

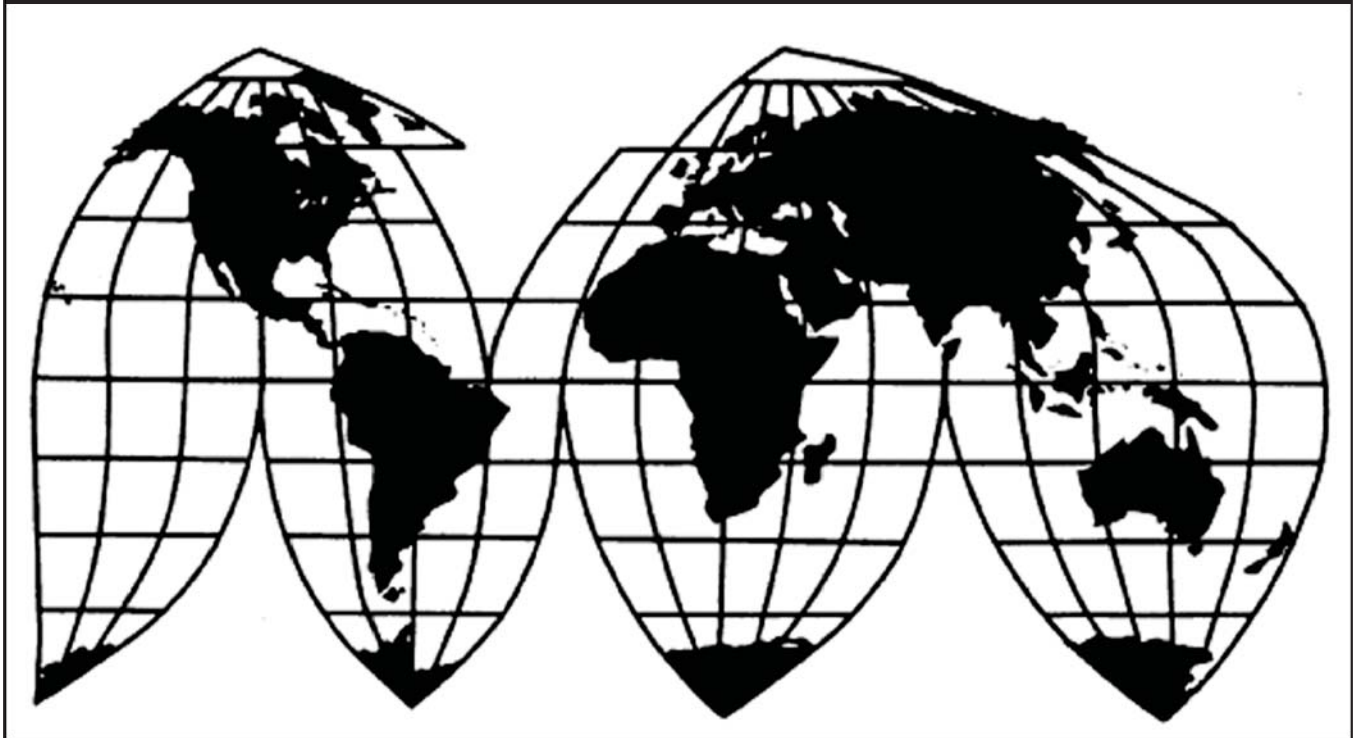
Circular Welded Carbon-Quality Steel Pipe from China

Investigation Nos. 701-TA-447 and 731-TA-1116 (Review)

Publication 4435

November 2013

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-447 and 731-TA-1116 (Review)

CIRCULAR WELDED CARBON-QUALITY STEEL PIPE FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping and countervailing duty orders on circular welded carbon-quality steel pipe from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.²

BACKGROUND

The Commission instituted these reviews on June 3, 2013 (78 FR 33108,) and determined on September 6, 2013 that it would conduct expedited reviews (78 FR 59371, September 26, 2013).³

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

² Commissioner F. Scott Kieff did not participate in these reviews.

³ Due to the lapse in appropriations and ensuing cessation of Commission operations, all import injury investigations conducted under authority of Title VII of the Tariff Act of 1930 have been tolled by 16 days pursuant to 19. U.S.C. § 1675(c)(5)(C)(ii).

Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping and countervailing duty orders on circular welded carbon-quality steel pipe (“CWP”) from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹

I. Background

The original investigations of CWP from China were instituted in response to petitions filed on June 7, 2007, by Allied Tube and Conduit (“Allied”), IPSCO Tubulars, Inc., Northwest Pipe Company, Sharon Tube Company, Western Tube & Conduit Corporation (“Western Tube”), Wheatland Tube Company, and the United Steelworkers, a labor union whose members are engaged in the production of CWP.² In July 2008, the Commission determined that an industry in the United States was materially injured by reason of imports of CWP from China that the U.S. Department of Commerce had determined to be subsidized and sold at less than fair value.³ Commerce issued antidumping duty and countervailing duty orders on imports of CWP from China on July 22, 2008.⁴

The Commission instituted these reviews on June 3, 2013.⁵ The Commission received one substantive joint response to the notice of institution from U.S. producers United States Steel Corp., Allied, EXLTUBE, Maruichi American Corp., TMK-IPSCO, Western Tube, and JMC Steel Group (collectively “the domestic producers”).⁶ It did not receive a response from any respondent interested party. On September 6, 2013, the Commission determined that it would conduct expedited reviews pursuant to section 751(c)(3) of the Tariff Act.⁷

¹ Commissioner Kieff did not participate in these reviews.

² Confidential Report (“CR”) at I-3, Public Report (“PR”) at I-2.

³ *Circular Welded Carbon-Quality Steel Pipe from China*, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final), USITC Pub. 4019 at 1 (July 2008) (“*Original Determination*”).

⁴ *Notice of Antidumping Duty Order: Circular Welded Carbon Quality Steel Pipe from China*, 73 Fed. Reg. 42547 (July 22, 2008); *Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China*, 73 Fed. Reg. 42545 (July 22, 2008) (notice of amended final affirmative countervailing duty determination and notice of countervailing duty order).

⁵ *Circular Welded Carbon-Quality Steel Pipe from China: Institution of Five-Year Reviews*, 78 Fed. Reg. 33108 (June 3, 2013).

⁶ Substantive Response to the Commission’s Notice of Institution, June 28, 2013 (“Response”).

⁷ See Explanation of Commission Determination on Adequacy, EDIS Doc. No. 522076. The Commission found the domestic producers’ response to the notice of institution individually adequate, the domestic interested party group response adequate, and the respondent interested party group response inadequate. The Commission did not find any circumstances that would warrant conducting full reviews.

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”⁸ 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 under this subtitle.”⁹ The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.¹⁰

Commerce has defined the imported merchandise within the scope of the orders under review as follows:

The merchandise subject to this proceeding is certain welded carbon quality steel pipes and tubes, of circular cross-section, and with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish (e.g., black, galvanized, or painted), end finish (e.g., plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (e.g., ASTM, proprietary, or other), generally known as standard pipe and structural pipe (they may also be referred to as circular, structural, or mechanical tubing).

Specifically, the term “carbon quality” includes products in which (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

- (i) 1.80 percent of manganese;
- (ii) 2.25 percent of silicon;
- (iii) 1.00 percent of copper;
- (iv) 0.50 percent of aluminum;

⁸ 19 U.S.C. § 1677(4)(A).

⁹ 19 U.S.C. § 1677(10); *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); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹⁰ *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

- (v) 1.25 percent of chromium;
- (vi) 0.30 percent of cobalt;
- (vii) 0.40 percent of lead;
- (viii) 1.25 percent of nickel;
- (ix) 0.30 percent of tungsten;
- (x) 0.15 percent of molybdenum;
- (xi) 0.10 percent of niobium;
- (xii) 0.41 percent of titanium;
- (xiii) 0.15 percent of vanadium; or
- (xiv) 0.15 percent of zirconium.

Standard pipe is made primarily to American Society for Testing and Materials (“ASTM”) specifications, but can be made to other specifications. Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to a standard and/or structural specification and to any other specification, such as the American Petroleum Institute (“API”) API-5L specification, is also covered by the scope of this investigation when it meets the physical description set forth above and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish. (The term “painted” does not include coatings to inhibit rust in transit, such as varnish, but includes coatings such as polyester.)

The scope of this investigation does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) mechanical tubing, whether or not cold-drawn; (c) finished electrical conduit; (d) finished scaffolding; (e) tube and pipe hollows for redrawing; (f) oil country tubular goods produced to API specifications; and (g) line pipe produced to only API specifications.

The pipe products that are the subject of this investigation are currently classifiable in HTSUS statistical reporting numbers 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, 7306.30.50.90, 7306.50.10.00, 7306.50.50.50, 7306.50.50.70, 7306.19.10.10, 7306.19.10.50, 7306.19.51.10, and 7306.19.51.50.¹¹

¹¹ *Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 Fed. Reg. 61335 (Oct. 2, 2013)
(Continued...)

CWP is used in low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses.¹² It is also used for light load-bearing and mechanical applications, such as fence tubing, scaffolding, and protection of electrical wiring.¹³ CWP may be also used for structural applications in general construction.¹⁴ CWP may be galvanized (zinc-coated by dipping in molten zinc), lacquered, or “black” (painted to provide corrosion resistance).¹⁵

CWP is manufactured using either electric resistance welding or continuous welding. In electric resistance welding, steel sheets are first cold rolled into tubes and then welded with a combination of heat and pressure.¹⁶ In the continuous welding process, steel sheets are heated and then formed and pressure-welded while hot.¹⁷ CWP is most often made to American Society for Testing and Materials (“ASTM”) specifications, but is sometimes made to other or multiple specifications.¹⁸

The scope definition set out above is unchanged from Commerce’s scope definition in the original investigations. In its original determinations, the Commission defined a single domestic like product consisting of CWP, coextensive with the scope of the investigations.¹⁹ There is no new information obtained during these reviews that would suggest any reason to revisit the Commission’s domestic like product definition in the original determinations, and the domestic producers agree with that definition.²⁰ Therefore, we define the domestic like product as circular welded carbon-quality steel pipe, coextensive with Commerce’s scope definition.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output

(...Continued)

(“Commerce Expedited AD Review”) and accompanying Issues and Decision Memorandum, EDIS Doc. No. 520609; *Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China: Final Results of Expedited First Sunset Review of the Countervailing Duty Order*, 78 Fed. Reg. 60849 (Oct. 2, 2013) (“Commerce Expedited CVD Review”) and accompanying Issues and Decision Memorandum, EDIS Doc. No. 520609.

¹² CR at I-13, PR at I-10.

¹³ CR at I-14, PR at I-11.

¹⁴ CR at I-14, PR at I-11.

¹⁵ CR at I-15, PR at I-11.

¹⁶ CR at I-16, PR at I-13.

¹⁷ CR at I-17, PR at I-13.

¹⁸ CR at I-13, PR at I-10.

¹⁹ *Original Determination*, USITC Pub. 4019 at 9.

²⁰ Response at 23; *Circular Welded Carbon-Quality Steel Pipe from China: Petitioners’ Comments on the Record* (Oct. 23, 2013) (“Comments”) at 2-3.

of a domestic like product constitutes a major proportion of the total domestic production of the product.”²¹ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original determinations, the Commission defined the domestic industry as consisting of all domestic producers of CWP and did not exclude any domestic producer as a related party.²² There are no related party issues in these reviews. Accordingly, we define the domestic industry as all domestic producers of CWP.

III. Revocation of the Antidumping and Countervailing Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”²³ The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”²⁴ Thus, the likelihood standard is prospective in nature.²⁵ The U.S. Court of International Trade has found that “likely,” as used in the five-year

²¹ 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

²² *Original Determination*, USITC Pub. 4019 at 9. In these reviews, domestic producers agree with the Commission’s definition of the domestic industry in the original investigations. Response at 23.

²³ 19 U.S.C. § 1675a(a).

²⁴ Uruguay Round Agreements Act Statement of Administrative Action, H.R. Doc. 103-316, vol. I at 883-84 (1994) (“SAA”). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

²⁵ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.²⁶

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”²⁷ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”²⁸

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”²⁹ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).³⁰ The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.³¹

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the

²⁶ See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

²⁷ 19 U.S.C. § 1675a(a)(5).

²⁸ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

²⁹ 19 U.S.C. § 1675a(a)(1).

³⁰ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the subject orders. CR at I-4, PR at I-3.

³¹ 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

United States.³² The Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.³³

In evaluating the likely price effects of subject imports if the order under review is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.³⁴

In evaluating the likely impact of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.³⁵ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.³⁶

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the CWP industry in China. There is also limited information on the CWP market in the United States during the period of review. Accordingly, for our determinations, we rely on the facts available from the original

³² 19 U.S.C. § 1675a(a)(2).

³³ 19 U.S.C. § 1675a(a)(2)(A-D).

³⁴ See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

³⁵ 19 U.S.C. § 1675a(a)(4).

³⁶ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

investigations and the new information on the record in these five-year reviews, including data submitted in the response to the notice of institution.

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”³⁷ The following conditions of competition inform our determinations.

Demand Conditions. In the original investigations, the Commission found that demand for CWP is largely driven by downstream uses such as nonresidential construction.³⁸ CWP demand in the U.S. increased overall by 9.0 percent during the original period of investigation (“POI”), which encompassed January 1, 2005 through December 31, 2007.³⁹ The Commission noted that almost all shipments of both domestic and imported CWP in the U.S. market went to distributors and to “master distributors,” which typically sell to other distributors.⁴⁰ The record in the original investigations indicated that the presence of master distributors “enhanced the ability of the subject imports to compete in the U.S. market.”⁴¹

In these reviews, the information available indicates that the conditions of competition pertaining to demand have not changed significantly since the original investigations. Demand for CWP is still driven largely by nonresidential construction, which declined sharply in 2009 and remains below 2007 levels, despite some subsequent increases.⁴² Apparent U.S. consumption of CWP, based on a combination of U.S. imports and U.S. shipments by responding U.S. producers, was significantly lower in 2012 than in 2007.⁴³ Both domestically produced and imported CWP continue to be shipped primarily to distributors, and master distributors continue to be present in the U.S. market. Some evidence suggests that the domestic industry’s share of shipments to distributors relative to end users has increased since the original investigations.⁴⁴

Supply Conditions. In the original investigations, the Commission found that the domestic industry’s capacity declined over the POI by 13.7 percent, due largely to closures of several domestic production facilities.⁴⁵ While the domestic industry’s production increased

³⁷ 19 U.S.C. § 1675a(a)(4).

³⁸ *Original Determination*, USITC Pub. 4019 at 11, 22.

³⁹ *Original Determination*, USITC Pub. 4019 at 11.

⁴⁰ *Original Determination*, USITC Pub. 4019 at 11.

⁴¹ *Original Determination*, USITC Pub. 4019 at 11.

⁴² CR/PR at Figure I-6; CR at I-22, PR at I-17. The U.S. GDP declined sharply from 2008 to 2009, with incremental increases thereafter. CR/PR at Figure I-4.

⁴³ See CR/PR at Table I-9.

⁴⁴ CR at I-19, PR at I-15.

⁴⁵ *Original Determination*, USITC Pub. 4019 at 11-12.

overall by 5.1 percent in the POI, domestic producers' market share by quantity declined overall by 3.2 percentage points.⁴⁶ U.S. imports from nonsubject countries also lost 9.6 percentage points of U.S. market share, while subject imports gained an overall 12.9 percentage points of market share during the POI.⁴⁷

With respect to supply conditions in these reviews, the domestic CWP industry has experienced additional consolidation and mill closures since the original investigations but the industry now accounts for a larger share of apparent U.S. consumption than it did at the end of the original POI.⁴⁸ The record also indicates that the imposition of antidumping duty and countervailing duty orders resulted in the virtual disappearance of subject imports from the U.S. market.⁴⁹ Currently, imports from nonsubject countries are present in the U.S. market in greater quantities than at the conclusion of the original investigations and their share of the U.S. market has increased since the original POI.⁵⁰

Substitutability and Other Conditions. In the original investigations, the Commission found that the record indicated a moderately high degree of substitutability between domestic and subject CWP because CWP is manufactured to ASTM specifications regardless of source.⁵¹ Market participants reported that the subject imports were always or frequently interchangeable with CWP from nonsubject sources.⁵² While the record showed differing reports on the importance of non-price factors, the vast majority of purchasers indicated that price was a very important factor in their purchasing decisions.⁵³

There is nothing in the limited information available in these reviews which indicates that the substitutability between subject and domestic CWP has changed since the original investigations. CWP continues to be manufactured in a range of sizes and finishes that generally conform to ASTM specifications.⁵⁴ Accordingly, we again find that there is a moderately high degree of substitutability between domestic and subject CWP, and that price continues to be an important factor in purchasing decisions.

C. Likely Volume of Subject Imports

Original Investigations. In the original investigations, the Commission found that subject imports accounted for an increasing share of U.S. consumption and increased relative to U.S. production. Subject import volume increased throughout the POI, from 382,122 short tons

⁴⁶ *Original Determination*, USITC Pub. 4019 at 12.

⁴⁷ *Original Determination*, USITC Pub. 4019 at 12.

⁴⁸ CR/PR at Table I-4 (listing industry acquisitions, expansions, and closures from 2008 to 2012).

⁴⁹ CR/PR at Tables I-7 and I-8.

⁵⁰ CR/PR at Tables I-7 and I-10.

⁵¹ *Original Determination*, USITC Pub. 4019 at 12.

⁵² *Original Determination*, USITC Pub. 4019 at 12.

⁵³ *Original Determination*, USITC Pub. 4019 at 12.

⁵⁴ CR at I-18, PR at I-14.

in 2005 to 715,728 short tons in 2006 and to 748,181 short tons in 2007.⁵⁵ Subject imports also steadily gained market share, increasing from 16.2 percent of apparent U.S. consumption in 2005 to 26.4 percent in 2006 and then to 29.0 percent in 2007.⁵⁶ The Commission found that this increase in subject import volume took market share from the domestic industry, and that subject imports captured a substantial share of the growing U.S. market.⁵⁷ Accordingly, the Commission found the volume of subject imports to be significant, both in absolute terms and relative to consumption and production in the United States.⁵⁸

Current Reviews. In these reviews, the information available indicates that the orders have had a disciplining effect on the volume of subject imports, which declined significantly since the imposition of the orders in 2008.⁵⁹ In 2012, total subject imports were 3,778 short tons, compared with 748,181 short tons in 2007.⁶⁰ The record contains no current data specific to CWP capacity or production in China because subject producers in China declined to participate or furnish information in these reviews. As demonstrated below, the data available in the record indicate that subject producers have increased production and are export-oriented.

The data collected in the original investigations indicated that reporting CWP producers in China had substantial unused capacity in 2007 and reported that their capacity and production increased during the original POI.⁶¹ Data available in these reviews suggests that these trends have continued during the period of review. The record indicates that production of all welded pipe products in China -- a category which encompasses, but is broader than, CWP -- increased by almost 19 million short tons from 2007 to 2011, the most recent year for which data are available.⁶² In addition, available data for circular welded pipe (which include nonsubject merchandise) indicate that China was the world's second largest exporter in 2012.⁶³

We find that the CWP industry in China has the ability to increase exports of subject merchandise to the United States upon revocation, as it did during the original investigations, in light of its large and increasing production and its export orientation. It also has the incentive

⁵⁵ *Original Determination*, USITC Pub. 4019 at 13.

⁵⁶ *Original Determination*, USITC Pub. 4019 at 13.

⁵⁷ *Original Determination*, USITC Pub. 4019 at 13. Apparent U.S. consumption grew by 9.0 percent during the POI. *Id.*

⁵⁸ *Original Determination*, USITC Pub. 4019 at 14.

⁵⁹ *See, e.g.* CR/PR at Table I-7.

⁶⁰ CR/PR at Table I-6. Between 2009 and 2012, the annual quantity of subject imports ranged between 2,105 and 3,778 short tons. CR/PR at Table I-7.

⁶¹ CR at I-41, PR at I-33; 2008 Confidential Report at VII-6.

⁶² CR at I-41, PR at I-33.

⁶³ CR/PR Table I-13.

to do so because the United States is the world's largest importer of circular welded pipe products, thus making it an attractive export market.⁶⁴

The record also indicates that there are barriers to the importation of the subject merchandise into countries other than the United States. Australia, Canada, and the European Union currently maintain antidumping duty orders on imports of circular welded pipe products from China. The scopes of several orders on welded pipe products in other countries differ somewhat from the scope of the orders currently under review but there is sufficient overlap for us to find that there are barriers to the importation of CWP from China into countries other than the United States.⁶⁵ These barriers create further incentives for the subject producers to direct exports to the U.S. market should the orders under review be revoked.

In light of these factors, we find that the subject producers are likely, absent the restraining effects of the orders, to direct significant volumes of CWP to the U.S. market, as they did during the original investigations. We find that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant if the orders were revoked.

D. Likely Price Effects

Original Investigations. In the original investigations, the Commission found that subject CWP had significant adverse effects on domestic pricing during the POI. Notably, CWP from China undersold the domestic product in all 96 quarterly pricing comparisons by margins ranging from 4.3 percent to 56.0 percent. Prices for six of eight domestic CWP products declined over the POI.⁶⁶ The Commission noted that the domestic industry initially did not drop its prices in response to increased imports of subject CWP in 2006, and as a result lost market share.⁶⁷ When the domestic industry dropped its prices in 2007 to compete with subject CWP, it was unable to regain market share lost in 2006 and unable to cover increased costs due to the increased volumes of CWP from China that were underselling the domestic product.⁶⁸ The Commission concluded that consistent and significant price underselling of the domestic like product by subject imports led to significant price suppression of the domestic product.⁶⁹

⁶⁴ CR/PR at Table I-14. The United States has been the world's largest importer of circular welded pipe products since 2008. The data provided encompasses all circular welded pipe products, a broader scope than that of the current reviews.

⁶⁵ CR at I-45, PR at I-37. Australia imposed antidumping duties on CWP from China on June 25, 2006 and maintains duties on hollow structural pipe, including circular pipe, from China. Canada initiated an investigation on carbon steel welded pipe from China in early 2008 and in 2013 continued its 2008 finding covering carbon steel welded pipe that is 6 inches or less in diameter. In December 2008, the European Union imposed antidumping duties on Chinese welded pipe and tube not exceeding 6 5/8 inches in diameter and is currently conducting an expiry (i.e., sunset) review.

⁶⁶ *Original Determination*, USITC Pub. 4019 at 15.

⁶⁷ *Original Determination*, USITC Pub. 4019 at 15.

⁶⁸ *Original Determination*, USITC Pub. 4019 at 15.

⁶⁹ *Original Determination*, USITC Pub. 4019 at 15.

Current Reviews. There is no new product-specific pricing information on the record of these expedited reviews. Rather, pricing data are limited to average transaction prices that reflect a combination of domestic and import shipments of standard pipe in six different combinations of size, surface finish, and end finish. These data suggest that prices are down from peak levels in late 2008 and, despite an initial recovery from the steep decline that occurred over the course of 2009, have been trending downward since 2011.⁷⁰ Given the substitutable nature of CWP, we find that price continues to be an important factor in purchasing decisions. In light of the occurrence of underselling in every price comparison during the original investigations, if the antidumping and countervailing duty orders were revoked, subject imports from China would likely undersell the domestic like product at high margins as they did during the original investigations. This in turn would likely cause the domestic producers to cut prices or restrain price increases to avoid losing sales.

Accordingly, given the likely significant volume of subject imports, we conclude that the subject imports would likely engage in significant underselling of the domestic like product to gain market share and would likely have significant depressing or suppressing effects on the price of the domestic like product if the antidumping and countervailing duty orders were revoked.

E. Likely Impact

Original Investigations. In its original investigations, the Commission found a general decline in domestic industry profitability due largely to the significant price effects of subject imports.⁷¹ The Commission found that the domestic industry initially chose to sacrifice sales volume in 2006 rather than lowering prices to compete with subject imports. Thus, in 2006, shipments, sales quantity, sales revenue and market share of the domestic industry declined but the industry was able to increase its operating income.⁷² However, the Commission found that from 2007 through the end of the POI, the domestic industry began to lower its prices to compete with subject imports and therefore was unable to sustain operating margins at the 2006 levels.⁷³ The industry's operating margins began to fall from 2007. Domestic capacity also fell steadily during the POI, largely due to multiple facility closures.⁷⁴

The Commission found that domestic production, capacity utilization, shipments, and market share decreased and increased irregularly during the POI, mirroring the domestic industry's shifting response to the presence of subject imports. Domestic production initially decreased then increased slightly during the POI, for an overall increase of 5.1 percent.⁷⁵

⁷⁰ CR/PR at Table I-2 and Figure I-3.

⁷¹ *Original Determination*, USITC Pub. 4019 at 18.

⁷² *Original Determination*, USITC Pub. 4019 at 16.

⁷³ *Original Determination*, USITC Pub. 4019 at 16.

⁷⁴ *Original Determination*, USITC Pub. 4019 at 16.

⁷⁵ *Original Determination*, USITC Pub. 4019 at 16.

Domestic capacity utilization generally increased, peaking in 2007.⁷⁶ As noted above, U.S. producers' U.S. shipments decreased in 2006 before increasing in 2007, when the domestic industry lowered its prices to compete with subject imports.⁷⁷ The domestic industry's market share followed a similar trend. The Commission found, however, that while the domestic industry's sales volume increased by 5.1 percent over the entire POI, the value of its sales only increased 2.9 percent for that period.⁷⁸

The Commission found mixed employment data in the original investigations. The average number of production-related workers and hours worked declined steadily from 2005 to 2007, by 3.1 percent and 3.0 percent respectively.⁷⁹ Average unit labor costs declined by 4.1 percent during the POI whereas productivity rose 8.4 percent.⁸⁰

The Commission concluded that subject imports had an adverse impact on the condition of the domestic industry. The Commission found that the absolute and relative volumes of subject imports were significant, and that the subject imports gained market share at the expense of the domestic industry, undersold the domestic like product, and suppressed prices to a significant degree. The pattern of consistent underselling suppressed prices and caused the domestic industry's financial performance to fall to its lowest level in 2007.⁸¹

Current Reviews. The information available concerning the domestic industry's condition in these reviews consists of the data that the domestic producers provided in response to the notice of institution. Because these are expedited reviews, we have only limited information with respect to the domestic industry's financial performance. The limited record is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

The limited information on the record indicates that the capacity of reporting U.S. CWP producers was *** short tons in 2012.⁸² Reported production was *** short tons in 2012; accordingly, capacity utilization was *** percent. U.S. shipments were *** short tons in 2012.⁸³ Domestic producers reported an operating income of \$*** from sales of \$***, resulting in an operating margin of *** percent in 2012.⁸⁴ Although the industry's reported capacity in 2012 is higher than that reported in 2007, its reported production, U.S. shipments quantity, capacity utilization, operating income, and operating income margin were all lower in 2012 than in 2007.⁸⁵ During the original POI, the domestic industry's share of apparent U.S. consumption ranged between 49.3 and 58.4 percent. By contrast, its share of apparent U.S.

⁷⁶ *Original Determination*, USITC Pub. 4019 at 17.

⁷⁷ *Original Determination*, USITC Pub. 4019 at 17.

⁷⁸ *Original Determination*, USITC Pub. 4019 at 17.

⁷⁹ *Original Determination*, USITC Pub. 4019 at 17.

⁸⁰ *Original Determination*, USITC Pub. 4019 at 17.

⁸¹ *Original Determination*, USITC Pub. 4019 at 17.

⁸² CR/PR at Table I-5.

⁸³ CR/PR at Table I-5.

⁸⁴ CR/PR at Table I-5.

⁸⁵ CR/PR at Table I-5.

consumption in 2012 was *** percent.⁸⁶ Based on the limited record of these reviews, we find that, should the orders be revoked, the likely significant volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share and revenues of the domestic industry. These declines would likely have a direct adverse impact on the domestic industry's profitability and employment, as well as its ability to raise capital, to make and maintain capital investments, and to fund research and development.

We also have considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. Nonsubject imports have been present in increasing quantities in the U.S. market since the orders were imposed in 2008. Notwithstanding the increase in nonsubject imports during the period of review, domestic producers were able to increase their share of the U.S. market.⁸⁷ Any increase in subject imports upon revocation would likely be, at least in substantial part, at the expense of the domestic industry.

Accordingly, we conclude that, if the antidumping and countervailing duty orders were revoked, subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

IV. Conclusion

For the above reasons, we determine that revocation of the antidumping and countervailing duty orders on CWP from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

⁸⁶ CR/PR at Table I-10.

⁸⁷ CR/PR at Table I-10.

INFORMATION OBTAINED IN THE REVIEWS

INTRODUCTION

Background

On June 3, 2013, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted reviews to determine whether revocation of the countervailing duty or antidumping duty orders on circular welded carbon-quality steel pipe (“circular welded pipe” or “CWP”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On September 6, 2013, the Commission determined that it would conduct expedited reviews pursuant to section 751(c)(3) of the Act.⁴ The following tabulation presents information relating to the background and schedule of this proceeding:

¹ 19 U.S.C. 1675(c).

² *Circular Welded Carbon-Quality Steel Pipe From China; Institution of Five Year Reviews*, 78 FR 33108, June 3, 2013. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

³ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject countervailing duty and antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 78 FR 33063, June 3, 2013.

⁴ *Scheduling of Expedited Five-Year Reviews Concerning the Countervailing Duty Order and the Antidumping Order on Circular Welded Carbon-Quality Steel Pipe From China*, 78 FR 59371, September 26, 2013. The Commission received one submission in response to its notice of institution in the subject reviews. A joint response was filed on behalf of Allied Tube and Conduit, EXLTUBE, JMC Steel Group, Maruichi American Corporation, TMK-IPSCO, United States Steel Corporation, and Western Tube & Conduit Corporation, U.S. producers believed to account for a substantial portion of production of the domestic like product in 2012. The Commission did not receive any responses from producers in China or importers of the subject merchandise from China. The Commission determined that the domestic interested party group response to its notice of institution was adequate and that the respondent interested party group response was inadequate. In the absence of respondent interested party responses and any other circumstances that would warrant the conduct of full reviews, the Commission determined to conduct expedited reviews.

Effective date	Action
July 22, 2008	Commerce's countervailing duty and antidumping duty orders on circular welded pipe from China (73 FR 42545 and 42547) http://www.gpo.gov/fdsys/pkg/FR-2008-07-22/pdf/E8-16753.pdf and http://www.gpo.gov/fdsys/pkg/FR-2008-07-22/pdf/E8-16767.pdf
June 3, 2013	Commission's institution of first five-year reviews (78 FR 33108) http://www.gpo.gov/fdsys/pkg/FR-2013-06-03/pdf/2013-13085.pdf
June 3, 2013	Commerce's initiation of first five-year reviews (78 FR 33063) http://www.gpo.gov/fdsys/pkg/FR-2013-06-03/pdf/2013-13095.pdf
September 6, 2013	Commission's determination to conduct an expedited five-year review (78 FR 59371, September 26, 2013) http://www.gpo.gov/fdsys/pkg/FR-2013-09-26/pdf/2013-23468.pdf (The press release announcing the Commission's determination concerning adequacy and the conduct of an expedited review can be found at http://www.usitc.gov/press_room/news_release/2013/er0906ll2.htm . A summary of the Commission's votes concerning the adequacy and the conduct of an expedited review can be found at (http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11578). The Commission's explanation of its determination can be found at (http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11579).
October 2, 2013 and October 3, 2013	Commerce's final result of expedited five-year reviews of the countervailing duty antidumping duty orders (78 FR 60849 and 61335) http://www.gpo.gov/fdsys/pkg/FR-2013-10-02/pdf/2013-24129.pdf and http://www.gpo.gov/fdsys/pkg/FR-2013-10-03/pdf/2013-24285.pdf
November 7, 2013	Commission's vote
November 18, 2013	Commission's determination

The original investigations

The original investigations resulted from a petition filed on June 7, 2007, by six U.S producers of circular welded pipe and the United Steelworkers alleging that an industry in the United States was materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of circular welded pipe from China.⁵ On June 5, 2008, Commerce determined that imports of circular welded pipe from China were being sold at LTFV and that countervailing subsidies were being provided to producers and exporters of circular welded pipe from China.⁶ On July 15, 2008, the Commission issued its

⁵ The six petitioning producers were: Allied Tube & Conduit, Harvey, Illinois; IPSCO Tubulars, Inc., Camanche, Iowa; Northwest Pipe Co., Portland, Oregon; Sharon Tube Co., Sharon, Pennsylvania; Western Tube & Conduit Corp., Long Beach, California; and Wheatland Tube Co., Collingswood, New Jersey.

⁶ *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 73 FR (continued...)

determination that an industry in the United States was materially injured by reason of subsidized and LTFV imports of circular welded pipe from China.⁷ Commerce issued countervailing duty and antidumping duty orders on circular welded pipe from China on July 22, 2008.⁸

Commerce's reviews

Commerce has initiated and subsequently rescinded four administrative reviews of the countervailing duty order. Commerce also has initiated and rescinded four administrative reviews of the antidumping duty order.⁹ Commerce has not issued any duty absorption findings and has not conducted any separate new shipper reviews or changed circumstances reviews. Commerce has determined that unfinished scaffolding pipe and steel pipes used in water delivery systems, water sewer purification systems and/or water filtration systems are within the scope, while electrical rigid metal conduit steel and electrical metallic tubing are not.

Commerce's results of its expedited reviews of the subject countervailing duty order and antidumping duty order were published in the Federal Register on October 2 and October 3, 2013 (78 FR 60849 and 78 FR 61335) respectively. Commerce determined that revocation of the subject orders would likely lead to continuation or recurrence of

(...continued)

31970, June 5, 2008. *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China*, 73 FR 31966, June 5, 2008.

⁷ *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, p. 1.

⁸ *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Notice of Amended Final Affirmative Countervailing Duty Determination and Notice of Countervailing Duty Order*, 73 FR 42545, July 22, 2008, and *Notice of Antidumping Duty Order: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China*, 73 FR 42547, July 22, 2008.

⁹ *Circular Welded Carbon Quality Steel Pipe From the People's Republic of China: Notice of Rescission of Antidumping Duty Administrative Review*, 74 FR 57149, November 4, 2009; *Circular Welded Carbon Quality Steel Pipe From the People's Republic of China: Rescission of Antidumping Duty Administrative Review*, 75 FR 81968, December 29, 2010; *Circular Welded Carbon Quality Steel Pipe From the People's Republic of China: Rescission of the 2010–2011 Antidumping Duty Administrative Review*, 76 FR 76944, December 9, 2011. *Circular Welded Carbon Quality Steel Pipe From the People's Republic of China: Rescission of Antidumping Duty Administrative Review, 2011– 2012*, 78 FR 5170, January 24, 2013. *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Rescission of Countervailing Duty Administrative Review*, 74 FR 55541, October 28, 2009; *Circular Welded Carbon Quality Steel Pipe From the People's Republic of China: Rescission of Countervailing Duty Administrative Review*, 75 FR 71672, November 24, 2010; *Circular Welded Carbon Quality Steel Pipe From the People's Republic of China: Rescission of Countervailing Duty Administrative Review*, 76 FR 78887, December 20, 2011. *Circular Welded Carbon Quality Steel Pipe From the People's Republic of China: Rescission of Countervailing Duty Administrative Review; 2011*, 78 FR 9676, February 11, 2013.

countervailable subsidies at rates of 29.83 – 620.08 percent and dumping at margins of 45.35 – 68.24 percent.

Previous and related title VII investigations

The Commission has conducted a number of import relief investigations on circular welded nonalloy steel pipe or substantially similar merchandise. Table I-1 presents information regarding previous and related Title VII investigations.

Table I-1
Circular weld pipe: Previous and related title VII investigations

Product	Inv. no.	Year of petition	Country	Original determination	Current status of order
Circular welded pipe	701-TA-165	1982	Brazil	Terminated	()
	701-TA-166	1982	France	Terminated	()
	701-TA-167	1982	Italy	Negative (P)	()
	701-TA-168	1982	Korea	Affirmative	Order revoked by Commerce, 1985
	701-TA-169	1982	West Germany	Terminated	()
	731-TA-132	1983	Taiwan	Affirmative	Order continued, 2012
	701-TA-220	1984	Spain	Terminated	()
	731-TA-183	1984	Brazil	Terminated	()
	731-TA-197	1984	Brazil	Terminated	()
	731-TA-198	1984	Spain	Terminated	()
	701-TA-242	1985	Venezuela	Terminated	()
	701-TA-251	1985	India	ITA Negative	()
	701-TA-252	1985	Taiwan	ITA Negative	()
	701-TA-253	1985	Turkey	Affirmative	Order continued, 2012
	731-TA-211	1985	Taiwan	Negative	()
	731-TA-212	1985	Venezuela	Terminated	()
	731-TA-252	1985	Thailand	Affirmative	Order continued, 2012
	731-TA-253	1985	Venezuela	Terminated	()
	731-TA-271	1985	India	Affirmative	Order continued, 2012
	731-TA-273	1985	Turkey	Affirmative	Order continued, 2012
	731-TA-274	1985	Yugoslavia	Terminated	()
	731-TA-292	1986	China	Negative	()
	731-TA-293	1986	Philippines	Negative	()
	731-TA-294	1986	Singapore	Negative	()
	701-TA-311	1991	Brazil	ITA Negative	()
	731-TA-532	1991	Brazil	Affirmative	Order continued, 2012
	731-TA-533	1991	Korea	Affirmative	Order continued, 2012
	731-TA-534	1991	Mexico	Affirmative	Order continued, 2012
	731-TA-535	1991	Romania	Negative	()
	731-TA-536	1991	Taiwan	Affirmative	Order continued, 2012
	731-TA-537	1991	Venezuela	Affirmative	ITC negative, 2000 review
	731-TA-732	1995	Romania	Negative	()
	731-TA-733	1995	South Africa	Negative	()

Table continued on next page.

Table I-1—Continued**Circular weld pipe: Previous and related title VII investigations**

Product	Inv. no.	Year of petition	Country	Original determination	Current status of order
Circular welded pipe	731-TA-943	2001	China	Negative	(¹)
	731-TA-944	2001	Indonesia	Negative (P)	(¹)
	731-TA-945	2001	Malaysia	Negative (P)	(¹)
	731-TA-946	2001	Romania	Negative (P)	(¹)
	731-TA-947	2001	South Africa	Negative (P)	(¹)
	701-TA-447	2007	China	Affirmative	Order under review
	731-TA-1116	2007	China	Affirmative	Order under review
	701-TA-482	2011	India	Negative	(¹)
	701-TA-483	2011	Oman	Negative	(¹)
	701-TA-484	2011	United Arab Emirates	Negative	(¹)
	701-TA-485	2011	Vietnam	ITA Negative	(¹)
	731-TA-1191	2011	India	Negative	(¹)
	731-TA-1192	2011	Oman	Negative	(¹)
	731-TA-1193	2011	United Arab Emirates	Negative	(¹)
	731-TA-1194	2011	Vietnam	Negative	(¹)

¹ Not applicable.

Source: *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008; *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252,271, 273, 532-534 and 536 (Third Review)*, USITC Publication 4333, June 2012; *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012.

Previous and related safeguard investigations

In response to a January 24, 1984 petition filed by Bethlehem Steel Corp. and the United Steelworkers of America, the Commission conducted an investigation pursuant to section 201 of the Trade Act of 1974 regarding imports of a wide range of carbon and certain alloy steel products, including carbon and alloy steel ingots, blooms, billets, slabs, and sheet bars; plates; sheets and strip; wire rods; wire and wire products; railway-type products; bars; structural shapes and units; and pipes and tubes and blanks.¹⁰ The Commission made affirmative determinations with respect to 5 of the 9 investigated products, and the Commission majority recommended various relief measures.¹¹ On September 18, 1984, the President announced that he would not implement the remedies proposed by the Commission as they were not “in the national economic interest,” but instead, as part of a 9-point plan to assist the domestic steel industry to compete with imports, he recommended the negotiation of voluntary restraint agreements (“VRAs”) with trading partners to address unfair surges in imports of steel

¹⁰ *Carbon and Certain Alloy Steel Products, Inv. TA-201-51*, USITC Publication 1553, July 1984.

¹¹ *Carbon and Certain Alloy Steel Products, Inv. TA-201-51*, USITC Publication 1553, July 1984.

products.¹² Between October 1, 1984, and March 31, 1992, the United States limited imports into the U.S. market of non-alloy carbon steel products from the European Union and 19 other sources through voluntary restraint agreements (“VRAs”).¹³

In a 2001 safeguard investigation, the Commission determined that certain carbon and alloy steel welded tubular products other than oil country tubular goods (including circular welded pipe as defined in the current proceeding) were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing such articles, and recommended a tariff-rate quota decreasing from 20 percent to 11 percent over four years.¹⁴ On March 5, 2002, the President announced the implementation of steel safeguard measures. Import relief relating to welded tubular products (other than oil country tubular goods) consisted of an additional tariff for a period of three years and one day (15 percent *ad valorem* on imports in the first year, 12 percent in the second year, and 9 percent in the third year).¹⁵ Following receipt of the Commission’s mid-term monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, the President determined that the effectiveness of the safeguard measures were impaired by changed circumstances. Therefore, he terminated the measure with respect to increased tariffs on December 4, 2003.¹⁶

On March 21, 2005, the Commission instituted an investigation pursuant to section 204(d) of the Trade Act of 1974 to evaluate the effectiveness of the relief action imposed by President Bush on imports of certain steel products. The Commission’s report on the evaluation was transmitted to the President and the Congress on September 19, 2005.

In 2005, the Commission conducted a China-specific safeguard investigation on circular welded nonalloy steel pipe. Following the Commission’s affirmative determination of market

¹² 49 FR 36813, September 20, 1984 (President’s Memorandum).

¹³ *Certain Circular, Welded, Non-Alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Invs. Nos. 731-TA-532-537 (Final)*, USITC Publication 2564, October 1992, p. I-48. Although there was no VRA with Taiwan, Taiwan established a voluntary unilateral restraint on its steel exports to the United States through an exchange of letters between the Coordination Council for North American Affairs and the American Institute in Taiwan.

¹⁴ *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

¹⁵ *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products*, 67 FR 10553, March 7, 2002. The President also instructed the Secretaries of Commerce and the Treasury to establish a system of import licensing to facilitate steel import monitoring.

¹⁶ *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products*, 68 FR 68483, December 8, 2003. Import licensing, however, remained in place through March 21, 2005, and continues in modified form at this time.

disruption and remedy recommendations, the President issued a proclamation on December 30, 2005, determining not to impose temporary import relief.¹⁷

THE PRODUCT

Commerce's scope

In its countervailing duty and antidumping duty orders, Commerce defined the subject merchandise as:

certain welded carbon quality steel pipes and tubes, of circular cross-section, and with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish (e.g., black, galvanized, or painted), end finish (e.g., plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (e.g., ASTM, proprietary, or other), generally known as standard pipe and structural pipe (they may also be referred to as circular, structural, or mechanical tubing).

Specifically, the term "carbon quality" includes products in which (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated: (i) 1.80 percent of manganese; (ii) 2.25 percent of silicon; (iii) 1.00 percent of copper; (iv) 0.50 percent of aluminum; (v) 1.25 percent of chromium; (vi) 0.30 percent of cobalt; (vii) 0.40 percent of lead; (viii) 1.25 percent of nickel; (ix) 0.30 percent of tungsten; (x) 0.15 percent of molybdenum; (xi) 0.10 percent of niobium; (xii) 0.41 percent of titanium; (xiii) 0.15 percent of vanadium; or (xiv) 0.15 percent of zirconium.

Standard pipe is made primarily to American Society for Testing and Materials ("ASTM") specifications, but can be made to other specifications. Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to a standard and/or structural specification and to any other specification, such as the American Petroleum Institute ("API") API-5L specification, is also covered by the scope of this investigation when it meets the physical description set forth above and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish.

¹⁷ *Presidential Proclamation 2006-7 of December 30, 2005, Presidential Determination on Imports of Circular Welded Non-Alloy Steel Pipe from the People's Republic of China*, 71 FR 871, January 6, 2006.

The scope does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) mechanical tubing, whether or not cold-drawn; (c) finished electrical conduit; (d) finished scaffolding; (e) tube and pipe hollows for redrawing; (f) oil country tubular goods produced to API specifications; and (g) line pipe produced to only API specifications.¹⁸

U.S. tariff treatment

The pipe products that are the subject of these reviews are currently imported under the following Harmonized Tariff Schedule of the United States (“HTSUS”) statistical reporting numbers: 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090.

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

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

The column 1 - General (normal trade relations) rate of duty for the tariff rate lines superior to these statistical reporting numbers, applicable to the circular welded pipe subject to these investigations, is free.¹⁹

¹⁸ *Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China: Notice of Amended Final Affirmative Countervailing Duty Determination and Notice of Countervailing Duty Order*, 73 FR 42545, July 22, 2008, and *Notice of Antidumping Duty Order: Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China*, 73 FR 42547, July 22, 2008. See also *Notice of Scope Rulings*, 75 FR 14138, March 24, 2010; 77 FR 52313, August 29, 2012; and 78 FR 9370, February 8, 2013 for Commerce’s scope reviews.

¹⁹ The product description, and not the HTSUS classification, is dispositive of whether the merchandise imported into the United States is included in the scope of the reviews.

Domestic like product and domestic industry

In the final phase of the original investigations, the Commission defined a single domestic like product including all circular welded pipe, coextensive with the scope of the investigations. The Commission observed that “no party advocates defining the domestic like product differently” and no new information had been developed since its conclusions in the preliminary phase of the investigations to suggest that a different definition was warranted.²⁰ The Commission did not find any of the U.S. producers to be related parties.²¹

In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry. In their joint response to the Commission’s notice of institution, the domestic producers indicated that they agree with the Commission’s definitions of the domestic like product and domestic industry that were adopted in the original investigations.²² No further comment on the domestic like product or domestic industry has been filed with the Commission in this proceeding.

Description and uses²³

In general, steel pipes and tubes²⁴ are produced in various grades of carbon, stainless, or other alloy steel. Tubular products frequently are distinguished by the following six end uses as defined by the American Iron and Steel Institute (“AISI”).

²⁰ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, p. 9. In the preliminary phase of the investigations the Commission found a single domestic like product consisting of all subject circular welded pipe (CWP) “in the absence of any clear dividing lines among CWP” and in light of “limited interchangeability between standard pipe and other types of pipe.” *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Preliminary)*, USITC Publication 3938, July 2007, p. 8.

²¹ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, p. 10.

²² *The Domestic Industry’s Substantive Response To the Notice of institution*, June 28, 2013, p. 23.

²³ Unless otherwise noted this information is based on the following publications: *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008; *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252,271, 273, 532-534 and 536 (Third Review)*, USITC Publication 4333, June 2012; and *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012.

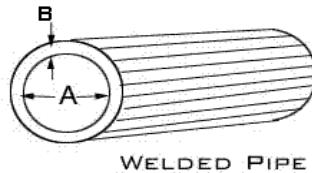
²⁴ Pipe dimensions (e.g., outside diameter (“O.D.”) and wall thickness) are standardized while tube dimensions are design-specific. The HTS generally makes no distinction between pipes and tubes.

- *Standard pipe* is ordinarily used for low-pressure conveyance of air, steam, gas, water, oil, or other fluids for mechanical applications. It is used primarily in machinery, buildings, sprinkler systems, irrigation systems, and water wells rather than in pipe lines or utility distribution systems. It may carry fluids at elevated temperatures which are not subject to external heat applications. It is usually produced in standard diameters and wall thicknesses to American Society for Testing and Materials (“ASTM”) specifications.
- *Line pipe* is used for transportation of gas, oil, or water, generally in a pipeline or utility distribution system. It is produced to API-5L and American Water Works Association (“AWWA”) specifications.
- *Structural pipe and tubing* is welded or seamless pipe and tubing generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment, and other similar uses. It is produced in nominal wall thicknesses and sizes to ASTM specifications in round, square, rectangular, or other cross-sectional shapes.
- *Mechanical tubing* is welded or seamless tubing produced in a large number of shapes of varied chemical composition in sizes 3/16 inch to 10¾ inches O.D. inclusive for carbon and alloy material. It is not normally produced to meet any specification other than that required to meet the end use. It is produced to meet exact O.D. and decimal wall thickness.
- *Pressure tubing* is used to convey fluids at elevated temperatures or pressures, or both, and is suitable to be subjected to heat applications. It is produced to exact O.D. and decimal wall thickness in sizes ½ inch to 6 inches O.D. inclusive, usually to specifications such as ASTM.
- *Oil country tubular goods (“OCTG”)* are pipe produced to API specifications and used in wells to extract oil and natural gas:
 - *Casing* is the structural retainer for the walls of oil or gas wells and covers sizes 4½ to 20 inches O.D., inclusive.
 - *Tubing* is used within casing oil wells to convey oil to ground level and ordinarily includes sizes 1.050 to 4.500 inches O.D., inclusive.
 - *Drill pipe* is used to transmit power to a rotary drilling tool below ground level and covers sizes 2 3/8 to 6¾ inches O.D., inclusive.

Standard pipe of non-alloy steel is the primary product within the scope of these reviews (see figure I-1). Standard pipe is intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It is made primarily to ASTM A53, A135, and A795 specifications, but can also be made to other specifications, such as British Standard (“BS”) 1387. Since these standards often specify required engineering characteristics that overlap, a pipe can also be dual stenciled (stamped with

monograms signifying compliance with two different specifications, such as ASTM A53 and API 5L).²⁵

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



Source: ASA Alloys, Inc., retrieved at <http://www.asaalloys.com/diagrams.html>.

Other uses of circular welded pipe include light load-bearing and mechanical applications, such as for fence tubing, scaffolding components, and protection of electrical wiring, such as conduit shells. Fence tubing is commonly produced to ASTM specification F1083, which covers hot-dipped galvanized welded steel pipe used for fence structures. However, mills also produce fence tubing without reference to an ASTM specification, or to a general specification such as ASTM A513.

In addition, circular welded pipe is used for structural applications in general construction. Structural pipe is generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment, and other similar uses. It is produced in nominal wall thicknesses and sizes to ASTM specifications. These products also are manufactured primarily to standard ASTM specifications such as A500 or A252,²⁶ as well as American Society of Mechanical Engineers (“ASME”) specifications.

Standard pipe used in light load-bearing, mechanical, and structural applications may be galvanized (zinc-coated by dipping in molten zinc), lacquered (black finish), or painted “black” to provide corrosion resistance, which is important for storage in humid conditions or for ocean

²⁵ Welded line pipe is produced in accordance with API specifications for use in oil and gas pipelines, an application that requires higher hydrostatic test pressures and more restrictive weight tolerances than standard pipe. Pipe that is in conformance with API Specification 5L Grade B is automatically also in conformance with the less restrictive standard pipe specification of the American Society for Testing and Materials, ASTM A53 Grade B. The API 5L specification also suggests that products in compliance with multiple compatible standards may be marked with the name of each standard. As a consequence, manufacturers often “dual stencil” such product with both specifications so that it may be applied for either use.

²⁶ ASTM specification A500 is applicable to common structural tubular products for above-ground use, while ASTM specification A252 applies to piling pipe (pipe that typically is filled with concrete and used as a permanent load-carrying member below ground in foundation work).

In addition, ASTM specification A589 is the standard specification for water-well pipe (including waterwell casing), although circular welded pipe produced to ASTM A53 and A500 frequently are used for this application.

transport.²⁷ End finishes include plain end, which may be either cut, or beveled suitable for welding, or include threaded ends, or threaded or coupled, as well as other special end finishes. Pipe with threaded ends is usually provided “threaded and coupled,” meaning that a coupling is attached to one end of each length of pipe.

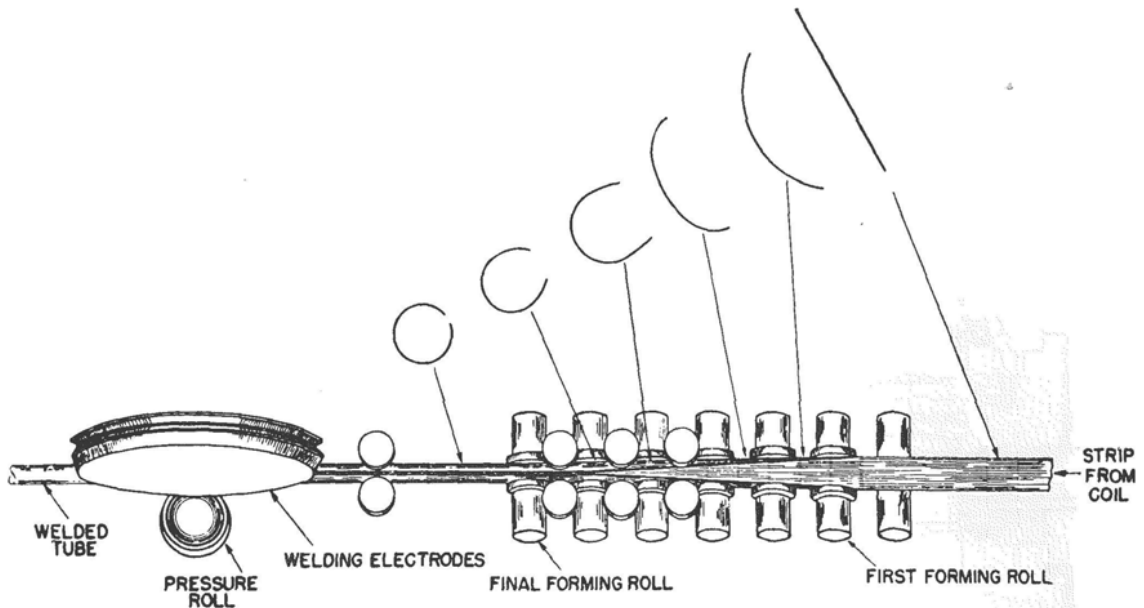
Production process²⁸

Circular welded pipes of the sizes subject to these investigations are manufactured by either the electric resistance-welding (“ERW”) process or the continuous-welding (“CW”) process. The ERW process is a cold-forming process. The raw material input is steel sheet which has been slit into strips of appropriate width that equal the diameter of the pipe to be welded. The strips, or “skelp,” are formed into a tubular shape by passing it through a series of rollers, which provide the initial shaping into round form, as well as guidance into the welding section (figure I-2).

²⁷ Very broadly, galvanized steel pipe is often used in outdoor applications where corrosion resistance is important, i.e., fence tubing, outdoor handrails, etc. Pipe that is not galvanized is often used in indoor applications such as residential indoor piping.

²⁸ Unless otherwise noted this information is based on the following publications: *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008; *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252,271, 273, 532-534 and 536 (Third Review)*, USITC Publication 4333, June 2012; and *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012.

Figure I-2
Circular welded pipe: Operations to make ERW tubes from steel strip



Source: AISI, Steel Products Manual – Steel Specialty Tubular Products, p. 20.

After the strips have been formed to a tubular shape, the edges are heated by electrical resistance and welded by a combination of heat and pressure. The heat for welding is generated by the resistance of the steel to the flow of an electric current. The welding pressure causes some of the metal to be squeezed from the joint, forming a bead of metal on both the inside and outside of the tube. While still in the continuous processing line, the tube is then subjected to post-weld heat treatment, as required. This may involve heat treatment of the welded seam only, or treatment of the entire pipe. After heat treatment, sizing rolls shape the tube to the correct diameter. The product is cooled and then cut at the end of the tube mill by a flying shear or saw, synchronized with the tube's movement so that it is not necessary to stop the process. The ERW process can be used to cover the full range of standard pipe diameters pertinent to these reviews.

In the CW process, the entire strip is heated to approximately 2,450 degrees Fahrenheit in a gas-fired, continuous furnace. As the strip leaves the furnace, super-heated air from a blower raises the temperature of the edges to approximately 2,600 degrees Fahrenheit for welding. The strip is formed into tubular shape by a series of rollers, and the edges are butted together under pressure to form the weld. While still hot, the product may be processed through a stretch reduction mill, which simultaneously reduces the diameter and wall thickness of the pipe. The continuous tube is then cut into predetermined lengths by a flying saw or shear. The CW method can be used to produce pipe up to 4.5 inches in O.D.

Finishing operations on standard pipe and tube may include hydrostatic testing, oiling, and galvanizing. The process of galvanizing involves the application of a zinc coating to steel pipe for protection from atmospheric corrosion. In a hot-dip process of galvanizing, cut lengths of steel pipe are dipped in a bath of molten zinc maintained at a temperature of 820 to 860 degrees Fahrenheit. The combination of the temperature of both the zinc and the steel, as well

as the immersion time within the zinc bath, determine the thickness of the coating. The zinc coating may be applied to the outside only, or both the inside and outside of the steel pipe, depending on end-use application and industry specification (e.g., ASTM). In a continuous galvanizing process, the zinc coating may be applied to the outside of the pipe before the steel pipe is cut to length by passing it through a bath of molten zinc.

End finishing may include square cutting, beveling, threading, or grooving. Threaded pipe may be furnished “threaded and coupled,” in which case both ends of each length of pipe are threaded and a threaded coupling is applied to one end.

Interchangeability and customer and producer perceptions²⁹

As discussed previously, the primary applications for the domestic like product are those associated with standard pipe and structural pipe and tubing. As such, U.S. mills produce the domestic like product in a range of size, wall thickness, surface finish, and end finish combinations. Production generally is in accordance with the ASTM specifications discussed above, although certain products – in particular fence tubing – may be produced to proprietary specifications.

In its original investigations, the Commission observed that “(t)he record indicates a moderately high degree of substitutability between CWP produced domestically and that imported from China.”³⁰ The Commission pointed to use of common specifications as well as to the views of producers, importers, and purchasers regarding the interchangeability of circular welded pipe produced in the United States, China, and other (nonsubject) countries.³¹ Indeed, for every possible comparison, large majorities of producers, importers, and purchasers reported that circular welded pipe from different sources was “always” or “frequently” interchangeable (that is, can be physically used in the same applications).³²

²⁹ Unless otherwise noted this information is based on the following publications: *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008; *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252,271, 273, 532-534 and 536 (Third Review)*, USITC Publication 4333, June 2012; and *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012.

³⁰ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, p. 12.

³¹ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, p. 12.

³² *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, table II-2.

Channels of distribution³³

During 2005-07, U.S. producers and U.S. importers primarily shipped circular welded pipe to distributors. For U.S. producers, distributor sales accounted for 82.7 – 84.7 percent of U.S. shipments. For U.S. importers, distributor sales accounted for 96.8 – 98.8 percent of U.S. shipments of imported circular welded pipe from China and 99.6 percent of U.S. shipments of imported circular welded pipe from nonsubject countries. Data from more recent proceedings on circular welded pipe suggest that U.S. producers' share of shipments to distributors relative to end users has increased. U.S. imports of circular welded pipe remain focused on distributors, although certain sources also sell to end users such as mass merchandise ("big box") retailers.³⁴

Pricing and related information³⁵

In the original investigations, the Commission collected price data for six ASTM A-53 schedule 40 pipe products and two fence tube products. Four of the price items were galvanized products and four were "black" products. A total of 96 quarterly net weighted-average U.S. f.o.b. selling price comparisons were possible between the domestic and imported Chinese circular welded pipe shipped to U.S. customers during 2005-07. In all of the 96 selling price comparisons, circular welded pipe from China was priced less than the U.S.-produced products, by margins ranging from 4.3 percent to 56.0 percent.³⁶

³³ Unless otherwise noted this information is based on the following publications: *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008; *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252,271, 273, 532-534 and 536 (Third Review)*, USITC Publication 4333, June 2012; and *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012.

³⁴ *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, pp. II-1 and II-2. *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252,271, 273, 532-534 and 536 (Third Review)*, USITC Publication 4333, June 2012, pp. II-1 and II-2. *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam Investigation Nos. 701-TA-482-484 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012, pp. II-2 and II-3.

³⁵ Unless otherwise noted this information is based on the following publications: *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008; *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252,271, 273, 532-534 and 536 (Third Review)*, USITC Publication 4333, June 2012; and *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012.

³⁶ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, Table V-5.

The following table presents pricing data from January 2012 to December 2012 as published by *Preston Pipe and Tube*, in dollars per net (short) ton. Average monthly market prices for each type of standard pipe decreased from January to December of 2012.

Table I-2
Circular welded pipe: Average market prices (in dollars per net (short) ton) for various types of standard pipe, monthly, 2012

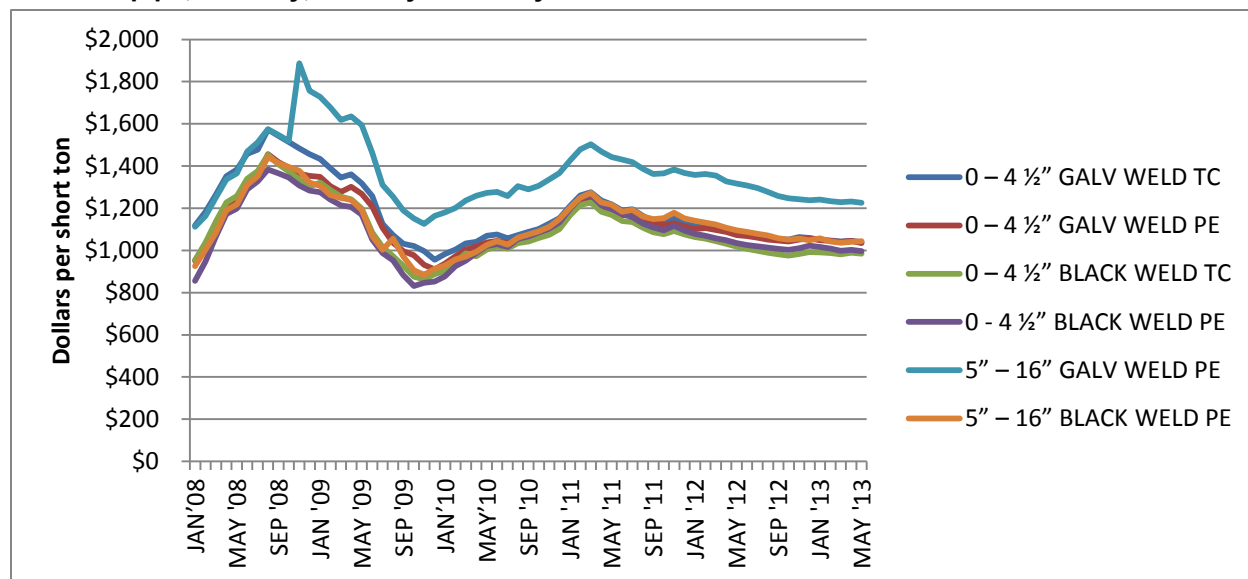
Type of product	Jan '12	Feb '12	Mar '12	Apr '12	May '12	Jun '12	Jul '12	Aug '12	Sep '12	Oct '12	Nov '12	Dec '12
0 – 4 ½" Galv Weld TC	1,115	1,121	1,116	1,105	1,091	1,084	1,075	1,063	1,055	1,051	1,063	1,059
0 – 4 ½" Galv Weld PE	1,102	1,106	1,097	1,088	1,073	1,068	1,060	1,052	1,047	1,042	1,051	1,057
0 – 4 ½" Black Weld TC	1,063	1,056	1,043	1,031	1,018	1,007	998	989	982	976	983	992
0 – 4 ½" Black Weld PE	1,078	1,069	1,057	1,049	1,034	1,026	1,019	1,013	1,008	1,003	1,011	1,022
5" – 16" Galv Weld PE	1,358	1,363	1,354	1,328	1,316	1,307	1,296	1,277	1,258	1,247	1,242	1,238
5" – 16" Black Weld PE	1,141	1,132	1,122	1,107	1,096	1,088	1,079	1,071	1,058	1,051	1,056	1,049

Note.—Prices are average transaction prices by weighted average value. Prices are a combination of both domestic (U.S.) and import shipments.

Source: Data from Preston Pipe & Tube Report, Vols. 26-31.

The following figure shows average market prices for each type of standard pipe between January 2008 and May 2013.

Figure I-3
Circular welded pipe: Average market prices (in dollars per net (short) ton) for various types of standard pipe, monthly, January 2008-May 2013



Note.—Prices are average transaction prices by weighted average value. Prices are a combination of both domestic (U.S.) and import shipments.

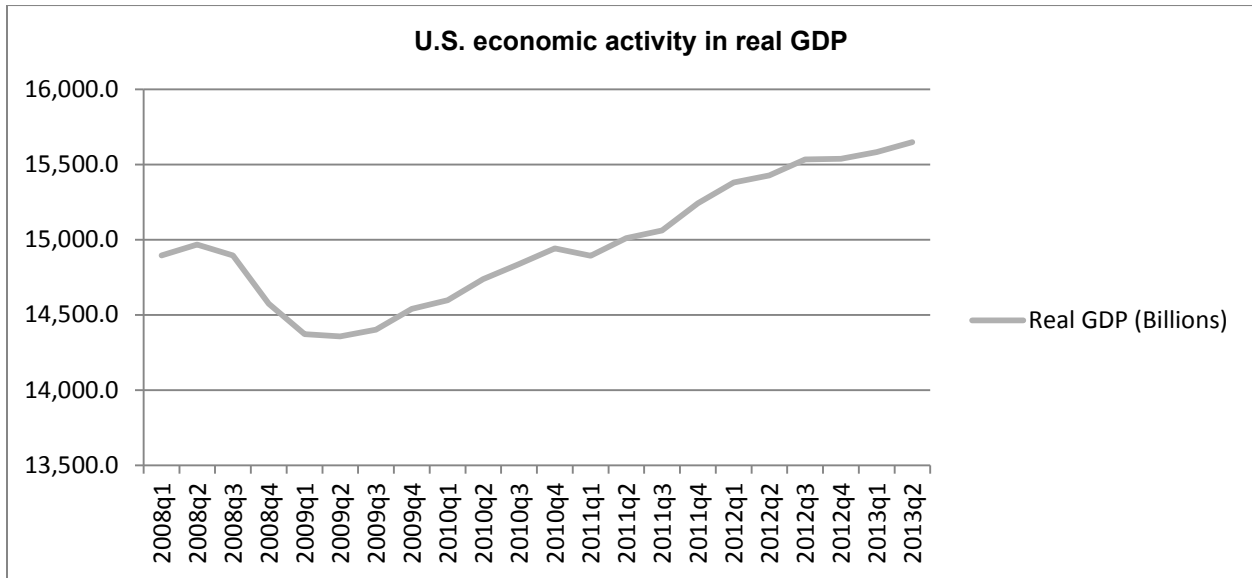
Source: Data from Preston Pipe & Tube Report, Vols. 26-31.

Demand factors such as fluctuations in the non-residential (and to a lesser extent in residential) construction sectors and overall U.S. economic activity influence circular welded pipe prices. Non-residential construction value reached a low point in late 2010, before partially recovering in 2011-13 (see discussion of apparent U.S. consumption, which also shows value of aggregate private non-residential construction since 2005). Figure I-4 shows overall U.S. economic activity in terms of real GDP from quarter 1 of 2008 to quarter 2 of 2013.

In addition, circular welded pipe prices vary according to product specifications, including but not restricted to surface finishing (black or galvanized) and end finishing (plain or threaded end with and without coupling). Raw materials account for approximately three-quarters of the cost of circular welded pipe. The principal raw materials used in circular welded pipe are hot-rolled steel sheet and zinc (for galvanized products).³⁷ Price information regarding hot-rolled steel sheet and zinc is shown in figure I-5. After a decrease in the price of both hot-rolled steel sheet and zinc during 2008, prices generally increased into 2011 and moderated thereafter. Overall, prices remain below early 2008 peak levels but have partially recovered to approximately 30 dollars per hundredweight (600 dollars per short ton) for hot-rolled steel and 90 cents per pound for zinc.

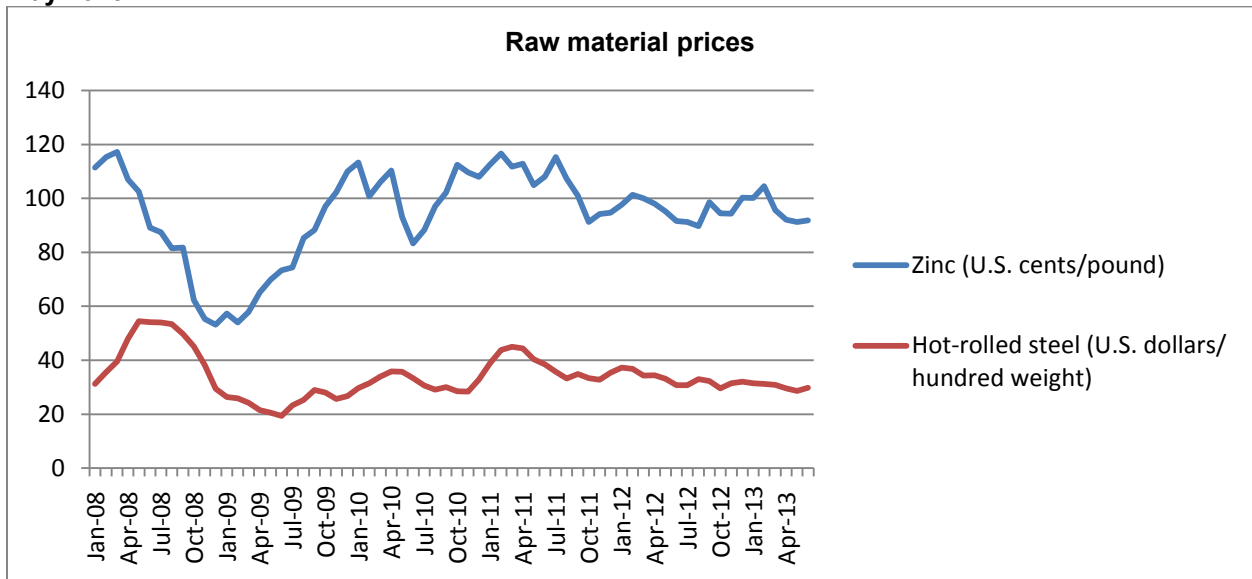
³⁷ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, pp. V-1 to V-2.

Figure I-4
Circular welded pipe: U.S. economic activity measured in real GDP, quarter 1 of 2008 to quarter 2 of 2013



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Figure I-5
Circular welded pipe: Average monthly prices of inputs zinc and hot-rolled steel, January 2008 to May 2013



Source: American Metal Market.

THE INDUSTRY IN THE UNITED STATES

U.S. producers

In its original investigations, the Commission collected data from 21 U.S. producers of circular welded pipe that accounted for more than 90 percent of U.S. production in 2007. Three producers, Wheatland, Allied, and Bull Moose, together accounted for *** percent of reported 2007 production of circular welded pipe.³⁸ During 2005-07, the domestic industry experienced a series of mergers and acquisitions (involving Atlas Tube, IPSCO, Maverick, Sharon Tube, and Wheatland) as well as several mill closures (Wheatland closed four facilities during this period).³⁹

In their substantive response to the Commission's notice of institution, the domestic interested parties identified 14 known and currently operating circular welded pipe producers. Table I-3 lists the domestic interested parties (believed to account for *** percent of total 2012 production), each company's position on the subject orders, production location(s), related and/or affiliated firms, and share of reported production of circular welded pipe in 2012. Table I-3 also includes the U.S. producers identified by the domestic interested parties as well as several smaller producers identified in the Commission's more recent investigations of circular welded pipe.⁴⁰ No U.S. producers directly import the subject merchandise from China, and none are known to have any affiliation with Chinese producers of circular welded pipe.⁴¹

³⁸ *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, p. III-1.

³⁹ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, p. III-1 nn. 1 and 2.

⁴⁰ *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012.

⁴¹ *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, p. 20 and exhibits 17 and 18.

Table I-3

Circular welded pipe: U.S. producers, positions on the subject orders, U.S. production locations, related and/or affiliated firms, and shares of 2012 reported U.S. production

Firm	Position on orders	U.S. plant location(s)	Parent company	Share of production (percent)
Allied	Support	Harvey, IL Philadelphia, PA Phoenix, AZ Morrisville, PA	Clayton Dubilier & Rice LLC (US) Tyco International (US)	***
Atlas	Support	Chicago, IL Plymouth, MI Blytheville, AR	JMC Steel Group	***
EXLTUBE	Support	Kansas City, MO	Steel and Pipe Supply Company Inc. (US)	***
Maruichi	Support	Santa Fe Springs, CA	Maruichi Steel Tube (Japan) Metal One Corp. (Japan) Japanese Banks	***
TMK IPSCO	Support	Blytheville, AR Camanche, IA Wilder, KY	OAD TMK (Russia)	***
U.S. Steel	Support	McKeesport, PA Lone Star, TX Bellville, TX	None	***
Western Tube	Support	Long Beach, CA	Sumitomo Metals (Japan) Sumikin Bussan Int'l (US) Sumitomo Pipe & Tube (Japan) Sumitomo Corp. of America Sumitomo Corp. (Japan)	***
Wheatland	Support	Sharon, PA Wheatland, PA Warren, OH Chicago, IL	JMC Steel Group	***

Note—The following companies did not respond to the *Notice of Institution*: American, Bull Moose, California Steel, Hanna, Hannibal, Marcegaglia, Maverick, Northwest, Skyline, Texas Tubular, Tex-Tube, and Welded Tube-Berkely (now closed).

Source: *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, Exhibit 17; *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012, Table III-1.

Table I-4 summarizes important events that have taken place in the U.S. industry since January 2008.

Table I-4
Circular welded pipe: Important industry events, 2008-12

Year	Company	Events
2008	Evraz Group SA and TMK (Russia)	Acquisition: Evraz Group SA and TMK purchase IPSCO's tubular business from SSAB for \$4 billion. TMK obtains all of IPSCO's U.S. operations and 51 percent of NS Group for \$1.2 billion. Evraz acquires the other 49 percent of the NS Group. IPSCO's tubular operations are renamed TMK-IPSCO.
	TMK (Russia)	Acquisition: TMK purchases the U.S. portions of IPSCO's tubular business from Evraz for \$1.2 billion.
	OJSC Novolipetsk Steel (NLMK) (Russia)	Failed acquisition: Novolipetsk, a Russian steel maker, plans to purchase John Maneely Co. (JMC) from Washington-based investment firm Carlyle Group for \$3.5 billion. The purchase includes Wheatland Tube and Sharon Tube in Pennsylvania, among others. Novolipetsk subsequently reconsiders and settles with Carlyle (March 2009) for \$234 million.
	Allied Tube and Conduit	Plant closing: Allied permanently closes down pipe mills in Pine Bluff (AR), and temporarily halts pipe production at Phoenix (AZ). The Phoenix mill operates at only one shift in 2011.
	Maruichi Steel Tube/Leavitt	Acquisition: Maruichi Steel Tube of Osaka, Japan, purchases 60-percent interest in Leavitt Tube (Chicago) for \$90 million from a group of private investors. Sumitomo Corp. of America maintains its 40-percent interest in the company.
2009	Allied	Acquisition: Allied Tube and Conduit, purchases Novamerica's pipe mill in Philadelphia. This facility produces standard pipe as well as mechanical and structural tubing.
		Acquisition: Allied Tube and Conduit acquires the assets of the Barzel Industries' Morrisville, PA operation.
		Expansion: Allied announces the opening of a \$30 million expansion of its manufacturing center in Harvey, IL. The expansion will double the size of the existing facility and streamline manufacturing, warehousing, and distribution operations.
	Maruichi/Leavitt	Plant closure: Jackson, MS plant ceased all production in December because of decreased orders caused by the worsening of the U.S. economy.
	Northwest	Plant continued closure: Bossier City, LA plant, idled several years earlier, remains idle.
	Texas Tubular	Production cutbacks: U.S. Steel Tubular Products Inc. is the primary supplier of tubular products and coil material used in Texas Tubular's pipe manufacturing and is a major customer of its finished tubular goods. U.S. Steel's idling of its Lone Star plant caused Texas Tubular to reduce its operations "to a level commensurate with current market conditions."

Table continued on next page.

Table I-4 -- Continued
Circular welded pipe: Important industry events, 2008-12

2009 (cont.)	TMK-IPSCO	Acquisition: TMK-IPSCO acquires the remaining shares of NS Group from Evraz for \$508 million (February) to become the sole owner.
		Plant idling: All TMK-IPSCO locations experience reduced operations for parts of the year.
		Labor contract: TMK-IPSCO and the United Steelworkers union reach agreement on a new labor contract which will remain in force until April 15, 2012. The new agreement freezes base wages during the first year of the contract, improves work force “flexibility,” invests in training for maintenance employees, and introduces an incentive plan based on productivity, quality and attendance.
	U.S. Steel	Plant idling: Bellville, TX plant is idled.
		Plant idling: Lone Star, TX plant is idled.
	Wheatland	Plant closure: Wheatland Tube closes its plant in Sharon, PA due to decreasing demand.
2010	Maruichi/Leavitt	Upgrade: As part of a strategic plan to upgrade and modernize its equipment, Leavitt invests \$12 million to install a quick-change cassette system to allow tighter tolerances, reduce downtime, and increase flexibility at its hollow structural sections mill.
		Replacement investment: Leavitt purchases a new mill which replaces two older structural mills that have been in use since the late 1960s and 1970s. The new mill employs a quick-change system and a saw cut-off finish and is estimated to cost \$16 million.
	Northwest	Plant re-opening: Northwest re-opens (primarily) OCTG pipe mill in Bossier City, LA which had been idle for several years.
2011	Atlas	Plant re-opening: Atlas re-opens its hollow structural sections operation in Blytheville, AR. The plant closed in 2008.
	JMC Steel Group	Acquisition: Zekelman family acquires the majority of JMC Steel Group (parent company of Atlas Tube and Wheatland Tube) in March. Carlyle Group is the minority owner.
	Northwest	Expansion: Northwest plans to expand its Houston, TX, mill to produce tubes with O.D. sizes ranging from 2 3/8 to 2 7/8 inches.
	TMK-IPSCO	Expansion: TMK-IPSCO plans to upgrade its 2 pipe-making production lines in Wilder, KY, with the installation of a new threading shop. Wilder currently sends pipe to another TMK-IPSCO mill to be threaded.
	Wheatland	Labor contract: Wheatland enters into a new five-year contract with its local USW.
2012	Allied	Acquisition and plant closure: JMC Steel Group., parent company of Atlas Tube and Wheatland Tube, acquires Allied’s Morrisville, PA pipe mill and ceases production at that facility.

Table continued on next page.

Table I-4 –Continued
Circular welded pipe: Important industry events, 2008-12

2012	Skyline Steel	Purchase: Nucor Corporation acquires Skyline Steel from ArcelorMittal in June 2012.
	TMK-IPSCO	Labor contract: TMK-IPSCO and the USW reach an agreement on a new five- year contract.
	U.S. Steel	Labor contract: U.S. Steel reaches a tentative 3-year agreement with the USW subject to ratification.
	Welded Tube-Canada	Plant closure: Welded Tube-Canada announces the closure of its pipe mill in South Carolina.

Source: *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252,271, 273, 532-534 and 536 (Third Review)*, USITC Publication 4333, June 2012 and *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam Investigation Nos. 701-TA-482-484 and 731-TA-1191-1194 (Final)*, USITC Publication 4362, December 2012.

U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the five-year reviews of the subject orders. Table I-5 presents the data reported by responding U.S. producers from both the original investigations (2005-07) and the response to the notice of institution (2012). The data presented in the table was provided by 21 firms for the period 2005-07 and by 7 firms, accounting for an estimated *** percent of the total domestic production of circular welded pipe, for the year 2012.⁴²

⁴² *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, p. 21. JMC reported data separately for its Atlas and Wheatland operations.

Table I-5
Circular welded pipe: U.S. producers' trade and financial data, 2005-07 and 2012

Item	2005	2006	2007	2012
Capacity	2,571,019	2,405,229	2,219,300	***
Production	1,385,959	1,383,110	1,457,128	***
Capacity utilization (percent)	53.9	57.5	65.7	***
U.S. shipments				
Quantity (short tons)	1,381,578	1,338,934	1,422,667	***
Value (1,000 dollars)	1,362,886	1,314,637	1,350,791	***
Unit value (dollars per short ton)	986	982	949	***
Net sales				
Quantity (short tons)	1,400,129	1,364,791	1,471,543	***
Value (1,000 dollars)	1,335,159	1,302,373	1,373,678	***
Unit value (dollars per short ton)	954	954	933	***
Cost of goods sold (COGS) (\$1,000)	1,143,517	1,083,988	1,225,209	***
Gross profit or (loss) (\$1,000)	191,642	218,385	148,469	***
SG&A (\$1,000)	51,097	66,745	86,933	***
Operating income or (loss) (\$1,000)	140,545	151,640	61,536	***
COGS/sales (percent)	85.6	83.2	89.2	***
Operating income or (loss)/sales (percent)	10.5	11.6	4.5	***

Source: Compiled from *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, table C-1 and *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, exh. 17.

The domestic interested parties contend that their current financial condition is extremely vulnerable to any increase in the volume of unfairly traded imports. They reported that the operating income margin for the domestic producers was *** percent in 2012, as opposed to ranging from 4.5 percent to 11.6 percent during 2005-07. Additionally, capacity utilization for the domestic producers was *** percent in 2012, in contrast to 2005-07 when it ranged from 53.9 percent to 65.7 percent.⁴³

⁴³ *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, pp. 17-18.

U.S. IMPORTS AND APPARENT CONSUMPTION

U.S. importers⁴⁴

In response to Commission questionnaires issued to importers during the original investigations, thirty-two firms supplied usable data. Twenty-six of the thirty-two firms imported circular welded pipe from China in 2007, including in particular ***.⁴⁵ Responding importers are believed to have accounted for 82.6 percent of imports from China and 75.3 percent of imports from other sources during 2007.⁴⁶

In their substantive response to the Commission's notice of institution, the domestic interested parties observed that the number of U.S. importers importing the subject merchandise from China had likely declined following the issuance of the subject orders. Nonetheless, they identified three possible U.S. importers (***) in addition to the original 32 identified by the Commission.⁴⁷

U.S. imports

In its original investigations, the Commission found the subject import volume and the increase in that volume were significant, both in absolute terms and relative to consumption and production in the United States. The Commission noted that the volume of subject imports from China was 382,122 short tons in 2005, and increased by 95.8 percent from 2005 to 2007, to 748,181 short tons. This increase in subject imports greatly exceeded the increase in apparent U.S. consumption from 2005 to 2007, and subject imports from China increased their share of the U.S. market from 16.2 percent in 2005 to 29.0 percent in 2007. As a ratio to U.S. production, subject imports from China increased from 27.6 percent in 2005 to 51.3 percent in 2007.⁴⁸

Data regarding U.S. imports of circular welded pipe, as reported in the final original investigations, as well as data from 2012, are presented in table I-6. U.S. imports from China decreased from 748,181 short tons in 2007 to 3,778 short tons in 2012. As a result, their share of the total quantity of imports declined from 64.8 percent to 0.6 percent. Although imports

⁴⁴ All information is from the original staff report unless otherwise indicated. *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, pp. IV-1 to IV-2

⁴⁵ *** imported the largest volumes of circular welded pipe from nonsubject sources in 2007.

⁴⁶ Coverage of imports was based on the total reported imports compared with official statistics, adjusted for nonsubject mechanical tubing from Canada and adding reported micro-alloy steel and dual-stencil pipe imports.

⁴⁷ *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, p. 20 and exh. 19.

⁴⁸ *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, pp. 13-14.

from all other countries increased from 406,280 short tons in 2007 to 580,442 short tons in 2012, total imports decreased from 1,154,462 short tons in 2007 to 584,220 short tons in 2012.

Table I-6
Circular welded pipe: U.S. import data, 2005-07 and 2012

Item	2005	2006	2007	2012
Quantity (short tons)				
China	382,122	715,728	748,181	3,778
All other	600,574	660,381	406,280	580,442
Total imports	982,696	1,376,109	1,154,462	584,220
Value (\$1,000)				
China	245,357	415,197	470,787	5,805
All other	490,728	507,222	363,801	588,044
Total imports	736,086	922,419	834,588	593,849
Unit value (dollars per short ton)				
China	642	580	629	1,537
All other	817	768	895	1,048
Average, total	749	670	723	1,050
Share of quantity (percent)				
China	38.9	52.0	64.8	0.6
All other	61.1	48.0	35.2	99.4
Total	100.0	100.0	100.0	100.0

Note. -- Because of rounding, figure may not add to total shown.

Source: *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, table C-1. Official Import Statistics of Commerce, as adjusted. Canada, subtotal nonsubject, and total imports are adjusted based on Statistics Canada export data to exclude nonsubject mechanical tube shipments. Canadian export data for 2011 and 2012 are suppressed; therefore data for 2012 are estimated based on the ratio of Canadian exports of standard pipe to exports of all pipe from 2010. The data for the value of all imports (combined) are adjusted accordingly.

The domestic producers participating in the current five-year review acknowledged the Commission's findings in its original investigations.⁴⁹ Also, the domestic producers stated in their response to the Commission's notice of institution that "substantial antidumping and countervailing duties significantly constrain the volume of subject imports," but that "there is every reason to believe Chinese producers continue to have substantial excess production capacity."⁵⁰ According to U.S. producers, the U.S. market remains attractive and the number and diversity of non-subject import sources establishes that the U.S. market remains an attractive market for imports generally. Moreover, they contend, Chinese circular welded pipe producers continue to solicit sales opportunities, even from U.S. producers, notwithstanding the subject orders.⁵¹

Table I-7 presents the quantity, value, unit value, and share of quantity for the top ten sources of U.S. imports as well as China. Imports of circular welded pipe from China decreased from 12,081 short tons in 2008 to 3,778 short tons in 2012. In 2012, Thailand was the largest source of imports, having increased from 85,760 to 115,189 short tons between 2008 and 2012.

⁴⁹ *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, p. 9.

⁵⁰ *Ibid*, pp. 10-11.

⁵¹ *Ibid*, p. 13-15.

Imports from Thailand now account for 19.7 percent of total U.S. imports of circular welded pipe.

Table I-7
Circular welded pipe: U.S. imports, by source, 2008-12

Source	Calendar year				
	2008	2009	2010	2011	2012
Quantity (short tons)					
China	12,081	2,105	3,196	3,244	3,778
Nonsubject countries:					
Thailand	85,760	31,399	28,751	47,696	115,189
Turkey	53,583	26,032	37,225	31,723	67,266
Mexico	52,245	66,813	63,151	66,017	66,490
Korea	123,952	38,833	75,857	48,054	56,972
Oman	24,404	18,888	33,442	35,378	48,295
Vietnam	29,734	22,417	35,678	55,079	42,155
UAE	18,579	17,461	33,188	63,996	40,319
Pakistan	10,404	562	2,203	2,060	26,048
Philippines	135	42	4,773	23,882	23,943
Canada	46,561	23,859	14,136	14,435	17,087
All other sources	231,408	107,246	152,074	120,812	76,678
Subtotal nonsubject	676,765	353,552	480,478	509,132	580,442
Total	688,846	355,657	483,674	512,376	584,220

Table I-7 —Continued
Circular welded pipe: U.S. imports, by source, 2008-12

Source	Calendar year				
	2008	2009	2010	2011	2012
Value (1,000 dollars)					
China	17,079	2,813	4,285	4,892	5,805
Nonsubject countries:					
Thailand	89,599	30,594	26,785	46,506	110,495
Turkey	58,346	23,730	30,399	30,124	62,282
Mexico	58,379	49,111	52,473	63,669	59,873
Korea	126,894	33,714	68,177	51,189	61,550
Oman	24,125	15,833	27,245	31,956	44,779
Vietnam	33,459	17,747	30,561	49,827	37,564
UAE	20,964	14,631	27,700	57,524	38,041
Pakistan	11,322	408	2,213	2,108	26,205
Philippines	199	41	3,841	19,505	21,375
Canada	53,159	22,787	13,616	15,762	19,578
All other sources	267,499	122,476	159,681	147,349	106,302
Subtotal nonsubject	743,945	331,072	442,691	515,519	588,044
Total	761,024	333,885	446,976	520,411	593,849
Unit value (dollars per short ton)					
China	1,144	1,336	1,341	1,508	1,537
Nonsubject countries:					
Thailand	1,045	974	932	975	959
Turkey	1,089	912	817	950	926
Mexico	1,117	735	831	964	901
Korea	1,024	868	899	1,065	1,080
Oman	989	838	815	903	927
Vietnam	1,125	792	857	905	891
UAE	1,128	838	835	899	944
Pakistan	1,088	727	1,005	1,023	1,006
Philippines	1,479	995	805	817	893
Canada	1,142	955	963	1,092	1,146
All other sources	1,156	1,142	1,050	1,219	1,386
Average nonsubject	1,099	936	921	1,012	1,013
Average all countries	1,104	939	924	1,015	1,016

Table continued on the following page.

Table I-7 — Continued**Circular welded pipe: U.S. imports, by source, 2008-12**

Source	Calendar year				
	2008	2009	2010	2011	2012
	Share of quantity (percent)				
China	1.8	0.6	0.7	0.6	0.6
Nonsubject countries:					
Thailand	12.4	8.8	5.9	9.3	19.7
Turkey	7.8	7.3	7.7	6.2	11.5
Mexico	7.6	18.8	13.1	12.9	11.4
Korea	18.0	10.9	15.7	9.4	9.8
Oman	3.5	5.3	6.9	6.9	8.3
Vietnam	4.3	6.3	7.4	10.7	7.2
UAE	2.7	4.9	6.9	12.5	6.9
Pakistan	1.5	0.2	0.5	0.4	4.5
Philippines	0.0	0.0	1.0	4.7	4.1
Canada	6.8	6.7	2.9	2.8	2.9
All other sources	33.6	30.2	31.4	23.6	13.1
Subtotal nonsubject	98.2	99.4	99.3	99.4	99.4
Total	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official Commerce statistics for statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090. Official Import Statistics of Commerce, as adjusted. Canada, subtotal nonsubject, and total imports are adjusted based on Statistics Canada export data to exclude nonsubject mechanical tube shipments. Canadian export data for 2011 and 2012 are suppressed; therefore data for 2011-12 are estimated based on the ratio of Canadian exports of standard pipe to exports of all pipe from 2010. The data for the value of all imports (combined) are adjusted accordingly.

Ratio of imports to U.S. production

Imports of circular welded pipe from China ranged from 27.6 percent to 51.3 percent of reported U.S. production during 2005-07. Imports from nonsubject sources ranged from 43.3 percent to 27.9 percent of reported U.S. production. Total imports ranged from 70.9 percent in 2005, to 99.5 percent in 2006, before dropping to 79.2 percent of total U.S. production in 2007.⁵²

According to the response to the notice of institution from the domestic producers, U.S. imports from China are equivalent to *** percent of U.S. production while imports from nonsubject imports are equivalent to *** percent. The ratios of imports from China and nonsubject countries during 2005-07 and 2012 are shown in table I-8 below.

⁵² *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, Table IV-9.

Table I-8
Circular welded pipe: Ratio of imports to U.S. production, 2005-07 and 2012

Item	Calendar year			
	2005	2006	2007	2012
Ratio of imports to U.S. production				
China	27.6	51.7	51.3	***
Nonsubject countries	43.3	47.7	27.9	***
Total	70.9	99.5	79.2	***

Source: The Domestic Industry's Substantive Response To The Notice Of Institution, June 28, 2013, exh. 17; *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008; *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, official Commerce statistics.

Apparent U.S. consumption and market shares

Table I-9 presents U.S. shipments of domestic product, U.S. imports and apparent U.S. consumption in 2005-07 and 2012. Table I-10 shows U.S. market share during 2005-07 and 2012. U.S. consumption in terms of quantity increased from 2.4 million short tons in 2005 to 2.7 million short tons in 2006, before decreasing to 2.6 million short tons in 2007. Since then, consumption has ***. The responding producers' share of consumption was 55.2 percent in 2007 and *** percent in 2012.

Table I-9
Circular welded pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2005-07 and 2012

Item	2005	2006	2007	2012
Quantity (short tons)				
U.S. producers' U.S. shipments	1,381,578	1,338,934	1,422,667	***
China	382,122	715,728	748,181	3,778
All other	600,574	660,381	406,280	580,442
Total imports	982,696	1,376,109	1,154,462	584,220
Apparent U.S. consumption	2,364,274	2,715,043	2,577,129	***
Value (1,000 dollars)				
U.S. producers' U.S. shipments	1,362,886	1,314,637	1,350,791	***
China	245,357	415,197	470,787	5,805
All other	490,728	507,222	363,801	588,044
Total imports	736,086	922,419	834,588	593,849
Apparent U.S. consumption	2,098,972	2,237,056	2,185,379	***

Source: Compiled from *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, table C-1, and *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, exh. 17.

Table I-10
Circular welded pipe: U.S. market shares, 2005-07 and 2012

Item	2005	2006	2007	2012
	Quantity (short tons)			
Apparent U.S. consumption	2,364,274	2,715,043	2,577,129	***
	Value (1,000 dollars)			
Apparent U.S. consumption	2,098,972	2,237,056	2,185,379	***
	Share of quantity (percent)			
Producer's share	58.4	49.3	55.2	***
Importer's share				
China	16.2	26.4	29.0	***
All other sources	25.4	24.3	15.8	***
Total imports	41.6	50.7	44.8	***
	Share of value (percent)			
Producer's share	64.9	58.8	61.8	***
Importer's share				
China	11.7	18.6	21.5	***
All other sources	23.4	22.7	16.6	***
Total imports	35.1	41.2	38.2	***

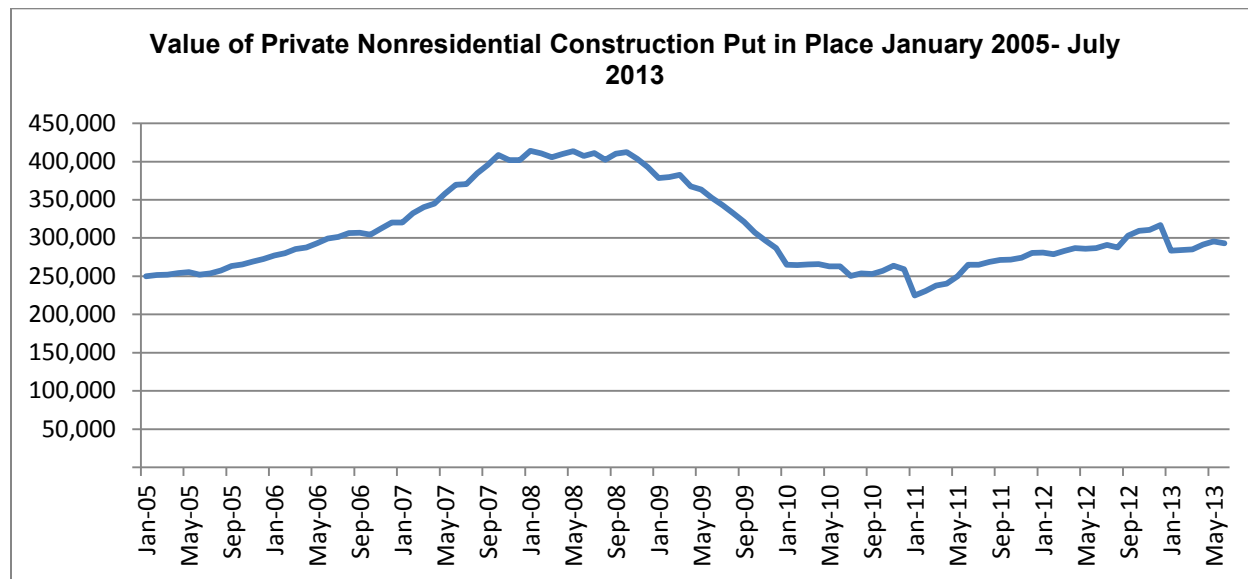
Source: Compiled from data presented in the original investigation; *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, exh. 17; *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, Table C-1.

In its original determination, the Commission found that demand for CWP is largely derived from nonresidential construction.⁵³ The domestic industry attributed the decrease in U.S. consumption to a decrease in nonresidential consumption. According to the domestic industry, nonresidential construction levels decreased in 2009 and continue to remain well below the 2007 levels.⁵⁴ Figure I-6, shows the levels of private nonresidential construction since 2005.

⁵³ *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-447 and 731-TA-1116 (Final)*, p.11.

⁵⁴ *Circular Welded Carbon-Quality Steel Pipe from China: The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, p. 22-23.

Figure I-6
Value of private nonresidential construction put in place, January 2005-July 2013



Source: Data gathered from U.S. Census Bureau at: <http://www.census.gov/construction/c30/c30index.html>.

THE INDUSTRY IN CHINA

Background

During the final phase of the original investigations, the Commission issued questionnaires to 52 firms that were identified as possible producers or exporters of circular welded pipe from China. Chinese producers and exporters of circular welded pipe supplied 15 questionnaires, accounting for an estimated 51.5 percent of production in China in 2007, and an estimated 65.1 percent of 2007 Chinese exports of circular welded pipe to the United States.⁵⁵ Respondents to the original questionnaire included:

Benxi Northern Steel Pipe Co., Ltd. ("Benxi");
 Guangdong Walsall Steel Pipe Industrial Co., Ltd. ("Guangdong Walsall"); Hengshui Jinghua Steel Pipe Co., Ltd. ("Hengshui");
 Huludao Steel Pipe Industrial Co., Ltd. ("Huludao");
 Jiangsu Guoqiang Zinc-Plating Industrial Co., Ltd. ("Jiangsu Guoqiang"); Liaoning Northern Steel Pipe Co., Ltd. ("Liaoning Northern");
 Shanghai Alison Steel Pipe Co., Ltd. ("Shanghai Alison");

⁵⁵ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, p. VII-2 .

Shanghai Metals and Minerals Import and Export Co. ("Shanghai Metals");⁵⁶
Shanghai Zhongyou TIPO Steel Pipe Co., Ltd. ("Shanghai Zhongqing");
Shijiazhuang Zhongqing Import & Export Co., Ltd. and Bazhoushi Zhuofa Steel Pipe Co., Ltd. ("Shijiazhuang")⁵⁷;
Tai Feng Qiao Metal Products Co., Ltd. ("Tai Feng");
Tianjin Lifengyuanda Steel Group Co., Ltd. ("Tianjin Lifengyuanda"); Tianjin Shuangjie Steel Pipe Co., Ltd. ("Tianjin Shuangjie");
Weifang East Steel Pipe Co., Ltd. ("Weifang");
Zhejiang Kingland Pipeline and Technologies Co., Ltd. ("Zhejiang Kingland")

The Commission did not receive any responses to the notice of inquiry from foreign producers or exporters. The domestic industry identified fifty-two known producers or exporters of circular welded pipe.⁵⁸

Capacity and production

During the original investigations, 15 respondents provided data on their individual capacity and production in 2007. The largest firms, ***, accounted for approximately one-half of reported production and capacity in China in 2007. The capacity of the 15 respondents was reported to be *** short tons with reported production of *** short tons. This was estimated to account for about 51.5 percent of total production in China.⁵⁹

Since no Chinese producers responded to the notice of institution, no further data are available specific to the production or capacity of subject circular welded pipe in China. Table I-11 shows Chinese production of all welded pipe during both 2005-07 and 2008-11, the most recent period available. Production of all welded pipe in China has increased by almost 17 million metric tons (19 million short tons) since 2007.⁶⁰

⁵⁶ Shanghai Metals was an exporter of circular welded pipe produced by ***.

⁵⁷ Shijiazhuang was an exporter of circular welded pipe produced by ***.

⁵⁸ *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, Exhibit 2.

⁵⁹ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008. Table VII-1.

⁶⁰ According to China's National Bureau of statistics, welded pipe capacity exceeded 53 million short tons in 2012, *The Domestic Industry's Substantive Response To The Notice Of Institution*, June 28, 2013, Exhibit 6.

Table I-11
Welded pipe: Chinese production of all welded pipe

	Quantity (<i>thousand metric tons</i>)						
	2005	2006	2007	2008	2009	2010	2011
China	17,468	21,213	23,711	27,068	31,425	32,555	40,487

** Source: All data gathered from the World Steel Association, *Steel Statistical Yearbook 2012*, Economics Committee, Brussels 2012.

Exports

The top 20 markets for Chinese welded pipe (non-energy tubular products) since 2008 are presented in Table I-12. Australia has been the largest market for Chinese circular welded pipe since 2008 with a current quantity of 51,607 short tons. Other major markets for Chinese circular welded pipe include Indonesia, Singapore, the United Arab Emirates, and the Philippines.

Table I-12
Circular welded pipe: Chinese exports of welded non-energy tubular products to partner counties

Partner country	Quantity (<i>short tons</i>)				
	2008	2009	2010	2011	2012
Australia	82,154	39,482	72,950	76,113	51,607
Indonesia	30,525	24,543	33,577	36,841	48,154
Singapore	15,408	28,101	35,787	34,563	41,578
UAE	27,797	21,991	33,792	36,302	39,998
Philippines	37,405	31,618	73,216	58,341	37,270
Hong Kong	20,025	25,928	30,550	36,097	35,467
Chile	12,951	10,065	22,229	36,352	34,801
Myanmar	2,560	6,109	15,807	19,324	27,554
Malaysia	3,521	8,557	13,372	17,453	26,104
Angola	31,754	26,490	25,378	21,331	24,385
Thailand	2,758	7,655	13,450	16,483	24,055
Nigeria	9,702	15,239	18,175	24,025	23,781
Mongolia	2,299	7,305	13,082	23,278	22,486
Peru	2,364	2,588	17,540	16,701	18,290
Brazil	771	1,900	15,704	11,155	15,072
Panama	5,661	5,477	13,547	16,495	13,996
United Kingdom	19,941	3,504	21,583	21,600	13,292
India	3,168	5,025	11,213	14,007	13,129
Colombia	1,933	1,937	7,636	10,334	12,544
Russia	2,283	2,891	7,425	10,957	12,388
All others	230,884	193,727	244,258	240,467	284,033
Total	545,864	470,132	740,271	778,219	819,984

Table continued on the following page.

Table I-12 —Continued**Circular welded pipe: Chinese exports of welded non-energy tubular products to partner countries**

Partner country	Value (\$1,000)				
	2008	2009	2010	2011	2012
Australia	83,300	28,400	53,611	63,856	43,135
Indonesia	22,522	19,433	27,453	34,309	40,069
Singapore	13,132	18,708	24,286	28,057	31,281
UAE	24,044	14,435	24,378	29,948	30,454
Philippines	36,315	19,560	48,667	44,337	26,568
Hong Kong	20,872	20,577	23,882	31,660	30,052
Chile	11,341	7,132	16,167	28,715	26,081
Myanmar	2,122	4,023	10,243	14,240	18,384
Malaysia	3,056	5,781	9,634	14,978	19,613
Angola	24,418	17,511	16,084	15,478	16,967
Thailand	2,086	6,440	12,047	16,078	22,154
Nigeria	8,570	9,869	13,408	20,464	18,696
Mongolia	1,736	3,748	6,141	16,941	13,212
Peru	1,941	1,676	11,504	12,703	13,590
Brazil	917	2,288	12,730	12,031	14,568
Panama	5,595	3,509	9,505	12,890	10,229
United Kingdom	18,011	3,347	17,281	19,435	12,651
India	2,684	6,201	11,452	16,182	15,100
Colombia	1,760	1,791	5,736	9,073	10,036
Russia	1,601	2,852	11,142	19,706	22,293
All others	198,263	140,356	193,063	220,463	247,454
Total	484,286	337,637	558,414	681,544	682,587

Table continued on the following page.

Table I-12 —Continued

Circular welded pipe: Chinese exports of welded non-energy tubular products to partner countries

Partner country	Unit value (dollars per short ton)				
	2008	2009	2010	2011	2012
Australia	1,014	719	735	839	836
Indonesia	738	792	818	931	832
Singapore	852	666	679	812	752
UAE	865	656	721	825	761
Philippines	971	619	665	760	713
Hong Kong	1,042	794	782	877	847
Chile	876	709	727	790	749
Myanmar	829	659	648	737	667
Malaysia	868	676	720	858	751
Angola	769	661	634	726	696
Thailand	756	841	896	975	921
Nigeria	883	648	738	852	786
Mongolia	755	513	469	728	588
Peru	821	647	656	761	743
Brazil	1,190	1,204	811	1,079	967
Panama	988	641	702	781	731
United Kingdom	903	955	801	900	952
India	847	1,234	1,021	1,155	1,150
Colombia	910	925	751	878	800
Russia	701	986	1,501	1,799	1,800
All others	858	724	790	916	871
Average	887	718	754	876	832

Note.--Data include exports classified under HTS heading 7306.30.

Note.--Data include exports of pipe outside the scope of the reviews such as pipe for boilers and heat exchangers, pipe hollows for redrawing, and pipe made of alloy steel.

Note.—The quantity (short tons) of exports to the United States for 2008-12 were:

United States	12,566	4,946	4,455	7,349	7,780
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The total value (\$1,000) for the same years was:

United States	13,883	4,093	4,166	8,375	9,980
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The unit value (dollars per short ton) for the same years was:

United States	1,105	828	935	1,140	1,283
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Source: Global Trade Information Service, Global Trade Atlas.

Tariff or non-tariff barriers to trade

During the original investigations, Chinese questionnaire respondents reported that circular welded pipe was subject to an antidumping duty order in Australia imposed on June 25, 2006. At this time, Australia maintains duties on hollow structural sections (including circular sections) from China.⁶¹ Canada and the European Union also initiated investigations on carbon steel welded pipe from China in early 2008. In August 2013, the Canadian International Trade Tribunal (CITT) continued its 2008 finding covering carbon steel welded pipe, 6 inches or less in diameter.⁶² The European Union imposed definitive antidumping duties on Chinese welded pipe and tube not exceeding 6 5/8 inches.⁶³ An expiry review is ongoing at this time.⁶⁴ One Chinese producer, ***, reported in the original investigations that circular welded pipes from China are subject to antidumping findings or remedies in Dubai, Fiji, and the Philippines.⁶⁵ Chinese respondents reported no additional barriers to their exports of circular welded pipe.⁶⁶

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Table I-13 shows the top 10 largest exporters of circular welded pipe (broadly defined) in the world. Although these data include nonsubject merchandise, they reflect broader trends in CWP production. Total exports decreased sharply between 2008 and 2009. Between 2009 and 2012, exports gradually recovered and are now greater than 2008 levels.

⁶¹ Dumping Commodity Register, May 13, 2013, pp. 1-4.

⁶² *Dumping and Subsidizing, Order and Reasons*, Canadian International Trade Tribunal Publication, Carbon Steel Welded Pipe Expiry Review No. RR-2012-003, pp. 19-20.

⁶³ *COUNCIL REGULATION (EC) No 1256/2008*, Official Journal of the European Union Publication, December 2008, pp. L343/1 – L343/5.

⁶⁴ *Notice of the impending expiry of certain anti-dumping measures*, Official Journal of the European Union Publication, May 2013, pp. 1.

⁶⁵ No additional is available regarding these proceedings.

⁶⁶ *Circular Welded Carbon-Quality Steel Pipe from China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008, pp. VII- 12-13.

Table I-13
Circular welded pipe: Exports of welded non-energy tubular products by reporting country, 2008-12

Country	Quantity (<i>short tons</i>)				
	2008	2009	2010	2011	2012
Italy	896,246	759,804	923,449	962,614	970,387
China	545,864	470,132	740,271	778,219	819,984
Turkey	384,543	327,960	427,953	446,014	547,335
United States	345,383	266,709	343,559	453,085	476,664
Germany	401,534	296,411	336,247	355,168	414,956
South Korea	333,467	249,007	278,683	326,949	405,028
Spain	204,908	158,283	220,793	234,183	235,377
Canada	412,699	209,034	255,024	236,738	231,186
Switzerland	208,857	132,468	178,416	197,958	186,289
Thailand	143,198	53,929	95,060	88,634	160,581
All other	2,131,281	1,514,060	1,727,355	1,890,454	1,806,915
Total	6,007,980	4,437,797	5,526,810	5,970,016	6,254,702

Note.--Data include exports classified under HTS heading 7306.30.

Source: Global Trade Information Source, "Global Trade Atlas"

Table I-14 shows the top 10 importers for circular welded pipe (broadly defined). These data cover a broader scope than that of subject imports. The United States since 2008 has been the largest importer of CWP and continues to rank first among the top ten importers in 2012 at 874,159 short tons. Germany consistently has ranked as the second largest importer since 2008, reaching 650,550 short tons in 2012. Canada was the third largest importer in 2012.

Table I-14
Circular welded pipe: Imports of welded non-energy tubular products by reporting country, 2008-12

Country	Quantity (<i>short tons</i>)				
	2008	2009	2010	2011	2012
United States	1,116,579	603,755	787,836	808,696	874,159
Germany	776,722	496,394	599,729	682,846	650,550
Canada	394,694	296,152	335,099	493,466	496,769
France	335,111	232,090	274,646	283,135	281,874
United Kingdom	213,588	121,441	168,074	187,436	206,214
Netherlands	164,299	126,273	148,831	187,624	184,647
Mexico	84,734	63,067	113,715	136,495	161,855
Egypt	243,519	3,377	3,167	5,486	158,978
Australia	146,744	79,402	134,766	122,547	148,062
Japan	52,568	65,370	90,434	124,160	141,969
All other	2,774,736	1,849,117	2,150,665	2,259,028	2,207,555
Total	6,303,294	3,936,438	4,806,962	5,290,919	5,512,632

Note.--Data include exports classified under HTS heading 7306.30.

Source: Global Trade Information Service, "Global Trade Atlas."