold drawing. The hollow is pulled through a die and over an internal mandrel, which reduces the outside diameter and increases the length (figure I-3). The mandrel inside the hollow controls the inside diameter and the wall thickness. Following cold drawing, the hollows are annealed (heat treated).[41]

[40] The minimum diameter for hot rolling differs from producer to producer because of differences in equipment capabilities.

[41] Alloy steel pipe and carbon steel pipe may require heat treating, which may involve one or more heating cycles in either a continuous furnace or a batch furnace, with controlled rates of cooling. Specific heat treating requirements are dependent upon the grade of steel being processed and the specification to which the steel is produced. The same processes and equipment are used to heat treat carbon and alloy SLP. There are no additional processes that alloy SLP pipe must undergo compared to carbon SLP pipe.

Figure I-3
Seamless pipe: Diagram of the cold drawing process



Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products*, October 1980, p. 25.

Finishing operations on subject seamless SLP pipe include straightening, cutting to length, inspection, testing, end finishing (e.g., beveling or threading), and coating. Pipes may be furnished galvanized (hot-dip zinc coated for additional corrosion resistance) and may be threaded and coupled.

Other steel seamless tubular products that are produced on the same equipment as subject seamless SLP pipe include mechanical tubing, OCTG, pressure tubing, and structural pipe and tubing. Table I-2 shows the quantity of shipments in the United States of all seamless tubular products from 2006 through 2008, as reported by AISI. These data may not include shipments of all producers. However, they indicate that seamless SLP pipe declined as a share of seamless tubular products from reporting companies, from 20.4 percent in 2006 to 15.4 percent in 2008. OCTG, in contrast, increased from 60.3 percent to 66.9 percent. Reported domestic shipments of all seamless tubular products were substantially lower during the first half of 2009 than in the first half of 2008. Overall, reported domestic shipments of seamless pipe were 55.6 percent lower in January-June 2009 than in January-June 2008, with lower shipments in all categories but particularly in SLP pipe (69.4 percent) and OCTG (54.5 percent).

Table I-2
Seamless carbon and alloy steel tubular products: Domestic shipments by U.S. producers, 2006–08, January-June 2008, and January-June 2009

Item	Calendar year				
	2006	2007	2008	Jan.-June 2008	Jan.-June 2009
	Quantity (*short tons*)				
Seamless SLP pipe	435,522	294,091	334,590	167,636	51,234
OCTG	1,286,908	1,099,106	1,454,715	649,871	295,845
Mechanical tubing	346,541	320,279	308,859	163,370	81,940
Pressure tubing	46,670	31,689	51,348	23,915	14,438
Structural pipe and tubing, pipe for piling	19,833	21,937	25,369	12,269	8,182
Total	2,135,474	1,767,102	2,174,881	1,017,061	451,639

Note.–Data include shipments of pipe with outside diameters greater than 16 inches.

Source: AISI, 10P Report, 2006 through June 2009.

DOMESTIC LIKE PRODUCT ISSUES

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. Information regarding these factors is discussed below.

Petitioners argue that the Commission should find that seamless SLP pipe up to and including 16 inches in outside diameter constitutes one domestic like product.[42] Respondents argue that seamless SLP pipe up to and including 4.5 inches in outside diameter should constitute one domestic like product ("small diameter SLP pipe"), while seamless SLP pipe greater than 4.5 inches and less than or equal to 16 inches in outside diameter should constitute a separate domestic like product ("large diameter SLP pipe").[43]

Physical Characteristics and Uses

Petitioners argue that the only difference in the physical characteristics of small diameter and large diameter SLP pipe is the diameter of the products and that both small diameter and large diameter SLP pipe are made to identical specifications from the same grades of carbon and alloy steel.[44] Petitioners argue that such a size difference, by itself, cannot form the basis for a finding of multiple like

[42] Petition, p. 15; conference transcript, p. 15 (Vaughn).

[43] Conference transcript, pp. 132–135 (Mills); Respondent Hengyang's postconference brief, p. 6.

[44] Petition, pp. 15-16; V&M Star, TMK IPSCO, and USW's postconference brief, p. 4.

products.[45] Petitioners argue that small diameter and large diameter SLP pipe have overlapping end uses and that both are used in standard pipe, line pipe, and pressure pipe applications. Respondents argue that small diameter SLP pipe and large diameter SLP pipe often have distinct and separate end uses.[46] Respondents argue that small diameter SLP pipe is primarily used in industrial applications, such as refineries and chemical plants, to carry small amounts of liquids or gases under pressure, while large diameter SLP pipe is primarily used in pipeline applications to convey large volumes of oil or gas over longer distances.[47] Based on U.S. importer questionnaires, 13 responding U.S. importers of seamless SLP pipe indicated that the characteristics and uses are either the same or similar for small diameter and large diameter seamless SLP pipe. Five U.S. importers responded that the only difference between small diameter and large diameter SLP pipe is the difference in outside diameter. One U.S. importer indicated that the physical characteristics of small diameter and large diameter SLP pipe are similar for the same grade of carbon or alloy steel, but that end uses are determined by the end-use application.[48]

Manufacturing Facilities and Employees

Petitioners argue that small diameter and large diameter seamless SLP pipe is produced in common manufacturing facilities using the same manufacturing equipment and employees.[49] Petitioners state that TMK IPSCO is capable of producing seamless SLP pipe up to 5.5 inches in outside diameter on the same equipment as that used to produce small diameter SLP pipe.[50] Timken and U.S. Steel are the other two U.S. producers of seamless SLP pipe capable of producing both small diameter and large diameter SLP pipe. U.S. Steel states that the processes used to make small diameter pipe and large diameter pipe are the same.[51] U.S. Steel produces large diameter seamless SLP pipe (4.5-9.875 inches outside diameter) at its facility in Fairfield, AL.[52] U.S. Steel produces both small diameter and large diameter seamless SLP pipe at its facility in Lorain, OH, but in different mills on different equipment at that location.[53] Respondent argues that small diameter and large diameter seamless SLP pipe is generally manufactured in different mills using different equipment.[54] Respondent argues that ***.[55] Based on U.S. importer questionnaires, 13 responding U.S. importers indicated that the manufacturing process of small diameter and large seamless SLP pipe is either the same or similar. One U.S. importer reported that there are various processes to manufacture seamless SLP pipe, and two U.S. importers reported that smaller diameter (i.e. less than 2 inches) SLP pipe is usually cold drawn, whereas larger diameter seamless SLP pipe is hot finished.

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[45] Petition, pp. 15-16; U.S. Steel's postconference brief, Exhibit 1, p. 6.

[46] Conference transcript, p. 133 (Mills).

[47] Conference transcript, pp. 133-134 (Mills); Hengyang's postconference brief, p. 7.

[48] *** importer questionnaire response, section II-7.

[49] Petition, p. 17.

[50] ***. E-mail from ***, October 12, 2009; staff telephone interview with ***.

[51] U.S. Steel's producer questionnaire response, section II-14, attachment 16A.

[52] ***. Staff telephone interview with ***.

[53] U.S. Steel's producer questionnaire response, section II-14, attachment 16A.

[54] Hengyang's postconference brief, pp. 8–9.

[55] Hengyang's postconference brief, p. 9.

Interchangeability

Both U.S. producers[56] and U.S. importers responding to Commission questionnaires noted that small diameter and large diameter seamless SLP pipe are not interchangeable due to size requirements of the finished pipe.[57]

Customer and Producer Perceptions

U.S. producers responded that the perceptions are similar for both small diameter and large diameter seamless SLP. Responding U.S. importers note that the perception of small diameter and large diameter seamless SLP pipe is dependent upon the dimensions required for the end use application.[58]

Channels of Distribution

Both small diameter and large diameter seamless SLP pipe are sold in the same channels of distribution, with all products sold through distributors and/or end users.[59] Table I-3 presents data on channels of distribution for U.S. producers' U.S. shipments of the two products.

Table I-3
Seamless SLP pipe: Channels of distribution for U.S. producers' U.S. shipments of small diameter and large diameter seamless SLP pipe, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

[56] Two (***) produce both small diameter and large diameter seamless SLP pipe.

[57] *See* appendix D for details on U.S. producers and U.S. importers' responses.

[58] *See* appendix D for details on U.S. producers and U.S. importers' responses.

[59] Both petitioners and respondents agree that the channels of distribution are generally the same for both small diameter and large diameter seamless SLP pipe. Petitioners' IPSCO, V&M Star, and USW postconference brief, p. 7 and respondent's postconference brief, p. 8.

Price

Certain dimensions of small diameter seamless SLP pipe are priced higher than large diameter seamless SLP pipe while large diameter seamless SLP pipe were priced higher overall from 2006 to 2008.[60] [61] Details for pricing practices and prices reported for domestically produced and imported seamless SLP pipe in response to the Commission's questionnaires are presented in Part V of this report, *Pricing and Related Information*. Table I-4 presents data on the average unit values of U.S. producers' U.S. shipments of the two products.

Table I-4
Seamless SLP pipe: Average unit values of U.S. producers' U.S. shipments of small diameter and large diameter, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

[60] Petitioners IPSCO, V&M Star, and USW assert that there is no consistent pricing differential between small and large diameter seamless SLP pipe. Petitioners' IPSCO, V&M Star, and USW postconference brief, p. 7.

[61] Respondent argues that small diameter seamless SLP pipe has a higher average unit price than large diameter seamless SLP pipe for the products examined during the investigative period. Respondent's postconference brief, p. 10.

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

U.S. MARKET CHARACTERISTICS AND CHANNELS OF DISTRIBUTION

Seamless SLP pipe is used for the transmission of oil and natural gas; in chemical, petrochemical, and refinery facilities; and in mechanical applications for general construction. As shown in table II-1, the majority of shipments of seamless SLP pipe by both producers and importers from China and other sources went to distributors throughout the period for which data were collected.

Seamless SLP pipe is sold nationally by both producers and importers of Chinese product. All five responding U.S. producers reported that they sell nationally. For the 21 responding firms that import from China, 7 reported that they sell nationally while the others reported that their sales are limited to one or more specific regions of the United States. Regions frequently cited were the Southwest and the West Coast.

Average lead times for delivery of seamless SLP pipe depend upon whether the product is sold from inventory or produced to order.[1] Among U.S. producers, average lead times ranged from 1 day to 1 week if the item is in inventory and from 2 to 10 weeks if the item is produced to order. Among importers, lead times ranged from 2 to 10 days if the item is in inventory and from 2 to 6 months if the item is produced to order. The majority of producers and importers reported that all or most of their seamless SLP pipe is produced to order.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. seamless SLP pipe producers have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced U.S. seamless SLP pipe to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the availability of unused capacity at least in 2009 and the existence of large inventories.

Industry capacity

During 2006-08, aggregate capacity utilization rates for U.S. producers of small diameter and large diameter SLP pipe ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June of 2009 the rate was just *** percent as compared a level of *** percent in January-June 2008.[2] This indicates that the U.S. producers could expand output in response to a change in market conditions.

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[1] Most importers reported importing and selling both small diameter and large diameter pipe during the investigation period.

[2] During 2006-08, capacity utilization rates for U.S. producers of small diameter SLP pipe ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June of 2009 the rate was just *** percent as compared level of *** percent in January-June 2008. During 2006-08, capacity utilization rates for U.S. producers of large diameter SLP pipe ranged from a low of *** percent in *** to a high of *** percent in *** . During January-June of 2009 the rate was just *** percent as compared level of *** percent in January-June 2008.

Table II-1
Seamless SLP pipe: Channels of distribution for U.S. producers' and U.S. importers' U.S. shipments of small diameter, large diameter, and combined seamless SLP pipe, 2006-08, January-June 2008, and January-June 2009

Item	Calendar year			January-June	
	2006	2007	2008	2008	2009
	Share of U.S. producers' reported U.S. shipments *(percent)*				
Small Diameter:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Large Diameter:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Combined:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
	Share of U.S. importers' reported U.S. shipments of imports from China *(percent)*				
Small Diameter:					
Distributors	100.0	99.2	98.0	96.9	91.1
End users	0.0	0.8	2.0	3.1	8.9
Total	100.0	100.0	100.0	100.0	100.0
Large Diameter:					
Distributors	99.7	99.4	95.5	95.7	78.1
End users	0.3	0.6	4.5	4.3	21.9
Total	100.0	100.0	100.0	100.0	100.0
Combined:					
Distributors	99.9	99.3	96.8	96.3	83.4
End users	0.1	0.7	3.2	3.7	16.6
Total	100.0	100.0	100.0	100.0	100.0

Table continued on the following page.

Table II-1 – *Continued*
Seamless SLP pipe: Channels of distribution for U.S. producers' and U.S. importers' U.S. shipments of small diameter, large diameter, and combined seamless SLP pipe, 2006-08, January-June 2008, and January-June 2009

Item	Calendar year			January-June	
	2006	2007	2008	2008	2009
	Share of U.S. importers' reported U.S. shipments of imports from countries other than China *(percent)*				
Small Diameter:					
Distributors	85.5	88.7	100.0	100.0	100.0
End users	14.5	11.3	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0
Large Diameter:					
Distributors	86.4	75.9	65.8	52.4	19.2
End users	13.6	24.1	34.2	47.6	80.8
Total	100.0	100.0	100.0	100.0	100.0
Combined:					
Distributors	86.2	77.6	70.9	59.9	52.1
End users	13.8	22.4	29.1	40.1	47.9
Total	100.0	100.0	100.0	100.0	100.0

Note.--***.

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

Alternative markets

During 2006-08, exports as a percentage of total shipments by small diameter and large diameter seamless SLP pipe producers ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June of 2009 exports accounted for *** percent of total shipments.[3]

[3] During 2006-08, exports as a percentage of total small diameter pipe shipments by producers ranged from a low of *** percent in *** to a high of *** percent in *** . During January-June of 2009 they accounted for *** percent of total shipments. During 2006-08, exports as a percentage of total large diameter pipe shipments by producers ranged from a low of *** percent in *** to a high of *** percent in *** . During January-June of 2009 they accounted for *** percent of total shipments.

Inventory levels

During 2006-08, the ratio of inventories to total shipments by small diameter and large diameter seamless SLP pipe producers ranged from a low of *** percent in *** to a high of *** percent in ***.[4] During January-June 2009, this ratio was *** percent as compared to *** percent in January-June 2008. This also indicates that domestic producers could respond to a change in market conditions.

Production alternatives

All five domestic producers reported that they make other products on the equipment and machinery used to produce seamless SLP pipe. The products listed included ***.

Foreign Supply

Subject Imports

Based on available information, the Chinese producers have the ability to respond to changes in demand with potentially large changes in the quantity of shipments of seamless SLP pipe to the U.S. market. The main contributing factor to the high degree of responsiveness of supply is the availability of unused capacity.

Industry capacity

During 2006-08, capacity utilization rates for the Chinese industry ranged from a low of *** percent in *** to a high of *** percent in ***.[5] During January-June of 2009 the rate was *** percent as compared to a level of *** percent in January-June 2008. Capacity utilization is projected to be *** percent for all of 2009 and *** percent for 2010. This indicates that the Chinese industry could expand output in response to a change in market conditions.

Alternative markets

Home market shipments accounted for *** percent of total shipments in 2006, and *** percent in 2007 and 2008.[6] They are projected to be *** percent of total shipments for all of 2009 and *** percent for 2010. Exports to markets other than the United States accounted for *** percent of total shipments in

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[4] During 2006-08, the ratio of inventories to total shipments of small diameter pipe by producers ranged from a low of *** percent in *** to a high of *** percent in *** . During January-June 2009, it was *** percent as compared to *** percent in January-June 2008. During 2006-08, the ratio of inventories to total shipments of large diameter pipe by producers ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2009, it was *** percent as compared to *** percent in January-June 2008.

[5] During 2006-08, capacity utilization rates for the Chinese industry producing small diameter pipe ranged from a low of *** percent in *** to a high of *** percent in *** . During January-June of 2009 the rate was *** percent as compared to a level of *** percent in January-June 2008. During 2006-08, capacity utilization rates for the Chinese industry producing large diameter pipe ranged from a low of *** percent in *** to a high of *** percent in *** . During January-June of 2009 the rate was *** percent as compared to a level of *** percent in January-June 2008.

[6] Home market shipments of small diameter pipe accounted for *** percent of the total in 2006, *** percent in 2007 and *** percent 2008. Exports to markets other than the United States accounted for *** percent of total shipments in 2006, *** percent in 2007, and *** percent in 2008. Home market shipments of large diameter pipe accounted for *** percent of the total in 2006, *** percent in 2007 and *** percent in 2008. Exports to markets other than the United States accounted for *** percent of total shipments in 2006, *** percent in 2007, and *** percent in 2008.

2006, *** percent in 2007, and *** percent in 2008. They are projected to be *** percent of total shipments in 2009 and *** percent in 2010.

Inventory levels

During 2006-08, the ratio of inventories to total shipments ranged from a low of *** percent in *** to a high of *** percent in ***.[7] During January-June 2009, the ratio was *** percent as compared to *** percent in January-June 2008. Inventories are projected to be equivalent to *** percent of total shipments in 2009 and *** percent in 2010.

Production alternatives

Other products produced by the Chinese industry on the machinery and equipments used to produce seamless SLP pipe include ***.

U.S. Demand

Demand Characteristics

The overall U.S. demand for seamless SLP pipe is a derived demand that depends on the energy industry and thus to some extent upon such factors as the level of prices of oil and natural gas and the extent of drilling activity.[8] Figure II-1 shows that monthly prices of oil and natural gas both increased irregularly from January 2006 through June 2008, and then generally declined during the next year. According to the Energy Information Administration, natural gas prices (Henry Hub) are project to reach $3.85 per thousand cubic feet in 2009, and $5.02 per thousand cubic feet in 2010, while oil prices, (WTI) are expected to average about $70 per barrel this winter, a $19 increase over last winter. The forecast for average WTI prices rises gradually to about $75 per barrel by December 2010 as U.S. and world economic conditions improve.[9] As shown in figure II-2, drilling activity, as measured by the number of rigs, increased irregularly during January 2006 through September 2008 and then declined sharply, followed by a slight recovery in July through September of 2009.[10] In addition to energy applications, seamless SLP pipe is used extensively in the construction and repair of refining facilities, the chemical industry, in power generation, and in mechanical applications for general construction. The demand for seamless SLP pipe as measured by apparent U.S. consumption in quantity terms decreased from ***

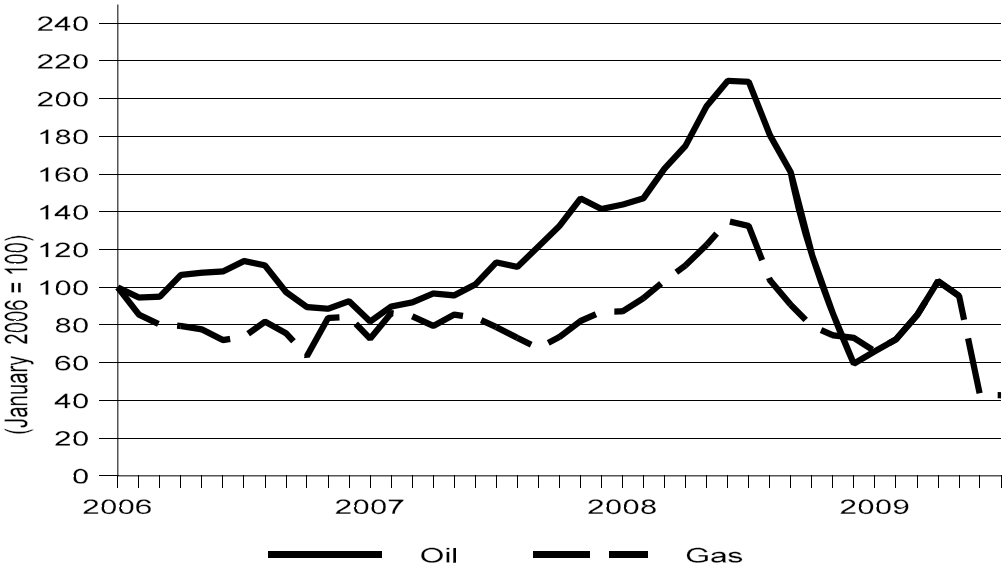
[7] During 2006-08, the ratio of inventories of small diameter pipe to total shipments ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2009, this ratio was *** percent as compared to *** percent in January-June 2008. During 2006-08, the ratio of inventories of large diameter pipe to total shipments ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2009, this ratio was *** percent as compared to *** percent in January-June 2008.

[8] The respondent has argued that the U. S. recession has reduced the demand for both U.S.-produced and imported seamless SLP pipe during 2009 (see respondent's postconference brief, pp. 2-3).

[9] *Short Term Energy Outlook*, eia.doe.gov.

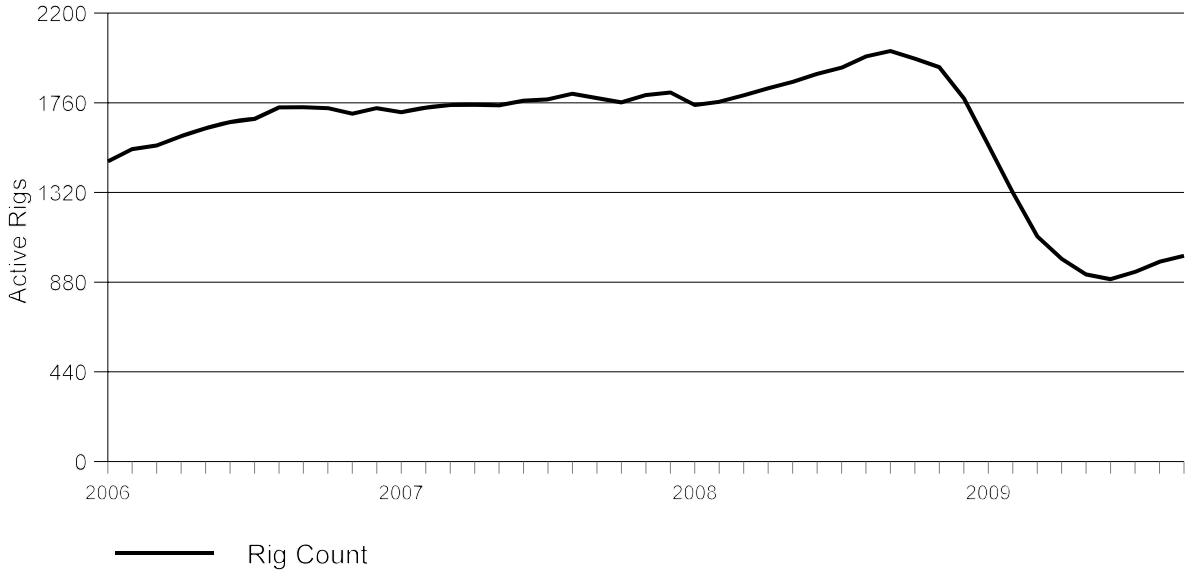
[10] At the conference, the petitioners argued that recent rig counts are near historic averages while the respondent argued that the counts are extremely low (see Conference transcript p. 19 (Vaughan) and p. 127(Cameron)). During 1987 through 2007, the average U.S. annual rig count was 985 as compared to an average of 1,880 in 2008 (Baker Hughes, rig count annual averages, 1987 through 2007).

Figure II-1
Crude oil and natural gas: Monthly indexed prices, January 2006-May 2009 for oil and January 2006-July 2009 for natural gas



Source: Energy Information Administration, crude oil spot prices and monthly summary of natural gas prices and volumes.

Figure II-2
Rig counts: Number of drilling rigs actively exploring for or developing oil and natural gas in the United States, by month, January 2006- September 2009



Source: Compiled from Baker Hughes data, U.S. monthly averages, 2006-08 and January-September 2009.

short tons in 2006 to *** short tons in 2007 and then increased to over *** short tons in 2008. During January-June 2009, apparent consumption was *** short tons as compared to *** short tons in January-June 2008. Apparent consumption increased by about one-quarter between 2006 and 2008, but fell by one-half in interim 2009 compared to interim 2008. These trends were the same for both small diameter and large diameter seamless SLP pipe.

Producers and importers were asked whether the demand for small and large diameter seamless pipe had increased, remained unchanged, or decreased in the United States since January 1, 2006. Among the responding U.S. producers, questionnaire comments were varied. One producer reported had declined since 2006. Another producer reported that demand for both small and large diameter pipe had both increased and decreased since 2006. Another producer reported that U.S. demand was generally strong in 2006, weakened somewhat in 2007, grew stronger in 2008, and then collapsed later in the year and remained lower. In the responses by the 19 importers that commented on the U. S. demand for small diameter pipe since January 1, 2006, 7 reported that demand had decreased, 4 reported that demand was unchanged, 7 reported that demand had increased, and 1 reported that demand had both increased and decreased.[11] In the responses by the 18 importers that commented on the U.S. demand for large diameter pipe since January 1, 2006, 8 reported that demand had decreased, 4 reported that demand was unchanged, 5 reported that demand had increased, and 1 reported that demand had both increased and decreased.

Producers and importers were also asked to describe the ability of their firms to forecast and respond to changes in demand. Some firms noted that the demand for seamless SLP pipe is closely linked to conditions in the oil and gas industries. Firms also reported that they base demand forecasts on contacts with their customers, current market conditions, sales forecasts and future outlooks in specialized trade publications.

Substitute Products

When asked whether substitutes for seamless SLP pipe exist, the majority of questionnaire respondents answered no. However, some firms did report that welded pipe can be substituted for either small or large diameter seamless SLP pipe, and one firm reported that plastic pipe can be substituted.

Cost Share

When asked to estimate the cost of seamless SLP as a percentage of the cost of end use products, none of the producers, and only a few importers provided estimates. One importer (***) estimated that the large diameter pipe accounts for 30 to 40 percent of the cost of natural gas transmission lines. Another importer (***) estimated that both the large and small diameter pipe account for 40 percent of the cost of pipe fittings. Another firm (***) reported that large and small diameter pipe account for 100 percent of the cost of fence posts and framing. A fourth, (***), reported that small diameter pipe accounts for 20 to 25 percent of the cost of welded steel chain links.

SUBSTITUTABILITY ISSUES

The degree of substitutability between domestic products and subject imports, between domestic products and nonsubject imports, and between subject and nonsubject imports is examined in this section. Much of the discussion is based on information obtained from questionnaire responses.

[11] Producers and importers were also asked whether demand outside of the United States for small and large diameter seamless SLP pipe had increased, remained the same or decreased since January 1 2006. The majority of firms that responded to this question reported that demand had decreased or remained unchanged.

Comparisons of Domestic Products and Subject and Nonsubject Imports

To determine whether U.S.-produced small diameter pipe and large diameter pipe can generally can be used in the same applications as imports from China and nonsubject sources, producers and importers were asked whether the product can "always," "frequently," "sometimes," or "never" be used interchangeably. The results are shown in tables II-2 and II-3.

Table II-2
Small diameter seamless SLP pipe: Perceived degree of interchangeability of product produced in the United States and in other countries[1]

	U.S. producers				U.S. importers			
Country comparison	A	F	S	N	A	F	S	N
U.S. vs. China	4	0	0	0	8	3	5	0
U.S. vs. nonsubject	4	0	0	0	6	2	5	0
China vs. nonsubject	4	0	0	0	6	3	5	0

[1] Producers and importers were asked if small diameter seamless SLP pipe produced in the United States and in other countries is used interchangeably.

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

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

Table II-3
Large diameter seamless SLP pipe: Perceived degree of interchangeability of product produced in the United States and in other countries[1]

	U.S. producers				U.S. importers			
Country comparison	A	F	S	N	A	F	S	N
U.S. vs. China	3	0	0	0	7	4	5	0
U.S. vs. nonsubject	3	0	0	0	6	3	5	0
China vs. nonsubject	3	0	0	0	6	4	5	0

[1] Producers and importers were asked if large diameter seamless SLP pipe produced in the United States and in other countries is used interchangeably.

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

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

The majority of questionnaire respondents reported that both small diameter and large diameter pipe produced in the United States and imported from China can "always" or "frequently" be used interchangeably.[12] One U.S. producer (***) reported that while not all purchasers accept Chinese small and large diameter pipe for all applications, Chinese pipe is generally interchangeable with domestic pipe in the same applications and has steadily become more and more accepted for more and more uses. One importer (***) reported that quality and certification are the factors that determine interchangeability for both small and large diameter pipe. Another importer (***) reported that certain jobs require an approved

[12] Similarly, a majority of questionnaire respondents reported that both small diameter and large diameter produced in the United States and imported from nonsubject sources can "always" or "frequently be used interchangeably, and imports of both small diameter and large diameter from China and nonsubject imports can also be used interchangeably.

manufacturing list for both small and large diameter pipe.[13] Another importer (***) reported that some end users prefer using "non-Chinese" product for small diameter pipe. This importer also reported that large diameter imported pipe is not interchangeable with the U.S. product for offshore applications, but is interchangeable for some inshore applications. Another importer (***) reported that some end users of both small and large diameter pipe might not accept Chinese pipe for their projects due to inconsistent quality. Another importer (***) reported that during a period when U.S. producers are unable to offer enough quantity to satisfy needs for small and large diameter pipe, product from alternative sources such as China is accepted.

In addition to questions concerning interchangeability, producers and importers were also asked to compare U.S.-produced products with imports from China and nonsubject imports in terms of product differences other than price such as quality, availability, product range, and other characteristics, as a factor in their sales of seamless SLP pipe. Responses shown in tables II-4 and II-5 indicate that all responding producers consider factors other than price unimportant in their sales, while a majority of importers consider factors other than price always or frequently important when comparing seamless SLP pipe from the United States with imports from China.[14] One importer (***) reported that perceived quality differences and brand names influence sales for both small and large diameter pipe. Another importer (***) reported that availability can sometimes be a consideration for both small and large diameter pipe. Another importer (***) reported that one factor influencing sales was that U.S. Steel and V & M Star were on allocation for large diameter pipe during 2006-08. Another importer (***) reported that for small diameter pipe, many end users place country of origin restrictions on manufactures, fearing that Chinese origin may be of sub-standard quality. Another importer (***) reported that delivery considerations and a policy of no Chinese pipe may be a consideration in some projects.

Table II-4
Small diameter seamless SLP pipe: U.S. producers' and importers' perceived importance of factors other than price in sales of products produced in the United States and in other countries[1]

	U.S. producers				U.S. importers			
Country comparison	**A**	**F**	**S**	**N**	**A**	**F**	**S**	**N**
U.S. vs. China	0	0	0	4	2	8	3	3
U.S. vs. nonsubject	0	0	0	4	1	5	4	2
China vs. nonsubject	0	0	0	4	1	4	4	2

[1] Producers and importers were asked if differences other than price between small diameter seamless SLP pipe produced in the United States and in other countries are a significant factor in their firms' sales of small diameter seamless SLP pipe.

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

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

[13] As recently as 2007, there was evidence that Chinese-produced seamless SLP pipe was not yet on "approved manufacturers lists." At that time, approved manufacturers lists were commonly used when considering supply sources. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review),* USITC Publication 3908, May 2007, p. 17.

[14] Similarly, in comparing the U.S.-produced small and large diameter pipe with nonsubject imports, and comparing the Chinese small and large diameter pipe with nonsubject imports, responding producers consider factors other than price unimportant in the sales, while a majority of importers consider factors other than price always or frequently important.

Table II-5
Large diameter seamless SLP pipe: U.S. producers' and importers' perceived importance of factors other than price in sales of products produced in the United States and in other countries[1]

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. China	0	0	0	3	2	9	3	2
U.S. vs. nonsubject	0	0	0	3	1	7	3	2
China vs. nonsubject	0	0	0	3	1	5	4	2

[1] Producers and importers were asked if differences other than price between large diameter seamless SLP pipe produced in the United States and in other countries are a significant factor in their firms' sales of large diameter seamless SLP pipe.

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

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

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged subsidies and margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of five firms that accounted for the large majority of U.S. production of seamless SLP pipe during 2008.[1]

U.S. PRODUCERS

The Commission sent producer questionnaires to six firms identified in the petition as domestic producers of seamless SLP pipe and received five usable questionnaire responses.[2] Presented in table III-1 is a list of reporting domestic producers of seamless SLP pipe and each company's position on the petition, production location(s), related and/or affiliated firms, and share of reported production of seamless SLP pipe in 2008.

As indicated in table III-1, while two U.S. producers are related to foreign producers of seamless SLP pipe, none are related to U.S. importers of seamless SLP pipe. However, as discussed in greater detail below, three U.S. producers (***) directly import seamless SLP pipe while two U.S. producers (***) purchased such pipe from U.S. importers during the period for which data were collected.[3]

[1] ***.

[2] Evraz Rocky Mountain Steel reportedly did not produce seamless SLP pipe during the period for which data were collected.

[3] *See* table III-9.

Table III-1
Seamless SLP pipe: Reporting U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2008 reported U.S. production

Firm	Position on petition	U.S. production location(s)	Related and/or affiliated firms	Share of production (*percent*)		
				Small diameter	Large diameter	Total
Timken	***	Canton, OH	None	***	***	***
TIMK IPSCO[1]	Petitioner	Ambridge, PA Baytown, TX Houston, TX Koppel, PA Odessa, TX	Volzhsky Pipe Plant, Volgograd, Russia Sinarsky Pipe Plant, Sverdlovsk, Russia Seversky Tube Works, Sverdlovsk, Russia TagMet, Postov, Russia	***	0.0	***
U.S. Steel	Petitioner	Lorain, OH	None	***	***	***
V&M Star[2]	Petitioner	Houston, TX	V&M France V&M Deutchland V&M do Brasil SA	0.0	***	***
Wheatland[3]	***	Sharon, PA	None	***	0.0	***
Total				100.0	100.0	100.0

[1] Wholly owned by OAO TMK.
[2] Owned by Vallourec & Mannesmann Tubes (*** percent) and Sumitomo Corporation of America (*** percent).
[3] Wholly owned by DBO Holdings, Inc.

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

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

Each firm was asked if it experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials; or any other change in the character of their operations or organization relation to the production of seamless SLP pipe since January 1, 2006. These are included in table III-2.

Table III-2
Seamless SLP pipe: Important industry events, 2006–09

Year	Company	Description of event (merger, shutdown, bankruptcy, change in production capacity level, etc.)
2006	IPSCO (Canada/U.S.)	**Merger**: IPSCO acquires NS Steel (parent company of former seamless SLP producer Koppel Steel), Newport, KY, in December 2006.
2007	IPSCO	**Acquisition**: SSAB (Sweden) purchases IPSCO for approximately $7.7 billion in July 2007.
	Wheatland Tube	**Acquisition**: John Maneely Co. (parent company of Wheatland Tube) acquires seamless SLP pipe producer Sharon Tube, Sharon, PA, in January 2007. John Maneely is a subsidiary of the Carlyle Group (a Washington, DC-based investment firm).
2008	Evraz Group SA and TMK (Russia)	**Acquisition**: Evraz Group SA and TMK purchase SSAB's IPSCO tubular facilities in North America for $4 billion in June 2008. TMK obtains all of IPSCO's U.S. tubular operations and 51 percent of NS Group for approximately $1.2 billion. IPSCO's tubular operations are renamed TMK IPSCO.
	Wheatland Tube	**Acquisition cancelled**: Russian steel producer OJSC Novolipestk Steel stops efforts to acquire John Maneely Co.
	V&M Star	**Investment**: V&M Star (acquired seamless tubular assets of North Star Steel in 2002) plans to invest $639 million to increase liquid steel production by up to 70 percent to 1.4 million short tons, expand billet casting operations, and add a second pipe mill to make smaller-diameter seamless pipe.
2009	TMK IPSCO	**Acquisition**: TMK IPSCO acquires the remaining shares of NS Group from Evraz for $508 million in February 2009, becoming sole owner.
	V&M Star	**Investment delay**: V&M Star delays decision on $600 million to $1 billion investment to increase steel production and expand seamless tubular production at its Youngstown, OH, facility.
	U.S. Steel	**Plant idling**: U.S. Steel idles its small diameter seamless pipe mill in Lorain, OH, in March 2009. In May 2009, U.S. Steel temporarily idles the blast furnace and caster, but continues operating its large diameter seamless pipe mill at reduced levels at its Fairfield, AL, facility. Both facilities continue to operate at reduced levels.

Sources: *American Metal Market*, various articles; conference transcript.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for seamless SLP pipe are presented in table III-3.

Table III-3
Seamless SLP pipe: U.S. capacity, production, and capacity utilization, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Table III-4 presents data on U.S. seamless SLP producers' capacity, production, and capacity utilization data for all seamless pipe products produced using the same machinery and equipment as the subject pipe. Responding firms reported that subject small diameter seamless SLP pipe accounted for *** percent of their total small diameter seamless pipe (including nonsubject pipe) production in 2008 and that subject large diameter seamless SLP pipe accounted for *** percent of their total large diameter seamless pipe production in 2008. Nonsubject OCTG was the largest of U.S. producers' overall seamless pipe production, for both small and large diameter pipe.

Table III-4
Seamless pipe: U.S. capacity, production, and capacity utilization of seamless pipe products, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

U.S. PRODUCERS' SHIPMENTS

Tables III-5, III-6, and III-7 present data on U.S. producers' shipments of small diameter seamless SLP pipe, large diameter seamless SLP pipe, and total seamless SLP pipe, respectively.

Table III-5
Small diameter seamless SLP pipe: U.S. producers' shipments, by types, 2006-08, January-June 2008, and January-June 2009

*** * * * * * ***

Table III-6
Large diameter seamless SLP pipe: U.S. producers' shipments, by types, 2006-08, January-June 2008, and January-June 2009

*** * * * * * ***

Table III-7
Total seamless SLP pipe: U.S. producers' shipments, by types, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

ORDER BOOKS

Table III-8 presents reported quantity of small diameter, large diameter, and total seamless SLP pipe, entered in reporting firm's "order books" at the close of specified months.[4] Reported lead times ranged from 20 to 100 days for small diameter and 35 days to a year for large diameter seamless SLP pipe.

Table III-8
Seamless SLP pipe: Seamless SLP pipe entered into order books, March 31, 2006 - June 30, 2009

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U.S. PRODUCERS' INVENTORIES

As shown in table III-9, end-of-period inventories for small diameter seamless SLP pipe declined continuously in absolute terms, but as a result of reduced operations were *** higher relative to production and shipments in interim 2009 than in any other period. Inventories of large diameter seamless SLP pipe increased in absolute terms until interim 2009, when they declined in absolute terms but rose *** relative to production and shipments. Aggregate inventories were stable until 2009.

Table III-9
Seamless SLP pipe: U.S. producers' end-of-period inventories, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of seamless SLP pipe are presented in table III-10.

Table III-10
Seamless SLP pipe: U.S. producers' imports and purchases, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

[4] ***'s producer questionnaire, sections II-12a, II-12b, II-13a, and II-13b.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for seamless SLP pipe are presented in table III-11.

Table III-11
Seamless SLP pipe: U.S. producers' employment-related data, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

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

U.S. IMPORTERS

Importer questionnaires were sent to 151 firms believed to be importers of subject seamless SLP pipe, as well as to all known U.S. producers of seamless SLP pipe.[1] Usable questionnaire responses were received from 28 companies.[2] Questionnaire responses from U.S. importers accounted for 61.8 percent of small diameter, 69.6 percent of large diameter, and 65.4 percent of total seamless SLP pipe U.S. imports in 2008. Table IV-1 lists all responding U.S. importers of seamless SLP pipe from China and other sources, their locations, and their shares of reported U.S. imports, in 2008. As shown in the table below, two out of 28 companies imported only small diameter seamless SLP pipe, 1 out of 28 companies imported only large diameter, and 25 out of 28 companies imported both.

Table IV-1
Seamless SLP pipe: U.S. importers, U.S. headquarters, source(s) of imports, and shares of imports in 2008

* * * * * * *

U.S. IMPORTS

Tables IV-2, IV-3, and IV-4 present data for U.S. imports of small diameter, large diameter, and total seamless SLP pipe from China and all other sources, respectively. Imports from China of both small and large diameter seamless SLP pipe increased from 2006 to 2008 in quantity, value, and unit value. Imports from nonsubject sources increased less noticeably, as greater quantities of large diameter pipe offset a reduction in small diameter pipe.

[1] The Commission sent 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 imported at least $1 million dollars of seamless SLP pipe under HTS subheadings 7304.10.10, 7304.10.50, 7304.19.10, 7304.19.50, 7304.39.00, 7304.59.80, 7304.10.10, 7304.10.50, 7304.19.10, 7304.19.50, 7304.39.00, and 7304.59.80 in 2008.

[2] Thirty-one other importers responded by certifying that they did not import the subject product during the period for which data were collected.

Table IV-2
Small diameter seamless SLP pipe: U.S. imports, by sources, 2006-08, January-June 2008, and January-June 2009

Source	Calendar year			January-June	
	2006	2007	2008	2008	2009
			Quantity (*short tons*)		
China	91,932	103,677	197,022	63,846	35,641
Nonsubject	109,130	79,677	105,551	50,159	30,631
Total	201,061	183,354	302,573	114,005	66,273
			Value (*1,000 dollars*)[1]		
China	75,441	86,290	221,020	54,419	44,597
Nonsubject	124,028	104,510	171,996	71,048	66,115
Total	199,469	190,800	393,016	125,467	110,713
			Unit value (*per short ton*)[1]		
China	$821	$832	$1,122	$852	$1,251
Nonsubject	1,137	1,312	1,629	1,416	2,158
Average	992	1,041	1,299	1,101	1,671
			Share of quantity (*percent*)		
China	45.7	56.5	65.1	56.0	53.8
Nonsubject	54.3	43.5	34.9	44.0	46.2
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
China	37.8	45.2	56.2	43.4	40.3
Nonsubject	62.2	54.8	43.8	56.6	59.7
Total	100.0	100.0	100.0	100.0	100

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

Source: Compiled from official Commerce statistics.

Table IV-3
Large diameter seamless SLP pipe: U.S. imports, by sources, 2006-08, January-June 2008, and January-June 2009

Source	Calendar year			January-June	
	2006	2007	2008	2008	2009
			Quantity (*short tons*)		
China	66,195	68,642	169,066	53,754	30,817
Nonsubject	183,691	149,633	242,869	99,814	70,781
Total	249,885	218,275	411,934	153,569	101,598
			Value (*1,000 dollars*)[1]		
China	54,722	56,368	191,031	46,192	43,502
Nonsubject	256,816	247,822	425,231	170,213	177,345
Total	311,538	304,191	616,262	216,405	220,847
			Unit value (*per short ton*)[1]		
China	$827	$821	$1,130	$859	$1,412
Nonsubject	1,398	1,656	1,751	1,705	2,506
Average	1,247	1,394	1,496	1,409	2,174
			Share of quantity (*percent*)		
China	26.5	31.4	41.0	35.0	30.3
Nonsubject	73.5	68.6	59.0	65.0	69.7
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
China	17.6	18.5	31.0	21.3	19.7
Nonsubject	82.4	81.5	69.0	78.7	80.3
Total	100.0	100.0	100.0	100.0	100.0

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

Source: Compiled from official Commerce statistics.

U.S. imports from subject and nonsubject sources were lower, on a quantity basis, in January-June 2009 than in January-June 2008, albeit with substantitally higher unit values.[3]

[3] U.S. imports of large diameter project line pipe with greater wall thickness slowed the overall decline in nonsubject imports. Conference transcript, pp. 56-57 and 104-105 (Pognonec); official Commerce statistics.

Table IV-4
Total seamless SLP pipe: U.S. imports, by sources, 2006-08, January-June 2008, and January-June 2009

Source	Calendar year			January-June	
	2006	2007	2008	2008	2009
			Quantity (*short tons*)		
China	158,126	172,319	366,088	117,601	66,458
Nonsubject	292,820	229,310	348,420	149,973	101,413
Total	450,946	401,629	714,508	267,574	167,871
			Value (*1,000 dollars*)[1]		
China	130,163	142,658	412,051	100,611	88,099
Nonsubject	380,844	352,332	597,227	241,261	243,461
Total	511,006	494,991	1,009,278	341,872	331,560
			Unit value (*per short ton*)[1]		
China	$823	$828	$1,126	$856	$1,326
Nonsubject	1,301	1,536	1,714	1,609	2,401
Average	1,133	1,232	1,413	1,278	1,975
			Share of quantity (*percent*)		
China	35.1	42.9	51.2	44.0	39.6
Nonsubject	64.9	57.1	48.8	56.0	60.4
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
China	25.5	28.8	40.8	29.4	26.6
Nonsubject	74.5	71.2	59.2	70.6	73.4
Total	100.0	100.0	100.0	100.0	100.0

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

Source: Compiled from official Commerce statistics.

Tables IV-5, IV-6, and IV-7 present data on U.S. imports of small diameter, large diameter, and total seamless SLP pipe by source, respectively. As discussed in Part I, U.S. imports of small diameter seamless SLP pipe from Germany and Romania are subject to antidumping duty orders, as are U.S. imports of small diameter and large diameter seamless SLP pipe from Japan.

Table IV-5
Small diameter seamless SLP pipe: U.S. imports, by sources, 2006-08, January-June 2008, and January-June 2009

Country	Calendar year			January - June	
	2006	2007	2008	2008	2009
			Quantity (*short tons*)		
China	91,932	103,677	197,022	63,846	35,641
Spain	17,666	6,564	15,092	7,024	4,636
Ukraine	16,876	12,080	12,302	3,534	991
France	18,602	6,720	10,057	5,629	4,240
Germany	15,687	11,728	9,058	3,134	1,137
Russia	5,562	12,473	10,448	8,117	4,674
Austria	9,519	1,651	9,489	3,042	4,926
Slovak Republic	4,517	6,865	4,076	1,918	628
Czech Republic	491	5,449	7,243	4,443	2,638
Japan	400	5,440	7,381	4,166	2,081
Argentina	745	1,333	7,222	3,411	1,073
Canada	2,479	2,183	3,951	2,078	346
Brazil	6,850	1,967	34	10	22
All other	9,736	5,222	9,200	3,653	3,240
Total	201,061	183,354	302,573	114,005	66,273
			Value (*$1,000*)		
China	75,441	86,290	221,020	54,419	44,597
Spain	22,541	10,575	28,245	11,230	10,097
Ukraine	15,007	11,585	17,944	3,898	1,583
France	23,519	9,061	16,333	7,484	11,163
Germany	16,764	20,625	17,591	6,546	3,307
Russia	4,410	10,442	8,726	6,189	7,478
Austria	11,458	1,886	15,727	4,185	11,125
Slovak Republic	5,061	8,446	6,032	2,521	1,136
Czech Republic	575	5,679	10,209	5,727	5,208
Japan	966	9,380	14,967	8,202	5,596
Argentina	750	2,002	11,417	4,708	2,807
Canada	4,736	4,528	9,727	4,383	939
Brazil	5,683	1,909	128	50	68
All other	12,557	8,393	14,950	5,925	5,608
Total	199,469	190,800	393,016	125,467	110,713

Table continued on next page.

Table IV-5--*Continued*
Small diameter seamless SLP pipe: U.S. imports, by sources, 2006-08, January-June 2008, and January-June 2009

Country	Calendar year			January - June	
	2006	2007	2008	2008	2009
	Unit value (*dollars per short ton*)				
China	821	832	1,122	852	1,251
Spain	1,276	1,611	1,871	1,599	2,178
Ukraine	889	959	1,459	1,103	1,598
France	1,264	1,348	1,624	1,330	2,633
Germany	1,069	1,759	1,942	2,089	2,909
Russia	793	837	835	763	1,600
Austria	1,204	1,142	1,657	1,376	2,259
Slovak Republic	1,120	1,230	1,480	1,314	1,808
Czech Republic	1,171	1,042	1,409	1,289	1,974
Japan	2,417	1,724	2,028	1,969	2,689
Argentina	1,007	1,501	1,581	1,380	2,617
Canada	1,911	2,074	2,462	2,109	2,716
Brazil	830	970	3,787	4,842	3,094
All other	1,290	1,607	1,625	1,622	1,731
Average	992	1,041	1,299	1,101	1,671

Note.--Countries ranked by import quantity during 2006-June 2009.

Source: Compiled from official Commerce statistics (HTS 7304.10.1020, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5020, 7304.10.5050, 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8010, 7304.59.8015, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

Table IV-6
Large diameter seamless SLP pipe: U.S. imports, by sources, 2006-08, January-June 2008, and January-June 2009

Country	Calendar year			January - June	
	2006	2007	2008	2008	2009
			Quantity (*short tons)*		
China	66,195	68,642	169,066	53,754	30,817
Argentina	18,413	35,024	37,186	11,853	8,555
Italy	21,681	20,823	32,419	13,041	10,630
Russia	29,773	18,416	22,885	2,582	5,179
Czech Republic	21,430	18,024	24,556	12,688	3,952
Japan	27,821	23,360	6,292	3,293	2,973
Germany	6,987	6,847	16,189	11,544	23,200
Mexico	2,367	5,946	39,298	22,050	2,669
Brazil	22,431	6,079	13,083	5,426	1,273
Ukraine	3,154	4,119	21,377	3,092	631
Romania	15,641	1,198	1,554	116	2,759
France	630	267	8,058	6,570	4,839
Austria	4,396	2,473	3,267	1,291	2,084
All other	8,968	7,058	16,704	6,270	2,039
Total	249,885	218,275	411,934	153,569	101,598
			Value (*$1,000)*		
China	54,722	56,368	191,031	46,192	43,502
Argentina	28,529	65,460	62,449	14,751	22,513
Italy	39,471	43,380	70,145	28,951	32,818
Russia	26,182	18,603	29,928	2,641	7,490
Czech Republic	20,637	19,804	30,501	12,157	7,843
Japan	52,084	46,985	11,862	6,850	7,617
Germany	13,248	15,044	31,076	21,906	63,974
Mexico	3,205	9,891	77,429	43,389	7,827
Brazil	36,371	8,579	29,526	13,828	3,096
Ukraine	2,595	3,832	29,934	2,597	968
Romania	15,158	1,430	2,779	124	5,250
France	1,071	513	15,133	12,304	8,927
Austria	5,502	2,464	4,607	1,327	4,472
All other	12,763	11,835	29,863	9,390	4,551
Total	311,538	304,191	616,262	216,405	220,847

Table continued on next page.

Table IV-6--*Continued*
Large diameter seamless SLP pipe: U.S. imports, by sources, 2006-08, January-June 2008, and January-June 2009

Country	Calendar year			January - June	
	2006	2007	2008	2008	2009
	Unit value (*dollars per short ton*)				
China	827	821	1,130	859	1,412
Argentina	1,549	1,869	1,679	1,244	2,632
Italy	1,821	2,083	2,164	2,220	3,087
Russia	879	1,010	1,308	1,023	1,446
Czech Republic	963	1,099	1,242	958	1,984
Japan	1,872	2,011	1,885	2,080	2,562
Germany	1,896	2,197	1,920	1,898	2,758
Mexico	1,354	1,663	1,970	1,968	2,933
Brazil	1,621	1,411	2,257	2,549	2,433
Ukraine	823	930	1,400	840	1,535
Romania	969	1,194	1,788	1,072	1,903
France	1,699	1,923	1,878	1,873	1,845
Austria	1,252	997	1,410	1,027	2,146
All other	1,423	1,677	1,788	1,498	2,232
Average	1,247	1,394	1,496	1,409	2,174

Note.--Countries ranked by import quantity during 2006-June 2009.

Source: Compiled from official Commerce statistics (HTS 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5050, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5050, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

Table IV-7
Total seamless SLP pipe: U.S. imports, by sources, 2006-08, January-June 2008, and January-June 2009

Country	Calendar year			January - June	
	2006	2007	2008	2008	2009
			Quantity (*short tons)*		
China	158,126	172,319	366,088	117,601	66,458
Argentina	19,158	36,357	44,409	15,264	9,627
Russia	35,334	30,889	33,333	10,699	9,853
Italy	22,823	21,136	36,176	14,637	11,663
Germany	22,674	18,576	25,247	14,678	24,337
Czech Republic	21,921	23,473	31,799	17,131	6,590
Japan	28,220	28,800	13,673	7,459	5,053
Ukraine	20,030	16,199	33,679	6,626	1,622
France	19,232	6,987	18,115	12,199	9,079
Spain	22,370	7,066	17,807	7,033	5,504
Brazil	29,281	8,047	13,117	5,436	1,295
Mexico	2,830	5,953	39,332	22,085	2,675
Austria	13,915	4,124	12,756	4,333	7,010
All other	35,032	21,705	28,978	12,395	7,105
Total	450,946	401,629	714,508	267,574	167,871
			Value (*$1,000)*		
China	130,163	142,658	412,051	100,611	88,099
Argentina	29,279	67,462	73,867	19,459	25,320
Russia	30,592	29,046	38,654	8,831	14,968
Italy	40,854	44,072	76,632	31,669	34,599
Germany	30,012	35,669	48,667	28,452	67,282
Czech Republic	21,212	25,483	40,710	17,884	13,051
Japan	53,049	56,365	26,828	15,052	13,213
Ukraine	17,602	15,417	47,877	6,495	2,551
France	24,590	9,573	31,466	19,787	20,090
Spain	29,649	11,766	33,186	11,238	12,198
Brazil	42,054	10,488	29,654	13,878	3,164
Mexico	3,653	9,910	77,578	43,538	7,884
Austria	16,961	4,350	20,334	5,512	15,597
All other	41,337	32,731	51,775	19,468	13,545
Total	511,006	494,991	1,009,278	341,872	331,560

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Table IV-7--*Continued*
Total seamless SLP pipe: U.S. imports, by sources, 2006-08, January-June 2008, and January-June 2009

Country	Calendar year			January - June	
	2006	2007	2008	2008	2009
	Unit value (*dollars per short ton*)				
China	$823	$828	$1,126	$856	$1,326
Argentina	1,528	1,856	1,663	1,275	2,630
Russia	866	940	1,160	825	1,519
Italy	1,790	2,085	2,118	2,164	2,967
Germany	1,324	1,920	1,928	1,938	2,765
Czech Republic	968	1,086	1,280	1,044	1,980
Japan	1,880	1,957	1,962	2,018	2,615
Ukraine	879	952	1,422	980	1,573
France	1,279	1,370	1,737	1,622	2,213
Spain	1,325	1,665	1,864	1,598	2,216
Brazil	1,436	1,303	2,261	2,553	2,444
Mexico	1,291	1,665	1,972	1,971	2,947
Austria	1,219	1,055	1,594	1,272	2,225
All other	1,180	1,508	1,787	1,571	1,906
Total	1,133	1,232	1,413	1,278	1,975

Note.--Countries ranked by import quantity during 2006-June 2009.

Source: Compiled from official Commerce statistics (HTS 7304.10.1020, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5020, 7304.10.5050, 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8010, 7304.59.8015, 7304.59.8030, 7304.59.8045, 7304.59.8060, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5050, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5050, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

Tables IV-8, IV-9, and IV-10 present data on U.S. imports of small diameter, large diameter, and total seamless SLP pipe by source and month from January 2006 to July 2009, respectively.

Table IV-8
Small diameter seamless SLP pipe: U.S. imports, by source and month, 2006-08 and January-July 2009

Source	January	February	March	April	May	Jun	July	August	September	October	November	December	Total
						Quantity (*short tons*)							
2006													
China	5,370	3,685	6,266	11,976	7,139	8,521	9,076	8,100	4,267	9,400	7,515	10,615	91,932
Nonsubject	7,508	5,619	3,731	9,473	11,950	18,377	10,586	8,778	4,798	7,574	11,902	8,833	109,130
Total	12,878	9,304	9,998	21,449	19,089	26,898	19,662	16,878	9,066	16,975	19,417	19,447	201,061
2007													
China	9,887	14,125	5,610	5,370	16,314	7,566	10,619	6,537	5,932	11,117	8,068	2,532	103,677
Nonsubject	9,516	5,309	5,375	11,325	4,870	5,377	3,760	6,169	8,371	8,895	5,182	5,527	79,677
Total	19,403	19,434	10,985	16,695	21,184	12,943	14,379	12,706	14,304	20,012	13,250	8,059	183,354
2008													
China	14,086	7,213	8,877	11,143	11,372	11,155	9,962	13,717	24,854	27,761	28,882	28,000	197,022
Nonsubject	8,142	5,881	10,130	8,067	7,520	10,419	11,368	5,136	9,251	7,521	11,708	10,408	105,551
Total	22,228	13,094	19,007	19,210	18,893	21,574	21,330	18,853	34,105	35,282	40,589	38,408	302,573
2009													
China	13,515	6,218	7,327	5,506	2,360	715	4,909						40,550
Nonsubject	11,987	8,786	5,828	1,401	1,691	938	1,555						32,186
Total	25,502	15,004	13,155	6,908	4,050	1,653	6,463						72,736

Source: Compiled from official Commerce statistics (HTS 7304.10.1020, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5020, 7304.10.5050, 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8010, 7304.59.8015, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

Table IV-9
Large diameter seamless SLP pipe: U.S. imports, by source and month, 2006-08 and January-July 2009

Source	January	February	March	April	May	Jun	July	August	September	October	November	December	Total
						Quantity (*short tons*)							
2006													
China	645	2,429	1,005	10,103	4,516	1,983	7,278	5,143	7,070	12,336	4,382	9,304	66,195
Nonsubject	11,621	16,217	14,632	15,114	25,386	16,614	14,845	19,245	13,337	17,710	9,164	9,805	183,691
Total	12,265	18,646	15,636	25,217	29,902	18,598	22,123	24,389	20,407	30,046	13,546	19,109	249,885
2007													
China	5,160	12,335	5,361	5,858	11,116	3,929	4,098	4,881	5,776	3,251	5,764	1,113	68,642
Nonsubject	10,852	11,868	3,247	20,771	10,967	18,952	19,484	3,237	10,971	17,533	13,120	8,632	149,633
Total	16,012	24,203	8,608	26,629	22,083	22,881	23,582	8,117	16,748	20,783	18,883	9,746	218,275
2008													
China	9,158	5,419	9,164	2,491	12,576	14,945	11,584	18,878	20,583	22,821	21,089	20,357	169,066
Nonsubject	11,878	10,186	18,087	23,984	20,779	14,901	31,783	19,669	20,412	31,068	19,816	20,306	242,869
Total	21,036	15,605	27,251	26,475	33,354	29,847	43,367	38,547	40,995	53,889	40,905	40,663	411,934
2009													
China	14,720	4,550	2,710	6,684	1,469	684	2,405						33,222
Nonsubject	18,142	9,317	17,049	13,700	3,204	9,370	6,311						77,092
Total	32,862	13,867	19,758	20,384	4,672	10,055	8,716						110,314

Source: Compiled from official Commerce statistics (HTS 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5050, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5050, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

Table IV-10
Total seamless SLP pipe: U.S. imports, by source and month, 2006-08 and January-July 2009

Source	January	February	March	April	May	Jun	July	August	September	October	November	December	Total
						Quantity (*short tons*)							
2006													
China	6,015	6,114	7,271	22,079	11,655	10,505	16,354	13,243	11,338	21,737	11,897	19,919	158,126
Nonsubject	19,129	21,837	18,363	24,587	37,336	34,991	25,431	28,024	18,135	25,284	21,066	18,638	292,820
Total	25,143	27,951	25,634	46,666	48,992	45,496	41,785	41,267	29,473	47,021	32,963	38,557	450,946
2007													
China	15,047	26,460	10,972	11,228	27,430	11,496	14,717	11,418	11,709	14,367	13,831	3,645	172,319
Nonsubject	20,367	17,177	8,622	32,096	15,837	24,329	23,245	9,406	19,343	26,428	18,302	14,160	229,310
Total	35,415	43,637	19,593	43,324	43,267	35,824	37,962	20,823	31,051	40,795	32,133	17,805	401,629
2008													
China	23,244	12,632	18,042	13,634	23,948	26,100	21,546	32,594	45,437	50,582	49,971	48,357	366,088
Nonsubject	20,021	16,067	28,217	32,051	28,299	25,320	43,151	24,805	29,663	38,590	31,524	30,715	348,420
Total	43,264	28,699	46,259	45,685	52,247	51,420	64,697	57,400	75,100	89,171	81,494	79,072	714,508
2009													
China	28,235	10,768	10,037	12,190	3,829	1,399	7,313						73,772
Nonsubject	30,129	18,102	22,877	15,101	4,894	10,308	7,866						109,278
Total	58,364	28,871	32,914	27,291	8,723	11,708	15,179						183,050

Source: Compiled from official Commerce statistics (HTS 7304.10.1020, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5020, 7304.10.5050, 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8010, 7304.59.8015, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

Primary Ports of Entry

Houston-Galveston, TX was by far the largest port of entry for both small and large diameter seamless SLP pipe from China during the period for which data were collected. The second largest port of entry was Los Angeles, CA. For imported seamless SLP pipe generally, Houston-Galveston and Los Angeles were the leading ports of entry, followed distantly by New Orleans, Philadelphia, and Mobile.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[4] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product seamless SLP pipe where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[5] Imports from China accounted for 68.2 percent of total imports of small diameter seamless SLP pipe by quantity from August 2008 to July 2009; imports from China accounted for 42.1 percent of total imports of large diameter seamless SLP pipe by quantity from August 2008 to July 2009; and imports from China accounted for 53.2 percent of total imports of seamless SLP pipe by quantity from August 2008 to July 2009.

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

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

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of small diameter, large diameter, and total seamless SLP pipe during the period for which data were collected are shown in tables IV-11, IV-12, and IV-13, respectively.

Table IV-11
Small diameter seamless SLP pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2006-08, January-June 2008, and January-June 2009

Item	Calendar year			January-June	
	2006	2007	2008	2008	2009
			Quantity (*short tons*)		
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from–					
China	91,932	103,677	197,022	63,846	35,641
Nonsubject countries	109,130	79,677	105,551	50,159	30,631
Total U.S. imports	201,061	183,354	302,573	114,005	66,273
Apparent U.S. consumption	***	***	***	***	***
			Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from–					
China	75,441	86,290	221,020	54,419	44,597
Nonsubject countries	124,028	104,510	171,996	71,048	66,115
Total U.S. imports	199,469	190,800	393,016	125,467	110,713
Apparent U.S. consumption	***	***	***	***	***

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

Source: Compiled from official import statistics of Commerce and data submitted in response to Commission questionnaires.

Table IV-12
Large diameter seamless SLP pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2006-08, January-June 2008, and January-June 2009

Item	Calendar year			January-June	
	2006	2007	2008	2008	2009
			Quantity (*short tons*)		
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from–					
China	66,195	68,642	169,066	53,754	30,817
Nonsubject countries	183,691	149,633	242,869	99,814	70,781
Total U.S. imports	249,885	218,275	411,934	153,569	101,598
Apparent U.S. consumption	***	***	***	***	***
			Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from–					
China	54,722	56,368	191,031	46,192	43,502
Nonsubject countries	256,816	247,822	425,231	170,213	177,345
Total U.S. imports	311,538	304,191	616,262	216,405	220,847
Apparent U.S. consumption	***	***	***	***	***

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

Source: Compiled from official import statistics of Commerce and data submitted in response to Commission questionnaires.

Table IV-13
Total seamless SLP pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2006-08, January-June 2008, and January-June 2009

Item	Calendar year			January-June	
	2006	2007	2008	2008	2009
			Quantity (*short tons*)		
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from–					
China	158,126	172,319	366,088	117,601	66,458
Nonsubject countries	292,820	229,310	348,420	149,973	101,413
Total U.S. imports	450,946	401,629	714,508	267,574	167,871
Apparent U.S. consumption	***	***	***	***	***
			Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from–					
China	130,163	142,658	412,051	100,611	88,099
Nonsubject countries	380,844	352,332	597,227	241,261	243,461
Total U.S. imports	511,006	494,991	1,009,278	341,872	331,560
Apparent U.S. consumption	***	***	***	***	***

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

Source: Compiled from official import statistics of Commerce and data submitted in response to Commission questionnaires.

U.S. MARKET SHARES

U.S. market share data for small diameter, large diameter, and total seamless SLP pipe are presented in tables IV-14, IV-15, and IV-16, respectively.

Table IV-14
Small diameter seamless SLP pipe: U.S. consumption and market shares, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Table IV-15
Large diameter seamless SLP pipe: U.S. consumption and market shares, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Table IV-16
Total seamless SLP pipe: U.S. consumption and market shares, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of small diameter, large diameter, and total seamless SLP pipe is presented in tables IV-17, IV-18, and IV-19, respectively.

Table IV-17
Small diameter seamless SLP pipe: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Table IV-18
Large diameter seamless SLP pipe: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Table IV-19
Total seamless SLP pipe: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

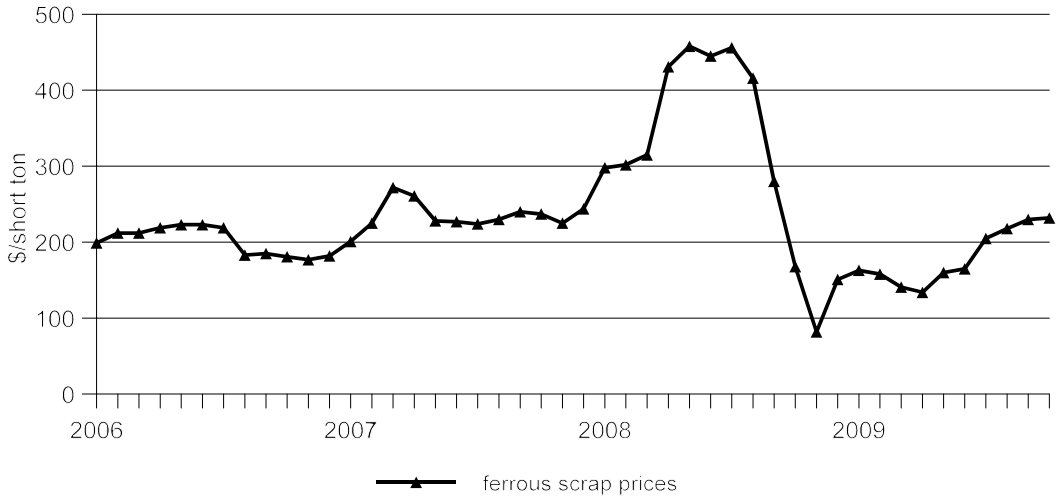
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw materials account for a large share of the cost of seamless SLP pipe. During 2006-08 these costs ranged from a low of *** percent of the cost-of-goods in *** to a high of *** percent in ***. During January-June 2009 raw material costs accounted for *** percent of the cost-of-goods sold.[1] Ferrous scrap is a major input used in the production of seamless SLP pipe. As shown in figure V-1, the price of ferrous scrap rose irregularly to peak levels during in mid-2008 and then declined sharply during the latter portion of the year, before stabilizing and beginning to increase in the second half of 2009.

Figure V-1
Ferrous scrap prices: Number 1 heavy melt, Chicago average, monthly, January 2006-October 2009



Source: American Metal Market.

U.S. Inland Transportation Costs

Inland shipping charges comprise a relatively small share of delivered prices for U.S. producers and importers of seamless SLP pipe. For producers, estimated costs ranged from 3 to 5 percent. For those importers that provided estimates, costs ranged from 2 to 5 percent. Questionnaire responses show

[1] For small diameter seamless SLP pipe these costs ranged from a low of *** percent of the cost of goods sold in *** to a high of *** percent in ***. During January-June 2009, raw material costs accounted for *** percent of the cost of goods sold for such pipe. For the large diameter seamless SLP pipe these costs ranged from a low of *** percent of the cost of goods sold in *** to a high of *** percent in ***. During January-June 2009, raw material costs accounted for *** percent of the cost of goods sold for such pipe.

that U.S. producers' sales typically involve longer distances than importers. For the 5 producers, 80 to 100 percent of sales involve distances of 101 miles or more from their storage or production facilities. In contrast, for the 14 importers that provided estimates, 8 reported that 95 to 100 percent of their sales involved distances of 100 miles or less from their storage facilities.

PRICING PRACTICES

U.S. producers and importers commonly establish seamless SLP prices through by transaction-by-transaction negotiations, although they rely on other methods as well. Among U.S. producers, two rely completely on transaction-by-transaction negotiations, two rely on price lists, and one relies on a combination of transaction-by-transaction negotiations and contracts for multiple shipments. Among 21 responding importers, 13 reported that prices are determined solely by transaction-by-transaction negotiations. Other methods reported included price lists and markups based upon import costs

Discounts on seamless SLP pipe vary. Three of the five U.S. producers reported that they provide volume discounts. One producer reported that it does not have a discount policy, and one reported that in past years it has provided a discount of up to $*** per ton to its major distributor. Among the 21 responding importers, 17 reported that they do not provide volume discounts, while 3 reported that they do use such discounts. All five of the producers reported that they offer discounts of *** percent for the early payment of accounts. Among importers, only one firm reported that it offers a discount for early payment (***).

U.S. producers quote prices for seamless SLP pipe on both an f.o.b. and delivered basis. Among importers methods for price quotes included f.o.b. warehouse, f.o.b. loaded truck port, delivered, c.i.f. duty paid, and direct discharge at port.

The majority of producers and importers sell entirely on a spot basis. The single U.S. producer *** that reported using contract sales stated that contracts are for *** months or until further notice with prices and quantities fixed during the contract period. Importers that sell under contract reported contract periods ranging from 3 to 12 months with prices and quantities both typically fixed during the contract period. U.S. producers and importers reported that meet-or-release provisions normally do not apply.

PRICE DATA

The Commission requested U.S. producers and importers of seamless SLP pipe to provide quarterly data for the total quantity and value of two small diameter and two large diameter seamless SLP pipe products shipped to unrelated distributors in the U.S. market during the period January 2006 through June 2009. The products for which pricing data were requested are as follows:

> ***Product 1***.**–Seamless pipe quad stenciled to meet ASTM A-106 grade B, ASTM A-53 grade B, API 5L and APL 5L grade X-42 specifications; 2" nominal size (2 3/8 inch OD x 0.154 wall thickness); plain ends.**
>
> ***Product 2***.**--Seamless pipe quad stenciled to meet ASTM A-106 grade B, ASTM A-53 grade B, API 5L and APL 5L grade X-42 specifications; 4" nominal size (4 ½ inch OD x 0.237 wall thickness); plain ends.**
>
> ***Product 3***.**--Seamless pipe quad stenciled to meet ASTM A-106 grade B, ASTM A-53 grade B, API 5L and APL 5L grade X-42 specifications; 8" nominal size (8 5/8 inch OD x 0.322 wall thickness); plain ends.**
>
> ***Product 4***.**--Seamless pipe quad stenciled to meet ASTM A-106 grade B, ASTM A-53 grade**

B, API 5L and APL 5L grade X-42 specifications; 12" nominal size (12 3/4 inch OD x 0.375 wall thickness); plain ends.

Four U.S. producers and ten importers of seamless SLP from China provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately *** percent of U.S. producer's shipments of seamless SLP pipe and 27.9 percent of U.S. shipments of subject imports from China during 2006 through January-June 2009.[2]

Price Trends

Quarterly weighted-average prices for all four products for the United States and China are presented in tables V-1 and V-4 and figure V-2 for the period January-March 2008 through April-June 2009.[3] The data show that prices of all four U.S.-produced products increased overall during the period for which data were collected. U.S. prices for all four products increased sharply during 2008, with small diameter seamless SLP pipe prices peaking in the fourth quarter and large diameter seamless SLP pipe prices peaking in the first quarter of 2009. By the second quarter of 2009 prices of all products had declined to levels that were well below their peaks but were comparable to the price levels observed in the third quarter of 2008. U.S. shipment quantities fluctuated during the period, but declined to very low levels for all four products in the second quarter of 2009. Trends in prices of imports from China showed a similar increase in 2008 but for three of the four products no substantial price decline occurred in 2009. Shipments quantities for imports from China for all 4 products fluctuated during the period. A summary of price ranges and percentage changes in prices is presented in table V-5.

Table V-1
Seamless SLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2006-June 2009

* * * * * * *

Table V-2
Seamless SLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2006-June 2009

* * * * * * *

[2] For small diameter pipe, price data accounted for approximately *** percent of U.S. producers' shipments of seamless SLP pipe and 24.2 percent of U.S. shipments of subject imports from China during 2006 through January-June 2009. For large diameter pipe, price data accounted for approximately *** percent of U.S. producers' shipments of seamless SLP pipe and 31.9 percent of U.S. shipments of subject imports from China during 2006 through January-June 2009.

[3] Price data for U.S.-produced seamless SLP pipe and imports from both China and nonsubject sources are presented in Appendix E. Nonsubject country pricing data were reported for Brazil, Croatia, Czech Republic, France, India, Poland, and Russia. In comparing nonsubject country pricing data with U.S. producer pricing data, nonsubject prices were lower than U.S. producer prices in 85 instances and higher than U.S. producer prices in 14 instances. In comparing nonsubject country pricing data with subject country pricing data, nonsubject prices were lower than subject prices in 7 instances and higher than subject prices in 92 instances.

Table V-3
Seamless SLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2006-June 2009

* * * * * * *

Table V-4
Seamless SLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2006-June 2009

* * * * * * *

Figure V-2
Seamless SLP pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2006-June 2009

* * * * * * *

Table V-5
Seamless SLP pipe: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China, January 2006-June 2009

* * * * * * *

Price Comparisons

Margins of underselling and overselling for the period are presented in table V-6. As can be seen from the table, prices for seamless SLP pipe imported from China were below those for U.S.-produced seamless SLP pipe in all 56 instances; margins of underselling ranged from 7.8 to 59.6 percent. The margins of underselling exceeded 33 percent in 36 observations.

Table V-6
Seamless SLP pipe: Instances of underselling/overselling and the range and average of margins, January 2006-March 2009

Country	Underselling			Overselling		
	Number of instances	Range (*percent*)	Average margin (*percent*)	Number of instances	Range (*percent*)	Average margin (*percent*)
China	56	7.8-59.6	37.4	0	-	-
Source: Compiled from data submitted in response to Commission questionnaires.						

LOST SALES AND LOST REVENUES

None of the firms provided detailed information and purchaser contacts needed to directly investigate lost sales or lost revenue allegations. The petitioners have argued that since most producer sales are made to distributors, the companies are not well positioned to trace a specific lost sale to a specific import. Nonetheless, petitioners attribute declining market shares, declining revenues due to falling prices, and the inability to make further sales to U.S. imports of seamless SLP pipe from China.[4]

[4] Conference transcript, p. 80 (Schagrin) and Postconference Brief of V&M Star, TMK IPSO and the USW, p. 16.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Five U.S. firms provided usable financial data on their operations producing seamless SLP pipe.[1] These reported data are believed to represent the large majority of U.S. seamless SLP pipe production during 2008.

OPERATIONS ON SEAMLESS SLP PIPE

Income-and-loss data for the reporting U.S. producers of seamless SLP pipe combined for small and large diameter are presented in table VI-1; income-and-loss data for U.S. producers of small diameter seamless SLP pipe and large diameter seamless SLP pipe are presented in tables VI-2 and VI-3, respectively. Table VI-1 data are briefly summarized as follows:

- Total industry net sales fell from 2006 to 2007, attributed by industry witnesses to "destocking" and decreased drilling.[2] Sales increased by approximately *** percent on a quantity basis and by *** percent on a value basis in 2008, which substantially exceeded sales in 2006. Total net sales in interim 2009 were much lower (termed "a collapse"[3]) than in interim 2008. The average unit value ("AUV") of sales increased during the full year periods (the greatest amount of the increase occurred in 2008), which led to the *** increase in sales value; this was ascribed to high energy prices for oil and gas, high scrap prices, and the "hot market"[4] during the latter half of that year. Sales were lower by *** percent on a quantity basis and *** percent on a value basis in interim 2009 compared with interim 2008. Despite the reduction in shipments, the industry sales AUVs were higher in interim 2009 than in interim 2008.

- Cost of goods sold ("COGS") tended to follow sales volume and was driven by raw material costs during 2006-08. Although the AUVs of raw material costs were slightly lower in interim 2009, the fixed cost components of direct labor and other factory costs led those two cost categories to much higher levels, particularly in interim 2009 when sales volume fell ***.

- Selling, general and administrative ("SG&A") expenses increased from 2006 to 2008 in dollar terms as well as in terms of their AUV. Because SG&A expenses tend to have a higher proportion of fixed costs, these expenses were higher as a ratio to sales and as an AUV when sales volume fell in interim 2009.

- Operating income fell from 2006 to 2007 but rose in 2008 to a level that was much greater than in 2006 (for an increase of nearly *** percent from 2006 to 2008). Operating margins for the industry as a whole averaged more than *** percent during 2006-08. Operating income was *** percent lower on a value basis in interim 2009 compared with interim 2008, and the operating margin was *** percentage points lower at *** percent. Petitioners attributed the industry's interim 2009 profitability to sales made early in 2009 at prices reflecting 2008 values. They distinguished the first quarter from the second quarter of 2009, stating that the second quarter was

[1] The firms are: Timken; TMK IPSCO; U.S. Steel; V&M Star; and Wheatland. ***.
[2] Conference transcript, p. 64 (Lindgren).
[3] Conference transcript, p. 17 (Vaughn).
[4] Conference transcript, p. 94 (Schagrin).

buoyed by first quarter operating results and generally was negative, and that third quarter results would likely be equally poor.[5]

- Net income before taxes (adjusted for interest and other expenses and other income items) and cash flows followed operating income.

Table VI-1
Combined small and large diameter seamless SLP pipe: Results of operations of U.S. producers, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Tables VI-2 and VI-3 present financial for the firms producing small and large diameter seamless SLP pipe (a detailed presentation of U.S. producers' prices and sales volumes for representative small and large diameter seamless SLP pipe products may be found in tables V-1 through V-4).

Table VI-2
Small diameter seamless SLP pipe: Results of operations of U.S. producers, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Table VI-3
Large diameter seamless SLP pipe: Results of operations of U.S. producers, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Raw materials utilized in the production of seamless SLP pipe by electric furnace steelmakers are mostly steel scrap, while the integrated steelmaking process utilize such inputs as molten iron, coke, steel scrap, and other additives.[6] COGS were mostly affected by changes in raw material costs during the full year periods; raw material costs increased as a share of total COGS, from *** percent in 2006 to *** percent in 2008, but were *** percent in interim 2009 compared with *** percent in interim 2008 because other cost categories increased. Raw material costs declined *** from 2006 to 2007, because of the lower sales volume, but rose in absolute value, as a percentage of net sales, and on a per-unit basis from 2007 to 2008. This was ascribed to high natural gas costs, scrap, and other input costs in 2008.[7] For example, raw material costs averaged $*** per short ton of sales in 2008 for the five reporting U.S. producers (up *** from $*** per short ton in 2006. Overall and for large diameter seamless SLP pipe the AUVs of raw material costs were lower in interim 2009 than in interim 2008, but higher for small

[5] *See* U.S. Steel's postconference brief, p. 21 and exh. 21. ***. V&M Star and TMK IPSCO likewise provided staff with first and second quarter 2009 financial data separately. ***. E-mail to staff from ***, October 20, 2009.

[6] Raw materials in seamless SLP pipe include the costs of making and processing steel less cost recovery. In the integrated steelmaking process, iron ore pellets are combined with coke in a blast furnace. Process costs include the cost of natural gas, electricity, labor, and other indirect input costs. The molten iron is transferred to a basic oxygen furnace (BOF), combined with steel scrap and other additives (aluminum, ferro alloys, fluxes and the like), to produce liquid steel. The liquid steel is transferred from the BOF to a ladle, where the steel's chemistry may be fine-tuned, and thence to a casting unit where billets of circular cross section ("rounds") are continuously cast. For a description of ***, *see* Petition, exh. II-15. U.S. Steel is an integrated producer; the other producers are electric arc furnace scrap-based producers.

[7] Conference transcript, pp. 72 (Schagrin, with regard to natural gas, scrap, and input costs), 72 (Schagrin, relationship between input costs and sales prices), and 94 (Schagrin, with regard to "hot" market).

diameter seamless SLP pipe. However, overall and for small and large diameter seamless SLP pipe, the absolute value and ratio to sales of raw material costs were lower because of lower volume and because many inputs were lower in cost in the January-June 2009 time frame.

Table VI-4 depicts operating data on a firm-by-firm basis for small diameter SLP pipe while table VI-5 provides that data for large diameter SLP pipe.[8]

Table VI-4
Small diameter seamless SLP pipe: Selected results of operations of U.S. producers, by firm, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Table VI-5
Large diameter seamless SLP pipe: Selected results of operations of U.S. producers, by firm, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Timken, ***, provided data for its production facility in Canton, OH, where it produces both small (accounting for *** percent of total production in 2008) and large diameter seamless SLP pipe (*** percent of total production in 2008). Mechanical tube (*** percent) and OCTG (*** percent) also were produced at the Canton, OH, facility. Timken was *** in both small and large diameter seamless SLP pipe and in each period for which data were gathered. The firm noted that it does not maintain historical data on booking levels and lead times but was able to determine that ***.[9]

TMK IPSCO, ***, reported for its production facilities in Ambridge and Koppel, PA and for its processing facilities in Baytown, Houston, and Odessa, TX. It produces only small diameter seamless SLP pipe, which accounted for *** percent of its production in 2008 (OCTG accounted for *** percent of production in that year by comparison). TMK IPSCO was ***;[10] it also noted ***.[11]

U.S. Steel, which produces seamless SLP pipe at Fairfield, AL and Lorain, OH,[12] was the *** producer and accounted for about *** percent, by quantity and value of U.S. producers' total sales in 2008. U.S. Steel reported for both small and large diameter SLP pipe. It was *** of the periods for which data were gathered, although ***.[13] U.S. Steel reported in late 2008 and 2009 that its order book

[8] The data for small diameter indicates that this product is ***. Petitioners stated that ***. *See* U.S. Steel's postconference brief, exh. 1, pp. 11-12.

[9] Timken's questionnaire response, II-12a.

[10] As of March 31, 2009 and June 30, 2009, TMK IPSCO's order book for small diameter seamless SLP pipe was *** percent and *** compared to its order book on the same dates one year earlier, respectively. TMK IPSCO's producers' questionnaire, II-12a. The effect of reduced sales volume on unit fixed costs ***.

[11] TMK IPSCO's producers' questionnaire, II-2. In its postconference brief (exh. 1, ***), IPSCO stated that it sold only ***. TMK IPSCO provided data for first and second quarter 2009 separately. These data indicate that sales ***. E-mail to staff from ***, October 20, 2009.

[12] Both facilities produce small and large diameter seamless SLP pipe. Other types of seamless pipe are produced in those facilities as well, including OCTG, which ***. In terms of the subject products, small diameter SLP seamless pipe accounted for *** percent and large diameter accounted for *** percent of total production in 2008. In general, the OCTG production accounts for *** share of both facilities' total production. U.S. Steel producers' questionnaire response, II-3 and III-5.

[13] *See* U.S. Steel's postconference brief, exh. 21 and footnote 2 in this section of the report.

***,[14] which it attributed to increased imports and inventories at distributors, and that it slashed production: the firm idled the ***.[15]

V&M Star produces only large diameter seamless SLP pipe at its plant in Youngstown, OH; its processing operating is located at Houston, TX. In 2008, large diameter seamless SLP pipe accounted for approximately *** percent of total production (OCTG production accounted for a *** share in that year, *** percent. In 2008, it was the *** producer of seamless SLP pipe, accounting for about *** percent, by value, of U.S. producers' sales. It was *** of the periods for which data were collected. The firm stated it previously did not lay off any of its workers, even when demand conditions were depressed, but has been forced to lay off half of its workforce;[16] also, like other producers, V&M Star reported that is order book was greatly reduced in 2009 from earlier periods.[17]

Wheatland produces only small diameter seamless SLP pipe; its facilities are located in Sharon, PA, and Wheatland, PA. Small diameter seamless SLP pipe production accounted for *** percent of its 2008 production, whereas drawn over mandrel mechanical tubing accounted ***. Wheatland ***.[18]

Summary variance analyses for the operations of U.S. producers on small and large diameter seamless SLP pipe are presented in table VI-6. The information for these variance analyses is derived from tables VI-1, VI-2, and VI-3.[19] The analysis shows that the increase of $*** in operating income from 2006 to 2008 was attributable to the favorable price variance (unit sales values increased) that was greater than the unfavorable net cost/expense variance (unit costs increased). Operating income fell by $*** in interim 2009 compared to interim 2008 because a favorable price variance (unit prices increased) was overwhelmed by unfavorable variances on net cost/expense (unit costs and expenses increased) and volume.

Table VI-6
Combined, small, and large diameter seamless SLP pipe: Summary of variance analysis on the operations of U.S. producers, 2006-08, and January-June 2008 to January-June 2009

* * * * * * *

[14] Orders for small diameter seamless SLP pipe as of March 31, 2009 and June 30, 2009, were approximately *** percent and *** of the level one year earlier, respectively. Orders for large diameter seamless SLP pipe as of March 31, 2009 and June 30, 2009, were approximately *** percent and *** percent of the level one year earlier, respectively. U.S. Steel producers' questionnaire response, II-12a and II-12b.

[15] U.S. Steel's questionnaire response, II-9, attachment 9A and 9B, and U.S. Steel's postconference brief, p. 2.

[16] Conference transcript, p. 30 (Lindgren). In its questionnaire response, the firm stated that it ***. V&M Star's questionnaire response, III-16b.

[17] As of March 31, 2009 and June 30, 2009, V&M Star's order book was *** percent and *** percent of the order book on the same dates one year earlier, respectively. It also noted that some orders ***. V&M Star's producers' questionnaire, II-12b. In its postconference brief (exh. 1, ***), V&M Star stated that it shipped only ***. V&M Star also provided its financial data separately for the first and second quarters of 2009: during April-June 2009, the firm's sales were ***. E-mail to staff from ***, October 20, 2009.

[18] Wheatland's ***. The ratio of ***.

[19] A variance analysis is calculated in three parts: sales variance, cost of sales 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 cost of sales and SG&A expense variance) and a volume variance. The sales or cost variance is calculated as the change in unit price times the new volume, while the volume variance is calculated as the change in volume times the old unit price. 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 lines under price and cost/expense variance. The volume component of price variance is nearly always negative because of the way in which the spreadsheet is constructed.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Each of the U.S. producers was asked about the nature of their capital expenditures and research and development ("R&D") expenses. As shown in table VI-7, capital expenditures and R&D expenses increased between 2006 and 2008, but were lower in interim 2009 than in interim 2008.

Table VI-7
Seamless SLP pipe: Capital expenditures and research and development expenses of U.S. producers, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Timken reported that its capital expenditures and R&D expenses were directed at ***. TMK IPSCO reported that its capital expenditures were made ***. U.S. Steel stated that its capital investments were focused on ***. V&M Star responded that its capital expenditures were ***.[20] Wheatland stated that its capital expenditures were focused ***.

ASSETS AND RETURN ON INVESTMENT

Data on the U.S. producers' total assets and their return on investment ("ROI") are presented in table VI-8. Total assets utilized in the production, warehousing, and sale of seamless SLP pipe for reporting U.S. producers increased by *** percent from 2006 to 2008 led by ***, which nearly ***. ROI, which is calculated as the ratio of operating income to total assets, therefore followed the trend of operating income, and was higher in 2007 from 2006 but fell back in 2008 to a lower level than in 2006. This was due to increased values in certain asset categories, like "other non-current" assets as well as the book value of property, plant, and equipment.

Table VI-8
Seamless SLP pipe: Value of assets and return on investment of U.S. producers, fiscal years 2006–08

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of seamless SLP pipe to describe any actual or potential negative effects of imports of seamless SLP pipe from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Their responses are shown below.

[20] V&M Star also has stated that ***. Postconference brief of V&M Star, TMK IPSCO, and the USWA, p. 6.

Actual Negative Effects

Timken:

***.

TMK IPSCO:

***.

U.S. Steel:

***.

V&M Star:

***.

Wheatland:

***.

Anticipated Negative Effects

Timken:

***.

TMK IPSCO:

***.

U.S. Steel:

***.

V&M Star:

***.

Wheatland:

***.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

THE INDUSTRY IN CHINA

Overview

China is the largest producer of seamless tubular products in the world.[1] According to the World Steel Associations (WSA),[2] China was the leading global producer of seamless tubular products in 2007, accounting for nearly 62 percent (20.0 million short tons) of global production of seamless pipe and tube (table VII-1). Regionally, Asia accounted for almost 70 percent of global production of seamless tubular products in 2007. According to ***, during 2000-08, China's annual production of seamless tubular products increased by more than *** percent to almost *** short tons, accounting for approximately half of global production.[3] China reportedly has more than *** seamless pipe and tube producers with a combined annual capacity of *** short tons.[4] The top 5 seamless pipe and tube producers in China accounted for *** percent of production.[5] China's total annual seamless tubular production capacity is projected to increase to *** short tons by the end of 2009 as new production facilities come online.[6]

More specific to the subject merchandise, *** publishes historical estimates of seamless line pipe production and capacity.[7] *** identified *** producers of seamless line pipe in China, with a combined annual capacity of *** short tons (for all API products).[8] Between 2005 and 2007, China's production of seamless line pipe nearly *** from *** short tons to more than *** short tons. In 2007, China was the

[1] In this section, "seamless pipe" refers to a broader range of seamless tubular products, including OCTG.

[2] The WSA, formerly known as the International Iron and Steel Institute (IISI), is an international organization representing approximately 180 steel producers, national and regional steel industry associations, and steel research institutes. WSA members produce about 85 percent of the world's steel. WSA provides data for all seamless tubular products, a much broader category than the subject products.

[3] ***, in V&M Star, TMK IPSCO, and USW postconference brief, exh. 2.

[4] ***, in V&M Star, TMK IPSCO, and USW postconference brief, exh. 2.

[5] ***, in V&M Star, TMK IPSCO, and USW postconference brief, exh. 2.

[6] ***, in V&M Star, TMK IPSCO, and USW postconference brief, exh. 2. *See also U.S. Steel's postconference brief, exh. 1, pp. 14-18.*

[7] ***.

[8] ***.

world's leading producer of seamless line pipe, accounting for more than *** of the world's total seamless line pipe production (table VII-2).[9]

Table VII-1
Seamless pipe and tube: Global production, by region, 2005–07

* * * * * * *

Table VII-2
Seamless line pipe: Historical production estimates, by region, 2005–07

* * * * * * *

According to Global Trade Atlas, China surpassed Germany in 2007 to become the world's leading exporter of seamless pipe (excluding OCTG).[10] Between 2007 and 2008, China's exports of seamless pipe (excluding OCTG) increased by approximately 1 million short tons, accounting for 26 percent (2.4 million short tons) of global exports of seamless pipe (excluding OCTG).[11]

With respect to home market prospects, most Chinese oil and natural gas exploration activities have been concentrated in the onshore fields in the western provinces of Xinjiang, Sichuan, Gansu, and Inner Mongolia.[12] China reportedly plans to build *** kilometers of new oil and natural gas pipelines over the next decade, requiring approximately *** metric tons (*** short tons) of large diameter line pipe, *** metric tons (*** short tons) of which are forecasted to be used in the construction of natural gas pipelines.[13]

Operations on Seamless SLP Pipe

The petition in these investigations identified 84 foreign producers in China allegedly producing seamless SLP pipe.[14] [15] The Commission sent foreign producer questionnaires to all firms that were identified and received four completed foreign producer questionnaire responses. The names of the foreign firms, production, subject exports to the United States (by quantity) in 2008 are presented in table VII-3. In response to a question on capacity changes and inventory, no Chinese producer reported plans to change production capacity or production of seamless SLP pipe in China and no inventories of the

[9] ***. *** provides data for seamless line pipe, a category that is narrower than the subject products.

[10] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, and 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of imports and exports of seamless SLP pipe.

[11] The United States is a net importer of seamless pipe (excluding OCTG), accounting for 4 percent of global exports of seamless SLP pipe, and approximately 15.5 percent of global imports.

[12] U.S. Department of Energy, Energy Information Administration (EIA), "China Energy Profile," July 2009.

[13] ***, in V&M Star, TMK IPSCO, and USW postconference brief, exh. 2.

[14] Petition, exh. I-11.

[15] Petioner U.S. Steel argues that China recognizes itself that it has "high" seamless pipe capacity due to "heavy" investments. Petitioner U.S. Steel's postconference brief, pp. 27-28.

subject product. Reported exports to the United States (33,945 short tons) accounted for 9.3 percent of official Commerce imports (366,088 short tons) in 2008.[16] [17]

Table VII-3
Seamless SLP pipe: Reporting manufacturers/exporters in China, and quantities and shares of reported production and exports to the United States, 2008

* * * * * * *

Responding Chinese producers increased capacity and production of small diameter seamless SLP pipe, and decreased capacity slightly but increased production of large seamless SLP pipe during the period examined, but reported no plans to change capacity or production in China. Capacity for responding firms was based on a range of 40 to 164 hours per week, 48 to 52 weeks per year. Reported exports of small diameter seamless SLP pipe to the United States fell from 2006-08 while reported exports of large diameter seamless SLP pipe grew from 2006-08. Chinese exports of seamless SLP pipe (in both small and large diameter) to other markets grew during 2006-08. Home market shipments in both quantity and shares were the majority component of shipments during the period examined. Table VII-4 presents information on responding Chinese producers' and exporters' production and exports of small diameter seamless SLP pipe and table VII-5 presents information on responding Chinese producers' and exporters' production and exports of large diameter seamless SLP pipe. Table VII-6 presents information of both small and large diameter seamless SLP pipe operations for the responding producers and exporters in China.

Table VII-4
Small diameter seamless SLP pipe: Chinese producers' operations, 2006-08, January-June 2008, January-June 2009, and projected 2009-10

* * * * * * *

Table VII-5
Large diameter seamless SLP pipe: Chinese producers' operations, 2006-08, January-June 2008, January-June 2009, and projected 2009-10

* * * * * * *

Table VII-6
Total seamless SLP pipe: Chinese producers' operations, 2006-08, January-June 2008, January-June 2009, and projected 2009-10

* * * * * * *

In addition to the subject seamless SLP pipe, all four Chinese producers reported producing nonsubject seamless pipe using the same equipment and machinery. Table VII-7 presents information on

[16] Responding Chinese producers reported accounting for *** percent of small diameter seamless SLP pipe and *** percent of large diameter seamless SLP pipe exported to the United States in 2008.

[17] According to their questionnaire responses, other export markets reported by Chinese producers included Australia, Brazil, Canada, European Union, India, Italy, Japan, Mexico, New Zealand, and Thailand.

the types of products produced using the same equipment and machinery by responding Chinese producers from 2006 to June 2009.[18]

Table VII-7
Seamless SLP pipe: Chinese capacity, production, and capacity utilization of seamless pipe products on same machinery and equipment used to produce seamless SLP pipe, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

U.S. INVENTORIES OF SEAMLESS SLP PIPE

Data collected in these investigations on U.S. importers' end-of-period inventories of seamless SLP pipe are presented in tables VII-8, VII-9, and VII-10. For both small and large diameter seamless SLP pipe, responding U.S. importers' reported inventories from China increased from 2006 to 2008 and also in the interim periods. U.S. importers also reported increased inventories from nonsubject sources for small diameter seamless SLP pipe between 2006 and 2008, but a decline in large diameter inventories.[19] [20]

Table VII-8
Small diameter seamless SLP pipe : U.S. importers' end-of-period inventories of imports, by source, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

Table VII-9
Large diameter seamless SLP pipe : U.S. importers' end-of-period inventories of imports, by source, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

[18] Respondent asserts that "there is no evidence that the subject producers will shift any significant production from machinery that is currently being used to produce other pipe products to the production of seamless SLP pipe...because OCTG is the highest value pipe product it is far more likely that with the rebound in the oil and gas sector Chinese producers would shift available SLP pipe capacity to producing OCTG." Respondent's postconference brief, p. 45.

[19] According to one distributor, "In my entire career, I've never seen an inventory situation as bad as the one that exists today. At the moment, Dixie is stocking inventories on 40 acres of land that we own as well as two other locations that we lease. Our competitors are in a similar situation. There is enough inventory out there to fully serve the market for at least 12 months." Conference transcript, p. 38 (Durham). Dixie Pipe typically carries a "three, maybe four month" supply of seamless pipe in inventory. Conference transcript, p. 110 (Durham).

[20] Respondent argued that "while U.S. importers' inventories were somewhat high in relations to shipments at the end of June, this is a function of the dramatic decline in demand that occurred in late 2008 and early 2009...due in large part of the fact that, given the lead times involved in the sales from China, imports were 'caught in the water' when market demand abruptly deteriorated." Respondent's postconference brief, p. 43.

Table VII-10
Total seamless SLP pipe: U.S. importers' end-of-period inventories of imports, by source, 2006-08, January-June 2008, and January-June 2009

* * * * * * *

U.S. IMPORTERS' CURRENT ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of seamless SLP pipe from China after June 30, 2009. Importer questionnaire respondents reported there were approximately 15,719 short tons of Chinese small diameter seamless SLP pipe and approximately 25,030 short tons of Chinese large diameter seamless SLP pipe scheduled for delivery after June 30, 2009.

ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

In November 2008, the government of India reportedly placed imports of seamless pipes and tubes on a list of "restricted" imported products in order to reduce the potential volume of imports of seamless pipes and tubes from China.[21]

In September 2009, the European Union imposed antidumping duties on imports of certain seamless pipes and tubes from China. The European Union's investigation covered certain seamless pipes and tubes, or iron or steel, or circular cross section, or an external diameter not exceeding 16 inches (406.4 mm) (also including OCTG used for drilling, casing, and tubing in the oil industry). Definitive antidumping duty rates range from 17.7 percent to 39.2 percent.[22]

On September 4, 2009, Mexico initiated antidumping investigations concerning imports of certain seamless pipe from China.[23]

With respect to seamless OCTG, on March 10, 2008, the Canadian International Trade Tribunal (CITT) issued a finding that "the dumping and subsidizing of seamless carbon or alloy steel oil and gas well casing originating in or exported from the People's Republic of China have not caused injury but are threatening to cause injury to the domestic industry." The CITT's inquiry covered seamless carbon or alloy seamless carbon or alloy steel oil and gas well casing, whether plain end, beveled, threaded or threaded and coupled, heat-treated or not heat-treated, meeting API specification 5CT, with an outside diameter not exceeding 11.75 inches (298.5 mm), in all grades, including proprietary grades.[24] In August 2009, Canada initiated investigations into the dumping and subsidizing of certain seamless or welded OCTG from China. The CITT's inquiry covers carbon or alloy steel, welded or seamless, heat-treated or not heat-treated, regardless of end finish, having an outside diameter from 2-3/8 inches to 13-3/8 inches

[21] "Govt imposes curbs on imports of more steel items," *Press Trust of India*, November 25, 3008, cited in USS's postconference brief, pp. 34–35 and exh. 41.

[22] Council Regulation (EC) No. 926/2009 of September 24, 2009, imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain seamless pipes and tubes of iron or steel originating in the People's Republic of China, Official Journal of the European Union, L 262/19.

[23] "Mexico launches anti-dumping investigation into Chinese seamless," *China Metals Weekly*, September 11, 2009, as cited in USS's postconference brief, exh. 42

[24] *See generally* Canadian International Trade Tribunal, Dumping and Subsidizing Finding and Reasons, Inquiry No. NQ-2007-001, *Seamless Carbon or Alloy Steel Oil and Gas Well Casing*, findings issued March 10, 2008 and Reasons issued March 25, 2008. The report noted that the Canada Border Services Agency (CBSA) had previously determined that the weighted average margin of dumping was 62 percent and that the weighted average amount of subsidy was 19 percent.

(60.3 mm to 339.7 mm), meeting the API specification 5CT, in all grades, excluding drill pipe and excluding seamless casing up to 11-3/4 inches (298.5 mm) in outside diameter.[25]

GLOBAL MARKET

Most published data on steel pipes and tubes generally distinguish welded from seamless and generally distinguish OCTG and line pipe from other forms of pipe, including standard pipe and various forms of structural and mechanical pipe, pressure pipe and tube, and piling. However, most published data on steel pipes and tubes do not distinguish seamless SLP pipe as a separate category of seamless tubular products. Accordingly, for the purpose of this market review, information and data are provided based on their availability, and may include both subject and nonsubject pipe.

Supply

Seamless pipe and tube, including seamless SLP pipe, is produced throughout the world, as noted previously in table VII-1. Between 2005 and 2007, global production of all seamless tubular products increased by 30 percent to 32.4 million short tons. China's growth in the production of seamless pipe and tube has eclipsed that of all other global producers. China's share of world seamless tubular production increased from 50 percent in 2005 to 62 percent in 2008.

*** publishes historical and forecasted production of seamless line pipe, by region. According to this source, world seamless line pipe production is projected to decline in 2009 from 2008 levels as a result of the world economic downturn before increasing moderately in 2010 (table VII-11).

Table VII-11
Seamless line pipe: Projected production, by region, 2008–2010

* * * * * * *

Demand

Worldwide demand for seamless standard, line, and pressure pipe is derived from its use for the conveyance of liquids and gases in a diverse array of end-use markets, including as line pipe or gathering lines in oil and natural gas production and transmission; its use in chemical, petrochemical, or other non-pipeline applications; its use in high pressure construction applications, such as in refineries or chemical plants; as well as its use as steam lines in manufacturing or factory applications.

Because seamless pipe is used in gathering lines and in oil and gas transportation, demand for seamless SLP pipe is influenced by drilling activity, although not as directly and predictably as demand for OCTG. Demand for seamless line pipe, for example, is largely influenced by energy prices and increased drilling activity in new areas that require additional gathering lines.[26] As shown in table VII-12, worldwide drilling increased by almost 10 percent between 2006 and 2008, led primarily by growth in drilling in the United States. However, worldwide rig counts declined substantially in first half 2009 compared with first half 2008, coinciding with the global economic downturn and falling oil and gas prices. Drilling activity in the United States decreased by 38 percent in first half 2009 compared with first half 2008.

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[25] Canadian International Trade Tribunal, Statement of Reasons, Inquiry 421-26, *Certain Oil Country Tubular Goods Originating In Or Exported From The People's Republic of China*, issued September 8, 2009.

[26] Metal Bulletin Research, *Seamless Steel and Pipe Monthly*, Issue 1 (October 2005), p. 2; conference transcript, p. 57 (Pognonec).

Table VII-12
Worldwide rig count: Global and regional annual averages of operating rigs, 2006–08, 1H 2008 and 2009

Region	2006	2007	2008	1H 2008	2H 2009
	Quantity (*number of rigs*)				
Latin America	324	355	384	377	360
Europe	77	78	98	94	86
Africa	58	66	65	67	61
Middle East	238	265	280	275	259
Far East	228	241	252	252	238
Canada	470	343	379	338	210
United States	1,648	1,768	1,878	1,817	1,131
Total	3,043	3,116	3,336	3,221	2,344

Source: Baker Hughes, Inc., *Worldwide Rig Count*, Sept. 8, 2009.

Demand for seamless SLP pipe used in energy applications declined substantially across almost all geographic markets as a result of the global economic downturn that began in the latter half of 2008. More specifically, according to Tenaris S.A. (Luxembourg), a global producer of seamless tubular products, the worldwide economic downturn resulted in a significant decline in oil and natural gas prices, thereby prompting lower levels of drilling activity, efforts to reduce inventories of seamless pipe and tube, and decreased demand for seamless pipe and tube.[27] In the United States, demand for pipes from the industrial and power generation sectors remain at low levels.[28] Similar weak demand in 2009 has been reported in South America, Europe, the C.I.S. and Asia.[29]

Table VII-13 shows the net trade positions of major global importers and exporters of seamless pipe (excluding OCTG). The United States was the leading import market for seamless pipe (excluding OCTG) in 2008, while China is both the largest exporter and net exporter.

[27] Tenaris S.A., "Half-Year Report 2009—Interim Management Report," p. 5.

[28] Tenaris S.A., "Half-Year Report 2009—Interim Management Report," p. 7.

[29] Tenaris S.A., "Half-Year Report 2009—Interim Management Report," pp. 1-7; Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*, Issues 40–48 (January–September 2009).

Table VII-13
Seamless SLP pipe (excluding OCTG): Net trade positions of major subject and nonsubject countries, 2006-08

Country	Calendar year		
	2006	2007	2008
	Quantity (*short tons*)		
Imports into:			
China	319,894	249,607	296,110
Germany	413,895	466,116	421,622
Italy	559,588	736,780	658,097
Japan	15,735	10,957	7,278
Ukraine	9,019	14,976	16,111
France	181,247	184,074	184,343
United States	779,829	723,685	1,159,864
Romania	26,428	20,646	25,865
Czech Republic	73,569	87,896	72,990
Russia	349,979	317,780	273,150
Argentina	22,402	25,615	27,823
Spain	149,984	277,052	197,507
Austria	118,855	121,385	103,961
Belgium	144,223	213,967	214,515
Slovakia	46,192	50,108	62,881
Netherlands	289,471	328,064	193,352
Mexico	108,667	109,775	123,787
All others	3,814,452	3,728,631	3,377,850
Total	7,423,428	7,667,109	7,415,835

Table continued on next page.

Table VII-13--*Continued*
Seamless SLP pipe (excluding OCTG): Net trade positions of major subject and nonsubject countries, 2006-08

Country	Calendar year		
	2006	2007	2008
	Quantity (*short tons*)		
Exports from:			
China	634,517	1,387,397	2,403,736
Germany	1,070,703	1,010,561	1,072,594
Italy	629,729	648,869	685,804
Japan	622,223	643,663	653,750
Ukraine	712,028	729,647	628,561
France	393,843	465,146	394,350
United States	254,973	276,176	371,133
Romania	342,111	381,638	362,652
Czech Republic	355,099	356,598	334,074
Russia	429,550	426,526	333,710
Argentina	238,164	274,032	262,024
Spain	167,978	177,972	182,121
Austria	208,707	154,907	178,768
Belgium	102,317	169,993	164,853
Slovakia	120,308	128,059	137,117
Netherlands	135,948	101,605	115,207
Mexico	59,714	92,362	102,483
All others	1,038,557	1,251,496	780,964
Total	7,516,469	8,676,646	9,166,554

Table continued on next page.

Table VII-13--*Continued*
Seamless SLP pipe (excluding OCTG): Net trade positions of major subject and nonsubject countries, 2006-08

Country	Calendar year		
	2006	2007	2008
	Quantity (*short tons*)		
Trade balance of:			
China	314,623	1,137,790	2,107,626
Germany	656,808	544,445	650,914
Italy	70,140	(87,911)	27,706
Japan	606,488	632,706	646,471
Ukraine	703,009	714,671	612,450
France	212,596	281,072	213,989
United States	(524,856)	(447,510)	(788,731)
Romania	315,683	360,992	336,787
Czech Republic	281,531	268,702	261,084
Russia	79,571	108,746	60,560
Argentina	215,762	248,417	234,201
Spain	17,994	(99,080)	(15,386)
Austria	89,852	33,522	74,806
Belgium	(41,906)	(43,974)	(49,662)
Slovakia	74,116	77,950	74,237
Netherlands	(153,523)	(226,460)	(78,145)
Mexico	(48,953)	(17,413)	(21,304)
All others	(2,775,895)	(2,477,135)	(2,596,885)
Total	93,041	1,009,537	1,750,718

Note.–The data presented in this table include nonsubject product (e.g., boiler tube), and therefore are likely overstated with respect to the seamless SLP pipe subject to these investigations. Positive numbers presented for "trade balance" show net exports and numbers with parentheses for "trade balance" show net imports. Based on top exporting countries to the world in 2008. In some cases, data were modified to account for certain discrepancies in reported country imports and exports (e.g., Malaysia and Egypt).

Source: Compiled from Global Trade Atlas database, HS subheadings 7304.10 (prior to Feb. 2007), 7304.19 (after Feb. 2007), 7304.39, and 7304.59.

Leading Suppliers to the U.S. Market

Argentina

According to WSA, Argentina produced 925,000 short tons of seamless pipe and tube in 2007, as noted in table VII-1. *** estimates that the country produced *** short tons of seamless line pipe that year, as noted in table VII-2I. According to Global Trade Atlas, Argentina exported 262,000 short tons of seamless pipe (excluding OCTG) in 2008, a decrease of 4 percent compared with 2007.[30] The United States is Argentina's largest export market for seamless pipe (excluding OCTG). In 2008, U.S. imports of seamless SLP pipe from Argentina were 52,278 short tons.

Tenaris Siderca ("Siderca") is the only known producer of seamless pipe (excluding OCTG) in Argentina. Siderca is a wholly-owned subsidiary of Tenaris, a leading global producer of seamless pipe and tube.[31] OCTG casing and tubing are believed to account for the largest share of the company's seamless production operations.[32]

Czech Republic

According to WSA, the Czech Republic produced approximately 502,000 short tons of seamless pipe and tube in 2007.[33] *** estimates that the country produced *** short tons of seamless line pipe that year.[34] According to Global Trade Atlas, the Czech Republic exported approximately 334,000 short tons of seamless pipe and tube (excluding OCTG) in 2008, a decrease of 6 percent compared with 2007.[35] Germany is the Czech Republic's largest export market for seamless pipe and tube. In 2008, U.S. imports of seamless SLP pipe from the Czech Republic were 33,614 short tons.

There are two known producers of seamless SLP pipe in the Czech Republic: ArcelorMittal Ostrava and Valcovna Trub TZ ("Valcovna").[36] ArcelorMittal Ostrava has an annual production capacity of 285,000 short tons of finished seamless tubular products, which include OCTG and line pipe.[37] Valcovna's annual seamless pipe and tube production capacity is 125,000 short tons. The company

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[30] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

[31] Tenaris is also affiliated with seamless pipe producers Dalmine (Italy), Algoma Tubes (Canada), TAVSA (Venezuela), TAMSA (Mexico), Silcotub (Romania), and NKK Tubes (Japan).

[32] Staff Report, Inv. Nos. 731-TA-711 and 713-716 (Second Review): *Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico*, p. IV-14.

[33] WSA, *Steel Statistical Yearbook 2008*, 2009, table 25, p. 62.

[34] ***.

[35] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59, and exclude OCTG. These subheadings include nonsubject products, including mechanical tubing and boiler tubing, and therefore substantially overstate the volume of exports of seamless SLP pipe.

[36] ArcelorMittal Ostrava is a wholly owned subsidiary of ArcelorMittal (Luxembourg), and is affiliated seamless pipe producers ArcelorMittal South Africa and ArcelorMittal Romania.

[37] ArcelorMittal company website, found at http://www.arcelormittal.com/tubular/ostrava-53.html, retrieved October 23, 2009.

reportedly produced 89,000 short tons of seamless pipes and tubes in 2008, including seamless line pipe, OCTG casing, and couplings.[38]

Germany

According to WSA, Germany produced approximately 2 million short tons of seamless pipe and tube in 2007, as noted in table VII-1. *** estimates that the country produced *** short tons of seamless line pipe that year, as noted in table VII-2. According to Global Trade Atlas, Germany exported approximately 1.1 million short tons of seamless pipe (excluding OCTG) in 2008, a 6 percent increase compared with 2007.[39] France is Germany's largest export market for seamless pipe (excluding OCTG). In 2008, U.S. imports of seamless SLP pipe from Germany were 25,678 short tons.

There are three known producers of seamless pipe (excluding OCTG) in Germany: Benteler Stahl/Rohr GmbH, Rohrwerk Neue Maxhutte GmbH, and V&M Deutschland GmbH ("VMD").[40] These producers reportedly account for all known seamless pipe (excluding OCTG) production in Germany.[41] All three Germany producers of seamless pipe produce other seamless pipes, including OCTG, stainless SLP pipe, boiler tubing, tubing suitable for ball or roller bearings, mechanical tubing, structural tubing, and tube hollows on the same equipment.[42]

Italy

According to WSA, Italy produced 933,000 short tons of seamless pipe and tube in 2007, as noted in table VII-1. *** estimates that the country produced *** short tons of seamless line pipe that year, as noted in table VII-2. According to Global Trade Atlas, Italy exported approximately 686,000 short tons of seamless pipe (excluding OCTG) in 2008, an increase of 6 percent compared with 2007.[43] The United States is Italy's largest export market for seamless pipe (excluding OCTG). In 2008, U.S. imports of seamless SLP pipe from Italy were 44,721 short tons.

Tenaris Dalmine ("Dalmine") is the only known producer of seamless pipe (excluding OCTG) in Italy. Dalmine has an annual production capacity of approximately 1 million short tons of finished products, which include seamless pipe (excluding OCTG), OCTG, mechanical tubing, and structural tubing.[44]

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[38] Metal Bulletin Directories, *Iron and Steel Works of the World Directory 2009*, 18th Edition, January 2009, p. 70; Valcovna Trub TZ, *Annual Report 2008*, p. 7; and Valcovna Trub TZ company website, found at http://www.tube.cz, retrieved October 21, 2009.

[39] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely substantially overstate the volume of exports of seamless pipe (excluding OCTG).

[40] VMD is affiliated with seamless pipe producers V&M Star (United States), V&M Brazil (Brazil), V&M France (France), and V&M Tubes (wholly-owned by Groupe Vallourec (France)).

[41] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review)*, USITC Publication 3918, May 2007, p. IV-15.

[42] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review)*, USITC Publication 3918, May 2007, p. IV-16.

[43] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

[44] Tenaris Dalmine information sheet, found at http://www.tenaris.com/Italy/en/files/Dalmine_ing_02.pdf, retrieved October 19, 2009.

Mexico

According to WSA, Mexico produced 732,000 short tons of seamless pipe and tube in 2007, as noted in table VII-1. *** estimates that the country produced *** short tons of seamless line pipe that year, as noted in table VII-2. According to Global Trade Atlas, Mexico exported approximately 102,000 short tons of seamless pipe (excluding OCTG) in 2008, an increase of 11 percent compared with 2007.[45] The United States is Mexico's largest export market for seamless pipe (excluding OCTG). In 2008, U.S. imports of seamless SLP pipe from Mexico were 43,374 short tons.

Tubos de Acero de Mexico ("TAMSA"), wholly owned by Tenaris, is reportedly the only seamless pipe (excluding OCTG) producer in Mexico. TAMSA has an annual production capacity of approximately 875,000 short tons of finished products, which include seamless pipe, OCTG casing, drill pipe, fittings, mechanical tubing, and automotive components.[46] In September 2008, TAMSA announced plans to increase production capacity by installing a new seamless pipe facility capable of producing seamless pipe up to 7 inches in outside diameter.[47] The new $1.6 billion pipe mill, which will reportedly include iron and steelmaking facilities, will have an annual production capacity of approximately 500,000 short tons of finished tubular products, and is expected to begin production in 2011.[48] In March 2009, TAMSA was reportedly running at 70-80 percent capacity as a result of decreased demand for seamless tubular products due to falling oil prices, delayed drilling projects, and credit restrictions, although the company stated that would continue to pursue its planned investment.[49]

Russia

Although estimates of seamless tube production in Russia are unavailable from WSA, *** estimates that the country produced approximately *** short tons of seamless line pipe in 2007, as noted in table VII-2. According to Global Trade Atlas, Russia exported approximately 334,000 short tons of seamless pipe (excluding OCTG) in 2008, a decrease of 21 percent compared with 2007.[50] Turkey, Kazakhstan, and the United States are Russia's largest export markets for seamless pipe (excluding OCTG). In 2008, U.S. imports of seamless SLP pipe from Russia were approximately 32,941 short tons.

Chelyabink Tube Rolling Company and TMK Group ("TMK") are the only known producers of seamless pipe (excluding OCTG) in Russia. TMK produces seamless and welded tubular products at the following subsidiaries: Seversky Tube Works (approximately 700,000 short tons seamless pipe

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[45] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

[46] Tenaris Dalmine information sheet, found at http://www.tenaris.com/shared/documents/files/CB286.pdf, retrieved October 19, 2009; *Steel Guru*, "Production pruning—Tenaris Tamsa operating at 80% capacity," March 12, 2009.

[47] Tenaris, *Annual Report 2008*, p. 9; Tenaris press release, "Tenaris to expand production capacity, September 2, 2008).

[48] *Metal Bulletin*, "Tenaris plans to build $1.6B pipe mill in Mexico," September 3, 2008. *Steel Guru*, "Tenaris Tamsa to continue pursuing its investment plans," March 15, 2009.

[49] *Steel Guru*, "Production pruning—Tenaris Tamsa operating at 80% capacity," March 12, 2009; *Steel Guru*, "Tenaris Tamsa to continue pursuing its investment plans," March 15, 2009.

[50] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

production capacity), Sinarksy Pipe Plant, Taganrog Metallurgical Works (675,000 short tons crude steel making capacity), and Volzhsky Pipe Plant (1 million short tons crude steel making capacity).[51]

Ukraine

Although estimates of seamless tube production in Ukraine are unavailable from WSA, *** estimates that the country produced approximately *** short tons of seamless line pipe in 2007, as noted in table VII-2. According to Global Trade Atlas, Ukraine exported approximately 629,000 short tons of seamless pipe (excluding OCTG) in 2008, a decrease of 14 percent compared with 2007.[52] Russia, the United States, and the United Arab Emirates are Ukraine's largest export markets for seamless pipe (excluding OCTG). In 2008, U.S. imports of seamless SLP pipe from Ukraine were 28,758 short tons.

There are an estimated 4 producers of seamless pipe (excluding OCTG) in Ukraine: Dniepropetrovsk Tube Works, Ilyich Iron & Steel Works, Interpipe, and Steelprom. In 2006, Interpipe's seamless pipe and tube mill NTRP reportedly produced 840,000 short tons of seamless pipe and tube, while its Niko Tube facility produced 238,000 short tons. In late 2008, Interpipe reportedly reduced production levels because of weak demand. Interpipe's NTRP facility reportedly was operating at 60 percent of normal production levels, while Niko Tube was operating at 20 percent of capacity.[53] In 2009, Russia reportedly introduced a five-year antidumping duty on imports of pipe from Ukraine. Interpipe reportedly had negotiated with Russia an export quota of 470,000 short tons of pipe into Russia.

[51] Metal Bulletin Directories, *Iron & Steel Works of the World Directory 2009*, 18th edition, January 2009, pp. 214–216; TMK Group, *Technical Catalogue*, found at http://www.tmk-group.com/files/tmk_katalog_eng.pdf, retrieved October 19, 2009.

[52] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

[53] *Metal Bulletin*, "Interpipe reduces production," November 4, 2008.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–469 and 731–TA–1168 (Preliminary)]

Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From China

AGENCY: United States International Trade Commission.

ACTION: Institution of countervailing duty and antidumping investigations and scheduling of preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigation and commencement of preliminary phase countervailing duty investigation No. 701–TA–469 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of certain seamless carbon and alloy steel standard, line, and pressure pipe, provided for in subheadings 7304.10, 7304.19, 7304.31, 7304.39, 7304.51, and 7304.59 of the Harmonized Tariff Schedule of the United States (HTSUS), that are alleged to be subsidized by the Government of China. The Commission also hereby gives notice of the institution of investigation and commencement of preliminary phase antidumping investigation No. 731–TA–1168 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of certain seamless carbon and alloy steel standard, line, and pressure pipe from China, currently provided for in the HTSUS subheadings identified above, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 702(c)(1)(B) or 732(c)(1)(B) of the Act (19 U.S.C. 1671a(c)(1)(B) or 1673a(c)(1)(B)), the Commission must reach preliminary determinations in antidumping and countervailing duty investigations within 45 days, or in this case by November 2, 2009. The Commission's views are due at Commerce within five business days thereafter, or by Monday, November 9, 2009.

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

DATES: *Effective Date:* September 16, 2009.

FOR FURTHER INFORMATION CONTACT: Joanna Lo (202–205–1888), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on September 16, 2009, by U.S. Steel Corp., Pittsburgh, PA and V&M Star L.P., Houston, TX.

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

service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

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

Conference.—The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on October 7, 2009, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Joanna Lo (202–205–1888) not later than October 2, 2009, to arrange for their appearance. Parties in support of the imposition of countervailing or antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission by noon on October 13, 2009, a written brief containing information and arguments pertinent to the subject matter of these investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to these investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

Issued: September 17, 2009.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

William R. Bishop,

Acting Secretary to the Commission.

[FR Doc. E9–22798 Filed 9–21–09; 8:45 am]

BILLING CODE P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–956]

Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Initiation of Antidumping Duty Investigation

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

DATES: *Effective Date:* October 14, 2009.

FOR FURTHER INFORMATION CONTACT: Drew Jackson at (202) 482–4406 or Melissa Blackledge at (202) 482–3518, AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

The Petition

On September 16, 2009, the Department of Commerce (''Department'') received an antidumping duty (''AD'') petition [1] concerning imports of certain seamless pipe (''seamless pipe'') from the People's Republic of China (''PRC'') filed in proper form by United States Steel Corporation and V&M Star L.P. (on September 28, 2009, TMK IPSCO, and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union also entered the proceeding as petitioners). On September 21, 2009, the Department issued a request to United States Steel Corporation, V&M Star L.P., TMK IPSCO, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, (collectively, ''Petitioners'') for additional information and for clarification of certain areas of the Petition. Based on the Department's request, Petitioners filed two supplements to the Petition, one regarding general issues and one addressing AD-specific issues, on September 25, 2009 (''Supplement Regarding General Issues to the AD/CVD Petition'' and ''Supplement to the AD Petition,'' respectively). On September 25, 2009, the Department requested further information from Petitioners, including suggested refinements to the scope. On September 29, 2009, Petitioners filed a second supplement to the Petition in response to the Department's September 25, 2009 request (''Second Supplement Regarding General Issues to the AD/CVD Petition''). Also, on September 29, 2009, the Department issued additional requests to Petitioners for further information and clarification of certain areas of the Petition. Based on the Department's request, Petitioners again filed two supplements to the Petition, one regarding general issues and one addressing AD-specific issues, on October 1, 2009 (''Third Supplement Regarding General Issues to the AD/CVD Petition'' and ''Second Supplement to the AD Petition''). On September 30, 2009, the Department requested comments from Petitioners on revisions made by the Department to the proposed scope language. In response to the Department's request, Petitioners reiterated their scope comments filed in the Second Supplement Regarding General Issues to the AD/CVD Petition. *See* memorandum to the file from Drew Jackson regarding ''Initiation of the Antidumping Duty Investigation of Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China (''Scope Memorandum'').

In accordance with section 732(b) of the Tariff Act of 1930, as amended (''Act''), Petitioners allege that imports of seamless pipe from the PRC are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports materially injure, and threaten further material injury to, an industry in the United States.

The Department finds that Petitioners filed the Petition on behalf of the domestic industry and unions because Petitioners are interested parties, as defined in section 771(9)(C) and (D) of the Act, and have demonstrated sufficient industry support with respect to the investigation that they request the Department to initiate (*see* ''Determination of Industry Support for the Petition'' below).

Scope of Investigation

The products covered by this investigation are seamless pipe from the PRC. For a full description of the scope of the investigation, please see the ''Scope of the Investigation'' in Appendix I of this notice.

Comments on the Scope of Investigation

During our review of the Petition, we discussed the scope of the investigation with Petitioners and suggested a number of revisions to the scope language, including the removal from the scope of all language that relies on end-use to define covered merchandise. While Petitioners made a number of the suggested revisions to the scope, they did not remove end-use language from the scope. *See* Supplement Regarding General Issues to the AD/CVD Petition at 4; Second Supplement Regarding General Issues to the AD/CVD Petition, Item 3; and Scope Memorandum. The Department has inherent authority to define the scope of the investigation and may depart from the scope as proposed by a petition. *NTN Bearing Corp.* v. *U.S.,* 747 F. Supp. 726, 731 (CIT 1990). In this case, consistent with the position taken in circular welded carbon quality steel pipe from the PRC, we have revised the scope by removing all end-use language from it. *See Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China,* 73 FR 31970 (June 5, 2008) (''*Circular Welded Pipe*'') at

[1] *See* Petition for the Imposition of Antidumping Duties: Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China, dated September 16, 2009 (''Petition'').

Comment 1 (''* * * the Department prefers to define product coverage by the physical characteristics of the merchandise subject to investigation.''). As noted in *Circular Welded Pipe,* excluding end-use language from the scope provides certainty with respect to product coverage and will enable any potential future orders to be effectively administered by the Department and enforced by U.S. Customs and Border Protection. Further, clarity with respect to scope will ensure that respondents in the investigation will know precisely what is included in the definition of subject merchandise.

As discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule,* 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding the product coverage of the scope. The Department encourages all interested parties to submit such comments by October 26, 2009, which is twenty calendar days from the signature date of this notice. Comments should be addressed to Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period for scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination in this investigation.

Comments on Product Characteristics for the Antidumping Duty Questionnaire

We are requesting comments from interested parties regarding the appropriate physical characteristics of seamless pipe to be reported in response to the Department's AD questionnaire. This information will be used to identify the key physical characteristics of the subject merchandise in order to more accurately report the relevant factors of production, as well as to develop appropriate product reporting criteria.

Interested parties may provide any information or comments that they believe are relevant to the development of an accurate listing of physical characteristics. Specifically, they may provide comments as to which characteristics are appropriate to use as (1) general product characteristics and (2) the product reporting criteria and order of importance. We note that it is not always appropriate to use all product characteristics as product reporting criteria. We base product reporting criteria on meaningful commercial differences among products. In other words, while there may be some physical product characteristics utilized by manufacturers to describe seamless pipe, it may be that only a select few product characteristics reflect meaningful commercial differences.

In order to consider the suggestions of interested parties in developing the product characteristics for the antidumping duty questionnaire, we must receive comments at the above-referenced address by October 26, 2009. Additionally, rebuttal comments must be received by November 2, 2009.

Determination of Industry Support for the Petition

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

Section 771(4)(A) of the Act defines the ''industry'' as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (''ITC''), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.[2]

Section 771(10) of the Act defines the domestic like product as ''a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation,'' (*i.e.,* the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition). With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigation requested in the Petition. As noted, the Department has changed the definition of the class or kind of merchandise to be investigated from that which was initially requested by Petitioners. The reference point from which the domestic like product is defined is the class or kind of merchandise that is the basis for the Department's initiation of this investigation. Based on our analysis of the information submitted on the record, we have determined that seamless pipe constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product.[3]

In determining whether Petitioners have standing under section 732(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the ''Scope of the Investigation'' in Appendix I of this notice. To establish industry support, Petitioners provided their own 2008 production of the domestic like product, and compared this to the estimated total production of the domestic like product for the entire domestic industry.[4] To estimate 2008 production of the domestic like product, Petitioners used data from an industry publication, published by the American Iron and Steel Institute (''AISI'') which compiles data on domestic producers' shipments of seamless standard, line

[2] *See USEC, Inc.* v. *United States,* 132 F. Supp. 2d 1, 8 (CIT 2001), *citing Algoma Steel Corp. Ltd.* v. *United States,* 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

[3] For a discussion of the domestic like product analysis in this case, *see* Antidumping Duty Investigation Initiation Checklist: Certain Seamless Pipe from the PRC (''Initiation Checklist'') at Attachment II (''Industry Support''), dated concurrently with this notice and on file in the Central Records Unit, Room 1117 of the main Department of Commerce building.

[4] *See* Initiation Checklist at Attachment II.

and pressure pipe. Petitioners approximated domestic production of seamless pipe by inflating the volume of domestic shipments reported by AISI by the ratio of the difference between Petitioners' own production and shipments in the applicable calendar year.[5]

Our review of the data provided in the Petition, supplemental submissions, and other information readily available to the Department, including a search of the Internet, indicates that Petitioners have established industry support. First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.,* polling).[6] Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product.[7] Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. Accordingly, the Department determines that the Petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.[8]

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because Petitioners are interested parties (*e.g.,* domestic producer and unions) as defined in section 771(9)(C) and (D) of the Act and have demonstrated sufficient industry support with respect to the antidumping investigation that they are requesting that the Department initiate.[9]

Allegations and Evidence of Material Injury and Causation

Petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than normal value (''NV''). In addition, Petitioners allege that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry's injured condition is illustrated by reduced market share, increased import penetration, underselling and price depressing and suppressing effects, lost sales and revenue, reduced production, reduced shipments, increased inventory overhang, reduced employment and wages, and an overall decline in financial performance.[10] We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation.[11]

Period of Investigation

In accordance with 19 CFR 351.204(b)(1), because the Petition was filed on September 16, 2009, the anticipated period of investigation (''POI'') is January 1, 2009, through June 30, 2009.

Allegations of Sales at Less Than Fair Value

The following is a description of the allegation of sales at less than fair value upon which the Department has based its decision to initiate an investigation of seamless pipe from the PRC. The sources of data for the deductions and adjustments relating to U.S. price and NV are discussed in the *Initiation Checklist.*

U.S. Price

Petitioners obtained an export price (''EP'') from a distributor's offer to sell PRC-produced seamless pipe to a potential customer located in the United States. The offer is dated within the POI. Petitioners presented an affidavit attesting to the offer and its terms of sale.[12]

The U.S. price in the offer includes movement costs to ship the merchandise from the factory in the PRC to the U.S. port and a distributor mark-up. Therefore, to calculate the net U.S. price, Petitioners deducted movement expenses and a distributor's mark-up that was based on their own experience and knowledge of the industry.[13]

For additional details regarding the U.S. price and the deducted movement expenses and distributor mark-up, see the *Initiation Checklist* at 7.

Normal Value

According to Petitioners, in every previous less-than-fair value investigation involving merchandise from the PRC, the Department has concluded that the PRC is a non-market economy (''NME'') country. Therefore, it has based NV on factors of production and surrogate values.[14] In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation.[15] Accordingly, the NV of the product is appropriately based on factors of production valued in a surrogate market economy country, in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

Petitioners used India as the surrogate country because they claim India is at a level of economic development comparable to that of the PRC and is a significant producer of comparable merchandise.[16] In support of these claims, Petitioners referenced the Department's previous findings that India is at a level of development comparable to the PRC, provided per capita income data for 2007 as reported in the *World Development Report 2009,*[17] and presented data from the World Steel Association as reported in the *Steel Statistical Yearbook 2008,* showing that India produced 1,218,000 metric tons of tubular steel products in 2007, the greatest quantity produced among countries commonly considered by the Department to be at a level of economic development comparable to that of the PRC.[18]

After examining the information provided by Petitioners, the Department has determined that the use of India as

[5] *See id.*

[6] *See* Section 732(c)(4)(D) of the Act, and Initiation Checklist at Attachment II.

[7] *See* Initiation Checklist at Attachment II.

[8] *See id.*

[9] *See id.*

[10] *See* Initiation Checklist at Attachment III, ''Analysis of Allegations and Evidence of Material Injury and Causation,'' for details.

[11] *See id.*

[12] *See* Supplement to the AD Petition, at Exhibit Supp. II–1.

[13] *See* Volume II–A of the Petition, at 8–9, and Exhibits II–6, II–11, II–12, II–13, and II–14, and Supplement to the AD Petition, at 3–4.

[14] *See* Volume II–A of the Petition, at 1 and 9.

[15] *See id.; see also* Memorandum from the Office of Policy to David M. Spooner, Assistant Secretary for Import Administration, regarding The People's Republic of China Status as a Non-Market Economy, dated May 15, 2006. This document is available online at *http://ia.ita.doc.gov/download/prc-nme-status/prc-nme-status-memo.pdf.*

[16] *See* Volume II–A of the Petition, at 2–4.

[17] *See* Volume II–A of the Petition, at 3, and Exhibit II–3(A).

[18] *See* Volume II–A of the Petition, at 2, 3, Figure 1, and Exhibit II–5.

a surrogate country is appropriate for purposes of initiation. However, after initiation of the investigation, interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value factors of production within 40 days after the date of publication of the preliminary determination.

Petitioners calculated NVs and dumping margins using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioners calculated NVs for four seamless pipe products of various sizes [19] using the consumption rates of a U.S. producer of seamless pipe during the period January 2009, through June 2009.[20] Petitioners stated the U.S. producer was selected because, like the PRC producer, it is a large integrated producer of seamless pipe.[21]

Petitioners valued the factors of production using reasonably available, public surrogate country data, including Indian import data from the Indian Ministry of Commerce, published in the Monthly Statistics of Foreign Trade of India as compiled by the Word Trade Atlas (''WTA''). Petitioners used WTA data for the period September 2008, through February 2009, the most recent six months of data available at the time of the filing of the Petition.[22] In addition, Petitioners used exchange rates, as reported by the Federal Reserve, to convert Indian Rupees to U.S. Dollars.[23]

Petitioners valued royalties imposed in the PRC on mined ore using data from the Indian Mines and Minerals Development and Regulation Act.[24]

Petitioners valued labor using the wage rate data published on the Department's Web site, at *http://ia.ita.doc.gov/wages/05wages/05wages-051608.html#table1.*[25]

Petitioners valued electricity using Indian electricity rates from the Central Electricity Authority in India for 2006.[26]

Petitioners valued water using data from the Maharashtra Industrial Development Corporation.[27]

Where values were not contemporaneous with the POI, Petitioners adjusted these values for inflation using wholesale price index data published by the International Monetary Fund, which is available online at *http://www.5-imfstatistics.org/imf/.*[28]

Petitioners based factory overhead, selling, general and administrative expenses (''SG&A''), and profit, on data from the fiscal year, ending March 31, 2009, of two Indian producers of pipe and tube, the Steel Authority of India, Ltd. (''SAIL''), and Tata Steel Limited (''Tata''), with adjustments as requested by the Department.[29] Petitioners based the financial ratios for seamless pipe on the simple average of SAIL's and Tata's overhead, SG&A, and profit ratios, asserting that SAIL and Tata are large integrated steel producers like the PRC producer on which Petitioners based their calculation, and are producers of merchandise comparable to seamless pipe.[30]

Fair-Value Comparisons

The data submitted by Petitioners provide a reason to believe that seamless pipe from the PRC is being, or is likely to be, sold in the United States at less than fair value. Based on comparisons of the net U.S. price to NVs, Petitioners calculated an estimated dumping margin of 98.37 percent.[31]

Initiation of Antidumping Investigation

Based upon our examination of the Petition concerning seamless pipe from the PRC and other information reasonably available to the Department, the Department finds that the Petition meets the requirements of section 732 of the Act. Therefore, we are initiating an AD investigation to determine whether seamless pipe from the PRC is being, or is likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act, unless postponed, we will make our preliminary determination no later than 140 days after the date of this initiation.

Targeted-Dumping Allegations

On December 10, 2008, the Department issued an interim final rule for the purpose of withdrawing 19 CFR 351.414(f) and (g), the regulatory provisions governing the targeted-dumping analysis in AD investigations, and the corresponding regulation governing the deadline for targeted-dumping allegations, 19 CFR 351.301(d)(5).[32] The Department stated that ''[w]ithdrawal will allow the Department to exercise the discretion intended by the statute and, thereby, develop a practice that will allow interested parties to pursue all statutory avenues of relief in this area.'' [33]

In order to accomplish this objective, interested parties that wish to make a targeted-dumping allegation in this investigation pursuant to section 777A(d)(1)(B) of the Act, should submit such an allegation to the Department no later than 45 days before the scheduled date of the preliminary determination.

Respondent Selection

The Department will request quantity and value information from the exporters and producers listed with complete contact information in the Petition. The quantity and value data received from NME exporters/producers will be used to select mandatory respondents.

The Department requires respondents to submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status.[34] Appendix II of this notice contains the quantity and value questionnaire that must be submitted by all NME exporters/producers no later than October 27, 2009. In addition, the Department will post the quantity and value questionnaire along with filing instructions on its Web site, at *http://ia.ita.doc.gov/ia-highlights-and-news.html.*

Separate Rates

In order to obtain separate-rate status in an NME investigation, exporters and

[19] *See* Volume II–A of the Petition, at 9–10, and Exhibit II–15.

[20] *See* Volume II–A of the Petition, at Exhibit II–15, and Attachments A and B.

[21] *See* Second Supplement to the AD Petition, at 6–7.

[22] See Volume II–B of the Petition, at Exhibit II–15(Q) and (R), and Supplement to the AD Petition, at Exhibit Supp. II–9.

[23] *See* Volume II–A of the Petition, at Exhibit II–15(E).

[24] *See* Volume II–A of the Petition, at Exhibit II–15, and Attachments C and D.

[25] *See* Volume II–A of the Petition, at Exhibit II–15, and Attachment F.

[26] *See* Volume II–A of the Petition, at Exhibit II–15(H), and Volume II–B of the Petition, at Exhibit II–15(Q).

[27] *See* Volume II–A of the Petition, at Exhibit II–15, and Attachments DD and EE.

[28] *See* Volume II–A of the Petition, at Exhibit II–15(I)(1).

[29] *See* Volume II–A of the Petition, at Exhibit II–15, and Attachment FF and GG, and Second Supplement to the AD Petition, at 3–4, and Exhibits Second Supp. II–21, II–22, and II–24.

[30] *See* Supplement to the AD Petition, at 16–18.

[31] *See* Second Supplement to the AD Petition, at 3–4, and Exhibit Second Supp. II–1.

[32] *See Withdrawal of the Regulatory Provisions Governing Targeted Dumping in Antidumping Duty Investigations,* 73 FR 74930 (December 10, 2008).

[33] *See id.* at 74931.

[34] *See Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Initiation of Antidumping Duty Investigation,* 73 FR 10221, 10225 (February 26, 2008); and *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People's Republic of China,* 70 FR 21996, 21999 (April 28, 2005).

producers must submit a separate-rate status application.[35] The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's Web site at *http://ia.ita.doc.gov/ia-highlights-and-news.html* on the date of publication of this initiation notice in the **Federal Register.** The separate-rate application will be due sixty (60) days from the date of publication of this initiation notice in the **Federal Register.** As noted in the ''Respondent Selection'' section above, the Department requires that respondents submit a response to both the quantity and value questionnaire and the separate rate application by the respective deadlines in order to receive consideration for separate rate status. For exporters and producers who submit a separate-rate status application and subsequently are selected as mandatory respondents, these exporters and producers will no longer be eligible for consideration of separate rate status unless they respond to all parts of the questionnaire as mandatory respondents.

Use of Combination Rates in an NME Investigation

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

{w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of combination rates because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question *and* produced by a firm that supplied the exporter during the period of investigation.[36]

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition has been provided to the representatives of the Government of the PRC. Because of the large number of producers/exporters identified in the Petition, the Department considers the service of the public version of the Petition to the foreign producers/exporters satisfied by the delivery of the public version to the Government of the PRC, consistent with 19 CFR 351.203(c)(2).

ITC Notification

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

Preliminary Determination by the ITC

The ITC will preliminarily determine, no later than November 2, 2009, whether there is a reasonable indication that imports of seamless pipe from the PRC materially injure, or threaten material injury to, a U.S. industry. A negative ITC determination covering all classes or kinds of merchandise covered by the Petition will result in the investigation being terminated. Otherwise, this investigation will proceed according to statutory and regulatory time limits.

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

Dated: October 6, 2009.

Ronald K. Lorentzen,

Acting Assistant Secretary for Import Administration.

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (*e.g.,* hot-finished or cold-drawn), end finish (*e.g.,* plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (*e.g.,* bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or ''hollow profiles'' suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials (''ASTM'') or American Petroleum Institute (''API'') specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–335, ASTM A–589, ASTM A–795, ASTM A–1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below.

Specifically excluded from the scope of the investigation are unattached couplings.

The merchandise covered by the investigation is currently classified in the Harmonized Tariff Schedule of the United States (''HTSUS'') under item numbers: 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, and 7304.59.8070.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the merchandise subject to this scope is dispositive.

Appendix II

OFFICE OF AD/CVD OPERATIONS QUANTITY AND VALUE QUESTIONNAIRE

Requester(s):
{insert name of company}
{company address}
{contact name and title}
{contact telephone number}
{contact fax number}
{contact e-mail address}

Representation: {insert name of counsel and law firm and contact info}

Case: Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China.

Period of Investigation: January 1, 2009, through June 30, 2009.

Publication Date of Initiation: October 14, 2009.

Officials in Charge:

Howard Smith, Program Manager, AD/CVD Operations, Office 4, Telephone: (202) 482–5193, Fax: (202) 482–5105, E-mail Address: *Howard_Smith@ita.doc.gov.*

Drew Jackson, International Trade Compliance Analyst, AD/CVD Operations, Office 4, Telephone: (202) 482–4406, Fax: (202) 482–5105, E-mail Address: *Drew_Jackson@ita.doc.gov.*

Filing Address:

Secretary of Commerce, Attention: Import Administration (Drew Jackson), APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 1401 Constitution Avenue, NW., Washington, DC 20230.

On October 6, 2009, the Department initiated an antidumping duty investigation to determine whether certain seamless carbon and alloy steel standard, line, and pressure pipe (''subject merchandise'') from

[35] *See* Import Administration Policy Bulletin, Number: 05.1, ''Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries,'' dated April 5, 2005, available on the Department's Web site at *http://ia.ita.doc.gov/policy/bull05-1.pdf* (''Policy Bulletin, Number: 05.1''); *see also Certain Circular Welded Carbon Quality Steel Line Pipe From the Republic of Korea and the People's Republic of China: Initiation of Antidumping Duty Investigations,* 73 FR 23188, 23193 (April 29, 2008) (''*Certain Circular Welded Carbon Quality Steel Line Pipe from the PRC*'').

[36] *See* Policy Bulletin, Number: 05.1; *see also Certain Circular Welded Carbon Quality Steel Line Pipe from the PRC,* 73 FR at 23193.

the PRC was sold in the United States at less than fair value during the period January 1, 2009, through June 30, 2009 (the period of investigation or ''POI'').[37]

Section 777A(c)(1) of the Tariff Act of 1930, as amended (''the Act''), directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. Where it is not practicable to examine all known producers/exporters of subject merchandise, as is the case in this investigation, section 777A(c)(2) of the Act permits the Department to examine either (1) a sample of exporters, producers or types of products that is statistically valid based on the information available at the time of selection; or (2) exporters and producers accounting for the largest volume of the subject merchandise from the exporting country that can be reasonably examined.

In advance of the issuance of the full antidumping duty questionnaire, we ask that you respond to the following Quantity and Value Questionnaire requesting information on the quantity and U.S. dollar value of all of your sales to the United States during the period January 1, 2009, through June 30, 2009, of merchandise covered by the scope of this investigation (see Appendix I) and produced in the PRC. A full and accurate response to the Quantity and Value Questionnaire from all participating respondents is necessary to ensure that the Department has the requisite information to appropriately select mandatory respondents.

The Department is also requiring all firms that wish to qualify for separate-rate status in this investigation to complete a separate-rate status application as described in the notice of initiation. In other words, the Department will not give consideration to any separate-rate status application made by parties that fail to timely respond to the Quality and Value Questionnaire or fail to timely submit the requisite separate-rate status application.

To complete this investigation within the statutory time frame, the Department will be limited in its ability to extend the deadline for the response to the Quantity and Value Questionnaire.

A definition of the scope of the merchandise subject to this investigation is included in Appendix I. Your response to this questionnaire may be subject to on-site verification by Department officials.

Format for Reporting Quantity and Value of Sales

In providing the information in the chart below, please provide the total quantity, in metric tons, and total value (in U.S. dollars) of all your sales to the United States during the period January 1, 2009, through June 30, 2009, of merchandise covered by the scope of this investigation (see Appendix I) and produced in the PRC.[38]

- Please include only sales exported by your company directly to the United States.
- Please do not include any sales of subject merchandise *manufactured* in Hong Kong in your figures.

Additionally, if you believe that you should be treated as a single entity along with other named exporters, please complete the chart, below, both in the aggregate for all named parties in your group and, in separate charts, individually for each named entity. Please label each chart accordingly.

Market: United States	Total quantity in metric tons[39]	Terms of sale[40]	Total value[41] ($U.S.)
1. Export Price[42]			
2. Constructed Export Price[43]			
3. Further Manufactured[44]			
Total			

[FR Doc. E9–24703 Filed 10–13–09; 8:45 am]

BILLING CODE 3510–DS–P

[37] An electronic copy of the initiation notice may be found on the Internet at the following address: *http://ia.ita.doc.gov/frn/2009/0910frn/*.

[38] Please use the invoice date when determining which sales to include within the period noted above. Generally, the Department uses invoice date as the date of sale, as that is when the essential terms of sale are set. If you believe that another date besides the invoice date would provide a more accurate representation of your company's sales during the designated period, please report sales based on that date and provide a full explanation.

[39] If any conversions were used, please provide the conversion formula and source.

[40] To the extent possible, sales values should be reported based on the same terms (*e.g.,* FOB).

[41] Values should be expressed in U.S. dollars. Indicate any exchange rates used and their respective dates and sources.

[42] Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated person occurs before the goods are imported into the United States.

[43] Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated person occurs after importation. However, if the first sale to the unaffiliated person is made by a person in the United States affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation. Do not report the sale to the affiliated party in the United States, rather report the sale made by the affiliated party to the unaffiliated customer in the United States. If you have further manufactured sales, please report them under Item 3, rather than under Item 2.

[44] ''Further manufactured'' refers to merchandise that undergoes further manufacture or assembly in the United States before sale to the first unaffiliated customer.

DEPARTMENT OF COMMERCE

International Trade Administration

(C–570–957)

Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Initiation of Countervailing Duty Investigation

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

EFFECTIVE DATE: October 15, 2009.

FOR FURTHER INFORMATION CONTACT: Yasmin Nair and Joseph Shuler, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–3813 and (202) 482–1293, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On September 16, 2009, the Department of Commerce (''Department'') received a countervailing duty (''CVD'') petition concerning imports of certain seamless pipe (''seamless pipe'') from the People's Republic of China (''PRC'') filed in proper form by United States Steel Corporation and V&M Star L.P. (collectively, ''Petitioners'').[1] On September 25, 2009, the Petition was amended to add TMK IPSCO and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Worker International Union as additional Petitioners. On September 21 and 22, 2009, the Department issued requests to Petitioners for additional information and for clarification of certain areas of the Petition. Based on the Department's requests, Petitioners filed a supplement to the Petition, regarding general issues, on September 25, 2009 (''Supplement to the AD/CVD Petitions''). On September 25, 2009, the Department requested further information from Petitioners, including suggested refinements to the scope. On September 28, 2009, Petitioners filed a supplement to the Petition, regarding the CVD allegations. On September 29, 2009, Petitioners filed an additional supplement to the Petition in response to the Department's September 25, 2009 request (''Second Supplement to the AD/CVD Petitions''). Also, on September 29, 2009, the Department issued a further request to Petitioners for information and clarification of certain aspects of the Petition. In response to the Department's request, Petitioners filed a supplement to the Petition regarding general issues, on October 1, 2009.

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (''Act''), Petitioners allege that producers/exporters of seamless pipe from the PRC received countervailable subsidies within the meaning of sections 701 and 771(5) of the Act, and that imports from these producers/exporters materially injure, and threaten further material injury to, an industry in the United States.

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

Period of Investigation

The period of investigation is January 1, 2008, through December 31, 2008.

Scope of Investigation

The products covered by this investigation are seamless pipe from the PRC. For a full description of the scope of the investigation, please see the ''Scope of the Investigation'' in Appendix I of this notice.

Comments on the Scope of Investigation

During our review of the Petition, we discussed the scope of the investigation with Petitioners and suggested a number of revisions to the scope language, including the removal from the scope of all language that relies on end–use to define covered merchandise. While Petitioners made a number of the suggested revisions to the scope, they did not remove end–use language from the scope. *See* Supplement Regarding General Issues to the AD/CVD Petition at 4; Second Supplement Regarding General Issues to the AD/CVD Petition, Item 3; and memorandum to the file from Drew Jackson regarding ''Initiation of the Antidumping Duty Investigation of Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China''. The Department has inherent authority to define the scope of the investigation and may depart from the scope as proposed by a petition. *NTN Bearing Corp. v. U.S.*, 747 F. Supp. 726, 731 (CIT 1990). In this case, consistent with the position taken in circular welded carbon quality steel pipe from the PRC, we have revised the scope by removing all end–use language from it. *See Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China*, 73 FR 31970 (June 5, 2008) (''*Circular Welded Pipe*'') at Comment 1 (''the Department prefers to define product coverage by the physical characteristics of the merchandise subject to investigation.''). As noted in *Circular Welded Pipe*, excluding end–use language from the scope provides certainty with respect to product coverage and will enable any potential future orders to be effectively administered by the Department and enforced by U.S. Customs and Border Protection (''CBP''). Further, clarity with respect to scope will ensure that respondents in the investigation will know precisely what is included in the definition of subject merchandise.

As discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding the product coverage of the scope. The Department encourages all interested parties to submit such comments by October 26, 2009, which is twenty calendar days from the signature date of this notice. Comments should be addressed to Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period for scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination in this investigation.

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, on September 22, 2009, the Department invited representatives of the Government of the PRC for consultations with respect to the Petition. The Government of the PRC did not request such consultations.

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the

[1] *See* Petition for the Imposition of Antidumping and Countervailing Duties Pursuant to Sections 701 and 731 of the Tariff Act of 1930, as Amended: Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China, dated September 16, 2009 (''Petition'').

petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the ''industry'' as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (''ITC''), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (*see* section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.[2]

Section 771(10) of the Act defines the domestic like product as ''a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation,'' (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition). With regard to the domestic like product, Petitioners did not offer a definition of domestic like product distinct from the scope of the investigation requested in the Petition. As noted, the Department has changed the definition of the class or kind of merchandise to be investigated from that which was initially requested by Petitioners. The reference point from which the domestic like product is defined is the class or kind of merchandise that is the basis for the Department's initiation of this investigation. Based on our analysis of the information submitted on the record, we have determined that seamless pipe constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product.[3]

In determining whether Petitioners have standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the ''Scope of the Investigation'' in Appendix I of this notice. To establish industry support, Petitioners provided their own 2008 production of the domestic like product, and compared this to the estimated total production of the domestic like product for the entire domestic industry.[4] To estimate 2008 production of the domestic like product, Petitioners used data from an industry publication, published by the American Iron and Steel Institute (''AISI''), which compiles data on domestic producers' shipments of seamless standard, line and pressure pipe. Petitioners approximated domestic production of seamless pipe by inflating the volume of domestic shipments reported by AISI by the ratio of the difference between Petitioners' own production and shipments in the applicable calendar year.[5]

Our review of the data provided in the Petition, supplemental submissions, and other information readily available to the Department, including a search of the Internet, indicates that Petitioners have established industry support. First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling).[6] Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product.[7] Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. Accordingly, the Department determines that the Petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act.[8]

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because Petitioners are interested parties (*e.g.*, domestic producers) as defined in section 771(9)(C) of the Act and have demonstrated sufficient industry support with respect to the CVD investigation that they are requesting that the Department initiate.[9]

Injury Test

Because the PRC is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

Petitioners allege imports of seamless pipe from the PRC are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause material injury to the domestic industry producing seamless pipe. In addition, Petitioners alleged that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contended that the industry's injured condition is illustrated by reduced market share, increased import penetration, underselling and price depressing and suppressing effects, lost sales and

[2] *See USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), *citing Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

[3] For a discussion of the domestic like product analysis in this case, see Countervailing Duty Investigation Initiation Checklist: Certain Seamless Pipe from the PRC (''Initiation Checklist'') at Attachment II (''Industry Support''), dated concurrently with this notice and on file in the Central Records Unit (≥CRU≥), Room 1117 of the main Department of Commerce building.

[4] *See* Initiation Checklist at Attachment II.

[5] *See id.*

[6] *See* Section 702(c)(4)(D) of the Act, and Initiation Checklist at Attachment II.

[7] *See* Initiation Checklist at Attachment II.

[8] *See id.*

[9] *See id.*

revenue, reduced production, reduced shipments, increased inventory overhang, reduced employment and wages, and an overall decline in financial performance.[10] We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation.[11]

Initiation of Countervailing Duty Investigation

Section 702(b)(1) of the Act requires the Department to initiate a CVD proceeding whenever an interested party files a petition on behalf of an industry that: (1) alleges the elements necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to the petitioner(s) supporting the allegations.

The Department has examined the Petition on seamless pipe from the PRC and finds that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a CVD investigation to determine whether manufacturers, producers, or exporters of seamless pipe in the PRC receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, *see* Initiation Checklist.

We are including in our investigation the following programs alleged in the Petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in the PRC:

A. Preferential Loans
1. Policy Loans to the Seamless Pipe Industry
2. Export Loans
3. Treasury Bond Loans
4. Preferential Loans for State–Owned Enterprises (''SOEs'')
5. Preferential Loans for Key Projects and Technologies
6. Preferential Lending to Seamless Pipe Producers and Exporters Classified as ''Honorable Enterprises
7. Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program

B. Equity Programs
1. Debt–to-Equity Swaps
2. Equity Infusions
3. Exemptions for SOEs From Distributing Dividends to the State
4. Loan and Interest Forgiveness for SOEs

C. Tax Benefit Programs
1. Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment
2. Preferential Income Tax Policy for Enterprises in the Northeast Region
3. Forgiveness of Tax Arrears for Enterprises in the Old Industrial Bases of Northeast China
4. Reduction in or Exemption from Fixed Assets Investment Orientation Regulatory Tax

D. Subsidies for Foreign Invested Enterprises (''FIEs'')
1. ''Two Free, Three Half'' Program
2. Local Income Tax Exemption and Reduction Programs for ''Productive'' FIEs
3. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises
4. Income Tax Reductions for Export–Oriented FIEs

E. Tariff and Indirect Tax Programs
1. Stamp Exemption on Share Transfers Under Non–Tradable Share Reform
2. Value Added Tax (''VAT'') and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund Program
3. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
4. Deed Tax Exemption For SOEs Undergoing Mergers or Restructuring
5. Export Incentive Payments Characterized as ''VAT rebates''

F. Government Provision of Goods and Services for Less Than Adequate Remuneration
1. Provision of Land to SOEs for Less Than Adequate Remuneration
2. Provision of Land Use Rights for Less Than Adequate Remuneration
3. Provision of Steel Rounds for Less Than Adequate Remuneration
4. Provision of Electricity for Less Than Adequate Remuneration
5. Provision of Electricity and Water for Less Than Adequate Remuneration to Seamless Pipe Producers Located in Jiangsu Province
6. Export Restrictions on Coke
7. Provision of Coking Coal for Less Than Adequate Remuneration

G. Grant Programs
1. The State Key Technology Project Fund
2. Foreign Trade Development Fund (Northeast Revitalization Program)
3. Export Assistance Grants
4. Program to Rebate Antidumping Duties
5. Subsidies for Development of Famous Export Brands and China World Top Brands
6. Sub–central Government Programs to Promote Famous Export Brands and China World Top Brands
7. Grants to Loss–Making SOEs
8. Export Interest Subsidies

H. Other Regional Programs
1. Subsidies Provided in the Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area
2. High–Tech Industrial Development Zones

For further information explaining why the Department is investigating these programs, see Initiation Checklist.

We are not including in our investigation the following programs alleged to benefit producers and exporters of the subject merchandise in the PRC:

A. Tax Benefit Programs

Income Tax Benefits for Domestically–Owned Enterprises Engaging in Research and Development

Petitioners allege that according to the PRC's World Trade Organization subsidies notification, domestic industrial enterprises whose research and development expenses increased by 10 percent from the previous year may offset 150 percent of the research expenditures from their income tax obligations. Petitioners have not sufficiently established that this tax reduction program is specific. Consequently, we do not plan to investigate this program.

B. Provision of Inputs for Less than Adequate Remuneration

Export Restrictions on Steel Rounds

Petitioners allege that effective January 1, 2008, the Government of the PRC increased the export tax on steel billets, including steel rounds, from 15 to 25 percent. The result, according to Petitioners, was a decline in exports of this product from the PRC. Specifically, Petitioners provide information indicating that exports of steel rounds fell by 92.6 percent on an annual basis for the first two months of the year, and were zero in the month of February 2008. The further result of the export tax, according to Petitioners, was a sharp divergence in domestic PRC and world prices of steel rounds. While Petitioners have provided reasonably available information showing that domestic PRC prices are less than world prices, the information does not show a connection between the export

[10] *See* Initiation Checklist at Attachment III for details.

[11] *See id.*

restraints and this price difference. Consequently, we do not plan to investigate this program.

Respondent Selection

For this investigation, the Department expects to select respondents based on CBP data for U.S. imports during the period of investigation. We intend to make our decision regarding respondent selection within 20 days of publication of this **Federal Register** notice. The Department invites comments regarding the CBP data and respondent selection within seven calendar days of publication of this **Federal Register** notice.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition has been provided to the representatives of the Government of the PRC. Because of the particularly large number of producers/exporters identified in the Petition, the Department considers the service of the public version of the Petition to the foreign producers/exporters satisfied by the delivery of the public version to the Government of the PRC, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the Petition is filed, whether there is a reasonable indication that imports of subsidized seamless pipe from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. See section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

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

Dated: October 6, 2009.

Ronald K. Lorentzen,

Acting Assistant Secretary for Import Administration.

Appendix I

Scope of the Investigation

Attachment I

The merchandise covered by this investigation is certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall–thickness, manufacturing process (e.g., hot–finished or cold–drawn), end finish (e.g., plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (e.g., bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or ''hollow profiles'' suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials (''ASTM'') or American Petroleum Institute (''API'') specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–335, ASTM A–589, ASTM A–795, ASTM A–1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below.

Specifically excluded from the scope of the investigation are unattached couplings.

The merchandise covered by the investigation is currently classified in the Harmonized Tariff Schedule of the United States (''HTSUS'') under item numbers: 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, and 7304.59.8070.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the merchandise subject to this scope is dispositive.

[FR Doc. E9–24834 Filed 10–14–09; 8:45 am]

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APPENDIX B

CONFERENCE WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference to be held in connection with the following investigations:

Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From China

701-TA-469 and 731-TA-1168 (Preliminary)

Date - 9:30 am

The conference was held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping and Countervailing Duties:

Skadden, Arps, Slate, Meagher and Flom
Washington, D.C.
on behalf of

U.S. Steel Corp., Pittsburgh, PA

George H. Thompson, General Manager - Commercial, Tubular Products
United States Steel Tubular Products, Inc.
Scott M. Dorn, General Manager - Tubular Marketing
United States Steel Tubular Products, Inc.
Christopher M. Reiter, Manager - Commercial Standard & Line
and Specialty Tubing, United States Steel Tubular Products, Inc.
William M. Buono, Manager - Market Analysis and Strategy Tubular Products
United States Steel Tubular Products, Inc.
James Durham, President
Dixie Pipe Sales, Inc.
Bob Gilleland, Senior Vice President
Edgen Murray

James C. Hecht)
Stephen P. Vaughn) – OF COUNSEL
Stephen J. Narkin)

In Support of the Imposition of Antidumping and Countervailing Duties (continued):

Schagrin Associates
Washington, D.C.
on behalf of

V&M Star L.P., Houston, TX, TMK IPSCO, and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Worker International Union.

Roger Lindgren, President
V&M Star, L.P.

Yves Pognonec, Vice President, Sales for Seamless Pipe
V&M Star, L.P.

Linda Andros, Legislative Representative
United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

Roger B. Schagrin
John W. Bohn
) OF COUNSEL

In Opposition to the Imposition of Antidumping and Countervailing Duties:

Troutman Sanders LLP
Washington, D.C.
on behalf of

Hengyang Valin Steel Tube Co., Ltd.

Donald B. Cameron
Julie Mendoza
Brady Mills
) – OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
Small diameter seamless SLP pipe: Summary data concerning the U.S. market, 2006-08, January-June 2008, and January-June 2009

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	2006	2007	2008	2008	2009	2006-08	2006-07	2007-08	2008-09
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	91,932	103,677	197,022	63,846	35,641	114.3	12.8	90.0	-44.2
Value	75,441	86,290	221,020	54,419	44,597	193.0	14.4	156.1	-18.0
Unit value	$821	$832	$1,122	$852	$1,251	36.7	1.4	34.8	46.8
Ending inventory quantity	3,690	3,761	10,814	1,528	9,581	193.1	1.9	187.5	527.0
All other sources:									
Quantity	109,130	79,677	105,551	50,159	30,631	-3.3	-27.0	32.5	-38.9
Value	124,028	104,510	171,996	71,048	66,115	38.7	-15.7	64.6	-6.9
Unit value	$1,137	$1,312	$1,629	$1,416	$2,158	43.4	15.4	24.2	52.4
Ending inventory quantity	8,536	4,653	11,719	4,018	6,063	37.3	-45.5	151.9	50.9
All sources:									
Quantity	201,061	183,354	302,573	114,005	66,273	50.5	-8.8	65.0	-41.9
Value	199,469	190,800	393,016	125,467	110,713	97.0	-4.3	106.0	-11.8
Unit value	$992	$1,041	$1,299	$1,101	$1,671	30.9	4.9	24.8	51.8
Ending inventory quantity	12,226	8,414	22,533	5,546	15,644	84.3	-31.2	167.8	182.1
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2
Large diameter seamless SLP pipe: Summary data concerning the U.S. market, 2006-08, January-June 2008, and January-June 2009

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	2006	2007	2008	2008	2009	2006-08	2006-07	2007-08	2008-09
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	66,195	68,642	169,066	53,754	30,817	155.4	3.7	146.3	-42.7
Value	54,722	56,368	191,031	46,192	43,502	249.1	3.0	238.9	-5.8
Unit value	$827	$821	$1,130	$859	$1,412	36.7	-0.7	37.6	64.3
Ending inventory quantity	14,011	13,209	18,512	15,798	22,852	32.1	-5.7	40.1	44.7
All other sources:									
Quantity	183,691	149,633	242,869	99,814	70,781	32.2	-18.5	62.3	-29.1
Value	256,816	247,822	425,231	170,213	177,345	65.6	-3.5	71.6	4.2
Unit value	$1,398	$1,656	$1,751	$1,705	$2,506	25.2	18.5	5.7	46.9
Ending inventory quantity	19,824	13,581	16,120	11,815	16,727	-18.7	-31.5	18.7	41.6
All sources:									
Quantity	249,885	218,275	411,934	153,569	101,598	64.8	-12.6	88.7	-33.8
Value	311,538	304,191	616,262	216,405	220,847	97.8	-2.4	102.6	2.1
Unit value	$1,247	$1,394	$1,496	$1,409	$2,174	20.0	11.8	7.3	54.3
Ending inventory quantity	33,835	26,790	34,632	27,613	39,579	2.4	-20.8	29.3	43.3
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-3
Total seamless SLP pipe: Summary data concerning the U.S. market, 2006-08, January-June 2008, and January-June 2009

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	2006	2007	2008	2008	2009	2006-08	2006-07	2007-08	2008-09
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	158,126	172,319	366,088	117,601	66,458	131.5	9.0	112.4	-43.5
Value	130,163	142,658	412,051	100,611	88,099	216.6	9.6	188.8	-12.4
Unit value	$823	$828	$1,126	$856	$1,326	36.7	0.6	36.0	54.9
Ending inventory quantity	17,701	16,970	29,326	17,326	32,433	65.7	-4.1	72.8	87.2
All other sources:									
Quantity	292,820	229,310	348,420	149,973	101,413	19.0	-21.7	51.9	-32.4
Value	380,844	352,332	597,227	241,261	243,461	56.8	-7.5	69.5	0.9
Unit value	$1,301	$1,536	$1,714	$1,609	$2,401	31.8	18.1	11.6	49.2
Ending inventory quantity	28,360	18,234	27,839	15,833	22,790	-1.8	-35.7	52.7	43.9
All sources:									
Quantity	450,946	401,629	714,508	267,574	167,871	58.4	-10.9	77.9	-37.3
Value	511,006	494,991	1,009,278	341,872	331,560	97.5	-3.1	103.9	-3.0
Unit value	$1,133	$1,232	$1,413	$1,278	$1,975	24.7	8.8	14.6	54.6
Ending inventory quantity	46,061	35,204	57,165	33,159	55,223	24.1	-23.6	62.4	66.5
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

COMPARISON OF SMALL DIAMETER AND LARGE DIAMETER SEAMLESS SLP PIPE

PRODUCERS OF SEAMLESS SLP PIPE

*** * * * * * ***

IMPORTERS OF SEAMLESS SLP PIPE

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APPENDIX E

NONSUBJECT COUNTRY PRICE DATA

Figure E-1
Seamless SLP pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2006-June 2009

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