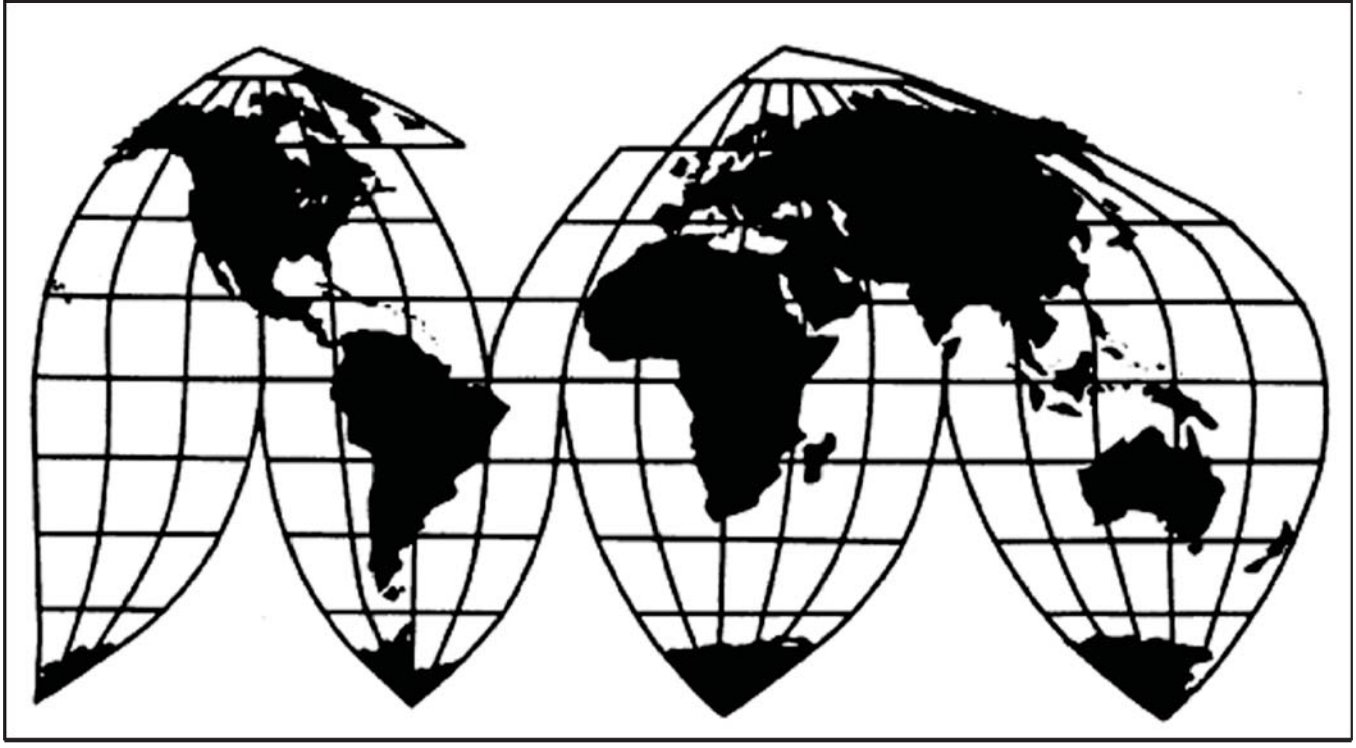
Welded Stainless Steel Pressure Pipe From Malaysia, Thailand, and Vietnam

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

Publication 4413 **July 2013**

U.S. International Trade Commission



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U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

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

Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam

DETERMINATION

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Malaysia, Thailand, and Vietnam of welded stainless steel pressure pipe, provided for in subheading 7306.40 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

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 section 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On May 16, 2013, a petition was filed with the Commission and Commerce by Bristol Metals, L.P. (Bristol, TN), Felker Brothers Corp. (Marshfield, WI), and Outokumpu Stainless Pipe (Schaumberg, IL), alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of welded stainless steel pressure pipe from Malaysia, Thailand, and Vietnam. Accordingly, effective May 16, 2013, the Commission instituted antidumping duty investigation Nos. 731-TA-1210-1212 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference

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

to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of May 24, 2013 (78 FR 31574). The conference was held in Washington, DC, on June 6, 2013, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of welded stainless steel pressure pipe ("WSS pressure pipe") from Malaysia, Thailand, and Vietnam that are allegedly sold in the United States at less than fair value ("LTFV").

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[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 May 16, 2013, by Bristol Metals, LLC, Felker Brothers Corp., and Outokumpu Stainless Pipe, Inc., domestic producers of WSS pressure pipe (collectively, "Petitioners"). Petitioners appeared at the staff conference and submitted a postconference brief.

Three respondents participated in these investigations, each of which appeared at the conference and submitted a postconference brief: Pantech Stainless & Alloy Industries Sdn Bhd ("Pantech"), a Malaysian producer and exporter of WSS pressure pipe; Son Ha International Corporation ("Son Ha"), a Vietnamese producer and exporter of WSS pressure pipe; and Silbo Industries, Inc. ("Silbo"), an importer of subject WSS pressure pipe.

U.S. industry data are based on the questionnaire responses of five producers, accounting for 95 percent of U.S. production of WSS pressure pipe during the January 2010-March 2013 period of investigation ("POI").[3] Data for subject imports from Malaysia, Thailand,

[1] 19 U.S.C. §§ 1671b(a), 1673b(a); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by reason of the allegedly unfairly traded imports.

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

[3] Confidential Report ("CR") at I-5, Public Report ("PR") at I-4.

and Vietnam are based on questionnaire responses from U.S. importers, accounting for virtually all subject imports during the POI.[4]

The Commission received usable responses to its questionnaires from three subject producers in Malaysia: Kanzen Tetsu Sdn Bhd, Pantech, and Superinox Pipe Industry Sdn Bhd. These firms accounted for all known exports of subject merchandise from Malaysia over the POI.[5] The Commission received usable questionnaire responses from two subject producers in Vietnam: Mejonson Industrial Vietnam Co. Ltd. and Son Ha; they accounted for all known exports of subject merchandise from Vietnam during the period.[6] The Commission did not receive any usable questionnaire responses from subject producers in Thailand.[7]

III. Domestic Like Product

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[8] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[9] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[10]

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.[11] No single factor is

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[4] CR/PR at Table IV-1. The Commission used questionnaire data for subject and nonsubject import data because WSS pressure pipe within the scope is imported under several HTSUS subheadings that include merchandise outside the scope (such as large-diameter WSS pressure pipe) as well as the subject product. CR at IV-3 n.2, PR at IV-1 n.2.

[5] CR/PR at VII-3.

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

[7] CR at VII-5 to VII-6, PR at VII-4 to VII-5.

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(10).

[11] *See*, *e.g.*, *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common

(Continued…)

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[12] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[13] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is sold at less than fair value,[14] the Commission determines what domestic product is like the imported articles Commerce has identified.[15]

B. Product Description

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

> circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. For purposes of these investigations, references to size are in nominal inches and include all products within tolerances allowed by pipe specifications. This merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A–312 or ASTM A–778 specifications, or comparable domestic or foreign specifications. ASTM A–358 products are only included when they are produced to meet ASTM A–312 or ASTM A–778 specifications, or comparable domestic or foreign specifications.
>
> Excluded from the scope are: (1) Welded stainless mechanical tubing, meeting ASTM A–554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater,

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(…Continued)
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).

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

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

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

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

> refining furnace, feedwater heater, and condenser tubing, meeting ASTM A–249, ASTM A–688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A269, ASTM A–270 or comparable domestic or foreign specifications.[16]

WSS pressure pipe is used to convey fluids at high temperatures, high pressures, or both. It is produced to exact outside diameters and decimal wall thicknesses and to ASTM A-312 and A-778 or comparable specifications.[17] A-312 pipe is designed for high temperature and general corrosive-resistance service, and it must be annealed after welding. Pipe that meets the A-778 specification is similar to A-312 pipe, but is designed for low and moderate temperatures for which post-weld heat treatment is not necessary.[18]

C. Analysis

Petitioners argue that WSS pressure pipe should be treated as a single domestic like product and Respondents have made no contrary argument for purposes of the preliminary phase of these investigations.[19] For the reasons discussed below, we define WSS pressure pipe to be a single domestic like product for the purposes of our preliminary determinations.

Physical Characteristics and Uses. All WSS pressure pipe within the scope definition share the same basic physical characteristics and end uses. WSS pressure pipe is made from austenitic stainless steel grades 304 and 316 and is produced to ASTM specifications A-312 or A-778 or a comparable specification.[20] It is produced in relatively few standard sizes, designated by nominal diameter and wall thickness.[21] WSS pressure pipe is used in the production of chemicals, petrochemicals, pharmaceuticals, and food and beverage products, as

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[16] *Welded Stainless Pressure Pipe From Malaysia, Thailand, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations,* 78 Fed. Reg. 35,258 (June 12, 2013). Commerce indicated that "the subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090. The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of these investigations is dispositive." *Id.*

[17] CR at I-9, PR at I-7.

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

[19] Petitioners' Postconference Brief at 2; Conference Transcript ("Tr.") at 122-123 (Schutzman, Slater). Respondents state, however, that they reserve the right to assert arguments regarding the definition of the domestic like product in any final phase of these investigations. If Respondents intend to advocate a different definition of the domestic like product in any final phase investigations, they should do so when commenting on the draft questionnaires. In general, requests for additional data sought through Commission questionnaires must be made in written comments to draft questionnaires pursuant to 19 C.F.R. section 207.20(b).

[20] CR at I-9, PR at I-7.

[21] CR at I-9, PR at I-7.

well as in water purification, grain processing for ethanol, process piping/fluid handling, air piping, structural uses, and oil and gas applications.[22]

Manufacturing Facilities, Production Processes and Employees. WSS pressure pipe within the scope definition is typically produced by the continuous-mill process.[23] Coiled stainless steel flat-rolled products (sheet, strip, or plate) of a width essentially corresponding to the outside diameter of the pipe to be produced are put into an uncoiler and fed into a series of paired forming rolls. As product progresses through the rolls, its cross-sectional profile is formed into a tubular shape with the butted edges welded along the seam. After welding, the pipe proceeds through an in-line annealing furnace, is then straightened, and is finally cut to length.[24]

Channels of Distribution. The *** of the domestic industry's U.S. shipments of WSS pressure pipe are made directly to distributors.[25]

Interchangeability. WSS pressure pipe of different sizes is not used interchangeably but there are relatively few standard sizes for this product.[26]

Producer and Customer Perceptions. In the Commission's most recent investigation of WSS pressure pipe, the Commission found that purchasers did not perceive differences between various WSS pressure pipe products beyond wall thickness and diameter.[27] The Commission received no contrary evidence in the current preliminary phase investigations.

Price. Prices for WSS pressure pipe products largely reflect the amount of steel WSS pressure pipe products contain, which is a function of length and wall thickness.[28]

Conclusion. The record indicates that WSS pressure pipe within the scope of these investigations shares similarities with respect to most of the six factors we consider when defining the domestic like product.[29] Therefore, based on the record in the preliminary phase of these investigations and the lack of argument to the contrary, we define a single domestic like product, consisting of WSS pressure pipe within Commerce's scope definition.

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes

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[22] CR at I-11, PR at I-9; Tr. at 28 (Tidlow).

[23] CR at I-11, PR at I-9.

[24] CR at I-11 to I-12, PR at I-9.

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

[26] CR at I-9, PR at I-7.

[27] *Welded Stainless Steel Pressure Pipe from China,* Inv. Nos. 701-TA-454 and 731-TA-1144 (Final), USITC Pub. 4064 ("China Investigation") at 10 (March 2009).

[28] *See* CR/PR at Tables V-3 to V-8 (showing higher prices for larger sizes).

[29] As stated above, there is a lack of interchangeability between pipe of different sizes. A lack of interchangeability among products produced to a range of sizes and specifications is not inconsistent, however, with finding a single domestic like product. *See, e.g., Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey,* Inv. Nos. 731-TA-1099-1101 (Preliminary), USITC Pub. 3832 (January 2006) at 10.

a major proportion of the total domestic production of the product."[30] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

Based on the record presented, and in light of the definition of the domestic like product, we define the domestic industry to encompass all known U.S. producers of WSS pressure pipe.[31]

V. Cumulation[32]

A. In General

For purposes of evaluating the volume and price effects for a determination of reasonable indication of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

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

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

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

(4) whether the subject imports are simultaneously present in the market.[33]

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[30] 19 U.S.C. § 1677(4)(A).

[31] *See* CR/PR at III-1. There are no related party issues in these investigations pertaining to the producers that have submitted data. Tr. at 62-63 (Schagrin).

[32] Negligibility is not an issue in these investigations. The questionnaire data indicate that subject imports for each subject country exceed the requisite 3 percent statutory negligibility threshold established in 19 U.S.C. § 1677(24) for the 12-month period preceding the filing of the petition. From April 2012 to March 2013, the most recent 12-month period for which data are available, U.S. imports from Malaysia accounted for *** percent of total U.S. imports of WSS pressure pipe by quantity; U.S. imports from Thailand accounted for *** percent of total U.S. imports of WSS pressure pipe by quantity; and U.S. imports from Vietnam accounted for *** percent of total U.S. imports of WSS pressure pipe by quantity. CR at IV-7, PR at I-6.

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[34] Only a "reasonable overlap" of competition is required.[35]

B. Analysis[36]

In these investigations, the threshold criterion is satisfied because Petitioners filed the antidumping duty petitions with respect to Malaysia, Thailand and Vietnam on the same day. None of the cumulation exceptions apply, and subject imports from Malaysia, Thailand, and Vietnam are therefore eligible for cumulation.[37] We consequently examine whether there is a reasonable overlap of competition between subject imports, as well as between subject imports and the domestic like product.

Fungibility. The record indicates that WSS pressure pipe is generally fungible. WSS pressure pipe from all sources is manufactured to meet, at a minimum, the ASTM standards referenced above,[38] and is used in the same general applications.[39] The four responding U.S. producers all reported that subject imports from each of the subject countries are *** interchangeable with each other and with the domestic like product.[40] All of the responding importers reported that imports from the subject countries are *** interchangeable with the domestic like product and that subject imports are *** interchangeable with each other.[41]

(…Continued)

[33] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'*d, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

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

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

[36] Petitioners argue that the prerequisites to cumulation are met because the petitions were filed on the same day, and there is a reasonable overlap of competition based on the factors the Commission generally considers. Petitioners' Postconference Brief at 3. Respondents concede that cumulation is appropriate for the preliminary phase of these investigations. Tr. at 123 (Schutzman, Slater).

[37] *See* 19 U.S.C. § 1677(7)(G)(ii).

[38] CR at I-9, PR at I-7.

[39] CR at I-9, PR at I-7.

[40] CR/PR at Table II-5.

[41] CR/PR at Table II-5.

Channels of Distribution. WSS pressure pipe, whether domestically produced or imported from Malaysia, Thailand, or Vietnam, is primarily sold through distributors.[42]

Geographic Overlap. Both U.S. producers and importers from each of the subject countries reported selling WSS pressure pipe to all regions in the contiguous United States.[43]

Simultaneous Presence in Market. WSS pressure pipe produced in the United States and Malaysia, Thailand, and Vietnam was sold in the United Stated during each quarter between January 2010 and March 2013.[44]

Conclusion. For the reasons discussed above, we find a reasonable overlap of competition between and among the subject imports from Malaysia, Thailand, and Vietnam and the domestic like product. We therefore cumulate subject imports from Malaysia, Thailand, and Vietnam for purposes of our analysis of whether there is a reasonable indication of material injury to the domestic industry by reason of subject imports.

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and 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.[45] 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.[46] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[47] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[48] 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."[49]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[50] it does not define the phrase "by reason of," indicating that this aspect of the

[42] CR/PR at II-1 and Table II-1.

[43] CR/PR at II-1 and Table II-2.

[44] CR at IV-8, PR at IV-7.

[45] 19 U.S.C. §§ 1671b(a), 1673b(a).

[46] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[47] 19 U.S.C. § 1677(7)(A).

[48] 19 U.S.C. § 1677(7)(C)(iii).

[49] 19 U.S.C. § 1677(7)(C)(iii).

[50] 19 U.S.C. §§ 1671b(a), 1673b(a).

injury analysis is left to the Commission's reasonable exercise of its discretion.[51] 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.[52]

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.[53] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[54] Nor does the

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[51] *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).

[52] The Federal Circuit, in addressing the causation standard of the statute, has 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 re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[53] SAA, 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.

[54] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n* , 266 F.3d at 1345. ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other

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"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.[55] It is clear that the existence of injury caused by other factors does not compel a negative determination.[56]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[57] [58] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[59]

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

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

[56] *See Nippon*, 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.").

[57] *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.

[58] Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of nonsubject imports, albeit without reliance upon presumptions or rigid formulas. *Mittal Steel* explains as follows:

> What *Bratsk* held is that "where commodity products are at issue and fairly traded, price-competitive, nonsubject imports are in the market," the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether nonsubject or non-LTFV imports would have replaced LTFV subject imports during the period Commission to provide an explanation of its conclusion with respect to that factor.

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The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which 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.[60] 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.[61] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[62]

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

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542 F.3d at 878.

[59] *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.").

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

[61] *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).

[62] 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.

evidence standard.[63] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[64]

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

WSS pressure pipe is generally used as a conduit for liquids or gases in capital investment projects by chemical and petrochemical plants, ethanol plants, food and beverage processing plants, power generation plants, and pulp and paper mills.[65] Consequently, the demand for WSS pressure pipe is primarily driven by the demand for investment in projects to produce downstream products of these industries.[66]

Although a majority of questionnaire responses indicate that demand has declined during the POI,[67] other record evidence shows that apparent U.S. consumption increased between 2010 and 2012.[68] Apparent U.S. consumption of WSS pressure pipe increased from 62,298 short tons in 2010 to 65,225 short tons in 2011 and 66,341 short tons in 2012.[69]

2. Supply Conditions

Sources of supply to the U.S. market during the POI included subject imports, imports from nonsubject sources, and domestic shipments.[70]

The domestic industry supplied the largest share of the U.S. market over the POI. Its market share declined from 51.1 percent in 2010 to 39.7 percent in 2011, then increased to 40.4 percent in 2012.[71] Seven firms produced at least limited quantities of WSS pressure pipe in the United States during the POI: Alaskan Copper & Brass, Bristol Metals, Felker Brothers,

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

[64] *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.").

[65] CR at I-11, PR at I-9.

[66] CR/PR at II-1.

[67] A majority of questionnaire responses stated that demand had declined during the POI. CR/PR at Table II-4.

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

[69] CR/PR at Table IV-3. During January-March ("interim") 2013, apparent U.S. consumption was 14,644 short tons of WSS pressure pipe, compared to 18,063 short tons in interim 2012. *Id.*

[70] *See* CR/PR at Table IV-3.

[71] CR/PR at Table IV-4. The domestic industry's share was 42.9 percent in interim 2012 and 44.9 percent in interim 2013. *Id.*

Marcegaglia, Outokumpu, Rath Gibson, and Webco.[72] The domestic industry's capacity remained unchanged during the POI.[73]

Cumulated subject imports' market share increased from *** percent in 2010 to *** percent in 2011 and remained at *** percent in 2012.[74] Nonsubject imports' market share rose slightly over the POI. It increased from *** percent in 2010 to *** percent in 2011, and then declined to *** percent in 2012.[75] Taiwan was the largest source of nonsubject imports, accounting for approximately two-thirds of nonsubject imports during the POI.[76] Korea was the second largest source and imports from nonsubject sources other than Korea and Taiwan accounted for less than *** percent of apparent U.S. consumption during the period.[77] Certain imports of WSS pressure pipe from Taiwan and Korea are subject to antidumping duties.[78] However, two producer/exporters in Taiwan are not subject to those duties: Chang Mien, which was excluded from the original order, and Ta Chen, for which the order was revoked effective June 26, 2000, on merchandise entered on or after December 1, 1998.[79] Ta Chen is believed to have accounted for virtually all of the nonsubject imports from Taiwan during the POI.[80]

3. Substitutability and Other Conditions

WSS pressure pipe is produced to particular ASTM specifications (usually A-312), and varies by AISI steel type (*i.e.,* 304/304L or 316/316L), gauge (or thickness) range, and outside diameter.[81] Whether domestically produced or imported into the U.S. market, the vast majority of WSS pressure pipe is sold to distributors.[82] The domestic industry and importers both generally sold WSS pressure pipe on a spot basis.[83]

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[72] *See* CR/PR at Table III-1.

[73] CR/PR at Table III-2. One producer reported changes to its operations – ***. CR at III-4, PR at III-3.

[74] CR/PR at Table IV-4. Subject imports' market share was *** percent in interim 2012 and *** percent in interim 2013.

[75] CR/PR at Table IV-4. Nonsubject imports' share was *** percent in interim 2012 and *** percent in interim 2013.

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

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

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

[79] *See Certain Welded Stainless Steel Pipe From Taiwan: Final Results of Antidumping Duty Administrative Review and Determination To Revoke Order In Part*, 65 Fed. Reg. 39367 (June 26, 2000).

[80] Tr. at 97 (Jacob) (Ta Chen accounts for over 90 percent of nonsubject imports from Taiwan).

[81] CR at I-9 to I-11, PR at I-7 to I-9.

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

[83] CR/PR at Table V-2.

WSS pressure pipe is produced to specific ASTM standards and all responding domestic producers and importers indicated that the domestic product and subject imports were *** or *** interchangeable.[84] When asked whether differences other than price are ever significant to purchasers choosing between the domestic like product and subject imports, most domestic producers reported that non-price differences were *** significant while importers were more likely to report that non-price factors were *** or *** significant.[85] Nonetheless, the record indicates that when produced to the same ASTM specification, steel grade, outside diameter, and wall thickness, WSS pressure pipe from different sources is substitutable and suppliers compete on the basis of price.[86] Based on the record of these preliminary phase investigations, we find that WSS pressure pipe from different sources is moderately to highly substitutable, and price is an important factor in purchasing decisions.[87]

The main raw material used in the production of WSS pressure pipe is hot-rolled grade 304 or grade 316 flat-rolled austenitic stainless steel.[88] The price of grade 304 steel fluctuated during the POI and decreased overall by 20.5 percent while the price of grade 316 steel fell 17.3 over the same period.[89]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[90]

The volume of cumulated subject imports of WSS pressure pipe increased by *** percent from 2010 to 2012, from *** short tons in 2010 to *** short tons in 2011 and *** short tons in 2012.[91]

The share of apparent U.S. consumption held by cumulated subject imports, by quantity, increased from *** percent in 2010 to *** percent in 2011 and 2012, an increase of

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[84] CR/PR at Table II-5.

[85] CR/PR at Table II-6.

[86] Tr. at 23 (Podsiad) (WSS pressure pipe is a commodity product and competition is based on price); Tr. at 28 (Tidlow) (once WSS pressure pipe is made to required specifications and size, competition is based on price). Son Ha also stated that "the fungibility of subject, non-subject and domestic WSSP is not at issue; the parties agree that WSSP is a fungible commodity product." Son Ha's Postconference Brief at 4 (citing *China Investigation* at 20).

[87] *See* CR at II-11, PR at II-8.

[88] CR at I-10, PR at I-8.

[89] CR/PR at V-1.

[90] 19 U.S.C. § 1677(7)(C)(i).

[91] CR/PR at Table IV-2. Cumulated subject import volume was lower in interim 2013 (*** short tons) than in interim 2012 (*** short tons). *Id.* We note that subject producers in Malaysia and Vietnam reported exporting larger quantities of the subject merchandise to the United States than importers reported importing during the POI. CR at VII-3 n.5, VII-7 n.13, PR at VII-3 n.5, VII-5 n.13. We invite the parties to provide explanations for any inconsistency between the exporter and importer data in any final phase of the investigations.

*** percentage points.[92] The market share gained by cumulated subject imports was at the expense of the domestic industry, as nonsubject imports of WSS pressure pipe remained relatively constant in terms of market share during the POI, increasing by *** percentage points.[93] Although demand for WSS pressure pipe, as measured by apparent U.S. consumption, increased by 6.5 percent from 2010 to 2012, the domestic industry's U.S. shipments decreased while subject import shipments increased by 56.4 percent during that period.[94] Cumulated subject imports were equivalent to *** percent of U.S. production in 2010, *** percent in 2011, and *** percent in 2012.[95]

We find, for purposes of the preliminary phase of these investigations, that the cumulated volume of subject imports and the increase in that volume are significant both in absolute terms and relative to consumption and production in the United States.

D. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[96]

As discussed above, the record in the preliminary phase of these investigations indicates that subject imports and domestically produced WSS pressure pipe are made to ASTM specifications, and are moderately to highly substitutable, and that price is an important factor in purchasing decisions. The Commission collected pricing data for six products.[97] Four U.S. producers and eight importers provided usable pricing data for sales of the requested products

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[92] CR/PR at Table IV-4. The market share held by cumulated subject imports was lower in interim 2013 (*** percent) than in interim 2012 (*** percent). *Id.*

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

[94] *See* CR/PR at Table C-1.

[95] CR/PR at Table IV-5. Subject imports were equivalent to *** percent of U.S. production in interim 2012, and *** percent of U.S. production in interim 2013. *Id.*

[96] 19 U.S.C. § 1677(7)(C)(ii).

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

from subject countries, although not all firms reported pricing for all products for all quarters.[98] Pricing data reported by these firms over the period January 2010 through March 2013 accounted for approximately 6.3 percent of the value of U.S. producers' shipments of subject product, 27.6 percent of the value of U.S. shipments of subject imports from Malaysia, 19.3 percent of the value of U.S. shipments of subject imports from Thailand, and 33.6 percent of the value of U.S. shipments of subject imports from Vietnam.[99]

The pricing data show pervasive underselling by imports for all six pricing products; overall, subject imports undersold domestic product in 227 of 234 quarterly price comparisons.[100] The margins of underselling ranged from *** percent, and the average margin was 15.8 percent.[101] Given the frequency of underselling and the magnitude of the underselling margins, we find the underselling to be significant for purposes of these preliminary determinations.

Prices for U.S.-produced WSS pressure pipe fluctuated over the period, but viewed over the entire POI, the domestic producers' prices for all products (except product 5) increased.[102] Prices for all products generally increased until the second quarter of 2011, but prices for products 2, 3, 4, 5 and 6 then generally decreased thereafter.[103] The U.S. price declines for five of the six pricing products were, however, coincident with declining prices for grades 304 and 316 of hot-rolled steel, the primary inputs for the production of WSS pressure pipe.[104] Therefore, on this record we cannot conclude that subject imports had significant price-depressing effects. The record in the preliminary phase of these investigations also does not indicate that subject imports prevented price increases for the domestic like product which would otherwise have occurred to a significant degree. Over the POI, the domestic industry's ratio of cost of goods sold ("COGS") to net sales was consistently high, leaving little margin for profit. Nevertheless the ratio decreased overall, falling from 97.3 percent in 2010 to 95.7 percent in 2011, and then increasing to 96.2 percent in 2012, indicating no significant change in the industry's ability to pass along cost increases by raising prices.[105] [106]

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[98] CR at V-5, PR at V-4.

[99] CR at V-6, PR at V-5.

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

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

[102] CR/PR at Table V-9. Respondents argue that average unit values ("AUVs") suggest that subject imports have not had adverse price effects because the AUVs of subject imports were relatively stable during the POI. Son Ha Postconference Brief at 18; Pantech's Postconference Brief at 4. We do not rely on differences in AUVs as a proxy for price comparisons because the AUVs may reflect differences in product mix rather than relative pricing.

[103] CR at V-16, PR at V-9. Prices for U.S. produced product 1 increased to the first quarter of 2011, but did not decrease consistently thereafter. *Id.*

[104] *See* CR/PR at V-1.

[105] CR/PR at Table VI-1. The COGS to net sales ratio was 97.0 percent in interim 2012, and 98.8 percent in interim 2013.

[106] In any final phase investigations, we will further examine the relationship between raw material prices and prices for WSS pressure pipe and whether the subject imports have depressed or suppressed domestic prices for WSS pressure pipe.

Although we do not find on this record that the subject imports caused significant adverse price effects during the POI, we find that the significant underselling by the subject imports did have adverse effects in the U.S. market because it led to a significant loss of market share for the domestic industry. The record indicates that, as a result of the underselling, subject imports captured an additional *** percentage points of the U.S. market for WSS pressure pipe from 2010 to 2012, all of which was taken from the domestic industry.[107] The industry's lost sales and revenues demonstrate the underselling's adverse effects. Of the *** lost sales and revenues allegations, none were denied by purchasers; the single lost sale allegation and the majority of the lost revenue allegations were confirmed.[108] In addition, *** responding purchasers named in lost sales and lost revenue allegations indicated that they had switched their purchases of WSS pressure pipe from the domestic like product to the subject imports due to lower prices.[109] These *** responding purchasers also reported that U.S. producers had reduced their prices to compete with subject imports.[110]

For purposes of these preliminary determinations, we find the price underselling by the subject imports to be significant and that this underselling had significant adverse effects on the U.S. industry producing WSS pressure pipe.

E. Impact of the Subject Imports[111]

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

Based on the record of the preliminary phase of these investigations, we find that the cumulated subject imports had a significant impact on the domestic industry. Indicators of the domestic industry's performance, with the exception of financial indicators, generally declined over the POI and the industry operated at a negative operating income throughout the POI. While the domestic industry's capacity was a constant 60,512 short tons throughout the POI, its

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[107] *See* CR/PR at Table IV-4.

[108] CR/PR at Tables V-11 and V-12. The remaining allegations were not addressed by the purchaser. The lost sales allegation totaled $*** and the *** lost revenue allegations totaled $***. *Id.*

[109] CR at V-19, PR at V-11.

[110] CR at V-19, PR at V-11.

[111] In its notice initiating the antidumping duty investigations on WSS pressure pipe from Malaysia, Thailand, and Vietnam, Commerce reported estimated dumping margins ranging from 22.67 percent to 22.73 percent for imports from Malaysia, from 23.77 percent to 24.01 percent for imports from Thailand, and from 89.4 percent to 90.08 percent for imports from Vietnam. *Welded Stainless Pressure Pipe From Malaysia, Thailand, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 78 Fed. Reg. 35,258 (June 12, 2013).

production fell by 16.2 percent from 2010 to 2012, declining from 33,574 short tons in 2010 to 26,989 short tons in 2011, before slightly recovering to 28,133 short tons in 2012.[112] Accordingly, the domestic industry's rate of capacity utilization decreased from 55.5 percent in 2010 to 46.5 percent in 2012, a decline of 9 percentage points.[113]

While apparent U.S. consumption increased by 6.5 percent from 2010 to 2012,[114] the domestic industry's U.S. shipments of WSS pressure pipe decreased from 31,808 short tons in 2010 to 25,866 short tons in 2011 and then increased slightly to 26,801 short tons in 2012, an overall decline of 15.7 percent.[115] Inventories also increased slightly over the POI.[116] The domestic industry's share of apparent U.S. consumption, by quantity, decreased from 51.1 percent in 2010 to 39.7 percent in 2011 and then increased to 40.4 percent in 2012, an overall decline of 10.7 percentage points.[117]

The industry's employment indicators suffered as well. The domestic industry's number of production and related workers ("PRWs") fell from 292 in 2010 to 274 in 2012.[118] Hours worked[119] and labor productivity also fell from 2010 to 2012,[120] while wages paid increased irregularly over the period.[121]

While the industry's financial performance improved slightly over the period, it operated at a loss throughout the POI. The value of the domestic industry's net sales declined by 12.9 percent from 2010 to 2012.[122] Its operating income was negative throughout the POI,

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[112] CR/PR at Table III-2. The domestic industry's production was lower in interim 2013 (7,121 short tons) than in interim 2012 (8,303 short tons). *Id.*

[113] CR/PR at Table III-2. The domestic industry's capacity utilization was lower in interim 2013 (47.1 percent) than in interim 2012 (54.9 percent). *Id.*

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

[115] CR/PR at Table III-4. The domestic industry's U.S. shipments were lower in interim 2013 (6,573 short tons) than in interim 2012 (7,753 short tons). *Id.*

[116] *See* CR/PR at Table III-5. Inventories increased from 5,417 short tons in 2010 to 5,530 short tons in 2012, and were higher in interim 2013 than in interim 2012. *Id.*

[117] CR/PR at Table IV-4. The domestic industry' share was higher in interim 2013 (44.9 percent) than in interim 2012 (42.9 percent). *Id.*

[118]CR/PR at Table III-6. The number of PRWs was lower in interim 2013 (257) than in interim 2012 (268). *Id.* ***. CR at III-4, PR at III-3.

[119] Total hours worked fell from 583,000 hours in 2010 to 556,000 hours in 2012, and were higher in interim 2013 (140,000 hours) than in interim 2012 (130,000 hours). CR/PR at Table III-6.

[120] Labor productivity fell from 57.6 short tons per thousand hours worked in 2010 to 49.0 short tons per thousand hours worked in 2011, then increased to 50.6 short tons per thousand hours worked in 2012, and was lower in interim 2013 (54.8 short tons per thousand hours worked) than in interim 2012 (59.3 short tons per thousand hours worked). CR/PR at Table III-6.

[121] Wages paid declined from $9.9 million in 2010 to $9.5 million in 2011 and then increased to $10.0 million in 2012, but were lower in interim 2013 ($2.3 million) than in interim 2012 ($2.5 million). CR/PR at Table III-6.

[122] Total net sales, as measured by quantity, fell from 32,589 short tons in 2010 to 27,518 short tons in 2012, and were lower in interim 2013 (6,658 short tons) than in interim 2012 (7,926 short tons). CR/PR at Table VI-1. Total net sales, as measured by value, fell from $140.4 million in 2010 to $122.3

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although it improved from a loss of $7.1 million in 2010 to a loss of $3.5 million in 2011 and a loss of $2.6 million in 2012.[123] The industry's income ratio was negative 5.1 percent in 2010, negative 2.6 percent in 2011, and negative 2.1 percent in 2012.[124] The domestic industry was able to reduce its losses somewhat by raising its prices relative to its costs during the POI, resulting in a modest decline in its COGS to net sales ratio from 2010 to 2012.[125] Nevertheless, the industry was unable to earn sufficient revenues to achieve profitable operations.[126]

Based on the record of the preliminary phase of these investigations, we find that subject imports are having an adverse impact on the domestic industry. The significant and increasing volumes of low-priced subject imports undersold the domestic like product, taking market share away from the domestic industry. As a result, despite growing apparent U.S. consumption, the industry's U.S. shipments, net sales, market share, and employment all declined and the industry's financial performance remained poor.[127]

We have also considered whether there are other factors that may have had an adverse impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to the subject imports. Nonsubject imports had a substantial presence in the U.S. market, accounting for approximately *** of apparent U.S. consumption during the

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(…Continued)
million in 2012, and were lower in interim 2013 ($27.9 million) than in interim 2012 ($38.3 million). CR/PR at Table VI-1.

[123] CR/PR at Table VI-1. The domestic industry's loss in interim 2013 ($1.5 million) was larger than in interim 2012 ($1.1 million). Three of five producers reported operating losses for the entire period while the other two reported operating income for all periods. CR/PR at VI-2.

[124] CR/PR at Table VI-1. The domestic industry's operating margins were lower in interim 2013 (negative 5.2 percent) than in interim 2012 (negative 2.9 percent). *Id.* The domestic industry's capital expenditures varied from $*** in 2010 to $*** in 2011 and then to $*** in 2012, and were higher in interim 2013 ($***) than in interim 2012 ($***). CR/PR at Table VI-5. Only *** producers reported any capital expenditures during the POI. CR/PR at VI-12. Research and development expenses were minimal, totaling only *** for the period. *See* CR/PR at Table VI-5.

[125] Both net sales values and unit COGS rose during the period. The domestic industry's COGS to net sales ratio fell from 97.3 in 2011 to 96.2 percent in 2012. *See* CR/PR at Table VI-1.

[126] Domestic producers indicated that, prior to the POI, they used surcharges designed to pass on fluctuations in raw material prices on to customers, but pricing pressure from the subject imports forced the industry to discontinue the practice. Tr. at 28-29, 47-49 (Tidlow, Hendrickson, Podsiad). We will further examine the use of surcharges in this market in any final phase investigations.

[127] In any final phase investigations, we will examine whether changes in product mix account for the industry's reduced financial losses. Specifically, the domestic industry indicated that it has retreated from the smaller-sized WSS pressure pipe segments of the market due to low-priced competition from the subject imports. Petitioners' Postconference brief at 14. Furthermore, Outokumpu reported closing two mills producing WSS pressure pipe 2 inches or less in diameter. Tr. at 23 (Podsiad). In any final phase investigations, we will explore competition in the different size segments of the WSS pressure pipe market, and will also gather shipment data based on size and length in feet to help assess the extent to which the industry has discontinued producing smaller sizes of WSS pressure pipe and the effects of any such changes in product mix on the industry's overall operations.

POI.[128] The data in these preliminary investigations, which are incomplete, suggest that nonsubject imports are priced competitively with the subject imports and the domestic like product.[129] [130] Nonetheless, subject imports grew at a faster rate than nonsubject imports, with their market share increasing by almost nine percentage points while nonsubject imports' share grew by a more modest *** percentage points.[131] Thus, notwithstanding any effects of the nonsubject imports, subject imports captured more market share from the domestic industry than did the nonsubject imports.[132]

Respondents allege that several factors other than subject imports are responsible for any difficulties experienced by the domestic industry over the POI.[133] Although we intend to assess these other factors further in any final phase investigations, the record in these preliminary phase investigations does not indicate that any of these factors can explain the domestic industry's current difficulties.[134] We therefore conclude, for purposes of these preliminary determinations, that the cumulated subject imports have had a significant adverse impact on the domestic industry.

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[128] *See* CR/PR at Table IV-4.

[129] The Commission was unable to obtain pricing information for the largest source of nonsubject imports, Ta Chen of Taiwan. Nonsubject imports from Korea undersold the subject imports in *** of *** comparisons. CR/PR at Table E-1. In any final phase investigations, we will seek more information concerning the industries in Korea and Taiwan and the pricing of nonsubject imports.

[130] Commissioner Pinkert finds based on the record evidence in these investigations that WSS pressure pipe is a commodity product for purposes of the *Bratsk/Mittal Steel* analysis, and that non-subject imports are a significant factor in the U.S. market. Although the record contains some nonsubject import pricing data, it does not contain usable pricing data on nonsubject imports from Taiwan — which accounted for the majority of nonsubject imports in the U.S. market. Given the lack of these data, he does not apply the analysis in these investigations, but invites parties to comment on the applicability of the *Bratsk/Mittal Steel* analysis in any final investigations.

[131] *See* CR/PR at Table IV-4.

[132] Silbo contends that Ta Chen had a relationship with Bristol Metals' parent corporation, supports the petition, and seeks to benefit from the imposition of antidumping duties. Silbo's Postconference Brief at 1-8. Silbo does not identify and we cannot discern how Ta Chen's alleged relationship with Bristol Metals is relevant to our statutory inquiry.

[133] Son Ha's Postconference brief at 17, 19; Pantech's Postconference Brief at 6, 7, 9 and 10; Silbo's Postconference Brief at 7.

[134] Although Respondents argue that macroeconomic conditions are an alternative cause of injury, the record indicates that apparent U.S. consumption of WSS pressure pipe rose from 2010 to 2012; nevertheless, the industry's sales and output declined during this period. *See* CR/PR at Table C-1. Further, Respondents' argument that *** cannot be reconciled with the data showing that the industry as a whole, and ***, experienced reduced market share and net sales. *See* CR/PR at Table VI-2. Respondents also attribute the domestic industry's poor performance to fluctuations in raw material costs, yet the fluctuations operated in the industry's favor during the latter portion of the POI. Nonetheless, the industry continued to lose market share and experience declining shipments and sales and unprofitable operating performance. *See* CR/PR at Table C-1.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of WSS pressure pipe from Malaysia, Thailand, and Vietnam that are allegedly sold in the United States at less than fair value.

PART I: INTRODUCTION

BACKGROUND

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

Effective date	Action
May 16, 2013	Petition filed with Commerce and the Commission; institution of Commission investigation (78 FR 31574, May 24, 2013)
June 6	Commission's conference
June 12	Commerce's notice of initiation (78 FR 35253, June 12, 2013)
June 28	Commission's vote
July 1	Commission's determination
July 9, 2013	Commission's views

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

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

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

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

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

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

including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of report

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

MARKET SUMMARY

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

SUMMARY DATA

Apparent U.S. consumption of WSS pressure pipe totaled approximately 66,341 short tons valued at $279 million in 2012. Currently, seven firms are known to produce WSS pressure pipe in the United States. U.S. producers' U.S. shipments of WSS pressure pipe totaled 26,801 short tons valued at $118 million in 2012, and accounted for 40.4 percent of apparent U.S. consumption by quantity and 42.5 percent by value. U.S. shipments of imports from subject sources totaled *** short tons valued at $*** million in 2012 and accounted for *** percent of

apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from nonsubject sources totaled *** short tons valued at $*** million in 2012 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of five firms that accounted for approximately *** percent of U.S. production of WSS pressure pipe during 2012. U.S. imports are based on responses to Commission questionnaires.

PREVIOUS AND RELATED TITLE VII INVESTIGATIONS

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

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

Table I-1
WSS pressure pipe: Previous and related Title VII investigations

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

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

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

PREVIOUS AND RELATED SAFEGUARD INVESTIGATIONS

Following receipt of a request from the Office of the United States Trade Representative ("USTR") on June 22, 2001, the Commission instituted investigation No. TA-201-73, Steel, under section 202 of the Trade Act of 1974[5] to determine whether certain steel products, including stainless steel welded tubular products,[6] were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries producing articles like or directly competitive with the imported

[5] 19 U.S.C. § 2252.
[6] Stainless steel welded tubular products were found to be a single 'like or directly competitive' product. *Steel, Inv. No. TA-201-73, Volume I: Determinations and Views of Commissioners,* USITC Publication 3479, December 2001, p. 16.

article.[7] On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate ("Senate Finance Committee" or "Committee") requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.[8] Consistent with the Senate Finance Committee's resolution, the Commission consolidated the investigation requested by the Committee with the Commission's previously instituted investigation No. TA-201-73.[9] On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission made a unanimous negative determination with respect to stainless steel welded tubular products.[10]

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On June 12, 2013, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on WSS pressure pipe from Malaysia, Thailand, and Vietnam.[11] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 22.67 percent to 22.73 percent for WSS pressure pipe from Malaysia, 23.77 percent to 24.01 percent for WSS pressure pipe from Thailand, and 89.4 percent to 90.8 percent for WSS pressure pipe from Vietnam.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of these investigations as follows:

> *circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. For purposes of these investigations, references to size are in nominal inches and include all products within tolerances allowed by pipe specifications. This merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A–312 or ASTM A–778 specifications, or comparable domestic or foreign specifications. ASTM A–358 products are only included when they are*

[7] *Institution and Scheduling of an Investigation under Section 202 of the Trade Act of 1974 (19 U.S.C. 2252) (the Act),* 66 FR 35267, July 3, 2001.

[8] 19 U.S.C. § 2251.

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

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

[11] *Welded Stainless Pressure Pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam Initiation of Antidumping Duty Investigations*, 78 FR 35253, June 12, 2013.

produced to meet ASTM A–312 or ASTM A–778 specifications, or comparable domestic or foreign specifications.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations normally are included under Harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085.[12] They also may be imported under HTSUS statistical reporting numbers 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090.[13]

THE PRODUCT

Description and applications

The subject product ("WSS pressure pipe") refers to welded pipe of austenitic stainless steel not greater than 14 inches in outside diameter ("O.D."). "Pipe" is of circular cross-section, produced in relatively few standard sizes, designated by nominal diameter and wall thickness,[14] and is designed for use with standard pipe fittings. Pressure pipe is used to convey fluids at high temperatures, high pressures, or both, and is suitable for high-temperature applications. The subject pipe is produced to exact outside diameters and decimal wall thicknesses and to specifications A-312 and A-778 by the American Society for Testing and Materials ("ASTM") or to similar specifications, either foreign or domestic.[15]

Stainless steel is a general class of steels that contains at least 10.5 percent of chromium by weight. Chromium gives stainless steel its excellent resistance to corrosion and good strength at high temperatures and pressure. For these reasons, it is used in corrosive environments, under high temperature and pressure conditions, or when cleanliness and ease of maintenance are strictly required. Although there are various types of stainless steels, the product subject to these investigations is made from the austenitic class of stainless steels

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

[13] *Welded Stainless Pressure Pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam Initiation of Antidumping Duty Investigations*, 78 FR 35253, June 12, 2013. Three U.S. importers reported importing subject imports under these HTS reporting numbers.

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

[15] *Welded Stainless Pressure Pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations,* 78 FR 35253, June 12, 2013.

which has excellent corrosion resistance, unusually good formability, and increases in strength as a result of cold work (changes to the shape or structure of steel, for example by rolling, without the application of heat). Subject product is generally made from austenitic grades 304 and 316.[16] Grade 304, the most widely used austenitic grade, contains 18-20 percent chromium, 8-10.5 percent nickel, is resistant to food processing environments (except possibly for high-temperature conditions involving high acid and chloride contents), organic chemicals, and a wide variety of inorganic chemicals. Grade 316 contains 16-18 percent chromium, 10-14 percent nickel, and 2-3 percent molybdenum. In comparison to grade 304, grade 316 has more nickel and molybdenum which gives grade 316 better corrosion resistance than grade 304.[17]

As mentioned earlier, WSS pressure pipe is generally made to ASTM specifications A-312 or A-778. The A-312 specification covers seamless and straight-seam welded and heavily cold worked welded austenitic stainless steel pipe intended for high-temperature and general corrosive service; specification A-778 is a standard specification for welded, unannealed austenitic stainless steel tubular products.[18] Welded A-312 pipe is designed for high-temperature and general corrosive-resistance service, and must be annealed (heat treated) after welding.[19] A-778 pipe is similar to A-312, but differs in the welding process and in that A-778 post-weld annealing of the pipe is not required. This specification is designed for low and moderate temperatures and corrosive service where heat treatment is not necessary for corrosion resistance.[20] [21]

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[16] Conference transcript, p. 5, (Schagrin).

[17] Specialty Steel Industry of North America, *Design Guidelines for the Selection and Use of Stainless Steel*, pp. 2, 5, and 8, found at http://www.ssina.com/publications/design.html, retrieved June 11, 2013.

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

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

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

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

WSS pressure pipe is used by a variety of end use industries including chemicals, petrochemicals, food and beverage, pharmaceutical, water purification, grain processing for ethanol, process piping/fluid handling, air piping, structural, oil and gas, and OEM.[22]

Manufacturing process[23]

Production of WSS pressure pipe is a two-stage process of forming the tubular shape followed by welding the product in a continuous mill process. The continuous-mill process, which is the principal method of producing WSS pressure pipe,[24] begins with coils of stainless-steel sheet, strip, or plate. Coiled steel, of a width essentially corresponding with the outside diameter of the pipe to be produced, is mounted in an uncoiler and fed into a series of paired forming rolls. As the stainless steel progresses through the rolls, its cross-sectional profile is formed into a tubular shape with the butted edges along its length ready for (longitudinal) welding as described below. Domestic producers' facilities include several continuous weld mills, with each dedicated to a limited range of pipe diameters based on the individual mill configuration and tooling.[25]

In the welding stage, the butt edges are welded together by an automatic welding machine using either the tungsten-inert-gas ("TIG") welding process,[26] the plasma welding process, or the laser welding process. These methods allow welding without filler material,[27] complete fusion of butted edges, and shielding of the weld area with inert gas to prevent oxidation. In the TIG welding process, welding heat is provided by an electric arc between a tungsten electrode and the pipe edges. The plasma welding process is similar to the TIG process in that the (gaseous) plasma is heated as it passes through an arc torch, which is created by an electrode within a nozzle. In the laser welding process, a laser beam is directed to the weld butt joint, forming a deep-penetration fusion weld. The laser process is capable of a higher speed of operation than is the TIG process. The pipe continues after welding through an in-line annealing

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[22] Conference transcript, p. 28 (Tidlow) and ***'s producer questionnaire responses, section IV-11

[23] Unless otherwise indicated, Information in this section was obtained from *Welded Stainless Steel Pressure Pipe from China, Investigation Nos. 701-TA-454 and 731-TA-1144 (Final)*, USITC Publication 4064, March 2009, pp. I-10 – I-11.

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

[25] Conference transcript, p. 143 (Schagrin).

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

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

furnace in a non-oxidizing atmosphere,[28] then through straightening equipment and, finally, cutting to length.

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. The petitioners propose a domestic like product definition in their petition co-extensive with that of the subject product as defined by Commerce.[29] Respondents accept the petitioners' definition of the domestic like product for the purposes of the preliminary phase of these investigations.[30] [31]

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

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

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

[31] During the preliminary phase of the Welded Stainless Steel Pressure Pipe from China, Investigation Nos. 701-TA-454 and 731-TA-1144 investigations, U.S. importer Silbo argued that there was no basis for excluding pressure pipe greater than 14 inches in O.D. from the domestic like product and, at the request of Silbo, the Commission considered whether to define the domestic like product more broadly than the scope to include large-diameter pressure pipes. Silbo did not submit a postconference brief or other documentation to support its arguments and did not submit any briefs in the final phase of those investigations or participate in the hearing for those investigations. *Welded Stainless Steel Pressure Pipe from China, Investigation Nos. 701-TA-454 and 731-TA-1144 (Final)*, USITC Publication 4064, March 2009, p. 6 and p. 6 fn. 24.

PART II: SUPPLY AND DEMAND INFORMATION

U.S. MARKET CHARACTERISTICS

WSS pressure pipe is used primarily in capital investment projects by chemical and petrochemical plants, grain processing (ethanol) plants, food and beverage processing plants, power generation plants, and pulp and paper mills. Important end users include the chemical and pharmaceutical industry, food and beverage industry, power generation industry, and the pulp and paper industry. Consequently, the demand for WSS pressure pipe depends on demand for downstream products of these industries.

CHANNELS OF DISTRIBUTION

Both U.S. producers and importers sold mainly to distributors as shown in table II-1; however, imports from Vietnam were increasingly sold to end users during the period of investigation.

GEOGRAPHIC DISTRIBUTION

Both U.S. producers and importers from each of the subject countries reported selling WSS pressure pipe to all regions in the contiguous United States (table II-2). For U.S. producers, most sales were between 101 and 1,000 miles (table II-3). Overall, importers sold 50.2 percent within 100 miles of their U.S. point of shipment, 38.8 percent between 101 and 1,000 miles, and 11.0 percent over 1,000 miles. Subject imports typically were not shipped as far as U.S. product.

Table II-1
WSS pressure pipe: U.S. producers' and importers' share of reported U.S. shipments, by sources and channels of distribution, January 2010 to March 2013

Item	2010	2011	2012	January-March 2012	January-March 2013
U.S. producers' U.S. shipments of WSS pressure pipe:					
Distributors	90.8	88.9	87.9	88.8	89.6
End users	9.2	11.1	12.1	11.2	10.4
U.S. importers' U.S. shipments of WSS pressure pipe from Malaysia:					
Distributors	94.3	90.1	91.9	92.1	87.9
End users	5.7	9.9	8.1	7.9	12.1
U.S. importers' U.S. shipments of WSS pressure pipe from Thailand:					
Distributors	99.8	93.6	92.1	94.6	90.0
End users	0.2	6.4	7.9	5.4	10.0
U.S. importers' U.S. shipments of WSS pressure pipe from Vietnam:					
Distributors	99.6	91.7	86.3	89.7	65.2
End users	0.4	8.3	13.7	10.3	34.8

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

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

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

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

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

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

Distance from point of shipment	U.S. producers	Imports from Malaysia	Imports from Thailand	Imports from Vietnam
0 to 100 miles	4.8	45.4	37.4	78.3
101 to 1,000	63.0	42.4	48.0	18.3
Greater than 1,000	32.2	12.2	14.6	3.4

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

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

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

Industry capacity

Domestic capacity utilization decreased from 55.5 percent in 2010 to 46.5 percent in 2012. This relatively low level of capacity utilization suggests that U.S. producers may have substantial capacity to increase production of product in response to an increase in prices.

Alternative markets

U.S. producers' exports, as a percentage of total shipments, were low. They were under 3 percent of shipments in each year from 2010 to 2012. U.S. producers apparently have limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories increased from 16.7 percent of total shipments in 2010 to 20.2 percent in 2012. These inventory levels suggest that U.S. producers may be able to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Three of five responding U.S. producers stated that they produced other products with the same equipment machinery and workers that they use for WSS pressure pipe. Other

products that producers reportedly can produce on the same equipment as WSS pressure pipe include larger welded stainless steel pressure pipe, high alloy welded stainless steel pressure pipe, stainless steel fittings, thin wall tubing, and copper nickel pipe and fittings.

Subject imports from Malaysia[1]

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

Industry capacity

Malaysian capacity increased from *** short tons to *** short tons from 2010 to 2012. Production of subject product increased from *** to *** short tons from 2010 to 2012. Capacity utilization increased from *** percent in 2010 to *** percent in 2012. Growing capacity and moderate capacity utilization increase Malaysian producers' ability to increase shipments to the U.S. market.

Alternative markets

Exports of WSS pressure pipe increased from 2010 to 2012 but were lower in January-March 2013 compared to January-March 2012. While Malaysian producers shipped the subject product to non-U.S. markets such as Australia, Belgium, Brazil, Canada, Indonesia, the Netherlands, Puerto Rico, Turkey, ASEAN Markets, and other European countries, the majority of Malaysian producers' exports were to the U.S. market. Existing and growing exports to other markets could allow Malaysian producers the ability to shift some product from other markets to the United States.

Inventory levels

Malaysian producers' inventories increased from *** percent of total shipments in 2010 to *** percent in 2012. Growing inventories could allow Malaysian producers the ability to increase shipments to the United States from inventories.

Production alternatives

One of four responding Malaysian producers stated that it produced other products with the same equipment machinery and workers that it uses for WSS pressure pipe. Relatively limited production alternatives provide Malaysian producers with a limited ability to increase production of WSS pressure pipe by shifting production from other products.

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[1] The Commission received questionnaire responses from three producers in Malaysia; these firms accounted for approximately *** percent of production of WSS pressure pipe in Malaysia and *** percent of exports of subject product from Malaysia to the United States.

Subject imports from Thailand[2]

No Thai producers responded to the Commission's foreign producer questionnaire; therefore the discussion in this section is based on information provided in the petition.[3]

Industry capacity

Thai production capacity was estimated by petitioners to be at least 15,000 short tons of stainless steel tube per year.

Alternative markets

According to its website, in 2012, Thai-German sold 92 percent of its production within Thailand and exported 8 percent.[4]

Subject imports from Vietnam[5]

Based on available information, producers of WSS pressure pipe from Vietnam have the ability to respond to changes in demand with moderate changes in the quantity of shipments of WSS pressure pipe to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are expanding capacity and the availability of unused capacity.

Industry capacity

Industry capacity in Vietnam increased from *** short tons in 2010 to *** short tons in 2011 and then decreased to *** short tons in 2012. Production of subject product followed the same pattern, increasing from *** short tons in 2010 to *** short tons in 2011, then decreasing to *** short tons in 2012. Capacity utilization experienced an overall downward trend, declining from *** percent in 2010 to *** percent in 2011 and to *** percent in 2012. The increasing capacity and falling capacity utilization rates for Vietnamese producers increase their ability to increase sales to the U.S. market.

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[2] Six importers reported imports from Thailand. Thai imports represent 15.8 percent of total imports of WSS pressure pipe between January 2010 and March 2013.

[3] Petitioners provided the names for two Thai producers, Thai-German and Toyo Millennium. A third firm, ***, in the petitioners' brief, they report that *** did not provide production data. ***. ***.

[4] Petition, Volume 2, Part B, EXIM Thailand lends to TGpro to support stainless steel http://www.tgpro.co.th/index.php/en/newstgpro/news-tgpro/199-exim-thailand-lends-to-tgpro.html.

[5] The Commission received questionnaire responses from two producers in Vietnam; these firms accounted for approximately *** percent of production of WSS pressure pipe in Vietnam and *** percent of exports of subject product from Vietnam to the United States.

Alternative markets

Total exports of WSS pressure pipe by producers in Vietnam increased from *** short tons in 2010 to *** short tons in 2012. While exports to the United States accounted for the majority of exports (between 83 and 98 percent of total exports), Vietnamese producers did export to non-U.S. markets, such as Brazil, Canada, India, Philippines, and Singapore. The existence of alternative export markets increase Vietnam producers' ability to shift sales to the U.S. market.

Inventory levels

Vietnamese producers' inventories increased from *** percent of total shipments in 2010 to *** percent in 2012. Relatively low levels of inventories reduce the ability of producers in Vietnam to increase their sales to the U.S. market from inventories.

Production alternatives

One of the two responding Vietnamese producers stated that it produced other products with the same equipment machinery and workers that it uses for WSS pressure pipe. Thus, there is some ability for Vietnamese producers to increase sales to the U.S. market by shifting production from other products to the production of the subject product.

Nonsubject imports

The largest sources of nonsubject imports during the period of investigation were Korea and Taiwan. Combined, these countries accounted for 96.2 percent of nonsubject imports and 32.2 percent of all imports of WSS pressure pipe in 2012.

U.S. demand

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

End uses

U.S. demand for WSS pressure pipe depends on the demand for U.S.-produced downstream products. The demand for pressure pipe is a derived demand that depends upon increased capacity in many industries using corrosion resistant pipe including pharmaceutical, food, petrochemical, refinery, energy, pulp and paper, and others. All four responding U.S. producers and all eight responding importers reported no changes in end uses for WSS pressure pipe during the period of investigation.

Business cycles

Three of four responding U.S. producers but none of the responding importers indicated that the market was subject to distinctive business cycles or conditions of competition. Specifically, two U.S. producers reported that demand was tied to capital spending and industrial growth; one firm reported some seasonality with the first quarter usually being strongest. This firm also noted that the volatility of nickel prices creates uneven demand.

U.S. government policy was reported to influence demand for WSS pressure pipe. For example, the U.S. policy requiring increased use of ethanol in gasoline before 2010 had caused demand to surge because WSS pressure pipe was used to build the plants that produce ethanol.[6]

Apparent consumption

Apparent U.S. consumption of WSS pressure pipe increased from *** short tons in 2010 to *** short tons in 2012. Overall, apparent U.S. consumption in 2012 was *** percent higher than in 2010.

Demand trends

Most firms reported that U.S. demand for WSS pressure pipe had decreased since 2010 (table II-4). Reasons given for reduced demand included: slow manufacturing growth; reduced construction; the financial crisis; falling price of raw materials;[7] and decreased demand caused by the recession.

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

Item	Increase	Decrease	Fluctuate	No change
U.S. producers	1	3	0	0
Importers	0	3	4	0

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

Substitute products

Substitutes for WSS pressure pipe are limited because other pipes have different characteristics that limit their use in applications in which WSS pressure pipes is used.[8] Most U.S. producers report some substitutes for WSS pressure pipe while most importers reported

[6] Conference transcript, p 69-70 (Schagrin).

[7] The falling price of raw materials may cause distributors to reduce inventories if they think that prices will continue to fall. This could reduce purchases for inventories since falling prices would reduce the value of inventories.

[8] WSS pressure pipe can be used in many applications where less expensive pipe is used, but this is uncommon because it is an unnecessary cost.

that there were no substitutes. At the conference, however, petitioners reported that engineering requirements determine if WSS pressure pipe or other types of pipes must be used. As a result, they reported that there is little practical substitution for WSS pressure pipe.[9]

Cost share

WSS pressure pipe accounts for a relatively small share of the cost of the end-use products in which it is used. When staff identified the end use as "plants in which WSS pressure pipe is used" at the conference, the petitioners reported that the cost of WSS pressure pipe was 3 percent or less of the cost of most typical plants in which it was used.[10]

SUBSTITUTABILITY ISSUES

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

Comparisons of domestic products, subject imports, and nonsubject imports

In order to determine whether U.S.-produced WSS pressure pipe can generally be used in the same applications as imports from Malaysia, Thailand, and Vietnam, U.S. producers and importers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-5, most responding producers and importers reported that product for all pairs was always interchangeable for almost all country pairs.

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[9] Conference transcript, pp. 79-80, 86-87 (Schagrin, Hendrickson, Pennington, and Podsiad). One of the four responding U.S. producers and six of seven responding importers reported that there are no substitutes. Plastic pipe was reported to be a substitute for process piping and water uses; fiberglass pipe was reported to be a substitute for water and pulp/paper uses; carbon steel was reported to be a substitutes for water, wastewater, pulp/paper, and non-corrosive uses; copper was reported to be a substitute for water uses; and alloy seamless pipe was reported to be a substitute for food processing. No producers and only one importer reported that the price of any of the substitutes affected the price of WSS pressure pipe. This importer reported that the price of alloy seamless pipe has kept the price of WSS pressure pipe down.

[10] Conference transcript, pp. 74-77 (Tidlow, Hendrickson, and Podsiad). The wide range of estimates from questionnaires reflect a wide range of presumptions about the end-use. Producers' questionnaire responses' costs shares for WSS pressure pipe ranged from 7 to 75 percent of the cost of "fluid handling," "oil and gas," "air piping," "OEM," "structural," and "petrochemical". Importers' questionnaires reported cost shares for WSS pressure pipe ranged from 40 to 90 percent for "industrial piping", "oil and gas", "agricultural piping", and "food processing".

Table II-5

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

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

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

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

Parties were asked if purchasers continued to prefer to purchase product from approved manufacturers. Petitioners reported less use of approved-manufacture lists, typically only the largest purchasers had approved-manufacturers lists.[11] Importers, in contrast, reported that purchasers continued to prefer to purchase product made by some manufacturers or in some countries over others.[12]

Producers and importers were asked to assess how often differences other than price were significant in sales of WSS pressure pipe from the United States, subject, or nonsubject countries. As seen in table II-6, most U.S. producers reported that there were "never" differences other than price. Half or more of the importers reported that there are "always" or "frequently" differences other than price for U.S. compared to subject countries; half reported

[11] Conference transcript, p. 72 (Tidlow, Hendrickson, and Podsiad).

[12] Conference transcript, p. 127 (Jakob).

Table II-6

WSS pressure pipe: Significance of differences other than price between WSS pressure pipe produced in the United States and in other countries, by country pair

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

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

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

that there were “never” differences other than price for subject country pairs; half or more reported that there were “never” differences other than price between U.S. and Korean/Taiwan product and between product from Korea and that from Taiwan and that from other nonsubject countries. In contrast, most importers reported that there were at least “sometimes” differences other than price between product from subject countries and product from nonsubject countries. One importer reported that Korea and Taiwan use higher quality raw materials and ship on time, while Malaysia, Thailand, and Vietnam produce lower quality product and do not ship on time. Another importer reported that the key advantage of product

from Vietnam was the lower labor cost, but its disadvantage was the limited production range limits sales.[13]

[13] This importer reported other changes that may affect U.S. and imported product equally including: customers are stocking less material than before the financial crisis and inland freight has increased with fuel costs.

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 margin of dumping was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of five firms that accounted for approximately *** percent of U.S. production of WSS pressure pipe during 2012.

U.S. PRODUCERS

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

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

[1] *** provided partial information, included only in Table III-1.

Table III-1
WSS pressure pipe: U.S. producers of WSS pressure pipe, their positions on the petition, production locations, production, and shares of reported production, 2012

Firm	Position on orders	U.S. production location(s)	Related and/or affiliated firms in the United States	Share of 2012 production (percent)
Alaskan Copper & Brass	***	Seattle, WA	Alco Investment Co.[1]	***
Bristol Metals	Petitioner	Bristol, TN	Synalloy Corporation[1]	***
Felker Brothers	Petitioner	Glasgow, KY	None.	***
Marcegaglia USA	***	Munhall, PA	Marcegalia (Italy)[1]	***
Outokumpu	Petitioner	Wildwood, FL	Outokumpu Stainless Inc (United States)[1] Outokumpu Stainless Tubular Products Holding Oy	***
Rath Gibson	***	Clarksville, AR Janesville, WI North Branch, NJ	([2])	***
Webco	***	Mannford, OK	None.	***

[1] ***.
[2] Not available.

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

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

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-2 presents U.S. producers' production, capacity, and capacity utilization. U.S. capacity of WSS pressure pipe did not change throughout the period of investigation for these investigations. Total U.S. production decreased from 2010 to 2012 by 16.2 percent, with the decrease occurring between 2010 and 2011. Annual production of WSS pressure pipe decreased by 19.6 percent from 2010 to 2011, with *** U.S producers reported decreased production during this period. *** experienced the largest decline in production from 2010 to 2011, accounting for *** of the U.S. producers' decline. U.S. Production increased by 4.2 percent from 2011 to 2012. *** U.S. producers reported increased production during this period, with *** experiencing the largest increases. Production for ***. U.S. production was 14.2 percent lower in January-March 2013 than in January-March 2012. *** U.S. producers reported lower production in January-March 2013 than in January-March 2012. *** accounted for the majority of the decrease. Annual capacity utilization rates for WSS pressure pipe production declined from 55.5 percent in 2010 to 46.5 percent in 2012; capacity utilization rates were lower in January-March 2013 (47.1 percent) compared to January-March 2012 (54.9 percent).

Table III-2
WSS pressure pipe: U.S. producers' production, capacity, and capacity utilization, 2010-12, January-March 2012, and January-March 2013

Item	Calendar year			January-March	
	2010	2011	2012	2012	2013
Capacity[1]	60,512	60,512	60,512	15,128	15,128
Production	33,574	26,989	28,133	8,303	7,121
Capacity utilization (*percent*)	55.5	44.6	46.5	54.9	47.1

[1] Bristol Metals, Felker Brothers, Marcegaglia, Outokumpu and Webco reported capacity (production capability) based on operating *** hours per week, *** weeks per year, respectively.

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

U.S. producers' share of production by grade was consistent throughout the period for which data were collected.[2] Grade ASTM-A312 accounted for *** percent to *** of total U.S. production quantity, and Grade ASTM-A778 accounted for all other production quantity.[3]

In the Commission's questionnaire, U.S. producers were asked if they experienced any plant openings, plant closings, relocations, expansions, acquisitions, consolidations, prolonged shutdowns or production curtailments, or revised labor agreements since January 1, 2010. ***. In January 2011, ***. In January 2013, ***. In 2011 and 2012, ***. Outokumpu claims that when its parent company, OK Oyj, sold its interests in all of its pipe mills globally, the buyer did not take the U.S. operations due to concerns over the U.S. market.[4]

*** U.S. producers of WSS pressure pipe reported the production of other products on the same equipment and machinery used to produce WSS pressure pipe. *** reported that it produces ***. *** reported that it produces ***. *** reported that it produces ***. *** reported that *** produce other products on the same equipment and machinery used to produce WSS pressure pipe.[5] Additional information, including the size ranges, specifications, and grades of stainless steel tubular products manufactured by domestic producers is presented in table III-3.

[2] See Appendix D.

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

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

[5] ***. ***.

Table III-3

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

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

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

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

Table III-4 presents U.S. producers' U.S. shipments, export shipments, and total shipments. The quantity of U.S. producers' U.S. shipments of WSS pressure pipe decreased by 15.7 percent from 2010 to 2012 and was 15.2 percent lower in January-March 2012 than in January-March 2013.[6] The value of U.S. producers' U.S. shipments also decreased, by 13.6 percent from 2010 to 2012 and was 25.7 percent lower in January-March 2013 than in January-March 2012. Three of five U.S. producers reported export shipments during the period for which data were collected. Annual exports as a share of total shipments, measured in short tons, ranged from a low of 1.9 percent in 2010 to a high of 3.3 percent in 2012. Export destinations included Canada, Mexico, Argentina, Singapore, and South America.

[6] Internally consumed WSS pressure pipe is used for fabricating products such as piping systems. Conference transcript, p. 15 (Pennington).

Table III-4
WSS pressure pipe: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2010-12, January-March 2012, and January-March 2013

Item	Calendar year			January-March	
	2010	2011	2012	2012	2013
	Quantity (*short ton*)				
Commercial shipments	30,098	23,902	24,488	7,051	6,056
Internal consumption	1,710	1,964	2,313	702	517
Transfers to related firms	0	0	0	0	0
U.S. shipments	31,808	25,866	26,801	7,753	6,573
Export shipments	606	884	619	172	85
Total shipments	32,414	26,750	27,420	7,925	6,658
	Value (*1,000 dollars*)				
Commercial shipments	129,494	119,305	107,651	33,795	25,258
Internal consumption	7,576	9,672	10,779	3,219	2,233
Transfers to related firms	0	0	0	0	0
U.S. shipments	137,070	128,977	118,430	37,014	27,491
Export shipments	3,140	5,944	3,214	966	433
Total shipments	140,210	134,921	121,644	37,980	27,924
	Unit value (dollars per short ton)				
Commercial shipments	4,302	4,991	4,396	4,793	4,171
Internal consumption	4,430	4,925	4,660	4,585	4,319
Transfers to related firms	([1])	([1])	([1])	([1])	([1])
U.S. shipments	4,309	4,986	4,419	4,774	4,182
Export shipments	5,182	6,724	5,192	5,616	5,094
Total shipments	4,326	5,044	4,436	4,792	4,194
	Share of quantity (*percent*)				
Commercial shipments	92.9	89.4	89.3	89.0	91.0
Internal consumption	5.3	7.3	8.4	8.9	7.8
Transfers to related firms	0.0	0.0	0.0	0.0	0.0
U.S. shipments	98.1	96.7	97.7	97.8	98.7
Export shipments	1.9	3.3	2.3	2.2	1.3
Total shipments	100.0	100.0	100.0	100.0	100.0

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

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

U.S. PRODUCERS' INVENTORIES

Table III-5 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments over the period

examined. U.S. producers' inventories increased by 2.1 percent from 2010 to 2012 and was 6.6 percent higher in January-March 2013 than in January-March 2012.

Table III-5
WSS pressure pipe: U.S. producers' inventories, 2010-12, January-March 2012, and January-March 2013

	Calendar year			January-March	
Item	**2010**	**2011**	**2012**	**2012**	**2013**
Inventories *(short tons*)	5,417	5,247	5,530	5,520	5,883
Ratio to production (*percent*)	16.1	19.4	19.7	16.6	20.7
Ratio to U.S. shipments (*percent*)	17.0	20.3	20.6	17.8	22.4
Ratio to total shipments (*percent*)	16.7	19.6	20.2	17.4	22.1

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

None of the five U.S. producers reported direct imports of WSS pressure pipe during the period for which data were collected.[7] *** reported purchases from other sources, ***, citing that its reasons for these purchases was ***.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-6 shows U.S. producers' employment-related data during the period examined. In the aggregate, U.S. producers reported a decline in the number of production and related workers employed in the manufacture of WSS pressure pipe from 2010 to 2012. *** accounted for the decline during this period. *** reported no change to the number of their production and related workers from 2010 to 2012 and *** reported an increase. The number of production and related workers were lower in January-March 2012 than in January-March 2013. *** accounted for these declines *** reported a combined increase of *** production and related workers (***). Trends in productivity mirrored trends in production; productivity declined from 2010 to 2011, increased slightly from 2011 to 2012, and was lower in January-March 2013 than in January-March 2012. The combination of the decline in production and increase in wage rates during 2010-2012 is reflected in the unit labor costs which increased by 20.2 percent from 2010 to 2012. Unit labor costs were 5.7 percent higher in January-March 2013 than in January-March 2012 even though wage rates were lower in January-March 2013 than in January-March 2013.

[7] *** imported from Malaysia ***, from Thailand ***, and from all other sources ***.

Table III-6
WSS pressure pipe: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2010-12, January-March 2012, and January-March 2013

Item	Calendar year			January-March	
	2010	2011	2012	2012	2013
PRWs (*number*)	292	270	274	268	257
Total hours worked (*1,000 hours*)	583	551	556	140	130
Hours worked per PRW (*hours*)	1,997	2,041	2,029	522	506
Wages paid *($1,000*)	9,938	9,542	10,011	2,523	2,287
Hourly wages (*dollars*)	17.05	17.32	18.01	18.02	17.59
Productivity (*short tons per 1,000 hours*)	57.6	49.0	50.6	59.3	54.8
Unit labor costs (*per short ton*)	296.00	353.55	355.85	303.87	321.16

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

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 20 firms believed to be importers of subject WSS pressure pipe, as well as to all U.S. producers of WSS pressure pipe.[1] Usable questionnaire responses were received from 13 companies, representing nearly all of imports from Malaysia, Thailand, and Vietnam between 2010 and January-March 2013.[2] Table IV-1 lists all responding U.S. importers of WSS pressure pipe from Malaysia, Thailand, and Vietnam and other sources, their locations, and their shares of U.S. imports, in 2012.

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

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

Table IV-1
WSS pressure pipe: U.S. importers by source, 2012

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

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

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

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

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of WSS pressure pipe from Malaysia, Thailand, and Vietnam and all other sources. U.S. imports are based on questionnaire responses.[3] During the period for which data were collected for these investigations, Taiwan was the largest foreign supplier of WSS pressure pipe to the United States, accounting for *** percent of the quantity of total imports in 2012, and *** percent of the value. Korea was the second largest foreign supplier of WSS pressure pipe to the United States, accounting for *** percent of the quantity of total imports in 2012, and *** percent of the value. From 2010 to 2012, the quantity of imports of WSS pressure pipe from Malaysia increased by *** percent and the value by *** percent. The quantity and value of imports of WSS pressure pipe from Malaysia were *** percent and *** percent lower, respectively, in January-March 2013 than in January-Mach 2012. The unit value of imports of WSS pressure pipe from Malaysia decreased by *** percent from 2010 to 2012, and was *** percent lower in January-March 2013 than in January-March 2012. From 2010 to 2012, the quantity of imports of WSS pressure pipe from Thailand increased by *** percent and the value by *** percent. The quantity and value of imports of WSS pressure pipe from Thailand were *** percent and *** percent lower, respectively, in January-March 2013 than in January-Mach 2012. The unit value of imports of WSS pressure pipe from Thailand increased by *** percent from 2010 to 2012, and was *** percent lower in January-March 2013 than in January-March 2012. From 2010 to 2012, the quantity of imports of WSS pressure pipe from Vietnam increased by *** percent and the value by *** percent. The quantity and value of imports of WSS pressure pipe from Vietnam were *** percent and *** percent higher, respectively, in January-March 2013 than in January-Mach 2012. The unit value of imports of WSS pressure pipe from Vietnam increased by *** percent from 2010 to 2012, and was *** percent lower in January-March 2013 than in January-March 2012.

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

U.S. importers' share of imports by grade was concentrated in grade ASTM-A312 throughout the period of investigation.[4] Grade ASTM-A312 accounted for 96.0 percent to 99.0 percent of total U.S. imports from Malaysia and grade ASTM-A778 accounted for all other imports. Grade ASTM-A312 accounted for 100.0 percent of total U.S. imports from Thailand. Grade ASTM-A312 accounted for 83.5 percent to 97.5 percent of total U.S. imports from Vietnam and grade ASTM-A778 other non-specified grades accounted for all other imports. Grade ASTM-A312 accounted for 97.6 percent to 98.0 percent of total U.S. imports from all other sources.

Table IV-2
WSS pressure pipe: U.S. imports by source, 2010-12, January-March 2012, and January-March 2013

Item	Calendar year			January-March	
	2010	2011	2012	2012	2013
	Quantity (*Short tons*)				
Imports from:					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
Korea[1]	***	***	***	***	***
Taiwan[2]	***	***	***	***	***
All others	***	***	***	***	***
Subtotal, non-subject	***	***	***	***	***
Total U.S. imports	34,831	37,898	38,947	9,724	7,821
	Value (*1,000 dollars*)[3]				
Imports from:					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
Korea[1]	***	***	***	***	***
Taiwan[2]	***	***	***	***	***
All others	***	***	***	***	***
Subtotal, non-subject	***	***	***	***	***
Total U.S. imports	123,812	148,863	137,273	33,595	24,896

Table continued on following page.

[4] See Appendix D.

Table IV-2--*Continued*
WSS pressure pipe: U.S. imports by source, 2010-12, January-March 2012, and January-March 2013

Item	Calendar year			January-March	
	2010	2011	2012	2012	2013
	Unit value (*per short ton*)				
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
Korea[1]	***	***	***	***	***
Taiwan[2]	***	***	***	***	***
All others	***	***	***	***	***
Subtotal, non-subject	***	***	***	***	***
Total U.S. imports	3,555	3,928	3,525	3,455	3,183
	Share of quantity (percent)				
Imports from:					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
Korea[1]	***	***	***	***	***
Taiwan[2]	***	***	***	***	***
All others	***	***	***	***	***
Subtotal, non-subject	***	***	***	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)				
Imports from:					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
Korea[1]	***	***	***	***	***
Taiwan[2]	***	***	***	***	***
All others	***	***	***	***	***
Subtotal, non-subject	***	***	***	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0

[1] Korea includes questionnaire responses from ***.
[2] Taiwan includes ***.
[3] Landed, duty-paid.

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

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

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[5] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible. Imports from Malaysia accounted for *** percent of total imports of WSS pressure pipe by quantity during April 2012-March 2013, imports from Thailand accounted for *** percent of total imports of WSS pressure pipe by quantity during April 2012-March 2013, and imports from Vietnam accounted for *** percent of total imports of WSS pressure pipe by quantity during April 2012-March 2013.

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Issues concerning fungibility and channels of distribution are addressed in *Part* II of this report. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below. With regard to geographical markets and presence in the market, the petitioners argue that imported WSS pressure pipe from Malaysia, Thailand, and Vietnam compete without regard to geographical location in the United States and that these imports have been simultaneously present in the U.S. market during the period of investigation.[6] Official Commerce statistics show that U.S. imports from the Malaysia, Thailand, and Vietnam did enter the United States through geographically dispersed U.S. ports of entry throughout the entire period of investigation. Both U.S. producers and U.S. importers reported distributing WSS pressure pipe geographically throughout the United States.[7] As discussed in *Part V* of this

[5] 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)).

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

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

report, WSS pressure pipe produced in the United States and Malaysia, Thailand, and Vietnam were sold in each quarter between January 2010 and March 2013. During the preliminary phase of these investigations, respondents did not raise any issues with regard to cumulation of subject imports.[8]

APPARENT U.S. CONSUMPTION

Table IV-3 presents data on apparent U.S. consumption and U.S. market shares for WSS pressure pipe over the period examined. From 2010 to 2012, the quantity of apparent U.S. consumption of WSS pressure pipe increased by 6.5 percent and was 18.9 percent lower in January-March 2013 than in January-March 2012. From 2010 to 2012, the value of apparent consumption increased by 6.8 percent and was 28.6 percent lower in January-March 2013 than in January-March 2012. Apparent consumption of WSS pressure pipe in 2012 was equivalent to 110 percent of reported U.S. capacity.

Table IV-3
WSS pressure pipe: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2010-12, January-March 2012, and January-March 2013

Item	Calendar year			January-March	
	2010	2011	2012	2012	2013
	Quantity (*Short tons*)				
U.S. producers' shipments	31,808	25,866	26,801	7,753	6,573
U.S. importer' s U.S. shipments from--					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
Korea[1]	***	***	***	***	***
Taiwan[2]	***	***	***	***	***
All others	***	***	***	***	***
Subtotal, non-subject	***	***	***	***	***
Total U.S. imports	30,490	39,359	39,540	10,310	8,071
Apparent consumption	62,298	65,225	66,341	18,063	14,644

Table continued on following page.

[8] Respondent Sonha's postconference brief at 1; conference transcript, p. 123 (Slater).

Table IV-3--*Continued*
WSS pressure pipe: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2010-12, January-March 2012, and January-March 2013

Item	Calendar year			January-March	
	2010	2011	2012	2012	2013
	Value (*1,000 dollars*)[3]				
U.S. producers' shipments	137,070	128,977	118,430	37,014	27,491
U.S. importer' s U.S. shipments from--					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
Korea[1]	***	***	***	***	***
Taiwan[2]	***	***	***	***	***
All others	***	***	***	***	***
Subtotal, non-subject	***	***	***	***	***
Total U.S. imports	123,949	174,503	160,412	42,977	29,627
Apparent consumption	261,019	303,480	278,842	79,991	57,118

[1] Korea includes questionnaire responses from ***.
[2] Taiwan includes ***.
[3] FOB, U.S. point of shipment.

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

U.S. MARKET SHARES

Data on U.S. market shares for WSS pressure pipe are presented in table IV-4. From 2010 to 2012, U.S. producers' market share decreased by 10.7 percentage points based on quantity and 10.0 percentage points based on value. U.S. producers' market share in January-March 2013 was 2.0 percentage points higher than in January-March 2012 based on quantity and 1.9 percentage points higher based on value. Market share of U.S. imports from Malaysia increased by *** percentage points from 2010 to 2012 based on quantity and increased *** percentage points based on value. Market share of U.S. imports from Malaysia in January-March 2013 was *** percentage points lower than in January-March 2012 based on quantity and *** percentage points lower based on value. Market share of U.S. imports from Thailand increased by *** percentage points from 2010 to 2012 based on quantity and increased *** percentage points based on value. Market share of U.S. imports from Thailand in January-March 2013 was *** percentage points lower than in January-March 2012 based on quantity and *** percentage points lower based on value. Market share of U.S. imports from Vietnam increased by *** percentage points from 2010 to 2012 based on quantity and increased *** percentage points based on value. Market share of U.S. imports from Vietnam in January-March 2013 was *** percentage points higher than in January-March 2012 based on quantity and 2.6 percentage points higher based on value. Practically all shipments of U.S. imports from nonsubject countries were for sales of imports from Taiwan and Korea. Market share of U.S. imports from nonsubject countries increased by *** percentage points from 2010 to 2012 based on quantity and increased *** percentage points based on value. Market share of U.S.

imports from nonsubject countries in January-March 2013 was *** percentage points lower than in January-March 2012 based on quantity and 0.8 percentage points higher based on value.

Table IV-4
WSS pressure pipe: U.S. consumption and market shares, 2010-12, January-March 2012, and January-March 2013

Item	Calendar year			January-March	
	2010	2011	2012	2012	2013
	Quantity (Short tons)				
Apparent U.S. consumption	62,298	65,225	66,341	18,063	14,644
	Value (*1,000 dollars*)[1]				
Apparent U.S. consumption	261,019	303,480	278,842	79,991	57,118
	Share of quantity (percent)				
U.S. producers' shipments	51.1	39.7	40.4	42.9	44.9
U.S. importer' s U.S. shipments from--					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
Korea[2]	***	***	***	***	***
Taiwan[3]	***	***	***	***	***
All others	***	***	***	***	***
Subtotal, non-subject	***	***	***	***	***
Total U.S. imports	48.9	60.3	59.6	57.1	55.1
	Share of value (percent)				
U.S. producers' shipments	52.5	42.5	42.5	46.3	48.1
U.S. importer' s U.S. shipments from--					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
Korea[2]	***	***	***	***	***
Taiwan[3]	***	***	***	***	***
All others	***	***	***	***	***
Subtotal, non-subject	***	***	***	***	***
Total U.S. imports	47.5	57.5	57.5	53.7	51.9

[1] FOB, U.S. point of shipment.
[2] Korea includes questionnaire responses from ***.
[3] Taiwan includes ***.

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

RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-5 presents data on the ratio of U.S. imports to U.S. production.

Table IV-5
WSS pressure pipe: Ratio of U.S. imports to U.S. production, 2010-12, January-March 2012, and January-March 2013

Item	Calendar year			January-March	
	2010	2011	2012	2012	2013
			Quantity (short tons)		
U.S. production	33,574	26,989	28,133	8,303	7,121
U.S. imports from.--					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
All others	***	***	***	***	***
Total U.S. imports	34,831	37,898	38,947	9,724	7,821
			Ratio of imports to production		
U.S. imports from.--					
Malaysia	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
All others	***	***	***	***	***
Total U.S. imports	103.7	140.4	138.4	117.1	109.8

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

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Flat-rolled stainless steel and alloying agents are the primary raw materials used in the production of WSS pressure pipe. The cost of hot-rolled AISI 304 stainless steel has fluctuated since 2010 but decreased overall by 20.5 percent between January 2010 and April 2013, and the cost of grade 316 decreased by 17.3 percent in the same period (figure V-1). From January 2010 to April 2013, the price of nickel decreased over 10 percent, while the price of ferrochromium increased by 2 percent. As shown in figure V-2, the prices of these inputs increased irregularly between January 2010 and February/March 2011, and have generally fallen since then. Respondents report that because a large share of nickel is used in stainless steel production, changes in the price of nickel reflect the demand for stainless steel, even as the price of nickel influences the price of stainless steel.[1]

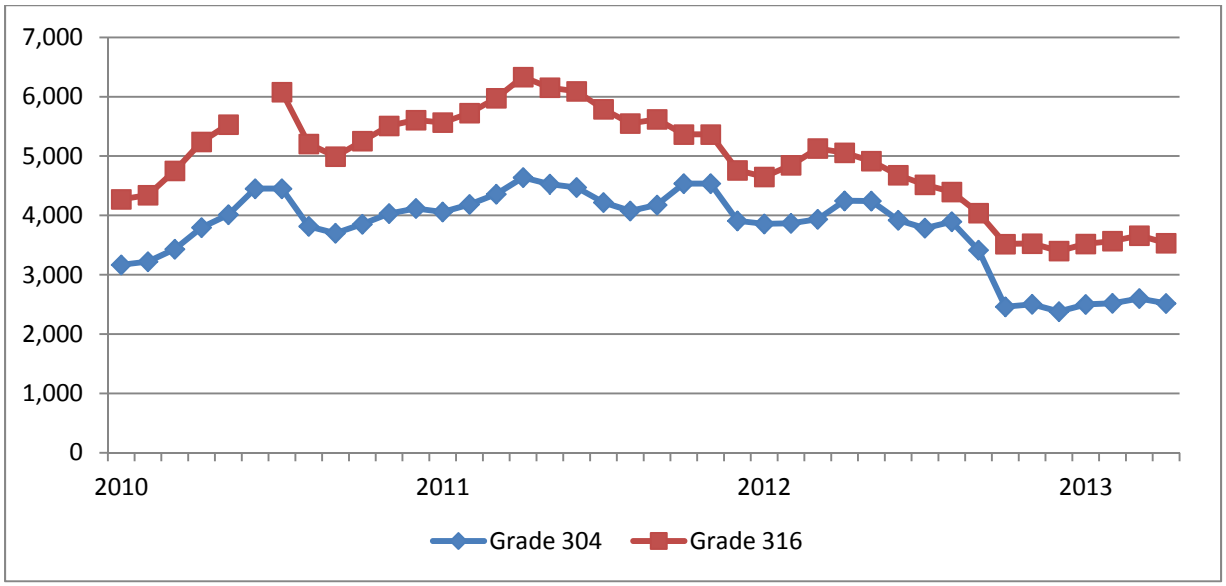
U.S. inland transportation costs

All four responding U.S. producers and seven of the eight responding importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 2 to 4 percent of total costs while importers reported transportation costs of 0.5 to 12 percent, with half the firms reporting transportation costs of 1 percent or less.

[1] Conference transcript, p. 96 (Jakob).

Figure V-1

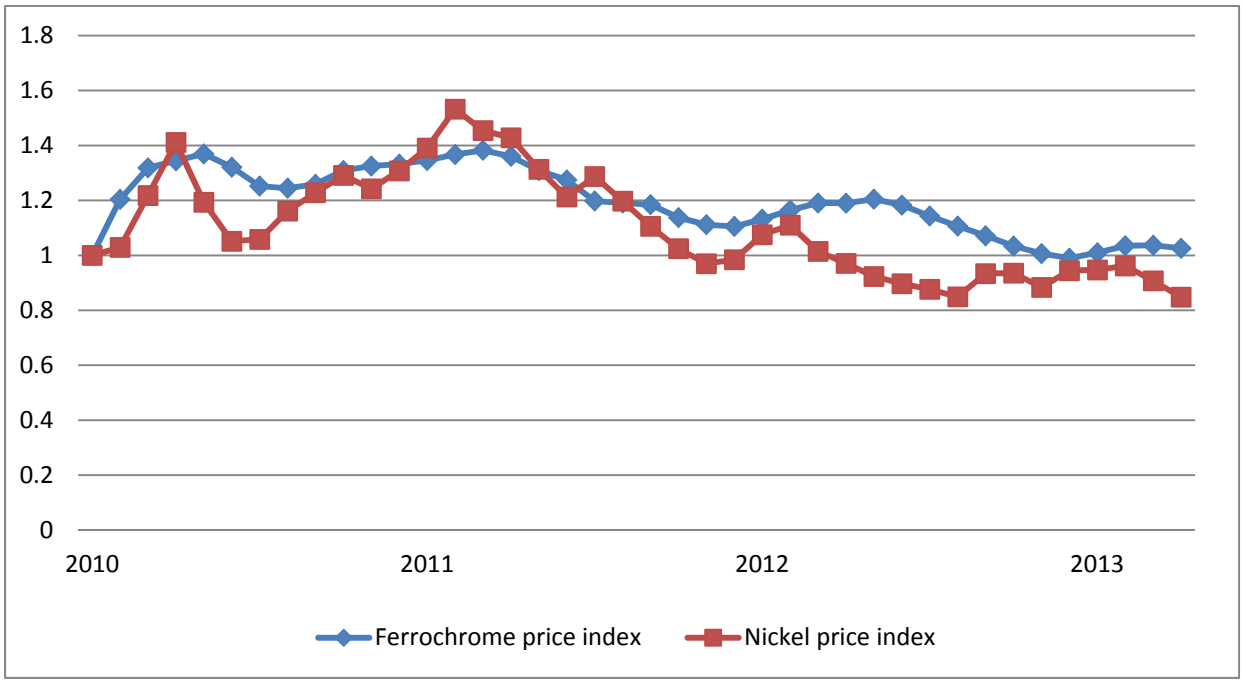
Hot-rolled stainless steel coil: Prices of U.S. ex-mill hot-rolled stainless steel products including alloy surcharges, by months, January 2010-April 2013



Source: Metal Bulletin Research, Welded Steel Tube and Pipe Market Tracker, January 2010-April 2013 monthly editions.

Figure V-2

Alloy cost index: Ferrochrome and nickel spot price index, by months, January 2010-April 2013



Source: American Metal Market.

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported using mainly transaction-by-transaction negotiations for their sales of WSS pressure pipe (table V-1). One U.S. producer and two importers reported contracts sales, two U.S. producers reported using price lists, and one reported using surcharges based on the prices of raw materials.

Table V-1

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

Method	U.S. producers	Importers
Transaction-by-transaction	**4**	**10**
Contract	**1**	**2**
Set price list	**2**	**1**
Other	**1**	**0**

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

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

Because of the variability of the prices of alloys, stainless steel products are sometimes priced using a base price and an alloy surcharge. Petitioners report that they were no longer able to charge surcharges based on the cost of nickel and other inputs, although they do pay surcharges on these input products when they purchase them.[2] Nonetheless, ***[3]

Most sales of WSS pressure pipe are on a spot basis (Table V-2). During the period of investigation, 96.1 percent of U.S. producers' sales, *** sales of imports from Malaysia and Thailand, and *** percent of sales from Vietnam were made on a spot basis. All other sales were made using short-term contracts. *** U.S. producers reported that short-term contracts ranged from 14 days to 180 days. One importer of WSS pressure pipe from *** reported that short-term contracts ranged from 2 to 4 months in duration. Both the U.S. producers and the importer reported that prices were not renegotiated during the contract and that the contract fixed both price and quantity. Both U.S. producers reported that contracts typically contain meet-or-release provisions (although one of these reported that some contracts did not have meet-or-release provisions). The one importer that reported using contracts to sell WSS pressure pipe reported that its contracts did not contain meet-or-release provisions.

[2] Conference transcript, pp. 28-29 (Tidlow).

[3] ***.

Table V-2
WSS pressure pipe: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2012

Type of sale	U.S. producers	Importers Malaysia	Importers Thailand	Importers Vietnam
Short-term contracts	**3.9**	**0**	**0**	**27.9**
Spot sales	**96.1**	**100**	**100**	**72.1**
Total	**100**	**100**	**100**	**100**

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

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

U.S. producers' lead time ranged from 0 to 14 days for product from inventory and 10 to 84 for product produced to order. Importers' lead times for product in U.S. inventories was 5 days; and for inventories overseas, lead times ranged from 90 to 120 days, and 60 to 110 days for product produced to order.

Sales terms and discounts

Most U.S. producers (3 of 4) and most importers (6 of 9) quote prices on a delivered basis. One U.S. producer and one importer sold mainly f.o.b., one importer sold f.o.b. and c.i.f., and one importer reported forth c.i.f. and delivered. All four responding U.S. producers and six of the nine responding importers reported sales terms of net 30 days.[4]

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following WSS pressure pipe products shipped to unrelated U.S. customers during January 2010-March 2013.

Product 1.-- ASTM A-312, welded, grade AISI 304/304L pipe, 1-inch schedule 40
Product 2.-- ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 40
Product 3.-- ASTM A-312, welded, grade AISI 304/304L pipe, 0.5-inch schedule 10
Product 4.— ASTM A-312, welded, grade AISI 304/304L pipe, 6-inch schedule 10
Product 5.-- ASTM A-312, welded, grade AISI 316/316L pipe, 2-inch schedule 40
Product 6.-- ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 10

Four U.S. producers and eight importers provided usable pricing data for sales of the requested products from subject countries, although not all firms reported pricing for all

[4] Two of the remaining importers required payment against documents, and one sold net 30 or 45.

products for all quarters. Four importers provided usable price data for Malaysian product, five importers provided usable price data for Thai product, and six importers provided usable price data for Vietnamese product. Pricing data reported by these firms over the period January 2010 through March 2013 accounted for approximately 6.3 percent of the value of U.S. producers' shipments of subject product, 27.6 percent of the value of U.S. shipments of subject imports from Malaysia, 19.3 percent of the value of U.S. shipments of subject imports from Thailand, and 33.6 percent of the value of U.S. shipments of subject imports from Vietnam.

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

Table V-3

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2010-March 2013

	United States		Malaysia			Thailand			Vietnam		
Period	Price *(per foot)*	Quantity *(foot)*	Price *(per foot)*	Quantity *(foot)*	Margin *(percent)*	Price *(per foot)*	Quantity *(foot)*	Margin *(percent)*	Price *(per foot)*	Quantity *(foot)*	Margin *(percent)*
2010:											
Jan.-Mar.	3.04	104,564	***	***	***	***	***	***	***	***	***
Apr.-June	3.11	141,652	***	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	3.74	72,597	***	***	***	***	***	***	***	***	***
2011:											
Jan.-Mar.	3.71	44,972	***	***	***	***	***	***	***	***	***
Apr.-June	4.11	74,825	***	***	***	***	***	***	***	***	***
July-Sept.	3.86	36,794	***	***	***	***	***	***	***	***	***
Oct.-Dec.	3.85	20,802	***	***	***	***	***	***	***	***	***
2012:											
Jan.-Mar.	3.76	62,708	***	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***	***	***
2013:											
Jan.-Mar.	***	***	***	***	***	***	***	***	***	***	***

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

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

Table V-4

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2010-March 2013

	United States		Malaysia			Thailand			Vietnam		
Period	Price *(per foot)*	Quantity *(foot)*	Price *(per foot)*	Quantity *(foot)*	Margin *(percent)*	Price *(per foot)*	Quantity *(foot)*	Margin *(percent)*	Price *(per foot)*	Quantity *(foot)*	Margin *(percent)*
2010:											
Jan.-Mar.	6.12	111,796	***	***	***	***	***	***	***	***	***
Apr.-June	6.59	108,952	***	***	***	***	***	***	***	***	***
July-Sept.	7.13	77,536	***	***	***	***	***	***	***	***	***
Oct.-Dec.	7.25	56,853	***	***	***	***	***	***	***	***	***
2011:											
Jan.-Mar.	7.54	86,682	***	***	***	***	***	***	***	***	***
Apr.-June	7.84	41,984	***	***	***	***	***	***	***	***	***
July-Sept.	7.41	40,538	***	***	***	***	***	***	***	***	***
Oct.-Dec.	7.27	44,180	***	***	***	***	***	***	***	***	***
2012:											
Jan.-Mar.	7.14	48,675	***	***	***	***	***	***	***	***	***
Apr.-June	6.76	38,174	***	***	***	***	***	***	***	***	***
July-Sept.	7.01	54,857	***	***	***	***	***	***	***	***	***
Oct.-Dec.	5.95	25,202	***	***	***	***	***	***	***	***	***
2013:											
Jan.-Mar.	6.24	48,317	***	***	***	***	***	***	***	***	***

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

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

Table V-5

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2010-March 2013

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Table V-6

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2010-March 2013

	United States		Malaysia			Thailand			Vietnam		
Period	Price (per foot)	Quantity (foot)	Price (per foot)	Quantity (foot)	Margin (percent)	Price (per foot)	Quantity (foot)	Margin (percent)	Price (per foot)	Quantity (foot)	Margin (percent)
2010:											
Jan.-Mar.	15.77	54,263	***	***	***	***	***	***	***	***	***
Apr.-June	16.80	40,658	***	***	***	***	***	***	***	***	***
July-Sept.	17.70	66,032	***	***	***	***	***	***	***	***	***
Oct.-Dec.	18.36	33,401	***	***	***	***	***	***	***	***	***
2011:											
Jan.-Mar.	19.93	33,765	***	***	***	***	***	***	***	***	***
Apr.-June	21.48	29,991	***	***	***	***	***	***	***	***	***
July-Sept.	20.38	39,034	***	***	***	***	***	***	***	***	***
Oct.-Dec.	18.44	26,858	***	***	***	***	***	***	***	***	***
2012:											
Jan.-Mar.	18.14	28,251	***	***	***	***	***	***	***	***	***
Apr.-June	17.48	72,350	***	***	***	***	***	***	***	***	***
July-Sept.	15.92	35,490	***	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***	***	***
2013:											
Jan.-Mar.	16.49	17,740	***	***	***	***	***	***	***	***	***

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

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

Table V-7

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, January 2010-March 2013

	United States		Malaysia			Thailand			Vietnam		
Period	Price (per foot)	Quantity (foot)	Price (per foot)	Quantity (foot)	Margin (percent)	Price (per foot)	Quantity (foot)	Margin (percent)	Price (per foot)	Quantity (foot)	Margin (percent)
2010:											
Jan.-Mar.	8.24	72,692	***	***	***	***	***	***	***	***	***
Apr.-June	9.14	90,311	***	***	***	***	***	***	***	***	***
July-Sept.	9.28	35,545	***	***	***	***	***	***	***	***	***
Oct.-Dec.	9.70	44,324	***	***	***	***	***	***	***	***	***
2011:											
Jan.-Mar.	10.25	62,755	***	***	***	***	***	***	***	***	***
Apr.-June	11.25	21,827	***	***	***	***	***	***	***	***	***
July-Sept.	10.10	51,777	***	***	***	***	***	***	***	***	***
Oct.-Dec.	9.76	27,425	***	***	***	***	***	***	***	***	***
2012:											
Jan.-Mar.	9.25	43,491	***	***	***	***	***	***	***	***	***
Apr.-June	8.92	40,768	***	***	***	***	***	***	***	***	***
July-Sept.	8.36	26,547	***	***	***	***	***	***	***	***	***
Oct.-Dec.	8.09	25,586	***	***	***	***	***	***	***	***	***
2013:											
Jan.-Mar.	***	***	***	***	***	***	***	***	***	***	***

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

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

Table V-8

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2010-March 2013

	United States		Malaysia			Thailand			Vietnam		
Period	Price *(per foot)*	Quantity *(foot)*	Price *(per foot)*	Quantity *(foot)*	Margin *(percent)*	Price *(per foot)*	Quantity *(foot)*	Margin *(percent)*	Price *(per foot)*	Quantity *(foot)*	Margin *(percent)*
2010:											
Jan.-Mar.	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***	***	***	***
July-Sept.	5.36	64,289	***	***	***	***	***	***	***	***	***
Oct.-Dec.	5.45	41,617	***	***	***	***	***	***	***	***	***
2011:											
Jan.-Mar.	5.89	38,882	***	***	***	***	***	***	***	***	***
Apr.-June	6.31	48,760	***	***	***	***	***	***	***	***	***
July-Sept.	5.86	52,663	***	***	***	***	***	***	***	***	***
Oct.-Dec.	5.50	26,561	***	***	***	***	***	***	***	***	***
2012:											
Jan.-Mar.	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	5.43	40,274	***	***	***	***	***	***	***	***	***
July-Sept.	4.70	33,398	***	***	***	***	***	***	***	***	***
Oct.-Dec.	4.44	27,861	***	***	***	***	***	***	***	***	***
2013:											
Jan.-Mar.	***	***	***	***	***	***	***	***	***	***	***

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

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

Figure V-2

WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

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Figure V-3

WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

* * * * * * *

Figure V-4

WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

* * * * * * *

Figure V-5
WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

* * * * * * *

Figure V-6
WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

* * * * * * *

Figure V-7
WSS pressure pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

* * * * * * *

Price trends

Price trends differed by product and by country sources. Products 2, 4, 5, and 6 tended to have the most clear price trends, which were basically followed by both U.S. product and subject imports. These prices generally increased to the second quarter of 2011 and then decreased thereafter. U.S. prices for product 3 followed a similar trend, but there was no clear trend in the price of subject imported product 3. Similar to products, 2, 4, 5, and 6, U.S. product 1 prices increased to the first quarter of 2011, but did not tend to decrease consistently thereafter. Table V-9 summarizes the price trends, by country and by product. There were also price-change differences among countries over the period. U.S. prices increased for all products except product 5. Malaysian and Thai prices decreased for all products. Vietnamese prices increased for all products except product 4.

Table V-9

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

Item	Number of quarters	Low price (per unit)	High price (per unit)	Change in price[1] (percent)
Product 1				
United States	13	***	***	17.6
Malaysia	13	***	***	(8.9)
Thailand	13	***	***	(12.3)
Vietnam	13	***	***	2.4
Product 2				
United States	13	***	***	2.0
Malaysia	13	***	***	(8.6)
Thailand	13	***	***	(10.0)
Vietnam	13	***	***	8.9
Product 3				
United States	13	***	***	14.6
Malaysia	13	***	***	(15.6)
Thailand	13	***	***	(39.9)
Vietnam	13	***	***	7.5
Product 4				
United States	13	***	***	4.6
Malaysia	13	***	***	(9.2)
Thailand	13	***	***	(11.8)
Vietnam	13	***	***	(10.3)
Product 5				
United States	13	***	***	(1.2)
Malaysia	13	***	***	(9.7)
Thailand	13	***	***	(12.8)
Vietnam	13	***	***	5.0
Product 6				
United States	13	***	***	3.4
Malaysia	13	***	***	(8.8)
Thailand	13	***	***	(11.8)
Vietnam	13	***	***	1.8

[1] Percentage change from the first quarter in 2010 to first quarter in 2013.

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

Price comparisons

As shown in table V-10, prices for WSS pressure pipe imported from Malaysia, Thailand, and Vietnam were below those for U.S.-produced product in 227 of 234 instances; margins of

underselling ranged from 0.3 to 44.4 percent. In the remaining 7 instances, prices for WSS pressure pipe from Malaysia, Thailand, and Vietnam were between 0.5 to 30.0 percent above prices for the domestic product.

Table V-10

WSS pressure pipe: Instances of underselling/overselling and the range and average of margins, by country, January 2010-March 2013

Source	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
Malaysia	78	***	14.4	0	--	--
Thailand	76	***	15.1	2	***	(15.3)
Vietnam	73	***	18.1	5	***	(4.0)
Total	227	***	15.8	7	***	(7.3)

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

LOST SALES AND LOST REVENUE

The petition contained instances of lost sales or revenue experienced due to competition from imports of WSS pressure pipe from Malaysia, Thailand, and Vietnam during January 2010 to March 2013.[5] ***. The *** lost sales allegation totaled $*** and involved *** short tons of WSS pressure pipe and the *** lost revenue allegations ***, totaled $***, and involved *** short tons of WSS pressure pipe. Staff contacted *** purchasers *** (tables II-11 and II-12).

***.

Purchasers responding to the lost sales/lost revenue allegations also were asked whether they shifted their purchases of WSS pressure pipe from U.S. producers to suppliers of WSS pressure pipe from Malaysia, Thailand, and Vietnam since 2010. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of WSS pressure pipe from Malaysia, Thailand, and Vietnam. *** of the responding purchasers reported that they had shifted purchases of WSS pressure pipe from U.S. producers to subject imports since 2010; *** of these purchasers reported that price was the reason for the shift. *** gave further details about for the shift. ***. *** purchasers reported that since 2010 the U.S. producers had reduced their prices in order to compete with subject imports. *** provided details about the price reductions. ***.

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

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

* * * * * * *

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

* * * * * * *

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

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

OPERATIONS ON WSS PRESSURE PIPE

Aggregate income-and-loss data for the U.S. producers are presented in table VI-1. To summarize, the overall financial condition of the domestic WSS pressure pipe industry improved between 2010 and 2012, while they continued to experience operating losses for the entire period of investigation, from an operating loss of $7.1 million in 2010 to an operating loss of $2.6 million in 2012. From 2010 to 2011, the increase in unit sales price ($735 per short ton) was more than the increase in unit total cost, i.e., cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses combined ($648 per short ton, primarily resulting from higher COGS) which resulted in a lower per-unit operating loss in 2011. From 2011 to 2012, even as sales quantities slightly increased, net sales values decreased due to lower per-unit sales values. However, the operating loss further decreased because the decrease in unit total cost (by $636 per short ton) exceeded the decrease in unit sales price (by $599 per short ton, primarily due to decreased raw materials cost).

Both net sales quantities and values were lower in interim 2013 than interim 2012, operating loss in interim 2013 was higher ($1.5 million operating loss compared to the operating loss of $1.1 million in interim 2012), due mainly to lower per-unit sales value. As a result, the operating loss margin, which was negative (2.9) percent in interim 2012, was negative (5.2) percent in interim 2013. While three producers, *** reported operating losses for the entire period, two producers, ***, reported operating income for all periods.

Table VI-1
WSS pressure pipe: Results of operations of U.S. producers, fiscal years 2010-12, January-March 2012, and January-March 2013

Item	Fiscal year			January-March	
	2010	2011	2012	2012	2013
Net sales:	Quantity (*short tons*)				
Commercial sales	30,879	24,821	25,213	7,224	6,141
Internal consumption	1,710	1,955	2,305	702	517
Transfers to related firms	0	0	0	0	0
Total net sales	32,589	26,776	27,518	7,926	6,658
Net sales:	Value (*$1,000*)				
Commercial sales	132,824	125,400	111,539	34,762	25,691
Internal consumption	7,576	9,630	10,746	3,526	2,233
Transfers to related firms	0	0	0	0	0
Total net sales	140,400	135,030	122,285	38,288	27,924
COGS	136,652	129,242	117,677	37,141	27,596
Gross profit	3,748	5,788	4,608	1,147	328
SG&A expenses	10,869	9,324	7,215	2,261	1,786
Operating income (loss)	(7,121)	(3,536)	(2,607)	(1,114)	(1,458)
Interest expense	1,027	1,057	2,208	317	289
Other expense	2,886	977	2,039	99	60
Other income	122	4,446	632	32	30
Net income (loss)	(10,912)	(1,124)	(6,222)	(1,498)	(1,777)
Depreciation/amortization	3,182	2,732	2,856	710	627
Cash flow	(7,730)	1,608	(3,366)	(788)	(1,150)

Table continued on next page.

Table VI-1--*Continued*
WSS pressure pipe: Results of operations of U.S. producers, fiscal years 2010-12, January-March 2012, and January-March 2013

Item	Fiscal year			January-March	
	2010	2011	2012	2012	2013
	Unit value (*per short ton*)				
Net sales	$4,308	$5,043	$4,444	$4,831	$4,194
COGS	4,193	4,827	4,276	4,686	4,145
Gross profit	115	216	167	145	49
SG&A expenses	334	348	262	285	268
Operating income (loss)	(219)	(132)	(95)	(141)	(219)
	Ratio to net sales (*percent*)				
COGS	97.3	95.7	96.2	97.0	98.8
Gross profit	2.7	4.3	3.8	3.0	1.2
SG&A expenses	7.7	6.9	5.9	5.9	6.4
Operating income (loss)	(5.1)	(2.6)	(2.1)	(2.9)	(5.2)
	Number of firms reporting				
Operating losses	3	3	3	3	3
Data	5	5	5	5	5

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

Selected company-by-company data are presented in table VI-2. Total net sales (quantities and values), per-unit values (sales, COGS, SG&A, and operating income), operating income, and the ratio of operating income (loss) to net sales are presented in this table on a firm-by-firm basis. With the exception of ***, all other producers incurred the same experience – sales values decreased between 2010 and 2012 and between the two interim periods. All producers reported increases in raw material costs from 2010 to 2011 and decreases from 2011 to 2012 (except ***) and decrease in raw material costs from interim 2012 to interim 2013 (except ***). However, the operation results are widely different among the five domestic producers, which may be attributable to product mix.[1] Among the five producers, *** per-unit sales price and COGS were much lower than other producers. However, the operating loss and loss margin of *** were generally higher than other producers. No producer *** reported any inputs purchased from related firms (***) and no firm *** reported any nonrecurring items for any periods (***. The operating margin for three producers, ***, were lower in interim 2013 compared to interim 2012. As explained before, three producers, *** reported operating losses for the entire period, while two producers, ***, reported operating income for all periods.

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

Table VI-2
WSS pressure pipe: Results of operations of U.S. producers, by firm, fiscal years 2010-12, January-March 2012, and January-March 2013

* * * * * * *

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

Selected aggregate per-short ton cost data of the producers on their operations, i.e., COGS and SG&A expenses, are presented in table VI-3. Overall per-short ton COGS and total cost (which includes SG&A expenses) increased substantially from 2010 to 2011, driven mainly by changes in raw material costs (i.e., reflecting changes in the cost of hot-rolled stainless steel coils) and fabrication costs (labor and factory overhead). However, per-short ton COGS and total cost decreased substantially from 2011 to 2012. Per-short ton COGS were lower in interim 2013 than in interim 2012, due to the decreases in the costs of raw materials and fabrication costs. The ratio of total COGS to net sales decreased slightly between 2010 and 2012, but was higher in interim 2013 than interim 2012.

Table VI-3
WSS pressure pipe: Average unit costs of U.S. producers, fiscal years 2010-12, January-March 2012, and January-March 2013

Item	Fiscal year			January-March	
	2010	2011	2012	2012	2013
COGS:	Value (*per short ton*)				
Raw materials	$3,319	$3,895	$3,382	$3,644	$3,256
Direct labor	288	338	315	349	289
Factory overhead	587	594	579	693	599
Total COGS	4,193	4,827	4,276	4,686	4,145
SG&A expenses	334	348	262	285	268
Total cost	4,527	5,175	4,539	4,971	4,413

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

A variance analysis for showing the effects of prices and volume on the producers' sales of WSS pressure pipe, and of costs and volume on their total costs is presented in table VI-4.[2] The information for this variance analysis is derived from table VI-1. The analysis indicates that the decrease in operating losses between 2010 and 2012 was the result of per-unit prices increasing more than costs and expenses. The summary at the bottom of the table illustrates that the positive effect of increased prices ($3.7 million) was greater than the negative effect of increased costs and expenses ($0.3 million) between 2010 and 2012. Between the two interim periods, the variance analysis indicates that operating loss increased by $0.3 million resulted from the combined negative effect of decreased price ($4.2 million) and the positive effects of decreased costs/expenses ($3.7 million), and volume variance ($0.2 million).

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

Table VI-4
WSS pressure pipe: Variance analysis of operations of U.S. producers, fiscal years 2010-12, January-March 2012, and January-March 2013

Item	Between fiscal years			January-March
	2010-12	2010-11	2011-12	2012-13
	Value (*$1,000*)			
Net sales:				
Price variance	3,732	19,674	(16,487)	(4,239)
Volume variance	(21,847)	(25,044)	3,742	(6,125)
Total net sales variance	(18,115)	(5,370)	(12,745)	(10,364)
Cost of sales:				
Cost variance	(2,289)	(16,965)	15,146	3,603
Volume variance	21,264	24,375	(3,581)	5,942
Total cost variance	18,975	7,410	11,565	9,545
Gross profit variance	860	2,040	(1,180)	(819)
SG&A expenses:				
Expense variance	1,963	(394)	2,367	113
Volume variance	1,691	1,939	(258)	362
Total SG&A variance	3,654	1,545	2,109	475
Operating income variance	4,514	3,585	929	(344)
Summarized as:				
Price variance	3,732	19,674	(16,487)	(4,239)
Net cost/expense variance	(326)	(17,359)	17,514	3,716
Net volume variance	1,108	1,270	(98)	178

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

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

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are presented in table VI-5. Only two producers, ***, reported capital expenditures during the period of investigation. Capital expenditures decreased from 2010 to 2011, and then, increased from 2011 to 2012. Neither of these firms spent more than $*** in any given year and overall, capital expenditures spent over the period were not

material. Data for capital expenditures on a firm-by-firm basis are shown in table VI-6. *** reported R&D expenses, R&D expenses throughout the period remained relatively low. Capital expenditures were higher in January-March 2013 compared to January-March 2012.

Table VI-5
WSS pressure pipe: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2010-12, January-March 2012, and January-March 2013

* * * * * * *

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

Table VI-6
WSS pressure pipe: Capital expenditures by U.S. producers, by firms, fiscal years 2010-12, January-March 2012, and January-March 2013

* * * * * * *

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

ASSETS AND RETURN ON ASSETS

Table VI-7 presents data on the U.S. producers' total net assets and their return on assets ("ROA"). Total net assets relatively unchanged during the period of investigation. At the same time, the return on assets remained negative from 2010 to 2012 while the operating loss ratio to total net assets decreased during the same period. The trend of ROA over the period was the same as the trend of the operating income (loss) margin shown in table VI-1.

Table VI-7
WSS pressure pipe: Value of assets and return on assets of U.S. producers, fiscal years 2010-12

Item	Fiscal year		
	2010	2011	2012
	Value (*$1,000*)		
Operating income (loss)	(7,121)	(3,536)	(2,607)
	Value (*$1,000*)		
Total net assets	79,378	75,439	78,873
	Ratio of operating income to total assets (*percent)*		
Return on investment	(9.0)	(4.7)	(3.3)

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

CAPITAL AND INVESTMENT

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

Actual Negative Effects

Bristol.–***

Felker.–***

Marcegaglia.–***

Outokumpu.–***

Webco.–***

Anticipated Negative Effects

Bristol.–***

Felker.–***

Marcegaglia.–***

Outokumpu.–***

Webco.–***

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing*

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

effect on domestic prices, and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

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

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

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

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

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

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

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.

THE INDUSTRY IN MALAYSIA

The Commission issued foreign producers' or exporters' questionnaires to eight firms believed to produce and/or export WSS pressure pipe from Malaysia.[3] Useable responses to the Commission's questionnaire were received from three firms: Kanzen Tetsu, Pantech, and Superinox.[4] These firms' exports to the United States accounted for more than *** percent of U.S. imports of WSS pressure pipe from Malaysia over the period being examined.[5] According to estimates requested of the responding Malaysian producers, the production of WSS pressure pipe in Malaysia reported in this Part of the report accounts for approximately *** percent of overall production of WSS pressure pipe in Malaysia.

Pantech reported that *** percent of its total sales in the most recent fiscal year were sales of WSS pressure pipe. Superinox reported that *** percent of its total sales in the most recent fiscal year were sales of WSS pressure pipe. Kanzen Tetsu reported that *** percent of its total sales in the most recent fiscal year were sales of WSS pressure pipe.

In 2012, *** percent of the total shipments from Malaysia were exported to the United States, and *** percent were exported to other markets, predominantly in Asia. Exports from Malaysia to the United States increased by *** percent from 2010 to 2012. Capacity in Malaysia *** percent from 2010 to 2012, and was *** in January-March 2013 than in January-March 2012. Capacity is projected to ***. *** in capacity.[6] Production in Malaysia *** percent from 2010 to 2012, and was *** percent *** in January-March 2013 than in January-March 2012. *** production in January-March 2013 compared to January-March 2012, ***. ***. Table VII-1 presents information on the WSS pressure pipe operations of the responding producers and exporters in Malaysia.

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

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

[5] ***.

[6] ***.

Table VII-1
WSS pressure pipe: Data for producers in Malaysia, 2010-12, January-March 2012, January-March 2013, and projected 2013-14

* * * * * * *

[1] Kanzen Tetsu, Pantech, and Superinox reported capacity (production capability) based on operating *** hours per week, *** weeks per year, respectively.

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

*** on the same equipment and machinery used to produce WSS pressure pipe. *** on the same equipment and machinery used to produce WSS pressure pipe. *** on the same equipment and machinery used to produce WSS pressure pipe.

THE INDUSTRY IN THAILAND

The Commission issued foreign producers' or exporters' questionnaires to four firms believed to produce and/or export WSS pressure pipe from Thailand.[7] The Commission did not receive any useable responses.[8] Simdex includes only Thai-German Products Public Company ("Thai-German Products") (capacity of 15,000 short tons of all types of pipe) as a producer of A-312 or A-778 stainless steel pipe. In addition to subject product, Thai-German Products also produces mechanical tubing, linepipe, ornamental/furniture tubing, and tubing for heat exchangers.[9] Thai-German Products produces pipe with diameters ranging from 4.75 mm (0.19 inch) to 508 mm (20 inches).[10] Thai-German Products received a loan from the Export-Import Bank of Thailand with the objective to finance the expansion of Thai-German Products'

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

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

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

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

production capability of stainless steel pipes and products for domestic sales and export sales in preparation for the ASEAN Economic Community in 2015.[11]

THE INDUSTRY IN VIETNAM

The Commission issued foreign producers' or exporters' questionnaires to two firms believed to produce and/or export WSS pressure pipe from Vietnam.[12] Useable responses to the Commission's questionnaire were received from two firms: Mejonson and Sonha. These firms' exports to the United States accounted for more than *** percent of U.S. imports of WSS pressure pipe from Vietnam over the period being examined.[13] According to estimates requested of the responding Vietnamese producers, the production of WSS pressure pipe in Vietnam reported in this Part of the report accounts for approximately *** percent of overall production of WSS pressure pipe in Vietnam.

Mejonson reported that *** percent of its total sales in the most recent fiscal year were sales of WSS pressure pipe. Sonha reported that *** percent of its total sales in the most recent fiscal year were sales of WSS pressure pipe.

Table VII-2
WSS pressure pipe: Data for producers in Vietnam, 2010-12, January-March 2012, January-March 2013, and projected 2013-14

* * * * * * *

[1] Mejonson and Sonha reported capacity (production capability) based on operating *** hours per week, *** weeks per year, respectively.

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

In 2012, *** percent of the total shipments from Vietnam were exported to the United States, and *** percent was exported to other markets. ***. Exports from Vietnam to the United States *** percent from 2010 to 2012. Reported capacity in Vietnam *** percent from 2010 to 2012, and was *** percent *** in January-March 2013 than in January-March 2012.[14] [15]

---

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

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

[13] ***.

[14] ***.

[15] ***.

Capacity is projected to *** from 2012 to 2013 by *** percent and to *** by *** percent from 2013 to 2014. Production in Vietnam *** during the period for which data were collected. Production *** by *** percent from 2010 to 2011 and was *** percent *** in 2012 than in 2011. Production was *** percent *** in January-March 2013 than in January-March 2012. Production is projected to *** by *** percent from 2012 to 2013, and by *** percent from 2013 to 2014. Table VII- 2 presents information on the WSS pressure pipe operations of the responding producers and exporters in Vietnam.

*** on the same equipment and machinery used to produce WSS pressure pipe. *** on the same equipment and machinery used to produce WSS pressure pipe.

FOREIGN INDUSTRY DATA FOR MALAYSIA AND VIETNAM COMBINED

Table VII-3 presents information on WSS pressure pipe operations of the reporting producers and exporters in Malaysia and Vietnam.

Table VII-3
WSS pressure pipe: Data for producers in Malaysia and Vietnam, 2010-12, January-March 2012, January-March 2013, and projected 2013-14

* * * * * * *

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

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-4 presents data on U.S. importers' reported inventories of WSS pressure pipe.

Table VII-4
WSS pressure pipe: U.S. importers' inventories, 2010-12, January-March 2012, January-March 2013

* * * * * * *

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

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of WSS pressure pipe from Malaysia, Thailand, and Vietnam after March 31, 2013. Seven U.S. importers arranged such shipments. Table VII-5 presents U.S. import shipments of WSS pressure pipe arranged for importation after March 31, 2013.

Table VII-5
WSS pressure pipe: U.S. importers' current orders arranged for delivery after March 31, 2013

* * * * * * *

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

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Based on available information, WSS pressure pipe from Malaysia, Thailand, and Vietnam have not been the subject of import relief investigations in any other country. In the United States, antidumping duty orders are in effect on ASTM A-312 pipe from Korea and Taiwan, a product that is both broader and narrower than the scope of these investigations, and antidumping and countervailing duty orders are in effect on WSS pressure pipe from China.[16] In Brazil, an antidumping investigation was initiated on stainless steel welded pipe from China, and in Turkey, an antidumping duty order is in effect on stainless steel welded pipe from China and Taiwan.**[17]** On July 3, 2012, Brazil initiated an antidumping investigation on imports from China of welded tubes of austenitic stainless steel of circular cross section, , with O.D. of 6mm (1/4 inch) or more but less than 2032 mm (80 inches), with pipe wall thickness of 0.40 mm (0.016 inches) or more and less than or equal to 12.70 mm (5 inches).[18] The product scope of the Brazilian antidumping investigation is broader than the WSS pressure pipe product scope because Brazil's scope includes pipe with O.D. of greater than 14 inches. Pipe with O.D. greater than 14 inches is excluded from the WSS pressure pipe product scope. Turkey initiated antidumping investigations against China and Taiwan on April 19, 2012 on imports of welded stainless steel tubes, pipes, and profiles and imposed antidumping duty orders on both

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

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

[18] WTO, Committee on Antidumping Practices, Semi-Annual Report under Article 16.4 of the Agreement: Brazil," G/ADP/N/237/BRA, p. 3, April 16, 2013.

countries on March 15, 2013.[19] The product scope covered by these orders is broader than that of WSS pressure pipe as the Turkish orders include welded stainless steel pipe of circular, square, and rectangular cross section. Tubes and profiles of square and rectangular cross section are outside of the WSS pressure pipe product scope.

INFORMATION ON NONSUBJECT COUNTRIES

As discussed in Part IV of this report, the leading nonsubject sources of WSS pressure pipe during 2010-12 were Korea and Taiwan which accounted for virtually all U.S. nonsubject imports in 2012 (table IV-2).

Korea

Table VII-6 presents information on Korea's global exports of circular welded tubes, pipes, and hollow profiles of stainless steel (HTS 7306.40) during 2010-12 (the most recent full-year period available) as reported by Global Trade Atlas. Circular welded tubes, pipes, and hollow profiles of stainless steel encompass a significantly larger commodity category, at the 6-digit international harmonization level, than subject WSS pressure pipe not exceeding 14 inches O.D.– e.g., including also larger pipe sizes, mechanical tubing, pressure tubing, and other specialized tubing.

Korea's largest export market for circular welded tubes, pipes, and hollow profiles of stainless steel is the United States which accounted for 25.3 percent of Korea's exports in 2012. Sungwon Pipe Co. Ltd. is the largest stainless steel pipe manufacturer in Korea.[20] Additional manufacturers of A-312 and A-778 pipe manufacturers in Korea (as well as other types of pipe and tube), as reported by Simdex , include Hyundai Steel Pipe Co. (HYSCO) (with annual production capacity of 1.1 million short tons) and SeAH Steel Corp. (annual production capacity of 1.3 million tons). Outside the United States, Korea's largest markets are in Asia.

[19] Republic of Turkey Ministry of Economy, "List of Definitive Anti-Dumping Measures," http://www.ekonomi.gov.tr/upload/6EAC7EC0-D8D3-8566-452029A4778AB3DA/onlemler.xls , retrieved on June 18, 2013 and WTO, Committee on Antidumping Practices, Semi-Annual Report under Article 16.4 of the Agreement: Turkey," G/ADP/N/237/TUR, p. 2, March 28, 2013.

[20] PR Newswire, "Sungwon Pipe Announces New Contracts for 2011," January 25, 2011.

Table VII-6

Circular welded tubes, pipes, and hollow profiles of stainless steel: Korea's global export markets, by quantity and average unit value, 2010-12

Market	Quantity *(short tons)*			Unit value (dollars per short ton)		
	2010	2011	2012	2010	2011	2012
United States	10,979	12,579	10,167	3,998	4,319	4,366
Thailand	398	4,718	4,667	4,973	4,386	4,709
China	5,664	6,230	4,330	5,280	5,086	4,753
Indonesia	1,493	1,714	3,301	2,173	2,753	3,154
Kuwait	39	2,199	3,048	5,068	6,895	4,681
Japan	794	2,825	2,610	4,549	4,475	4,326
Iran	3,275	1,737	1,681	2,885	2,122	3,540
UAE	3,035	8,783	1,616	6,463	6,749	7,242
Canada	937	2,993	1,022	2,323	3,267	2,837
All other	11,828	10,691	7,797	4,507	5,465	5,152
World	38,443	54,471	40,239	4,354	4,964	4,564

Note.-- Data were compiled from HS 7306.40, which covers WSS pressure pipe as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel.

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

Source: Compiled from Global Trade Atlas.

Taiwan

Taiwan's exports are presented in table VII-7. The United States is its largest export market and accounted for 17 percent of Taiwan's exports in 2012. According to Simdex, Ta Chen (16,000 ton capacity for all pipes and tubes including pipe and tube outside the product scope), and four other companies in Taiwan produce stainless steel welded pipe meeting ASTM A-312 specifications. U.S. imports of ASTM A-312 pipe from Taiwan are generally subject to antidumping duties but imports of such pipe from Taiwan producers Chang Tieh Industry and Ta Chen, are not covered. Taiwan exports to a widely-dispersed area; its four largest markets are the United States, Australia, Canada, and Brazil and its exports extend to the European Union, Asia and other regions.

Table VII-7

Circular welded tubes, pipes, and hollow profiles of stainless steel: Taiwan's global export markets, by quantity and average unit value, 2010-12

Market	Quantity *(short tons)*			Unit value *(dollars per short ton)*		
	2010	2011	2012	2010	2011	2012
United States	29,384	27,961	29,678	3,970	4,153	3,554
Australia	11,607	11,824	11,560	3,484	3,957	3,352
Canada	9,644	10,937	10,092	3,332	3,743	3,173
Brazil	10,380	11,429	9,842	3,024	3,364	2,876
South Africa	5,142	7,546	8,439	3,478	3,867	3,483
Turkey	4,675	7,226	7,976	3,041	3,343	2,863
Indonesia	3,836	7,104	7,518	2,891	3,229	2,746
Thailand	6,099	7,217	6,851	2,995	3,391	2,836
Mexico	3,850	5,114	5,502	3,086	3,449	2,940
Netherlands	5,311	5,900	5,459	3,584	3,937	3,507
Singapore	3,559	3,278	5,243	3,274	3,666	3,315
United Kingdom	3,986	4,883	4,986	3,502	3,806	3,251
Belgium	2,497	4,610	4,157	3,246	3,679	3,255
Argentina	2,870	3,589	3,474	3,101	3,428	2,983
Colombia	2,962	3,907	3,461	2,925	3,216	2,746
Philippines	2,608	2,488	3,305	3,077	3,534	3,051
United Arab Emirates	3,157	3,177	3,246	3,433	3,826	3,257
Saudi Arabia	2,263	2,891	3,240	3,294	3,754	3,418
Chile	1,917	2,593	3,091	3,504	3,585	3,239
All others	31,996	36,605	37,427	3,266	3,622	3,108
World	147,745	170,278	174,546	3,396	3,700	3,192

Note.-- Data were compiled from HS 7306.40, which covers WSS pressure pipe as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel.

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

Source: Compiled from Global Trade Atlas.

Global Exports of Circular Welded Tubes, Pipes, and Hollow Profiles of Stainless Steel

Table VII-8 presents information on global exports of circular welded tubes, pipes, and hollow profiles of stainless steel (HTS 7306.40) during 2010-12 (the most recent full-year period available) as reported by Global Trade Atlas. As noted earlier, circular welded tubes, pipes, and hollow profiles of stainless steel encompass a significantly larger commodity category, at the 6-digit international harmonization level, than subject WSS pressure pipe not exceeding 14 inches O.D.– e.g., including also larger pipe sizes, mechanical tubing, pressure tubing, and other specialized tubing. Not only are Korea and Taiwan major suppliers to the United States, they are included in the top six exporting counties for circular welded tubes, pipes, and hollow profiles

of stainless steel (table VII-8). Taiwan is the second-largest global exporter. Korea is the sixth-largest global exporter.

Table VII-8

Circular welded tubes, pipes, and hollow profiles of stainless steel: Global export markets, by quantity and average unit value, 2010-12

Source	Quantity *(short tons)*			Unit value (U.S. dollars per short ton)		
	2010	2011	2012	2010	2011	2012
Italy	282,728	308,450	304,977	3,615	4,311	3,812
Taiwan	147,745	170,278	174,546	3,396	3,700	3,192
China	88,487	105,621	121,884	2,060	2,249	2,520
Germany	76,185	80,673	79,252	6,209	7,329	6,607
Czech Republic	19,124	28,524	46,644	2,667	2,720	1,548
South Korea	38,443	54,471	40,239	4,354	4,964	4,564
United States	23,694	26,578	31,596	6,369	7,213	6,771
France	18,616	25,550	25,890	6,163	6,445	5,384
Uruguay	11,446	13,757	25,120	2,399	2,698	2,594
All other	264,228	170,129	177,298	3,281	6,033	5,412
World	970,694	984,033	1,027,446	3,665	4,630	4,073

Note.-- Data were compiled from HS 7306.40, which covers WSS pressure pipe as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel.

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

Source: Compiled from Global Trade Atlas.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, Federal Register notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
78 FR 31574, May 24, 2013	*Institution of antidumping duty*	https://www.federalregister.gov/articles/2013/05/24/2013-12341/welded-stainless-steel-pressure-pipe-from-malaysia-thailand-and-vietnam-institution-of-antidumping
78 FR 35253, June 12, 2013	*Welded Stainless Pressure Pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*	https://www.federalregister.gov/articles/2013/06/12/2013-13963/welded-stainless-pressure-pipe-from-malaysia-thailand-and-the-socialist-republic-of-vietnam

APPENDIX B

LIST OF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Subject: Welded Stainless Pressure Pipe from Malaysia, Thailand, and Vietnam

Inv. Nos.: 731-TA-1210-1212 (Preliminary)

Date and Time: June 6, 2013 - 9:30 a.m.

Sessions were held in connection with these preliminary-phase investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

OPENING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**Max F. Schutzman**, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP)

In Support of the Imposition of Antidumping Duty Orders:

Schagrin Associates
Washington, DC
on behalf of

Bristol Metals LLC; Felker Brothers Corporation; Outokumpu Stainless Pipe, Inc.; and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW")

Kyle Pennington, President, Synalloy Metals

John Tidlow, Senior Vice President, Bristol Metals LLC

David Hendrickson, President Felker Brothers Corporation

Kris Podsiad, General Manager *and* Executive Vice President, Outokumpu Stainless Pipe, Inc.

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

Linda Andros, Legislative Counsel, USW

Roger B. Schagrin)
– OF COUNSEL
John W. Bohn)

In Opposition to the Imposition of
Antidumping Duty Orders:

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, D.C.
on behalf of

Son Ha International Corporation ("Son Ha")
Silbo Industries, Inc. ("Silbo")

Howard Jakob, Executive Vice President, Silbo

Max F. Schutzman)
) – OF COUNSEL
Dharmendra N. Choudhary)

Appleton Luff Pte Ltd
Washington, D.C.
on behalf of

Pantech Stainless & Alloy Industries Sdn. Bhd.

Kelly A. Slater) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**Max F. Schutzman**, Grunfeld, Desiderio,
Lebowitz, Silverman & Klestadt LLP)

APPENDIX C

SUMMARY DATA

Table C-1
WSS Pressure Pipe: Summary data concerning the U.S. market, 2010-12, January-March 2012, and January-March 2013
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2010	2011	2012	2012	2013	2010-12	2010-11	2011-12	2012-13
U.S. consumption quantity:									
Amount	62,298	65,225	66,341	18,063	14,644	6.5	4.7	1.7	(18.9)
Producers' share [1]	51.1	39.7	40.4	42.9	44.9	(10.7)	(11.4)	0.7	2.0
Importers' share [1]:									
Malaysia	***	***	***	***	***	***	***	***	***
Thailand	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Subtotal, non-subject sources	***	***	***	***	***	***	***	***	***
Total imports	48.9	60.3	59.6	57.1	55.1	10.7	11.4	(0.7)	(2.0)
U.S. consumption value:									
Amount	261,019	303,480	278,842	79,991	57,118	6.8	16.3	(8.1)	(28.6)
Producers' share [1]	52.5	42.5	42.5	46.3	48.1	(10.0)	(10.0)	(0.0)	1.9
Importers' share [1]:									
Malaysia	***	***	***	***	***	***	***	***	***
Thailand	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Subtotal, non-subject sources	***	***	***	***	***	***	***	***	***
Total imports	47.5	57.5	57.5	53.7	51.9	10.0	10.0	0.0	(1.9)
U.S. importers' U.S. shipments of Imports from:									
Malaysia:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Thailand:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Vietnam:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal, subject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Korea:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Taiwan:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal, non-subject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	30,490	39,359	39,540	10,310	8,071	29.7	29.1	0.5	(21.7)
Value	123,949	174,503	160,412	42,977	29,627	29.4	40.8	(8.1)	(31.1)
Unit value	$4,065.23	$4,433.62	$4,056.95	$4,168.48	$3,670.80	(0.2)	9.1	(8.5)	(11.9)
Ending inventory quantity	11,738	9,512	8,174	8,740	7,765	(30.4)	(19.0)	(14.1)	(11.2)

Table continued on next page.

Table C-1…cont.
WSS Pressure Pipe: Summary data concerning the U.S. market, 2010-12, January-March 2012, and January-March 2013
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2010	2011	2012	2012	2013	2010-12	2010-11	2011-12	2012-13
U.S. producers':									
Average capacity quantity	60,512	60,512	60,512	15,128	15,128	0.0	0.0	0.0	0.0
Production quantity	33,574	26,989	28,133	8,303	7,121	(16.2)	(19.6)	4.2	(14.2)
Capacity utilization [1]	55.5	44.6	46.5	54.9	47.1	(9.0)	(10.9)	1.9	(7.8)
U.S. shipments:									
Quantity	31,808	25,866	26,801	7,753	6,573	(15.7)	(18.7)	3.6	(15.2)
Value	137,070	128,977	118,430	37,014	27,491	(13.6)	(5.9)	(8.2)	(25.7)
Unit value	$4,309.29	$4,986.35	$4,418.86	$4,774.15	$4,182.41	2.5	15.7	(11.4)	(12.4)
Export shipments:									
Quantity	606	884	619	172	85	2.1	45.9	(30.0)	(50.6)
Value	3,140	5,944	3,214	966	433	2.4	89.3	(45.9)	(55.2)
Unit value	$5,181.52	$6,723.98	$5,192.25	$5,616.28	$5,094.12	0.2	29.8	(22.8)	(9.3)
Ending inventory quantity	5,417	5,247	5,530	5,520	5,883	2.1	(3.1)	5.4	6.6
Inventories/total shipments [1]	16.7	19.6	20.2	17.4	22.1	3.5	2.9	0.6	4.7
Production workers	292	270	274	268	257	(6.2)	(7.5)	1.5	(4.1)
Hours worked (1,000s)	583	551	556	140	130	(4.6)	(5.5)	0.9	(7.1)
Wages paid ($1,000)	9,938	9,542	10,011	2,523	2,287	0.7	(4.0)	4.9	(9.4)
Productivity (short tons per 1,000 hours)	57.6	49.0	50.6	59.3	54.8	(12.1)	(14.9)	3.3	(7.6)
Unit labor costs	$296.00	$353.55	$355.85	$303.87	$321.16	20.2	19.4	0.6	5.7
Net Sales:									
Quantity	32,589	26,776	27,518	7,926	6,658	(15.6)	(17.8)	2.8	(16.0)
Value	140,400	135,030	122,285	38,288	27,924	(12.9)	(3.8)	(9.4)	(27.1)
Unit value	$4,308	$5,043	$4,444	$4,831	$4,194	3.1	17.1	(11.9)	(13.2)
Cost of goods sold (COGS)	136,651	129,242	117,677	37,141	27,596	(13.9)	(5.4)	(8.9)	(25.7)
Gross profit of (loss)	3,749	5,788	4,607	1,147	327	22.9	54.4	(20.4)	(71.5)
SG&A expenses	10,869	9,324	7,215	2,261	1,785	(33.6)	(14.2)	(22.6)	(21.1)
Operating income or (loss)	(7,120)	(3,536)	(2,608)	(1,115)	(1,458)	63.4	50.3	26.2	(30.8)
Capital expenditures	1,213	882	1,772	44	925	46.1	(27.3)	100.9	2,002.3
Unit COGS	$4,193	$4,827	$4,276	$4,686	$4,145	2.0	15.1	(11.4)	(11.5)
Unit SG&A expenses	$334	$348	$262	$285	$268	(21.4)	4.4	(24.7)	(6.0)
Unit operating income or (loss)	-$218	-$132	-$95	-$141	-$219	56.6	39.6	28.2	(55.7)
COGS/sales [1]	97.3	95.7	96.2	97.0	98.8	(1.1)	(1.6)	0.5	1.8
Operating income or (loss)/sales [1]	(5.1)	(2.6)	(2.1)	(2.9)	(5.2)	2.9	2.5	0.5	(2.3)

[1] Report data are in percent and period changes are in percentage points.
[2] Not applicable.

APPENDIX D

U.S. PRODUCTION AND U.S. IMPORTS BY PRODUCT GRADE

Table D-1
WSS pressure pipe: U.S. producers' production by grades, 2010-2012, January-March 2012, and January-March 2013

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

Table D-2
WSS pressure pipe: U.S. importers' imports by source and grades, 2010-2012, January-March 2012, and January-March 2013

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

APPENDIX E

QUARTERLY DOMESTIC, SUBJECT, AND NONSUBJECT-COUNTRY PRICE DATA

Figures E-1 through E-6 present quarterly pricing and quantity data for WSS pressure pipe products from the United States, Thailand, Malaysia, Vietnam, and nonsubject countries. Nonsubject pricing data was received only for Korea.[1] Price data reported by these firms accounted for approximately 14.8 percent of reported U.S. shipments of WSS pressure pipe products from nonsubject countries during the period.

Domestic prices were above the prices for nonsubject product in all 74 instances. When comparing Thai, Malaysian, and Vietnamese pricing data to pricing data from all nonsubject sources, there were 222 possible pricing comparisons. Thai, Malaysian, and Vietnamese WSS pressure pipe products were lower priced in only 17 of these 222 instances and nonsubject prices were below subject prices in 205 instances. Instances in which Korean prices were higher than Thai and Malaysian prices tended to occur mainly in product 5. Instances in which Korean prices were higher than Vietnamese prices tended to occur mainly for products 3 and 5. A summary of margins of underselling and overselling is presented in table E-1.

Figure E-1
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

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Figure E-2
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

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Figure E-3
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

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Figure E-4
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

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Figure E-5
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

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[1] Price data ***.

Figure E-6
WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

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Table E-1
WSS pressure pipe: Summary of underselling/(overselling) by product from nonsubject countries, January 2010-March 2013

	United States vs. Korea			Malaysia vs. Korea		
Product	Number of comparisons	Underselling	Overselling	Number of comparisons	Underselling	Overselling
Product 1	13	13	0	13	0	13
Product 2	12	12	0	12	0	12
Product 3	10	10	0	10	0	10
Product 4	13	13	0	13	0	13
Product 5	13	13	0	13	2	11
Product 6	13	13	0	13	0	13
	Thailand vs. Korea			Vietnam vs. Korea		
Product 1	13	0	13	13	0	13
Product 2	12	0	12	12	1	11
Product 3	10	1	9	10	4	6
Product 4	13	1	12	13	1	12
Product 5	13	3	10	13	4	9
Product 6	13	0	13	13	0	13

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