Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico, and Turkey

Investigation Nos. 701-TA-449 and 731-TA-1118-1121 (Review)

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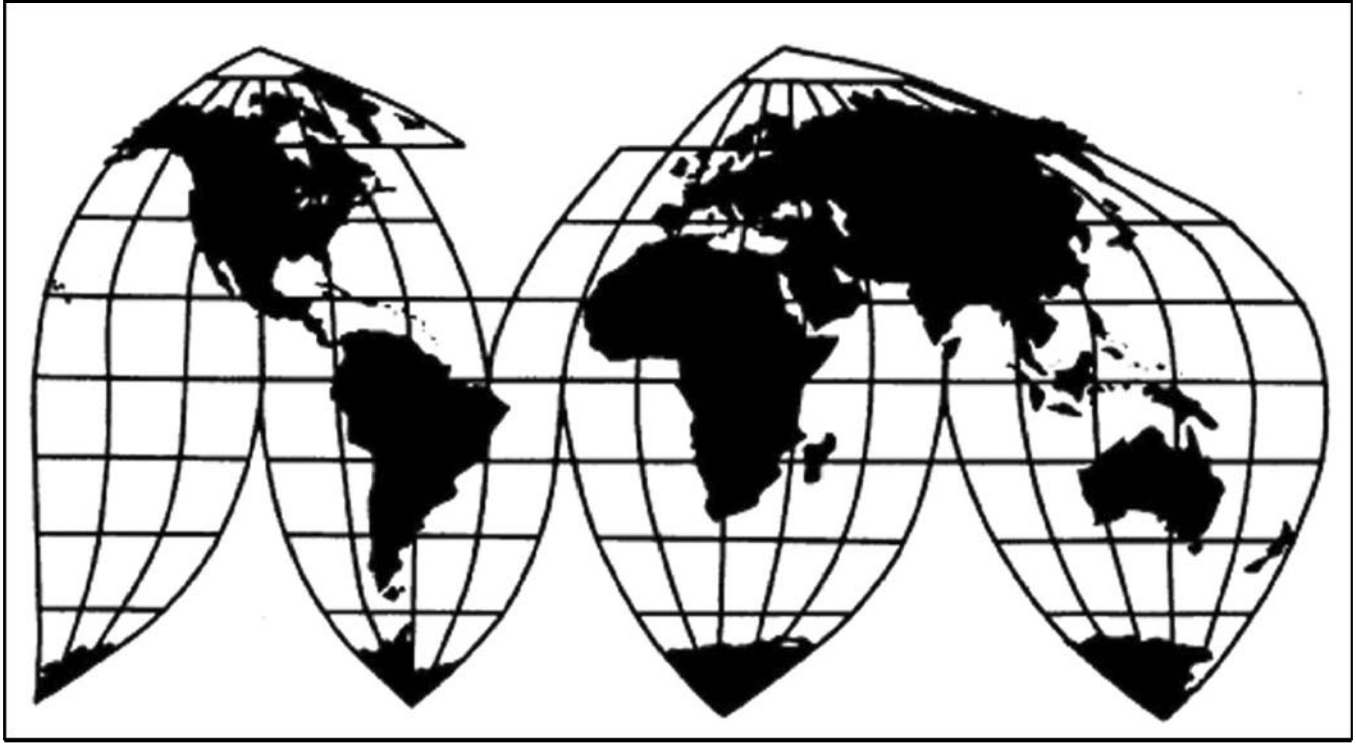

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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-449 and 731-TA-1118-1121 (Review)

LIGHT-WALLED RECTANGULAR PIPE FROM CHINA, KOREA, MEXICO, AND TURKEY

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines,[2] pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the countervailing duty order on light-walled rectangular pipe and tube from China and the antidumping duty orders on light-walled rectangular pipe and tube from China, Korea, Mexico, and Turkey would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[3]

BACKGROUND

The Commission instituted these reviews on April 1, 2013 (78 F.R. 19526) and determined on July 5, 2013 that it would conduct full reviews (78 F.R. 42546, July 16, 2013). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on December 3, 2013 (78 F.R. 74161, December 10, 2013). The hearing was held in Washington, DC, on April 3, 2014, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commissioner Rhonda K. Schmidtlein not participating.

[3] Commissioner Meredith M. Broadbent dissenting with respect to imports of light-walled rectangular pipe and tube from Mexico.

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 countervailing duty order on light-walled rectangular ("LWR") pipe and tube from China and the antidumping duty orders on LWR pipe and tube from China, Korea, Mexico, and Turkey would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] [2]

I. Background

In May and July 2008, the Commission unanimously determined that an industry in the United States was materially injured by reason of subsidized imports of LWR pipe and tube from China and less than fair value (LTFV) imports of LWR pipe and tube from China, Korea, Mexico, and Turkey.[3] The antidumping orders and the countervailing duty order were issued in May and August 2008.[4]

The Commission instituted the instant reviews on April 1, 2013.[5] The Commission received joint responses to its notice of institution from nine U.S. producers of LWR pipe and tube and two Mexican subject exporters of LWR pipe and tube. It determined to conduct full reviews of the orders on LWR pipe and tube from China, Korea, Mexico, and Turkey.[6]

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[1] Commissioner Broadbent determines that revocation of the antidumping duty order on LWR pipe and tube from Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See* Additional and Dissenting Views of Commissioner Meredith M. Broadbent. She joins these views except as noted.

[2] Commissioner Schmidtlein did not participate in these reviews.

[3] The Commission's original final determinations in 2008 were based on petitions filed on the same day involving dumped and subsidized imports of LWR pipe and tube from the four subject countries. Because Commerce issued its final antidumping determination for Turkey earlier than it did for the other investigations, the Commission's final determinations were made at two separate times. In accordance with 19 U.S.C. § 1677(7)(G)(i) and (iii), the Commission made its determinations for all investigations on the same record and cumulated dumped and subsidized imports from the four subject countries. *See Light-Walled Rectangular Pipe and Tube from Turkey*, Inv. No. 731-TA-1121 (Final), USITC Pub. 4001 (May 2008); *Light-Walled Rectangular Pipe and Tube from China, Korea, and Mexico,* Inv. Nos. 701-TA-449 and 731-TA-1118-1120 (Final), USITC Pub. 4024 (July 2008) (collectively referred to as "*Original Determinations*").

[4] *Light-Walled Rectangular Pipe and Tube from Turkey: Antidumping Duty Order,* 73 Fed. Reg. 31065 (May 30, 2008); *Light-Walled Rectangular Pipe and Tube from Mexico, the People's Republic of China, and the Republic of Korea: Antidumping Duty Orders*, 73 Fed. Reg. 45403 (Aug. 5, 2008*); Light-Walled Rectangular Pipe and Tube from the People's Republic of China: Notice of Countervailing Duty Order,* 73 Fed. Reg. 45405 (Aug. 5, 2008).

[5] 78 Fed. Reg. 19526 (Apr. 1, 2013).

[6] *Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico, and Turkey: Notice of Commission Determinations to Conduct Full Five-Year Reviews*, 78 Fed. Reg. 42546 (July 16, 2013).

The Commission received joint prehearing and posthearing submissions from nine domestic producers that produce LWR pipe and tube and support continuation of the orders: Bull Moose Tube Company; California Steel and Tube; Hannibal Industries; JMC Steel Group; Maruichi American Corporation; Searing Industries; Southland Tube; Vest, Inc.; and Western Tube and Conduit (collectively referred to as "Domestic Producers"). Representatives from three of these domestic producers appeared at the Commission's hearing. No respondent party filed briefs or appeared at the hearing.

U.S. industry data are based on the questionnaire responses of 18 U.S. producers of LWR pipe and tube that are believed to account for the vast majority of U.S. production of LWR pipe and tube during 2013.[7] U.S. import data and related information are based on questionnaire responses of 14 U.S. importers of LWR pipe and tube that accounted for approximately two-thirds of total U.S. imports of LWR pipe and tube during 2008-2013 and *** percent of subject imports during the same period.[8]

Foreign industry data and related information are based on the questionnaire responses of nine producers and exporters of subject merchandise: seven producers/exporters in Mexico, accounting for the vast majority of total production of LWR pipe and tube in Mexico in 2013, and two of the ten producers/exporters in Turkey, accounting for *** percent of LWR pipe and tube production in Turkey in 2013.[9] No questionnaire responses were received from producers of LWR pipe and tube in China or Korea.[10]

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."[11] 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."[12] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original

[7] Confidential Report ("CR") at I-24, Public Report ("PR") at I-20.

[8] CR at I-27, PR at I-22.

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

[10] CR at IV-7 and IV-11, PR at IV-5 and IV-8.

[11] 19 U.S.C. § 1677(4)(A).

[12] 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).

investigation and consider whether the record indicates any reason to revisit the prior findings.[13]

> Commerce has defined the scope of the orders in these five-year reviews as follows:
>
> certain welded carbon quality light-walled steel pipe and tube, of rectangular (including square) cross section, having a wall thickness of less than 4 mm.[14]

The scope definition is unchanged from that in the original investigations. LWR pipe and tube is a long-rolled welded carbon steel product used in applications not involving the conveyance of liquids or gas and not for bearing weight.[15] Common applications for LWR pipe are ornamental fencing, window guards, door security frames, metal furniture, cattle chutes, railings, furniture components, athletic equipment, lawn and garden equipment, store display shelves, and racks.[16]

In its original determinations, the Commission defined the domestic like product as all LWR pipe and tube products corresponding to Commerce's scope definition. There were no arguments for any other definition.[17] The record in these reviews indicates that the characteristics and uses of LWR pipe and tube have not changed since the original investigations.[18] Further, those parties that have addressed the issue have not argued that the Commission should define the domestic like product differently from the original investigations.[19] In light of this, we define a single domestic like product that is coextensive with Commerce's scope definition.

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[13] *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).

[14] *Final Results of Expedited Sunset Reviews of Antidumping Duty Orders: Light-Walled Rectangular Pipe and Tube From Mexico, Turkey, the People's Republic of China, and the Republic of Korea*, 78 Fed. Reg. 47671 (Aug. 6, 2013); *Light-Walled Rectangular Pipe and Tube From the People's Republic of China: Final Results of the Expedited First Sunset Review of the Countervailing Duty Order*, 78 Fed. Reg. 48416 (Aug. 8, 2013). Commerce indicated that the merchandise subject to the orders is currently classifiable under items 7306.61.50.00 and 7306.61.70.60 of the Harmonized Tariff Schedule of the United States. *Id. See also Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Light-Walled Rectangular Pipe and Tube from the People's Republic of China* (July 30, 2013) (providing definition of "carbon-quality steel").

[15] CR at I-17, PR at I-15.

[16] CR at I-17, PR at I-15.

[17] *Original Determinations*, USITC Pub. 4001 at 7.

[18] *See* CR at I-17 to I-24, II-27 n.13, PR at I-15 to I-19, II-19 n.13.

[19] Domestic Producers' Prehearing Brief at 3. The Mexican respondent, Regiomontana de Perfiles y Tubos S.A. de C.V., indicated that it did not object to the definition in its response to the notice of institution. Regiomontana de Perfiles y Tubos S.A. de C.V. Response to Notice of Institution at 8 (May 1, 2013).

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 of a domestic like product constitutes a major proportion of the total domestic production of the product."[20] 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 investigations, the Commission defined the domestic industry to be all domestic producers of LWR pipe and tube. The Commission found that two domestic producers were related parties, but it determined that appropriate circumstances did not exist to exclude either producer from the domestic industry under 19 U.S.C. § 1677(4)(B).[21]

In these reviews, we must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act.[22] This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[23] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[24]

*** is a related party because it imported subject merchandise from Mexico during the period of review and by virtue of its ownership ***, a Mexican exporter of the subject merchandise.[25] The record indicates that *** principal interest is in domestic production. Its ratio of imports to production since it became a domestic producer peaked at *** percent in

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[20] 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.

[21] *Original Determinations*, USITC Pub. 4001 at 8-9.

[22] The Domestic Producers argue that the domestic industry encompasses all domestic producers of LWR pipe and tube. Tr. at 45 (Schagrin).

[23] *See Torrington Co v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.,* 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[24] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e*., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and

(3) the position of the related producer vis-a-vis the rest of the industry, *i.e*., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. *See*, *e.g., Torrington Co. v. United States*, 790 F. Supp. at 1168.

[25] CR at I-26, Table I-7, PR at I-22.

2009 and has been under *** percent since 2011.[26] It also commenced U.S. production during the period of review.[27] It accounted for *** percent of U.S. production from 2008-2013.[28]

Although *** operating margins were *** than the industry average during the period, it does not appear to have benefitted due to its imports of subject merchandise. Its operating margins were consistently higher than the other producers even when its imports were minimal during 2011-2013.[29] [30] Moreover, no party has argued that *** should be excluded from the domestic industry. We therefore determine that appropriate circumstances do not exist to exclude *** from the domestic industry.[31]

Another domestic producer, ***, may also be considered a related party by virtue of its *** with ***, a producer of subject merchandise in Mexico.[32] Assuming *arguendo* that *** is a related party, we find that appropriate circumstances do not exist to exclude it from the domestic industry.[33] *** accounted for a small share (***) of domestic production during 2008-2013.[34] ***.[35] However, there is no indication that it derives any benefit or operates in a manner that is different from other domestic producers as a result of its affiliation with the ***. There also is no indication that *** affiliation with a subject producer of subject merchandise has skewed its performance compared to other domestic producers during the period of

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[26] CR/PR at Table III-7. Its imports from Mexico were *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, *** short tons in 2012 and *** short tons in 2013.

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

[28] CR/PR at Table I-6.

[29] CR/PR at Table III-7 and Table III-10.

[30] Commissioner Pinkert does not rely upon financial performance to determine whether there are appropriate circumstances to exclude a related party from the domestic industry. In his view, the present record is not sufficient to link either producer's financial performance with respect to its U.S. operations to any specific benefit derived from its related party status.

[31] Two U.S. producers, *** reported purchasing subject imports from Mexico imported by ***. CR at I-27 n.38, PR at I-22 n.38. A purchaser of subject imports may be considered a related party if it controlled an importer through purchases of subject imports. This will occur when the domestic producer was responsible for a predominant portion of an importer's purchases and the importer's purchases were substantial. *See, e.g., Electrolytic Manganese Dioxide from Australia and China*, Inv. Nos. 731-TA-1124-1125 (Final), USITC Pub. 4036 (September 2008) at 6, n. 26. The modest size of the domestic producers' purchases relative to volume of both subject imports from Mexico as a whole and *** imports of subject merchandise indicate that they did not control large volumes of subject imports. *See* CR at I-27 n.38, Table III-7 and Table IV-1, , PR at I-22 n.38. Moreover, the fact that *** is a domestic producer as well as an importer militates against any conclusion that it was under the control of either of these purchasers. Therefore, we do not find that *** are related parties.

[32] *See* CR at I-26 n.37, PR at I-22 n.37. It reported that it is an *** of ***.

[33] Related party status in these circumstances depends on whether "a third party directly or indirectly controls the {U.S.} producer and the exporter or importer {of subject merchandise}." 19 U.S.C. § 1677(4)(B)(ii)(III). The record does not indicate either whether *** exports, or intends to export, subject merchandise or the extent to which *** exercises direct or indirect control of ***.

[34] CR/PR at Table I-6.

[35] CR/PR at Table I-6.

review.[36] We consequently do not exclude any related parties and define the domestic industry as all U.S. producers of LWR pipe and tube.

III. Cumulation

A. Legal Standard

> With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[37]

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.[38] The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

In the original investigations, the Commission cumulated subject imports from all four subject countries. The parties did not dispute the appropriateness of cumulation.[39] The Commission found that there was general interchangeability between subject imports and between subject imports and the domestic like product. Subject imports from the four subject countries were fungible with both the domestic like product and with each other. Both petitioners and respondents described LWR pipe and tube as a commodity product.[40] With

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[36] *See* CR/PR at Table III-10.

[37] 19 U.S.C. § 1675a(a)(7).

[38] 19 U.S.C. § 1677(7)(G)(i); *see also*, *e.g.*, *Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

[39] *Original Determinations*, USITC Pub. 4001 at 12.

[40] *Original Determinations*, USITC Pub. 4001 at 10-11.

respect to channels of distribution, both domestic producers and importers sold the majority of their LWR pipe and tube to distributors during the period of investigation. There also was a significant geographical overlap among imports from the subject countries and between such imports and the domestic like product.[41] Imports from each subject country were also present in the U.S. market throughout the period of investigation.[42]

In these reviews, the statutory threshold for cumulation is satisfied because all reviews were initiated on the same day, April 1, 2013.[43] In addition, we consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports: (1) whether imports from either of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among subject imports from the subject countries and the domestic like product; and (3) whether subject imports are likely to compete in the U.S. market under different conditions of competition.

B. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[44] Neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[45] With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Based on the record in these reviews, we do not find that imports from any of the subject countries would likely have no discernible adverse impact on the domestic industry in the event of revocation.

China, Korea, and Turkey. In the original investigations, subject imports from China, Korea, and Turkey were present in the U.S. market in substantial quantities.[46] After the antidumping and countervailing duty orders were issued in 2008, subject imports from China, Korea, and Turkey entered in greatly reduced volumes; with limited exceptions, the market

[41] *Original Determinations*, USITC Pub. 4001 at 11.
[42] *Original Determinations*, USITC Pub. 4001 at 12.
[43] 78 Fed. Reg. 19526 (Apr. 1, 2013).
[44] 19 U.S.C. § 1675a(a)(7).
[45] SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).
[46] CR/PR at Table I-2.

penetration of subject imports from China, Korea, and Turkey was no greater than *** percent from 2008 to 2013.[47]

Only two subject producers in Turkey and no subject producers in China or Korea reported information to the Commission on their LWR pipe and tube operations for the period of review.[48] Because of the limited information concerning the foreign industries, we have in large part relied on public information concerning subject industries in China, Korea, and Turkey.

Information from Simdex, a market research firm, indicates that the subject industries in China, Korea, and Turkey are large. There are 39 known producers in China and nine producers in Korea of carbon-welded pipes of rectangular cross section with wall thickness under 4 mm.[49] The two responding subject producers in Turkey are believed to account for only *** percent of that country's production of LWR pipe and tube.[50] Moreover, the data the two firms reported indicate that they operated at approximately *** percent capacity utilization from 2011 to 2013 and have significant excess capacity of almost *** short tons.[51]

The subject industries in China, Korea, and Turkey are also export oriented. Both China and Korea are increasingly *** of LWR tubular products.[52] The Chinese industry exported LWR tubular products to 197 countries in 2013, and Korean producers exported to over 60 countries between 2009 and 2013.[53] According to Global Trade Atlas data, which we acknowledge includes some products not within the scope of the orders under review, exports of LWR tubular products from China increased over the period of review from 375,533 short tons in 2008 to 850,696 short tons in 2013.[54] The Korean producers similarly increased their exports from 73,038 short tons in 2008 to 116,733 short tons in 2013.[55] The reporting subject

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[47] Subject imports from Korea had a U.S. market penetration of *** percent in 2008. Subject imports from Turkey had U.S. market penetration of 1.0 percent and 0.3 percent in 2012 and 2013, respectively. CR/PR at Table I-2.

[48] CR at IV-7, PR at IV-5. In the original investigations, three Chinese producers responded to the Commission's questionnaires. *Id.*

[49] CR at IV-7, IV-13, PR at IV-5, IV-10. The light-walled rectangular tubular product on which Simdex provides data is somewhat broader than the scope definition. Korean producers include Ahshin Pipe and Tube, Bookook Steel, Dongbu Steel, Histeel, Husteel, Hyundai HYSCO, Miju Steel MFG, Nexteel, and SeAH Steel. *Id.*

[50] CR at I-11.

[51] CR/PR at Table IV-11. For comparison, apparent U.S. consumption was 674,043 short tons in 2013. CR/PR at Table I-1. The pricing data indicate that LWR pipe and tube imported from Turkey was priced below U.S.-produced product in 29 of 34 instances during the period of review. CR at V-16.

[52] China's net export balance of a product category that includes both LWR pipe and tube and nonsubject products (which will be called "LWR tubular products") increased from *** short tons in 2008 to *** short tons in 2013. CR/PR at Table IV-4. Korea's net export balance increased from 55,780 short tons in 2008 to 68,526 short tons in 2013. CR/PR at Table IV-6.

[53] CR at IV-7, IV-11, PR at IV-5, IV-8; CR/PR at Tables IV-3, IV-5.

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

[55] CR/PR at Table IV-5 (Global Trade Atlas data).

producers in Turkey indicated that they exported between *** and *** percent of their LWR pipe and tube shipments during the period of review.[56]

In light of the foregoing, we do not find that subject imports from China, Korea, or Turkey would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

Mexico.[57] In the original investigations, subject imports from Mexico were significant but declined from 156,263 short tons in 2005 to 140,937 short tons in 2007.[58] Subject imports from Mexico continued to have a substantial presence in the U.S. market during the period of review despite the antidumping duty order, fluctuating between a low of 60,925 short tons in 2011 and a high of 115,179 short tons in 2008.[59] Their share of the quantity of apparent U.S. consumption ranged from 10.6 percent in 2012 to 18.5 percent in 2008.[60]

Seven Mexican producers, which account for the vast majority of LWR pipe and tube production in Mexico, reported data to the Commission for the period of review.[61] Their capacity for production of LWR pipe and tube increased from *** short tons in 2008 to *** short tons in 2013. Their production also increased from *** short tons in 2008 to *** short tons in 2013.[62] In addition, the reporting Mexican producers reported excess capacity of almost *** short tons in 2013.[63]

The United States was the largest export market for Mexican exports of LWR pipe and tube in 2013.[64] Total exports of LWR pipe and tube from Mexico fluctuated year to year, but increased overall from *** short tons in 2008 to *** short tons in 2013.[65] Based on the record, we do not find that subject imports from Mexico would likely have no discernible adverse impact on the domestic industry if the order were revoked.

C. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.[66] Only a "reasonable overlap" of competition is required.[67] In five-year reviews, the

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[56] CR/PR at Table IV-11.

[57] Commissioner Broadbent does not join this section of the opinion.

[58] CR/PR at Table I-2.

[59] CR/PR at Tables I-2 and IV-4.

[60] CR/PR at Table I-2.

[61] CR at IV-14, PR at IV-11.

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

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

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

[65] CR/PR at Table IV-7. We also note that LWR pipe and tube imported from Mexico was priced below domestically produced product in 72 of 83 instances. CR at V-16, PR at V-11.

[66] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like (Continued…)

relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.[68]

Fungibility. In the original investigations, the Commission found that there was general interchangeability between subject imports and between subject imports and the domestic like product. Subject imports from the four subject countries were fungible with both the domestic like product and with each other. Both petitioners and respondents described LWR pipe and tube as a commodity product. [69]

The record in these reviews again indicates that domestically produced and imported LWR pipe and tube can be used in the same applications.[70] Subject imports and the domestic like product share the same essential chemical and physical properties. LWR pipe and tube is generally manufactured to one of two ASTM standards, ASTM A-500 (ornamental tubing) or ASTM A-513 (mechanical tubing).[71] Moreover, the vast majority of responding U.S. producers, a majority of importers, and majorities or pluralities of purchasers reported that the domestic like product and imports from each subject source and nonsubject imports are always or frequently interchangeable.[72]

Channels of Distribution. In the original investigations, both the domestic producers and importers sold the majority of their LWR pipe and tube to distributors during the period of investigation.[73] During the period of review, both the domestic like product and imports were

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product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[67] *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); *Wieland Werke,* 718 F. Supp. at 52 ("Completely overlapping markets are not required."); *United States Steel Group v. United States,* 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g*., *Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[68] *See generally*, *Chefline Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

[69] *Original Determinations*, USITC Pub. 4001 at 10-11.

[70] CR at II-14, PR at II-10.

[71] CR at I-19, PR at I-17.

[72] CR/PR at Table II-9. Half of the purchasers indicated that subject imports from China are sometimes interchangeable with LWR pipe and tube from domestic sources. The other half of responding purchasers indicated that subject imports from China were frequently interchangeable. *Id.*

[73] *Original Determinations*, USITC Pub. 4001 at 11.

sold predominantly to distributors, although domestic producers sold a greater proportion of products directly to end users than during the original investigations.[74]

Geographic Overlap. In the original investigations, there was a significant geographical overlap among the subject merchandise from each subject country and the domestic like product.[75] In the current reviews, U.S. producers reported nationwide sales.[76] Subject imports from Mexico, which were present in the market throughout the period of review, and subject imports from Turkey were sold to multiple regions of the United States.[77] Subject imports (when present) and domestic product thus have been sold in the same geographic markets.

Simultaneous Presence in Market. In the original investigations, the Commission found that imports from each of the subject countries were also present in the U.S. market throughout the period of investigation.[78] In the current reviews, subject imports from China, Korea, and Turkey were not present in all years, and even when they were present, the levels were relatively low.[79]

Conclusion. The record indicates that domestically produced LWR pipe and tube and subject imports from all sources generally are fungible. Although subject imports from some countries generally were at low volumes during the period of review, we found above that subject imports would likely enter the U.S. market at levels sufficient to have a discernible adverse impact on the domestic industry if the orders are revoked. Therefore, based on the record, including evidence from the original investigations, and the absence of contrary argument, we find that upon revocation the domestic like product and the subject imports likely would have similar channels of distribution, geographic overlaps in sales, and simultaneous presence in the U.S. market. Consequently, we find that there likely will be a reasonable overlap in competition between the domestic like product and subject imports from each country as well as among subject imports from each country upon revocation.

D. Likely Conditions of Competition[80]

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether subject imports from China, Korea, Mexico, and Turkey likely would compete under similar or different conditions in the U.S. market if the orders were revoked.[81]

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[74] *See* CR/PR at Table II-1 (selling over 30 percent of shipments to end users during the period of review). Information on channels of distribution from 2008 to 2013 is available for subject imports from Mexico and Turkey. No data were reported for subject imports from China or Korea. *Id.*

[75] *Original Determinations*, USITC Pub. 4001 at 11.

[76] CR at II-2, PR at II-1.

[77] CR at II-2, PR at II-1. Importers reported selling subject imports from Mexico to all regions in the continental United States except the Northeast and reported selling subject imports from Turkey in four regions, ***. *Id.*

[78] *Original Determinations*, USITC Pub. 4001 at 12.

[79] CR/PR at Tables I-2 and IV-2.

[80] Commissioner Broadbent does not join this section of the opinion.

[81] USITC Pub. 4029 at 13-14 and 23-25.

The record in these reviews does not indicate that there would likely be any significant difference in the conditions of competition between subject imports from the subject countries if the orders were revoked. Given the commodity nature of LWR pipe and tube and the fact that the industry in each of the subject countries supplied the U.S. market with LWR pipe and tube meeting ASTM standards in the original investigations,[82] we find that LWR pipe and tube from each subject country would likely compete directly with one another and the domestic like product in the event of revocation. Competition in the U.S. market also is likely to be highly price-based. Accordingly, we exercise our discretion to cumulate subject imports from China, Korea, Mexico, and Turkey.

IV. 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."[83] The 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."[84] Thus, the likelihood standard is prospective in nature.[85] The U.S. Court of International Trade has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[86]

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[82] *See Original Determinations*, USITC Pub. 4001 at 14.

[83] 19 U.S.C. § 1675a(a).

[84] SAA at 883-84. 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.

[85] 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.

[86] *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) (Continued…)

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."[87] 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."[88]

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."[89] 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).[90] 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.[91]

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, 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 United States.[92] In doing so, 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

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(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'").

[87] 19 U.S.C. § 1675a(a)(5).

[88] 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*.

[89] 19 U.S.C. § 1675a(a)(1).

[90] 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the orders under review.

[91] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[92] 19 U.S.C. § 1675a(a)(2).

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.[93]

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or a suspended investigation is terminated, 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.[94]

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, 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.[95] 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 orders under review and whether the industry is vulnerable to material injury upon revocation.[96]

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."[97] The following conditions of competition inform our determinations.

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[93] 19 U.S.C. § 1675a(a)(2)(A-D).

[94] *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.

[95] 19 U.S.C. § 1675a(a)(4).

[96] 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.

[97] 19 U.S.C. § 1675a(a)(4).

Demand Conditions. In its original determinations, the Commission found that LWR pipe and tube is an intermediate product with many end use applications, including fences, gates, hand rails, furniture, sports equipment, and automotive equipment.[98] Overall demand for LWR pipe and tube was closely linked to demand for those end products. As measured by apparent U.S. consumption, U.S. LWR pipe and tube demand increased from 962,225 short tons in 2005 to 1.03 million short tons in 2006, and then declined to 894,973 short tons in 2007, for an overall period decline of 7.0 percent.[99]

In these reviews, the record indicates that the housing industry and uses related to home improvement continue to account for much of the demand for LWR pipe and tube.[100] These applications include use in lawn mowers, lawn furniture, window guards, and fencing, all of which are commonly purchased when homes are built.[101] There have not been significant changes in end uses or substitutes for LWR pipe and tube since the original investigations.[102]

The record indicates that demand for LWR pipe and tube during the period of review was below the levels observed in the original investigations because the housing market and U.S. home construction have not fully recovered from the 2008-2009 decline in that market.[103] Reflecting this weakness, apparent U.S. consumption initially fell sharply from 622,369 short tons in 2008 to 465,200 short tons in 2009.[104] Apparent U.S. consumption then recovered, rising to 532,363 short tons in 2010 and 674,043 short tons in 2013.[105] The 2013 figure is well below the lowest annual apparent U.S. consumption during the original investigations.[106]

Supply Conditions. In the original investigations, the Commission observed that there had been some recent consolidation within the domestic industry. The industry's capacity and production declined during the period of investigation, which encompassed years 2005 through 2007, by 6.5 percent and 7.2 percent, respectively.[107]

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[98] Original Determinations, USITC Pub. 4001 at 13.

[99] Original Determinations, USITC Pub. 4001 at 13.

[100] Domestic Producers' Prehearing Brief at 7. In the original investigations, it accounted for 60 to 70 percent of total demand. CR at II-10, PR at II-7.

[101] CR at II-10, PR at II-7.

[102] CR at II-27 n.13, PR at II-19 n.13.

[103] Domestic Producers' Prehearing Brief at 7.

[104] CR/PR at Table I-2.

[105] CR/PR at Table I-2.

[106] CR/PR at Table I-2.

[107] Original Determinations, USITC Pub. 4001 at 13. The Commission also made findings concerning nonsubject imports. In the determination concerning subject imports from Turkey, the Commission found that the U.S. market share held by nonsubject imports, an overwhelming majority of which were imported from either Canada or from Prolamsa of Mexico, which received a preliminary *de minimis* dumping margin, declined steadily during the period of investigation. Original Determinations, USITC Pub. 4001 at 14. In its final determination on subject imports from Mexico, Commerce calculated a 5.73 percent dumping margin for Prolamsa, and accordingly, Prolamsa became a subject exporter for purposes of the Commission's final determinations on subject imports from China, Korea, and Mexico. Original Determinations, USITC Pub. 4024 at 3-4. In the latter determinations, the Commission observed (Continued…)

During the period of review, the domestic industry added to its production capacity. The industry's capacity increased from 1.11 million short tons in 2008 to 1.13 million short tons in 2013.[108] There were seven production curtailments or shutdowns during the period.[109] Five firms added capacity during the period, while four firms reduced capacity.[110] Additionally, Prolamsa Laredo became a domestic producer, opening a plant in Laredo, Texas in 2009 with *** short tons of capacity.[111]

The record indicates that the domestic industry's share of apparent U.S. consumption was higher in 2013, at 76.8 percent, than it was in 2008, when it was 72.1 percent.[112] The share of apparent U.S. consumption held by cumulated subject imports was *** percent in 2008 and 12.6 percent in 2013, while nonsubject imports held *** percent of the U.S. market in 2008 and 10.6 percent in 2013.[113] The largest supplier of nonsubject imports of LWR pipe and tube since issuance of the orders has been Canada, which accounted for 36.7 percent of total imports and 80 percent of nonsubject imports in 2013.[114]

Substitutability and Other Conditions. The Commission found in the original investigations that because manufacturing processes and technologies are similar throughout the world, LWR pipe and tube from different sources was generally viewed as interchangeable across a range of applications. It indicated that LWR pipe and tube is manufactured to meet common ASTM specifications (such as A-513 or A-500) regarding materials, dimensions, and testing.[115] The great majority of market participants reported that domestically produced LWR pipe and tube was always or frequently interchangeable with subject LWR pipe and tube.[116]

In these reviews, there is no information in the record to suggest that these conditions have changed since the original investigations. The vast majority of responding U.S. producers, a majority of importers, and majorities or pluralities of purchasers reported that the domestic like product and imports from each subject source and nonsubject imports are always or frequently interchangeable.[117] Among the 15 reported purchase factors, purchasers most frequently cited price as a "very important" factor.[118] The majority of purchasers reported that

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that Prolamsa's status as a subject producer changed the relative share of subject and nonsubject imports but did not otherwise modify its findings on conditions of competition. *Id.* at 7.

[108] CR/PR at Table III-3.

[109] CR/PR at Table III-2.

[110] CR at III-5, PR at III-3.

[111] CR/PR at Table III-2; Prolamsa Laredo's Producer Questionnaire at II-5.

[112] CR/PR at Table I-2.

[113] CR/PR at Table I-2.

[114] CR/PR at II-1 and IV-1.

[115] Original Determinations, USITC Pub. 4001 at 14.

[116] Original Determinations, USITC Pub. 4001 at 14.

[117] CR/PR at Table II-9. Half of the purchasers indicated that subject imports from China are sometimes interchangeable with LWR pipe and tube from domestic sources. The other half of responding purchasers indicated that subject imports from China were frequently interchangeable. *Id.*

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

they always or usually purchase LWR pipe and tube that is the lowest priced available.[119] Accordingly, we find that the domestic like product and subject LWR pipe and tube are generally substitutable and that price is an important factor in purchasing decisions.

C. Likely Volume of Subject Imports

Original Investigations. The Commission in its original determinations found that cumulated subject import volume increased from 2005 to 2007, notwithstanding a decline from 2006 to 2007.[120] The ratio of subject imports to U.S. production increased over the period. The total market share held by subject imports increased from 2005 to 2006, before declining in 2007. The Commission also observed that the market share held by nonsubject imports declined throughout the period.[121]

The Commission found that increasing subject import volumes took market share from both the domestic industry and nonsubject imports over the period of investigation. Furthermore, the decline in apparent U.S. consumption of 7.0 percent over the period exacerbated the effects of the increasing subject imports.[122]

Current Reviews.[123] In these reviews, the record indicates that the orders have had a disciplining effect on the volume of subject imports from China, Korea, and Turkey, which decreased significantly since the imposition of the orders in 2008. Subject imports from Mexico remained in the U.S. market, albeit at reduced quantities since 2008.[124] Cumulated subject imports fell from *** short tons in 2007 to *** short tons in 2008 and declined each year from 2008 to 2011 before increasing in 2012 and 2013.[125] In 2013, cumulated subject imports were 84,937 short tons.[126] Subject imports from Mexico accounted for *** percent of subject imports and over half of total imports during the period of review.[127]

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[119] CR at II-17, PR at II-11.

[120] Original Determinations, USITC Pub. 4001 at 14.

[121] Original Determinations, USITC Pub. 4001 at 15.

[122] Original Determinations, USITC Pub. 4001 at 15. As noted, the data in the determinations concerning subject imports from China, Korea, and Mexico differed from the data in the determination concerning subject imports from Turkey because Prolamsa was a subject producer only for the former set of determinations. This did not, however, require the Commission to modify its analysis. Original Determinations, USITC Pub. 4024 at 8.

[123] Commissioner Broadbent joins the following discussion on likely volume of subject imports insofar as it concerns China, Korea, and Turkey. Cumulated subject imports from China, Korea, and Turkey fell from *** short tons in 2007 to *** short tons in 2008, and remained between *** short tons and *** short tons throughout the remainder of the period of review. CR/PR at Table I-2. She finds that upon revocation, the volume of subject imports from those sources would likely return to significant levels because of the removal of the disciplining effect of the orders and the large size, substantial excess capacity, and export orientation of the three industries.

[124] CR/PR at Table I-2.

[125] CR/PR at Table I-2.

[126] CR/PR at Table I-2.

[127] CR/PR at IV-1, Table I-2.

As previously stated, the Commission has relatively complete information concerning the subject industry in Mexico, but no foreign producer or exporter of subject merchandise from China or Korea and only two of ten subject producers in Turkey provided information to the Commission. The lack of participation has prevented the Commission from assembling a comprehensive set of production and capacity data for producers for the four subject countries. Nonetheless, the record demonstrates that the subject industries have significant and increasing production capacity, have significant unused capacity, and exported substantial and increasing volumes of LWR pipe and tube during the period of review.

The record indicates that there are large subject industries in China, Korea, Mexico, and Turkey. There are reportedly 39 subject producers in China, nine subject producers in Korea, ten subject producers in Turkey, and seven subject producers in Mexico.[128] Subject producers in Mexico and Turkey reported that they increased their capacity for the production of LWR pipe and tube over the period of review.[129] During the period, Chinese producers of LWR pipe and tube also increased capacity by opening new manufacturing plants and were often the subject of acquisitions by larger Chinese steel companies.[130]

The record further indicates that there is significant excess capacity for the production of LWR pipe and tube in Mexico and Turkey. The two reporting producers in Turkey reported approximately *** short tons of unused capacity in 2013.[131] The seven producers in Mexico reported approximately *** short tons of unused capacity in 2013.[132] By comparison, apparent U.S. consumption was 674,043 short tons in 2013. Thus, in these two countries alone, there is significant excess capacity relative to the size of the U.S. market.

The subject industries in China, Korea, and Turkey are also export oriented and, despite being largely absent from the U.S. market during the period of review, would likely reenter the market without the restraining effect of the orders. Global Trade Atlas data indicate that subject producers in China have significantly increased their exports of LWR tubular products over the period of review.[133] The subject industry in China exports to 197 countries and has demonstrated the ability to shift and rapidly increase exports of LWR tubular products to several countries.[134] Subject imports from China would likely reenter the U.S. market in the absence of the discipline of the orders. Likewise, the subject industry in Korea exports to 60 countries and increased its exports of LWR tubular products to the United States during the

[128] CR at IV-7, IV-11, IV-14, and IV-21, PR at IV-5, IV-8, IV-11, and IV-13.

[129] CR/PR at Tables IV-7, IV-11.

[130] CR at IV-9, PR at IV-7.

[131] CR/PR at Table IV-11.

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

[133] CR/PR at Table IV-4 and IV-6. As previously stated, the Global Trade Atlas data include some nonsubject merchandise. Exports of LWR tubular products from China increased over the period of review, from 375,533 short tons in 2008 to 850,696 short tons in 2013. CR/PR at Table IV-3.

[134] *See* CR at IV-7, PR at IV-5; CR/PR at Table IV-3.

period of review, indicating the U.S market remains attractive to exporters in Korea.[135] Subject imports from Korea would likely reenter the U.S. market in the absence of the order.

Although the subject industry in Turkey remains export oriented, the reporting subject producers in Turkey indicated that their exports to their principal market, the European Union, have declined, indicating an incentive to focus on alternative markets such as the United States.[136] The record also indicates that the Turkish economy is faltering, further suggesting an incentive to shift shipments from the home market to export markets such as the United States.[137] Indeed, subject imports from Turkey reentered the U.S. market toward the end of the period of review, indicating a renewed interest in this market. Finally, exports of LWR pipe and tube from Turkey ***.[138]

Subject producers in Mexico have continued to rely on the U.S. market as their primary export market during the period of review.[139] [140] Although the Mexican industry's home market shipments have increased during the period of review, the United States accounted for *** percent of the industry's total shipments during 2013, even with the antidumping duty order in place.[141] Moreover, one subject producer in Mexico projected exporting an additional *** short tons per year of subject merchandise to the United States if the antidumping duty order were revoked.[142] Thus, the U.S. market remains an attractive market for subject producers in Mexico, and we find it likely that there will be increased shipments of subject merchandise from Mexico if the antidumping duty order were revoked.[143] [144]

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 LWR pipe and tube to the U.S.

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[135] *See* CR/PR at Table IV-5. The Global Trade Atlas data for exports of LWR tubular products from Korea include both out-of-scope products and in-scope merchandise exported by a producer not subject to the antidumping duty order. Global Trade Atlas data indicate that exports from Korea of LWR tubular products increased each year from 2009, when they were 8,242 short tons, to 2013, when they were at a period high of 39,780 short tons. CR/PR at Table IV-5.

[136] CR/PR at Table IV-11.

[137] *See* Domestic Producers' Prehearing Brief at 12.

[138] CR at IV-24 n.22, PR at IV-14 n.22. The record does not indicate that subject producers in China, Korea, or Mexico face barriers to their exports in third-country markets. *See* CR at IV-19 n.19, PR at IV-12 n.19.

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

[140] Commissioner Broadbent does not join this paragraph except as it pertains to product shifting and inventories of Turkish producers.

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

[142] CR at IV-20, PR at IV-13.

[143] We have also considered the potential for product shifting by subject producers. The majority of the reporting subject producers in Mexico and Turkey indicated that ***. CR at IV-18, IV-24, PR at IV-12, IV-14.

[144] Information concerning inventories in Mexico indicates that inventories as a ratio to shipments *** from *** percent in 2008 to *** percent in 2013. CR/PR at Table IV-7. The two reporting Turkish producers reported that their inventories as a ratio to shipments *** from *** percent in 2008 to *** percent in 2013. CR/PR at Table IV-11.

market, as they did during the period of investigation. 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 LWR pipe and tube is largely a commodity product that is commonly produced to ASTM specifications, and a high degree of fungibility exists between the domestic like product and subject imports. The vast majority of purchasers stated that price was very important to their purchasing decisions.[145]

The Commission observed that cumulated subject imports undersold the domestic product in over 80 percent of quarterly comparisons by an average margin over the POI of approximately 15 percent.[146] It further found that the persistent underselling by subject imports depressed prices to a significant degree during the POI, leading the domestic producers to institute pricing programs in which they offered product to customers at greatly reduced prices to remain competitive with imported product and maintain market share.[147]

The Commission also found that lower-priced subject imports suppressed domestic prices to a significant degree. Domestic producers were unable to raise their prices sufficiently to cover costs due to significant volumes of lower-priced subject imports entering the U.S. market.[148] In sum, the Commission found that the record indicated significant underselling by subject imports during the period of investigation, and that subject imports depressed and/or suppressed domestic prices to a significant degree.[149]

Current Reviews. As discussed above, we find that subject imports from all four countries are substitutable for LWR pipe and tube manufactured in the United States and that price is an important factor in purchasing decisions. Thus, sustained underselling by even a relatively moderate amount of subject imports is likely to have significant price-suppressing or price-depressing effects.[150]

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[145] Original Determinations, USITC Pub. 4001 at 15-16.

[146] Original Determinations, USITC Pub. 4001 at 16. There were slight differences between the determinations in underselling frequency and margins due to the changed status of Prolamsa. *See* Original Determinations, USITC Pub. 4024 at 9-10.

[147] Original Determinations, USITC Pub. 4001 at 16.

[148] Original Determinations, USITC Pub. 4001 at 17.

[149] Original Determinations, USITC Pub. 4001 at 18.

[150] Commissioner Broadbent joins the following discussion on likely price effects of subject imports insofar as it concerns China, Korea, and Turkey. She finds that price is an important factor in purchasing decisions. In light of the finding that subject producers from these countries would be likely to direct significant volumes of LWR pipe and tube to the U.S. market upon revocation, imports from these sources would likely undersell the domestic like product to a significant degree in order to regain U.S. market share. She finds that a rapid increase in low-priced subject imports from China, Korea, and (Continued…)

The Commission collected pricing data on sales of four products in these reviews.[151] Sixteen U.S. producers provided usable pricing data, which represented *** percent of U.S. commercial market shipments of U.S. produced LWR pipe and tube.[152] Six importers provided usable pricing data, which represented *** percent of imported product from Mexico and *** percent of imported product from Turkey.[153] There were no pricing data for sales of subject imports from China or Korea.[154]

Subject imports from Mexico and Turkey undersold the domestic product in 101 of 117 pricing comparisons by an average underselling margin of 9.8 percent.[155] This consistent underselling occurred despite the disciplining effects of the antidumping duty orders. Given the predominant underselling during the period of review and the significant underselling in the original investigations, as well as our finding that subject imports would likely increase upon revocation, we find that the significant underselling would likely recur if the antidumping and countervailing duty orders were revoked. Because of the importance of price in purchasing decisions, this underselling in turn would likely cause the domestic industry to consider either reducing its prices or foregoing price increases to maintain market share, as was the case in the original investigations.

We therefore conclude that the likely significant volume of cumulated imports of LWR pipe and tube from China, Korea, Mexico, and Turkey would likely undersell the domestic like product to a significant degree to gain market share and would also have likely significant price depressing or suppressing effects.

(…Continued)
Turkey would likely have significant price-suppressing or price-depressing effects or would cause the domestic industry to lose market share, as occurred during the original investigations.

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

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

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

[154] CR/PR at Tables V-3 to V-6.

[155] CR/PR at Table V-8. Eighty-three of the comparisons concerned subject imports from Mexico. Thirty-four of the comparisons concerned subject imports from Turkey. *Id.*

E. Likely Impact[156] [157]

[156] Under the statute, "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in a five-year review as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv); *see also* SAA at 887. Commerce expedited its determinations in all of its reviews and made affirmative determinations. With regard to the antidumping review on subject imports from China, Commerce found a likely dumping margin of 247.90 for Kunshan Lets Win Steel Machinery Co., Ltd.; Wuxi Baishun Steel Pipe Co., Ltd.; Guangdong Walsall Steel Pipe Industrial Co., Ltd.; Wuxi Worldunion Trading Co., Ltd.; Weifang East Steel Pipe Co., Ltd.; and Jiangyin Jianye Metal Products Co., Ltd. and 255.07 percent for Zhangjiangang Zhongyuan Pipe Making Co., Ltd. and all other entities. CR/PR at Table I-5; *Final Results of Expedited Sunset Reviews of Antidumping Duty Orders: Light-Walled Rectangular Pipe and Tube From Mexico, Turkey, the People's Republic of China, and the Republic of Korea,* 78 Fed. Reg. 47671 (Aug. 6, 2013).

With respect to subject imports from Korea, Commerce found a likely dumping margin of 30.66 percent for Dong-A Steel Pipe Co. Ltd.; HiSteel Co. Ltd.; Jinbang Steel Co. Ltd.; Joong Won; Miju Steel Mfg. Co., Ltd.; Yujin Steel Industry Co.; Ahshin Pipe & Tube; Han Gyu Rae Steel Co., Ltd.; Kukje Steel Co., Ltd.; and a rate of 15.79 percent for SeAH Steel Corporation, Ltd. and all other entities. One Korean producer, Nexteel Co., is not subject to the antidumping duty order. *Id.* As to subject imports from Mexico, Commerce found a likely dumping margin of 2.40 percent for Maquilacero S.A. de C.V.; a rate of 5.12 percent for Productos Laminados de Monterrey S.A. de C.V.; a rate of 11.50 percent for Industrias Monterrey S.A. de C.V.; Nacional de Acero S.A. de C.V.; PEASA-Productos Especializados de Acero; Tuberias Aspe; and Tuberias y Derivados S.A. de C.V.; and a rate of 3.76 percent for Arco Metal S.A. de C.V.; Hylsa S.A. de C.V.; Internacional de Aceros S.A. de C.V.; Perfiles y Herrajes LM, S.A. de C.V ; Regiomontana de Perfiles y Tubos; Talleres Acero Rey S.A. de C.V. and Tuberia Laguna, S.A. de C.V.; and all other entities. Finally, with respect to subject imports from Turkey, Commerce found a likely dumping margin of 41.71 percent for Guven Boru Profil Sanayii ve Ticaret Limited Sirketi; MMZ Onur Boru Profil Uretim San. ve Tic. A.S.; Anadolu Boru; Ayata Metal Industry; Goktas Tube/Gotkas Metal; Kalibre Boru Sanayi ve Ticaret A.S.; Kerim Celik Mamulleri Imalat ve Ticaret; Ozgur Boru; Ozmak Makina ve Elektrik Sanayi; Seamless Steel Tube and Pipe Co.; Umran Steel Pipe Inc.; and Yusan Industries, Ltd. *Id.* Commerce also found a likely dumping margin of 27.04 percent for Borusan Mannesmann Boru; Erbosan Erciyas Boru Sanayii ve Ticaret A.S.; Noksel Steel Pipe Co.; Ozborsan Boru San. ve Tic. A.S; Ozdemir Boru Sanayi ve Ticaret Ltd. Sti.; Toscelik Profil ve Sac End. A.S.; Yucel Boru ve Profil Endustrisi A.S.; and all other entities. *Id.* In the China countervailing duty review, Commerce found a likely subsidy rate of 2.20 percent for Kunshan Lets Win Steel Machinery Co., a likely subsidy rate of 200.58 percent for Qingdao Xiangxing Steel Pipe Co., Ltd., and a likely subsidy rate of 15.28 percent for Zhangjiagang Zhongyuan Pipe-making Co., Ltd. and all other entities. *Light-Walled Rectangular Pipe and Tube From the People's Republic of China: Final Results of the Expedited First Sunset Review of the Countervailing Duty Order,* 78 Fed. Reg. 48416 (Aug. 8, 2013).

[157] In addition, the statute provides that "if a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement." 19 U.S.C. § 1675a(6). In its unpublished Issues and Decision Memorandum issued in the review of the countervailing duty order with respect to China, Commerce found that no programs fell under Article 3.1. of the WTO (Continued…)

Original Investigations. The Commission in its original determinations found that the record reflected declining trends for the domestic industry from 2005 to 2007, with significant declines in most indicators occurring in 2007.[158] The Commission found that the domestic industry's financial indicators, including operating income and operating margins, improved from 2005 to 2006, but then fell to their lowest levels of the period in 2007.[159] The industry's ratio of operating income to net sales grew from 9.9 percent in 2005 to 11.4 percent in 2006, before declining to 6.4 percent in 2007.[160]

The Commission found that the drop in apparent U.S. consumption from 2006 to 2007 likely had a negative impact on the domestic industry in 2007, but that impact was exacerbated by significant volumes of low-priced subject imports entering the market. It noted that although apparent consumption dropped from 2006 to 2007, subject imports were still entering the market at rates that exceeded the volumes for 2006 until the filing of the petitions in late June 2007.[161]

Current Reviews.[162] During the period of review, the condition of the domestic industry was affected by the U.S. economic downturn, which resulted in reduced demand and declines in virtually every indicator in 2009 relative to 2008.[163] As apparent U.S. consumption improved after 2009, the domestic industry's condition improved despite apparent U.S. consumption remaining well below the levels of the original investigations. Neither sales volumes nor profitability returned to the levels reached in the original investigations.[164] Further, during the final two years of the period of review, there has been some deterioration in the performance of the industry despite increases in apparent U.S. consumption.[165]

(…Continued)
Subsidies Agreement. Commerce also stated that it had insufficient evidence to determine whether the following three Chinese programs fell within the meaning of Article 6.1 of the WTO Subsidies Agreement: (1) Provision of Inputs for Less than Adequate Remuneration-Hot-Rolled Steel; (2) Land for Less than Adequate Remuneration (ZZPC Land Discount); and (3) Income Tax Subsidies for Foreign Invested Enterprises-Reduced Income Tax Rates for FIEs Based on Location. *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Light-Walled Rectangular Pipe and Tube from the People's Republic of China* (July 30, 2013).

[158] Original Determinations, USITC Pub. 4001 at 19.

[159] Original Determinations, USITC Pub. 4001 at 19.

[160] Original Determinations, USITC Pub. 4001 at 19.

[161] Original Determinations, USITC Pub. 4001 at 20. *See also* Original Determinations, USITC Pub. 4001 at 14.

[162] Commissioner Broadbent joins the following discussion on the condition of the U.S. industry as well as the discussion on likely impact insofar as it concerns cumulated subject imports from China, Korea, and Turkey. She finds that upon revocation, imports from these sources would have a significant impact on the domestic industry.

[163] *See* CR/PR at Table I-2.

[164] *See* CR/PR at Table I-2.

[165] *See* CR/PR at Table I-2 (net sales unit values and operating income declined in 2011 and 2012).

Average production capacity remained relatively stable between 2008 and 2013.[166] Production levels declined substantially in 2009 relative to 2008, before subsequently increasing, but remained lower in 2013 than in 2007 (during the original investigations).[167] Capacity utilization also declined initially before recovering later in the period of review.[168] Trends in the domestic industry's U.S. shipments mirrored those for production.[169] End-of-period inventories relative to production and shipments increased overall and remained relatively high.[170]

Notwithstanding the increase in nonsubject imports during this period, the domestic industry was able to increase its share of the U.S. market. Subject imports declined when the antidumping and countervailing duty orders were issued and declined overall during the period of review.[171] Thus, the domestic industry has benefitted from the antidumping and countervailing duty orders as its share of apparent U.S. consumption generally increased over the period of review.[172] [173]

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[166] The domestic industry's average capacity was 1,110,314 short tons in 2008, 1,081,371 short tons in 2009, 1,089,411 short tons in 2010, 1,141,536 short tons in 2011, 1,109,604 short tons in 2012, and 1,131,083 short tons in 2013. CR/PR at Table III-3.

[167] The domestic industry's production was 470,375 short tons in 2008, 367,451 short tons in 2009, 448,691 short tons in 2010, 472,564 short tons in 2011, 502,426 short tons in 2012 and 540,664 short tons in 2013. CR/PR at Table III-3. Its net sales by quantity followed a similar trend, falling from 480,053 short tons in 2008 to 369,862 short tons in 2009, and then increasing to 426,764 short tons in 2010, 453,226 short tons in 2011, 501,480 short tons in 2012 and 546,511 short tons in 2013. CR/PR at Table III-3.

[168] The domestic industry's capacity utilization was 42.4 percent in 2008, 34.0 percent in 2009, 41.2 percent in 2010, 41.4 percent in 2011, 45.3 percent in 2012, and 47.8 percent in 2013. CR/PR at Table III-3. The domestic industry does produce other pipe and tube products using the same employees and production and related equipment as LWR pipe and tube. The portion of the domestic industry's total capacity to manufacture LWR pipe and tube increased over the period, from 16.6 percent in 2008 to 19.3 percent in 2013. CR/PR at Table III-4.

[169] The domestic industry's U.S. shipments were 448,481 short tons in 2008, 350,966 short tons in 2009, 411,632 short tons in 2010, 435,122 short tons in 2011, 480,782 short tons in 2012 and 517,350 short tons in 2013. CR/PR at Table III-5.

[170] The ratio of the domestic industry's end-of-period inventories to total shipments was 15.3 percent in 2008, 19.5 percent in 2009, 20.6 percent in 2010, 22.5 percent in 2011, 18.8 percent in 2012 and 16.5 percent in 2013. CR/PR at Table III-6. Exports were a small portion of the domestic industry's total shipments. CR/PR at Table III-5.

[171] CR/PR at Table I-2.

[172] The domestic industry's market share was 72.1 percent in 2008, 75.4 percent in 2009, 77.3 percent in 2010, 78.7 percent in 2011, 78.6 percent in 2012, and 76.8 percent in 2013. CR/PR at Table I-2.

[173] Commissioner Broadbent finds that imports from Mexico declined for reasons other than the antidumping duty order, and therefore does not attribute the increase in the domestic industry's market share to the antidumping duty order from Mexico. *See* Additional and Dissenting Views of Commissioner Meredith M. Broadbent.

The number of production and related workers, total hours worked, and hours worked per worker increased overall from 2008 to 2012.[174] Hourly wages increased overall, whereas productivity in short tons per 1,000 hours increased slightly overall.[175]

The domestic industry's profitability fluctuated but declined overall from 2008 to 2013.[176] The domestic industry's net sales by value and operating income declined overall despite increases from 2010 to 2012.[177] Between 2008 and 2013, the domestic industry made annual capital expenditures that ranged from a low of $8.1 million in 2013 to a high of $13.6 million in 2010.[178]

Although certain aspects of the domestic industry's performance have improved, the industry's current performance indicators and overall demand are less than robust.[179] However, given the industry's performance since 2009, we do not find the domestic industry to be vulnerable. The industry, nevertheless, is not in such a strong condition, nor are likely demand conditions sufficiently positive, that the industry could withstand significantly increased low-priced subject imports without likely sustaining significant adverse effects.

As explained above, we find that cumulated subject imports would likely be significant in the reasonably foreseeable future if the orders under review were revoked. The domestic industry supplies the majority of the U.S. market, and because subject imports are good substitutes for the domestic like product, any increase in cumulated subject imports would likely lead to declines in the domestic industry's production, shipments, market share, and employment.

We have further found that these additional volumes of cumulated subject imports would be priced in a manner that would likely undersell the domestic like product to a

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[174] There were 876 production and related workers in 2008, 779 in 2009, 800 in 2010, 857 in 2011, 879 in 2012, and 976 in 2013. Hours worked were 1.9 million in 2008, 1.6 million in 2009, 1.7 million in 2010, 1.9 million in 2011, 2.0 million in 2012, and 2.2 million in 2013. Wages paid were $62.8 million in 2008, $57.2 million in 2009, $59.3 million in 2010, $63.8 million in 2011, $67.0 million in 2012, and $72.5 million in 2013. CR/PR at Table III-8.

[175] Hourly wages were $32.67 in 2008, $35.62 in 2009, $34.04 in 2010, $33.05 in 2011, $33.57 in 2012, and $32.97 in 2013. Productivity in short tons per 1,000 hours was 244.6 in 2008, 228.9 in 2009, 257.7 in 2010, 244.7 in 2011, 251.6 in 2012, and 246.0 in 2013. CR/PR at Table III-8.

[176] The domestic industry's operating income as a ratio of net sales was 10.2 percent in 2008, negative 2.5 percent in 2009, 3.8 percent in 2010, 10.9 percent in 2011, 7.4 percent in 2012, and 6.4 percent in 2013. CR/PR at Table III-10.

[177] Total net sales by value were $546.6 million in 2008, $321.2 million in 2009, $399.4 million in 2010, $488.9 million in 2011, $516.6 million in 2012, and $533.6 million in 2013. CR/PR at Table III-10. Operating income was $55.8 million in 2008, negative $8.1 million in 2009, $15.1 million in 2010, $53.1 million in 2011, $38.1 million in 2012, and $34.1 million in 2013. CR/PR at Table III-10.

[178] CR/PR at Table III-13. The domestic industry made only limited research and development expenditures during the period of review. *Id*.

[179] We note that purchasers, producers, and importers offered mixed assessments of likely demand. *See* CR/PR at Table II-3. We anticipate that demand will likely continue to improve but remain weak relative to that experienced during the original investigations.

significant degree and have significant depressing or suppressing effects on prices of the domestic like product. Consequently, to compete with the likely additional volumes of subject imports, the domestic industry would need to cut prices, forego needed price increases, or lose sales, as it did in the original investigations. The resulting loss of revenues would likely cause further deterioration in the financial performance of the domestic industry which would result in likely reductions in employment and, ultimately, likely losses in output and market share. Therefore, we find that revocation of the orders under review would likely have a significant impact on the domestic industry.

We have also considered the role of factors other than subject imports so as not to attribute likely injury from other factors to the subject imports. Given the high substitutability of LWR pipe and tube from all sources, if the orders on subject imports were revoked, the likely significant volume of cumulated subject imports would likely compete with both the domestic like product and nonsubject imports. As was the case in the original investigations, the continued presence of nonsubject imports in the U.S. market would not preclude subject imports from taking market share from the domestic industry or forcing the domestic industry to lower prices in order to compete.[180]

We further note that the market share of imports from nonsubject countries is less than that of the domestic industry and subject imports. Nonsubject imports' share of the market fluctuated but increased from a period low of *** percent in 2008 to a period high of 10.6 percent in 2013.[181] Moreover, a comparison of average unit values (AUVs) of subject countries' exports and nonsubject countries' exports suggests that the subject imports were lower priced than nonsubject imports during the period of review. The AUVs of nonsubject imports were consistently higher than AUVs of subject imports.[182]

We also have considered the likely role of demand in the reasonably foreseeable future. Overall, demand, as measured by apparent U.S. consumption, increased from 2008 to 2013.[183] It remains well below the levels of the original investigations, however, and it is expected to increase only modestly, reflecting the weakness in the housing industry.[184] The moderate level of increased demand likely in the reasonably foreseeable future, while likely to affect the domestic industry's condition positively, would not preclude the domestic industry from incurring an adverse impact due to the likely significant volume and price effects of the cumulated subject imports.

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[180] Commissioner Broadbent has reached a negative determination on subject imports from Mexico. She has also considered these imports in her consideration of the role of factors other than cumulated subject imports from China, Korea, and Turkey.

[181] CR/PR at Table I-2.

[182] *See* CR/PR at Table I-2. We are mindful that the use of AUVs for establishing price trends or comparisons may present product mix issues in that divergent values may reflect different merchandise rather than differences in price. *Accord Allegheny Ludlum Corp. v. United States*, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002).

[183] CR/PR at Table I-2.

[184] CR at II-12.

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

V. Conclusion

For the above reasons, we determine that revocation of the countervailing duty order on LWR pipe and tube from China and the antidumping duty orders on LWR pipe and tube from China, Korea, Mexico, and Turkey would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[185]

[185] Commissioner Broadbent determines that revocation of the antidumping duty order on LWR pipe and tube from Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

ADDITIONAL AND DISSENTING VIEWS OF COMMISSIONER MEREDITH M. BROADBENT CONCERNING SUBJECT IMPORTS FROM MEXICO

Based on the record in this five-year review, I determine under section 751(c) of the Tariff Act of 1930, as amended, that revocation of the antidumping duty order on light-walled rectangular ("LWR") pipe and tube from Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

Except as otherwise noted, I join the Views of the Commission concerning domestic like product, domestic industry, the legal standard concerning five-year reviews, conditions of competition, cumulation with regard to all subject countries except Mexico, and the affirmative determination on cumulated subject imports from China, Korea, and Turkey.

I. Introduction

As discussed below, the Mexican industry is focused on serving its home market and has exported a small and shrinking proportion of its shipments to regional markets. The Mexican industry has had an established, gradually declining presence in the largest of these regional markets — the United States — since the original period of investigation. This status quo is unlikely to change in the reasonably foreseeable future, whether or not imports enter under the discipline of the antidumping duty order. I have not found that a correlation existed between the presence of low-priced imports from Mexico and any adverse price effects experienced by the domestic industry during the current period of review. For these reasons, I find that, upon revocation, the existence of subject imports from Mexico would not be likely to have a significant adverse effect on domestic producers' prices or otherwise have a significant adverse impact on the domestic industry. In contrast, the subject imports from China, Korea, and Turkey have been virtually absent since the orders were imposed in 2008. These industries, which are heavily focused on exports, are likely to compete more aggressively for their lost U.S. market share if the orders on these countries were revoked.

II. Cumulation[1]

Based on my review of the record, I find that subject imports from Mexico would be likely to compete under different conditions of competition than the subject imports from the other subject countries, China, Korea, and Turkey. Subject imports from China, Korea, and Turkey were heavily restrained by the orders after they were imposed in 2008, and have been at near zero levels since that time.[2] The evidence on the record does not indicate that conditions of competition in these industries would prevent a reversal of the orders' effect on the volume of subject imports from China, Korea, and Turkey. In contrast, imports from Mexico have remained present in the U.S. market, while the market share held by these imports fell steadily from 16.2 percent in 2005 to 12.3 percent in 2013, as Mexican home market shipments increased.[3] The continued presence of subject imports from Mexico is evidence of the continued importance of the U.S. market to the Mexican industry, but as discussed below, this importance has waned for reasons other than the antidumping duty order. I consequently decline to exercise my discretion to cumulate subject imports from Mexico with imports from the other subject countries.

During the original period of investigation, the Commission received foreign producer questionnaire responses from eight Mexican producers accounting for *** percent of U.S. imports from Mexico.[4] In these reviews, the Commission received questionnaire responses from seven Mexican producers that are believed to account for the vast majority of Mexican LWR pipe and tube production in 2013.[5] Therefore, the Commission has nearly complete

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[1] See Views of the Commission, Section III.A, regarding the legal standard for cumulation.

In the original investigations, subject imports from Mexico declined from 156,263 short tons in 2005 to 140,937 short tons in 2007. Subject imports from Mexico continued to have a presence in the U.S. market during the period of review, falling from 115,179 short tons in 2008 to 82,710 short tons in 2013. CR/PR at Table I-2. Subject imports from Mexico accounted for 12.3 percent of apparent U.S. consumption in 2013, larger than any other source of imports. CR/PR at Table C-1. Despite the sustained decline in subject imports from Mexico that has continued since 2005, it is likely that subject imports from Mexico will remain present in the U.S. market for the reasonably foreseeable future. Accordingly, I do not find that subject imports from Mexico would likely have no discernible adverse impact on the domestic industry if the order were revoked.

I also join the discussion within the Views of the Commission regarding the likelihood of a reasonable overlap of competition, Section III.C. I find that there likely would be a reasonable overlap in competition between the domestic like product and subject imports from each country as well as among subject imports from each country upon revocation.

[2] CR/PR at Table I-2. Subject imports from China entered in amounts of less than 1,000 short tons in each year during the period of review, compared to 88,879 short tons in 2007. Subject imports from Korea (excluding the firm Nexteel) were *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, and zero in 2011, 2012, and 2013. Subject imports from Turkey entered in amounts of less than 1,000 short tons in each year between 2008 and 2011, and were 5,920 short tons in 2012 and 2,101 short tons in 2013.

[3] CR/PR at Table I-2; CR/PR at Table IV-7.

[4] Derived from Tables VII-7 and VII-23 in INV-FF-049.

[5] CR at IV-14, PR at IV-11.

coverage of the Mexican industry extending back to 2005. The Mexican industry has experienced periods of growth, but this growth has been sustained with consistently high capacity utilization rates of between *** percent and *** percent.[6] Evidence on the record therefore indicates that as the industry has grown, it has been effective in managing production to avoid high levels of overcapacity.

Since 2005, the Mexican industry has had an apparent strategy of focusing primarily on its home market, with secondary sales serving regional export markets, including the United States. Throughout the original period of investigation and extending into 2013, the Mexican industry has increased its concentration on sales to non-U.S. markets, particularly its home market. Home market shipments and internal consumption/transfers increased from 72.5 percent of the Mexican industry's shipments in 2005 to 78.3 percent in 2007.[7] During the current period of review, this share has increased from *** percent in 2008 to *** percent in 2013.[8] Mexican exports to other export markets (primarily Central and South America) accounted for an additional *** percent of Mexican shipments in 2013, with shipments to the United States accounting for the remaining *** percent.[9]

As the Mexican industry has become more focused on its home market and other regional markets, U.S. imports from Mexico have decreased for reasons other than the imposition of the antidumping duty order. This decline was due, in part, to a fall in U.S. demand that affected U.S. shipments from all sources. Apparent U.S. consumption fell by 30.5 percent from 2007 to 2008 and by 25.3 percent from 2008 to 2009, while imports from Mexico dropped by 18.3 percent and 40.7 percent, respectively.[10] In addition, Prolamsa, the importer and Mexican producer ***, opened a U.S. manufacturing facility in Laredo, Texas in 2009, and ***.[11] ***.[12] Subject imports from Mexico have remained at 82,710 short tons or lower since 2009, compared to 115,179 short tons in 2008.[13] Therefore, even though U.S. demand has begun to recover since 2009, subject imports from Mexico have not resumed entering the U.S. market at pre-recession levels because Prolamsa has shifted toward serving the U.S. market using U.S.-based production.

Unlike the industry in Mexico, evidence on the record with respect to the industries in China, Korea, and Turkey indicates that the presence of the orders is the only restraining factor on subject imports from these countries. No foreign producer from China or Korea responded to the Commission's foreign producer questionnaire, but public trade data indicates that these industries remain highly export-oriented and ship significant volumes all over the world. Exports from China of light-walled rectangular tubular products (a product category that includes subject LWR pipe and tube) more than doubled from 375,533 short tons in 2008 to 850,696 short tons in 2013, with no single country accounting for 10 percent or more of

[6] Derived from Table VII-8 and Table VII-23 in INV-FF-049; CR/PR at Table IV-7.
[7] Derived from Table VII-8 and Table VII-23 in INV-FF-049.
[8] CR/PR at Table IV-7.
[9] CR/PR at Table IV-7, CR at IV-19, PR at IV-12.
[10] CR/PR at Table I-2.
[11] CR/PR at Table III-1, Table III-7, and Table IV-10.
[12] Derived from CR/PR Table III-7 and III-3, III-10, and Prolamsa's Producer Questionnaire response.
[13] CR/PR at Table C-1.

Chinese exports over this time period.[14] Exports from Korea of the same product category increased from 73,038 short tons in 2008 to 116,733 short tons in 2013, and were shipped to countries all over the world.[15]

The two responding Turkish producers exported between *** and *** percent of their LWR pipe and tube shipments during the period of review, indicating a focus on exports.[16] Despite accounting for *** percent of total Turkish production in 2013,[17] the responding Turkish producers together had combined excess capacity of *** short tons, indicating that the Turkish industry has substantial excess capacity with which it can increase exports.[18] In addition, no producer in China, Korea, or Turkey had an investment in U.S. production facilities during the period of review, indicating that they do not have the ability to serve the U.S. market using means other than exports.[19]

Consequently, I find that the current conditions of competition are sufficiently different for subject imports from Mexico and for those from other subject countries. Subject imports from Mexico remained present after the orders went into effect, but continued to decline at a steady pace between the original period of investigation and the current period of review in line with shifts in production and a greater focus on home market sales. In contrast, imports from the other subject industries experienced sharp declines as a result of the orders going into effect that could easily be reversed given the export orientation of these industries. I therefore determine that, in the event of revocation, imports from Mexico would respond differently from other subject imports. Accordingly, I do not exercise my discretion to cumulate subject imports from Mexico with other subject imports.

III. Revocation of the Antidumping Duty Order on Subject Imports from Mexico Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry

A. Likely Volume of Subject Imports

Since 2005, the first year in which this market was analyzed by the Commission, subject imports from Mexico have been in steady decline. Subject imports from Mexico fell from 156,263 short tons in 2005 to 140,937 short tons in 2007, or by 9.8 percent. The imposition of the orders in 2008 coincided with a sharp decline in apparent U.S. consumption, which fell by 30.5 percent in that year. While subject imports from China, Korea, and Turkey each fell by *** to *** percent in 2008 as a result of the orders, subject imports from Mexico declined by 18.3

[14] CR/PR at Table IV-3.
[15] CR/PR at Table IV-5.
[16] CR/PR at Table IV-11.
[17] CR at I-11, PR at I-10.
[18] CR/PR at Table IV-11. For comparison, apparent U.S. consumption was 674,043 short tons in 2013, meaning that reported Turkish excess capacity was equivalent to *** percent of the U.S. market in that year.
[19] CR/PR at Table I-6.

percent, in line with the decrease in overall demand. In 2008, subject imports from Mexico totaled 115,179 short tons, accounting for 18.5 percent of U.S. market.[20]

In 2009, Mexican producer Prolamsa, ***,[21] opened a U.S. manufacturing facility in Laredo, Texas.[22] ***.[23] With this shift in Prolamsa's supply strategy toward the United States, subject imports from Mexico fell to 68,311 short tons in 2009, and remained between 60,925 short tons and 82,710 short tons (or between 10.6 percent and 12.7 percent of the U.S. market) from 2010 to 2013.[24] Therefore, subject imports from Mexico have trended downward since the first year of the original period of investigation, and have done so in line with lower U.S. demand and a greater focus on serving the U.S. market using ***.

The record does not support the conclusion that subject imports from Mexico would likely exceed the volumes observed during the period of review if the order were revoked. While the Mexican industry increased its capacity during the current period of review, its capacity utilization also increased and remained high.[25] In 2013, the Mexican industry's capacity utilization rate of *** percent was the highest it had been at any time since ***.[26] Given that U.S. imports from Mexico declined during the original period of investigation when capacity utilization rates were lower and the quantity of excess capacity was higher, it is unlikely that current excess capacity would be used to increase shipments to the United States if the order were revoked.

In addition, the Mexican industry's shipments have increasingly been focused on its own home market and other nearby regional markets. Shipments to the United States have decreased as a result.[27] Mexican exports to the United States as a share of the Mexican industry's total shipments continued to decline steadily from 27.5 percent in 2005 to 21.6

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[20] CR/PR at Table I-2.

[21] See INV-FF-049 at Table IV-1 (showing that *** of imports from Mexico between 2005 and 2007).

*** of subject imports from Mexico was shipped to the Central Southwest region in 2007, a region that accounted for only 8.9 percent of domestic producers' U.S. shipments in 2007. INV-FF-049 at Table III-6 and Table IV-6. *** of its LWR pipe and tube imports from Mexico to the Central Southwest region in 2007, with *** percent shipped to the Midwest and *** percent shipped to the Southeast. INV-FF-049 at Table IV-6. The Midwest and the Southeast were the destinations for 61.9 percent of domestic producers' U.S. shipments in 2007. INV-FF-049 at Figure III-1 and Table III-6. Therefore, the ***.

[22] CR/PR at Table III-1.

[23] CR/PR at Table III-7, Table IV-8, Table IV-10. ***. CR/PR at Table III-7.

[24] CR/PR at Table I-2.

[25] During the current period of review, Mexican capacity grew by *** percent and production increased by *** percent, while capacity utilization increased from *** percent in 2008 to *** percent in 2013. CR/PR at Table IV-7.

[26] Derived from Table VII-8 and Table VII-23 in INV-FF-049; CR/PR at Table IV-7. The Mexican industry's excess capacity was *** short tons in 2013. This volume is lower than excess capacity during the original period of investigation, which was between *** short tons and *** short tons. *Id.*

[27] During the original period of investigation, Mexican exports to the United States decreased by 16.0 percent, while home market shipments and internal consumption/transfers increased by 15.7 percent. Derived from Table VII-8 and Table VII-23 in INV-FF-049. Similarly, during the current period of review, Mexican exports to the United States decreased by *** percent, while home market shipments and internal consumption/transfers increased by *** percent. CR/PR at Table IV-7.

percent in 2007 during the original period of investigation,[28] and from *** percent in 2008 to *** percent in 2013 during the current period of review.[29] *** of the remaining shipments went to the Mexican home market. The exception was 2013, in which *** percent of Mexican shipments were exports to third-country markets primarily in nearby Central and South America.[30] Evidence on the record does not indicate that U.S. price levels are higher than the prices that Mexican producers receive in alternative markets.[31] Therefore, Mexican producers are not likely to divert growing shipments from home or other regional export markets to the United States if the order were revoked.

Mexico has remained the largest source of imports in the United States since 2005, and I therefore conclude that the volume of subject imports from Mexico would likely remain significant if the order were revoked.[32] However, the importance of the United States as a secondary market for Mexican producers has lessened over time. This decline has been reinforced by strong Mexican home market sales, a fall in U.S. demand, and Prolamsa's status as a U.S. domestic producer. I therefore conclude that subject imports from Mexico would not likely rise to the volume levels experienced during the original period of investigation, and would not change appreciably from the considerably lower volume levels of the current period of review. As discussed below, I find that the significant volume of subject imports from Mexico would not be likely to have a significant adverse effect on domestic producers' prices or otherwise have a significant adverse impact on the domestic industry.

B. Likely Price of Subject Imports

Price is generally an important factor in purchasing decisions in the U.S. LWR pipe and tube market.[33] In these reviews, sixteen U.S. producers and four importers from Mexico provided usable price data for comparison of quarterly prices for the domestic like product and subject imports from Mexico. Reported pricing data accounted for *** percent of U.S. shipments of U.S. produced LWR pipe and tube and *** percent of U.S. imports from Mexico.[34] During the period of review, subject imports from Mexico undersold the domestic like product in 72 of 83 comparisons at an average margin of 9.2 percent.[35] This pattern of underselling is

[28] Derived from Table VII-8 and Table VII-23 in INV-FF-049.
[29] CR/PR at Table IV-7.
[30] CR/PR at Table IV-7 and CR at IV-19 and PR at IV-12.
[31] The average unit value of Mexican exports to the United States in 2013 was $*** per short ton, compared to $*** per short ton for home market shipments and $*** per short ton for exports to third-country markets. CR/PR at Table IV-7.
[32] I have also considered the potential for product shifting by Mexican producers, the role of existing inventories, and the existence of barriers to the importation of subject imports from Mexico in third-country markets. The majority of the reporting subject producers in Mexico indicated that ***. CR at IV-18, PR at IV-12. Inventories in Mexico as a ratio to Mexican shipments *** from *** percent in 2008 to *** percent in 2013. CR/PR at Table IV-7. The record does not indicate that subject producers in Mexico face barriers to their exports in third-country markets. *See* CR at IV-19 n. 19, PR at IV-12 n. 19.
[33] CR/PR at Table II-6.
[34] CR at V-6, PR at V-5.
[35] CR/PR at Table V-8.

similar to that during the original period of investigation, when subject imports from Mexico undersold the domestic like product in 41 out of 53 quarterly price comparisons, at an average underselling margin of 11.7 percent.[36]

Prices for the domestic like product increased over the period of review for all four products, even as prices for subject imports from Mexico decreased over the period of review.[37] These product-specific price increases occurred even as the per short ton value of cost of goods sold (COGS) and raw materials fell over the period of review.[38] While the industry's average unit value of net sales declined over the period of review, the industry's COGS to net sales ratio remained relatively stable.[39] Therefore, despite the fact that subject imports from Mexico undersold the domestic like product throughout the period of review, there is no evidence that this pricing behavior correlated with any U.S. price depression, nor was there any evidence that subject imports prevented U.S. price increases which otherwise would have occurred.

I do not anticipate that the pricing patterns of subject imports from Mexico would likely change appreciably upon revocation of the order. Fairly priced subject imports from Mexico during the current period of review undersold with a similar frequency and at similar margins to unfairly priced imports during the original period of investigation. Moreover, as I have previously found, the volume of subject imports from Mexico is not likely to increase appreciably from the levels observed during the period of review. Accordingly, exporters of the subject merchandise from Mexico would have no incentive to reduce prices upon revocation; at the likely prevailing volumes, reduced prices would only serve to reduce the exporters' revenues. Because these pricing patterns did not cause significant adverse price effects during the five-year period of review, they are unlikely to do so in the reasonably foreseeable future if the order were revoked. Hence, I conclude that the likely volume of subject imports from Mexico would not be likely to have significant price-depressing or price-suppressing effects if the order were revoked.

C. Likely Impact of Subject Imports

I incorporate by reference the discussion within the Views of the Commission regarding the condition of the domestic industry in section VI-E. For the reasons stated there, I find that the domestic industry is not in a vulnerable condition. I note the steady improvement of the industry since its low point in 2009, as indicated by growth in production, shipments, net sales, operating income, and the number of production workers employed by the industry between 2009 and 2013.[40]

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[36] Derived from Tables V-1 to V-5 and Tables D-1 to D-4 in INV-FF-049.

[37] CR/PR at Table V-7. U.S. prices increased by between 3.9 and 21.3 percent, while Mexican prices declined by between 2.1 and 24.9 percent.

[38] CR/PR at Table III-11. The U.S. industry's per-unit raw material costs fell from $794 per short ton in 2008 to $695 per short ton in 2013, while the U.S. industry's per-unit COGS fell from $948 per short ton in 2008 to $849 per short ton in 2013.

[39] CR/PR at Table C-1. The U.S. industry's COGS/net sales ratio was 83.2 percent in 2008, 95.1 percent in 2009, 89.4 percent in 2010, 82.9 percent in 2011, 86.0 percent in 2012, and 86.9 percent in 2013.

[40] CR/PR at C-1.

In view of my findings regarding the likely volume and price effects of subject imports from Mexico and the current lack of vulnerability of the domestic industry, I conclude that subject imports from Mexico would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investments if the order were revoked. The volumes of subject imports from Mexico likely upon revocation would be insufficient to have likely price effects and therefore would not be likely to cause any significant declines in the domestic industry's revenues or financial performance. Accordingly, I determine that revocation of the antidumping duty order on subject imports from Mexico would not be likely to lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

IV. Conclusion

For the reasons stated above, I determine that revocation of the antidumping duty order on imports of LWR pipe and tube from Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

PART I: INTRODUCTION

BACKGROUND

On April 1, 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 order on light-walled rectangular pipe and tube ("LWR pipe and tube") from China and the antidumping duty orders on LWR pipe and tube from China, Korea, Mexico, and Turkey would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On July 5, 2013, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[4]

The following tabulation presents information relating to the background and schedule of this proceeding:[5]

[1] 19 U.S.C. 1675(c).

[2] *Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico, and Turkey; Institution of Five-Year Reviews,* 78 FR 19526*,* April 1, 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 five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission's notice of institution. *Initiation of Five-Year ("Sunset") Review,* 78 FR 19647, April 2, 2013*.*

[4] *Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico, and Turkey: Notice of Commission Determinations to Conduct Full Five-Year Reviews*, 78 FR 42546, July 16, 2013. The Commission determined that the domestic interested party group responses were adequate and that the respondent interested party group response to its notice of institution with respect to Mexico was adequate, and decided to conduct a full review of the antidumping duty order on LWR pipe and tube from Mexico. Although the Commission received a response to its notice of institution from the Government of Turkey, the Commission found that the respondent interested party group responses with respect to China, Korea, and Turkey were inadequate. However, the Commission determined to conduct full reviews concerning the orders on LWR pipe and tube from China, Korea, and Turkey to promote administrative efficiency in light of its decision to conduct a full review with respect to Mexico.

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy are referenced in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. Appendix B contains a list of the witnesses that appeared at the Commission's hearing.

Effective date	Action
May 30, 2008	Commerce's antidumping duty order on LWR pipe and tube from Turkey (73 FR 31065)
August 5, 2008	Commerce's antidumping duty order on LWR pipe and tube from Mexico, China, and Korea (73 FR 45403)
August 5, 2008	Commerce's countervailing duty order on LWR pipe and tube from China (73 FR 45405)
April 1, 2013	Commission's institution of five-year reviews (78 FR 19526)
April 1, 2013	Commerce's initiation of five-year reviews (78 FR 19647, April 2, 2013)
July 5, 2013	Commission's determinations to conduct full five-year reviews (78 FR 42546, July 16, 2013)
August 6, 2013	Commerce's final results of expedited five-year reviews of the antidumping duty orders (78 FR 47671)
August 8, 2013	Commerce's final results of expedited five-year reviews of the countervailing duty order (78 FR 48416)
December 3, 2013	Commission's scheduling of the reviews (78 FR 74161, December 10, 2013)
April 3, 2013	Commission's hearing
May 23, 2013	Commission's vote
June 9, 2014	Commission's determinations and views

The original investigations

The original investigations resulted from petitions field by Allied Tube and Conduit, ("Allied"); Atlas Tube ("Atlas Chicago"), California Steel & Tube ("California"), EXL Tube ("EXL Tube"); Hannibal Industries, Inc. ("Hannibal"), Leavitt Tube Company ("Leavitt"); Maruichi American Corp. ("Maruichi"); Searing Industries ("Searing"), Southland Tube, Inc. ("Southland"), Vest, Inc. ("Vest"),Welded Tube; and Western Tube & Conduit Corp. ("Western"), alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of LWR pipe and tube from China and less-than-fair-value ("LTFV") imports of LWR pipe and tube from China, Korea, Mexico, and Turkey.[6] Following notification of a final determination by Commerce that imports of LWR pipe and tube from China were being subsidized and imports of LWR pipe and tube from China, Korea, Mexico, and Turkey were sold at LTFV, the Commission determined that a domestic industry was materially injured by reason of subsidized imports of LWR pipe and tube from China and LTFV imports of LWR pipe and tube from China, Korea, Mexico, and Turkey.[7] Commerce published the antidumping duty order on

[6] Bull Moose Tube, Inc. ("Bull Moose") joined the original 12 petitioning firms over the course of the investigations.

[7] *Light-Walled Rectangular Pipe and Tube from Turkey, Inv. No. 731-TA-1121 (Final), USITC Publication 4001 (May 2008); Light-Walled Rectangular Pipe and Tube from China, Korea, and Mexico, Inv. Nos. 731-TA-118-1120 (Final), USITC Publication 4024 (July 2008).* By decision and order dated November 26, 2010, a NAFTA Chapter 19 Binational Panel affirmed in part and remanded in part the Commission's unanimous final affirmative determination with regard to LWR pipe and tube from

(*continued*...)

subject imports of LWR pipe and tube from Turkey on May 30, 2008.[8] Commerce published the antidumping duty orders on LWR pipe and tube from China, Mexico, and Korea and the countervailing duty order on China on August 5, 2008.[9]

PREVIOUS INVESTIGATIONS

The Commission has investigated LWR pipe and tube several times both in import-injury investigations and in studies associated with steel safeguard measures.[10] Table I-1 presents data on previous import injury investigations and reviews concerning LWR pipe and tube.

Table I-1
LWR pipe and tube: Previous import injury investigations

Source	Inv. No.	USITC Publication		Result
		Number	Date	
Korea	731-TA-138 (Final)	USITC 1519	April 1984	Affirmative; revoked October 1985 VRA
Spain	731-TA-198 (Preliminary)	USITC 1569	August 1984	Terminated after preliminary; petition withdrawn
Taiwan	731-TA-211 (Final)	USITC 1799	January 1986	Negative
Singapore	731-TA-296 (Final)	USITC 1907	November 1986	Affirmative
	731-TA-296 (Review)	USITC 3316	July 2000	Revoked following ITC negative

Table continued on next page.

(…*continued*)
Mexico. Upon consideration of the remand order, the Commission again found that an industry in the United States was materially injured by reason of imports of LWR pipe and tube from Mexico that have been found by the Department of Commerce to be sold in the United States at less than fair value. *Light-Walled Rectangular Pipe and Tube from Mexico, Inv. 731-TA-1120 (Remand), USITC Publication 4272 (February 2011).*

[8] *Notice of Antidumping Duty Order: Light-Walled Rectangular Pipe and Tube from Turkey*, 73 FR 31065, May 30, 2008.

[9] *Light-Walled Rectangular Pipe and Tube from Mexico, the People's Republic of China, and the Republic of Korea: Antidumping Duty Orders; Light-Walled Rectangular Pipe and Tube from the Republic of Korea: Notice of Amended Final Determination of Sales at Less Than Fair Value*, 73 FR 45403, August 5, 2008. *Light-Walled Rectangular Pipe and Tube from the People's Republic of China: Notice of Countervailing Duty Order*, 73 FR 45405, August 5, 2008.

[10] President George W. Bush issued a proclamation in 2002, imposing temporary import relief for a period not to exceed three years and one day. Import relief, which did not apply to Mexico or Turkey, consisted of an additional tariff of 15 percent *ad valorem* on imports in the first year, 12 percent in the second year, and 9 percent in the third year. The steel safeguard tariffs were terminated on December 4, 2003. *Presidential Proclamation 7741 of December 4, 2003* (68 FR 68483, December 8, 2003).

Table I-1--*Continued*
LWR pipe and tube: Previous import injury investigations

Source	Inv. No.	USITC Publication		Result
		Number	Date	
Taiwan	731-TA-349 (Final)	USITC 1994	July 1987	Negative
Argentina	731-TA-409 (Final)	USITC 2187	May 1989	Affirmative
	731-TA-409 (Review)	USITC 3316	July 2000	Order continued
	731-TA-409 (Second Review)	USITC 3867	July 2006	Revoked following ITC negative
Taiwan	731-TA-410 (Final)	USITC 2169	March 1989	Affirmative
	731-TA-410 (Review)	USITC 3316	July 2000	Order continued
	731-TA-410 (Second Review)	USITC 3867	July 2006	Order continued
Mexico	731-TA-730 (Preliminary)	USITC 2892	May 1995	ITC Negative
Mexico	731-TA-1054 (Final)	USITC 3728	October 2004	ITC Negative
Turkey	731-TA-1055 (Final)	USITC 3728	October 2004	ITC Negative
Turkey	731-TA-1121 (Final)	USITC 4001	May 2008	Affirmative
China	701-TA-449 (Final)	USITC 4024	July 2008	Affirmative
	731-TA-1118 (Final)	USITC 4024	July 2008	Affirmative
Korea	731-TA-1119 (Final)	USITC 4024	July 2008	Affirmative
Mexico	731-TA-1120 (Final)	USITC 4024	July 2008	Affirmative

Source: Cited Commission publications.

SUMMARY DATA

Table I-2 presents a summary of data from the original investigations and the current full five-year reviews. During the original investigations, Commerce issued its final LTFV determination with respect to LWR pipe and tube from Turkey earlier than it did in its investigations with respect to China, Korea, and Mexico. As a result, the Commission issued its determination with respect to LWR pipe and tube from Turkey earlier than China, Korea, and Mexico.[11] In Commerce's preliminary determination concerning Mexico, producer Prolamsa received a zero percent dumping margin; therefore, for the Commission's determination with respect to LWR pipe and tube from Turkey, data relating to Prolamsa were classified as nonsubject. In its final determination, however, Commerce calculated a dumping margin for Prolamsa, and accordingly, Prolamsa was reclassified as subject exporter for purposes of the Commission's final determinations on China, Korea, and Mexico.[12] Prolamsa remains subject to the antidumping duty order on LWR pipe and tube from Mexico, while Korean producer Nexteel remains excluded from the antidumping duty order on LWR pipe and tube from Korea.

[11] *Light-Walled Rectangular Pipe and Tube from Turkey, Inv. No. 731-TA-1121 (Final), USITC Publication 4001 (May 2008).*

[12] *Light-Walled Rectangular Pipe and Tube from China, Korea, and Mexico, Inv. Nos. 731-TA-118-1120 (Final), USITC Publication 4024 (July 2008).*

Table I-2
LWR pipe and tube: Comparative data from the original investigations and current review, 2005-13

Item	2005	2006	2007		2008	2009	2010	2011	2012	2013
U.S. consumption quantity:										
Amount	962,225	1,025,684	894,973		622,369	465,200	532,363	553,036	611,965	674,043
U.S. producers' share	65.1	60.8	64.8		72.1	75.4	77.3	78.7	78.6	76.8
U.S. importers' share										
China	4.2	8.0	9.9		0.1	0.0	0.0	0.1	0.0	0.0
Korea (subject)	***	***	***		***	***	***	0.0	0.0	0.0
Mexico	16.2	14.1	15.7		18.5	14.7	12.7	11.0	10.6	12.3
Turkey	3.2	5.5	1.6		0.0	0.0	0.0	0.1	1.0	0.3
Subtotal, subject	***	***	***		***	***	***	11.2	11.6	12.6
All other sources	***	***	***		***	***	***	10.2	9.9	10.6
Total imports	34.9	39.2	35.2		27.9	24.6	22.7	21.3	21.4	23.2
U.S. consumption value:										
Amount	834,193	869,323	730,480		714,394	378,733	494,233	598,987	625,353	653,960
U.S. producers' share	68.2	66.1	69.0		74.3	78.2	79.0	79.8	80.1	78.6
U.S. importers' share										
China	3.2	5.5	7.2		0.1	0.0	0.0	0.1	0.1	0.0
Korea (subject)	***	***	***		***	***	***	0.0	0.0	0.0
Mexico	14.6	13.1	14.1		16.2	11.8	10.7	9.5	8.8	10.2
Turkey	2.8	4.1	1.3		0.0	0.0	0.0	0.1	0.8	0.3
Subtotal, subject	***	***	***		***	***	***	9.7	9.7	10.5
All other sources	***	***	***		***	***	***	10.5	10.2	10.8
Total imports	31.8	33.9	31.0		25.7	21.8	21.0	20.2	19.9	21.4

Table continued on next page.

Table I-2--*Continued*
LWR pipe and tube: Comparative data from the original investigations and current review, 2005-13

Item	2005	2006	2007		2008	2009	2010	2011	2012	2013
U.S. imports from:										
China:										
Quantity	39,945	81,657	88,879		687	31	109	277	282	126
Value	27,040	47,605	52,939		627	74	235	438	350	144
Average unit value	$677	$583	$596		$912	$2,369	$2,161	$1,583	$1,242	$1,139
Korea (subject):										
Quantity	***	***	***		***	***	***	0	0	0
Value	***	***	***		***	***	***	0	0	0
Average unit value	$***	$***	$***		$***	$***	$***	$0	$0	$0
Mexico										
Quantity	156,263	144,925	140,937		115,179	68,311	67,692	60,925	64,684	82,710
Value	122,203	113,714	102,714		115,638	44,664	52,906	57,051	55,172	66,982
Average unit value	$782	$785	$729		$1,004	$654	$782	$936	$853	$810
Turkey										
Quantity	30,517	55,952	14,511		0	36	0	564	5,920	2,101
Value	23,264	39,584	9,192		0	24	0	507	4,831	1,836
Average unit value	$762	636	633		$0	$650	$0	$899	$816	$874
Subtotal, subject										
Quantity	***	***	***		***	***	***	61,766	70,885	84,937
Value	***	***	***		***	***	***	57,997	60,353	68,962
Average unit value	$***	$***	$***		$***	$***	$***	$939	$851	$812
All other sources										
Quantity	***	***	***		***	***	***	56,148	60,298	71,756
Value	***	***	***		***	***	***	62,823	64,025	70,782
Average unit value	$***	$***	$***		$***	$***	$***	$1,119	$1,062	$986
All countries:										
Quantity	336,258	402,295	315,412		173,888	114,234	120,731	117,914	131,183	156,693
Value	264,904	294,805	226,400		183,896	82,603	103,553	120,820	124,378	139,744
Average unit value	$788	$733	$718		$1,058	$723	$858	$1,025	$948	$892

Table continued on next page.

Table I-2--*Continued*
LWR pipe and tube: Comparative data from the original investigations and current review, 2005-13

Item	2005	2006	2007		2008	2009	2010	2011	2012	2013
U.S. producers':										
Capacity quantity	964,957	947,858	902,385		1,110,314	1,081,371	1,089,411	1,141,536	1,109,604	1,131,083
Production quantity	625,933	631,842	580,847		470,375	367,451	448,691	472,564	502,426	540,664
Capacity utilization	64.9	66.7	64.4		42.4	34.0	41.2	41.4	45.3	47.8
U.S. shipments:										
Quantity	625,967	623,389	579,559		448,481	350,966	411,632	435,122	480,782	517,350
Value	569,288	574,517	504,081		530,498	296,130	390,680	478,167	500,975	514,216
Unit value	$909	$922	$870		$1,183	$844	$949	$1,099	$1,042	$994
Ending inventory	64,764	65,118	56,366		68,574	68,290	84,699	97,742	90,177	85,212
Inventory/total shipments	10.3	10.3	9.6		14.5	18.7	19.6	21.3	17.7	15.6
Production workers	1,114	1,023	973		876	779	800	857	879	976
Hours worked (*1,000*)	1,993	1,822	1,682		1,923	1,605	1,741	1,931	1,997	2,198
Wages paid (*1,000 dollars*)	33,854	33,343	31,485		62,827	57,173	59,255	63,829	67,032	72,462
Hourly wages	$16.99	$18.30	$18.71		$32.67	$35.62	$34.04	$33.05	$33.57	$32.97
Productivity (*short tons per hour*)	314.1	346.9	345.3		244.6	228.9	257.7	244.7	251.6	246.0
Net sales:										
Quantity	591,721	586,896	549,260		480,053	369,862	426,764	453,226	501,480	546,511
Value	539,809	542,437	481,378		546,642	321,192	399,436	488,907	516,553	533,566
Unit value	$912	$924	$876		$1,138.71	$868.41	$935.96	$1,078.73	$1,030.06	$976.31
Cost of goods sold	452,240	444,888	418,199		454,994	305,308	357,052	405,077	444,447	463,763
Gross profit or (loss)	87,569	97,549	63,179		91,648	15,884	42,384	83,830	72,106	69,803
SG&A	33,990	35,853	32,310		35,851	23,953	27,305	30,739	33,980	35,714
Operating income or (loss)	53,579	61,696	30,869		55,797	-8,069	15,079	53,091	38,126	34,089
Unit cost of goods sold	$764	$758	$761		$947.80	$825.46	$836.65	$893.76	$886.27	$848.59
Unit operating income or (loss)	$91	$105	$56		$116.23	-$21.82	$35.33	$117.14	$76.03	$62.38
Cost of goods sold/sales (percent)	83.8	82.0	86.9		83.2	95.1	89.4	82.9	86.0	86.9
Operating income or (loss)/sales	9.9	11.4	6.4		10.2	-2.5	3.8	10.9	7.4	6.4

Source: Compiled from data submitted in response to Commission questionnaires and from official import statistics of the U.S. Department of Commerce adjusted to exclude Nexteel of Korea.

Statutory criteria and organization of the report

Statutory criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
>
> *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
>
> *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
>
> *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*
>
> *(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*
>
> *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
>
> *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
>
> *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*

(D) 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.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and
(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,
(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and
(C) 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.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for LWR pipe and tube as collected in the reviews is presented in appendix C. U.S. industry data are

based on the questionnaire responses of 18 U.S. producers of LWR pipe and tube that are believed to have accounted for the vast majority of domestic production of LWR pipe and tube in 2013.[13] U.S. import data and related information are based on Commerce's official import statistics and the questionnaire responses of 14 U.S. importers of LWR pipe and tube that are believed to have accounted for *** percent of subject U.S. imports of LWR pipe and tube during 2008-2013.[14] Foreign industry data and related information are based on the questionnaire responses of nine producers of LWR pipe and tube. Seven producers in Mexico, which accounted for the vast majority of total production of LWR pipe and tube in Mexico and two producers in Turkey, which accounted for approximately *** percent of total production of LWR pipe and tube in Turkey, submitted questionnaire responses. The Commission received no responses from producers of LWR pipe and tube from China or Korea. Responses by firms to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation of such orders are presented in appendix D.

COMMERCE'S REVIEWS

Administrative reviews

Table I-3 presents the final results of Commerce's administrative reviews of the antidumping duty orders on LWR pipe and tube from China, Mexico, and Turkey. Commerce has not conducted any administrative reviews on the orders on LWR pipe and tube from Korea.

[13] The Commission received also three responses from domestic producers *** that were either incomplete or that contained trade and financial data that were not usable.

[14] Official Commerce statistics have been adjusted to exclude Nexteel, a producer of LWR pipe and tube, which is excluded from the antidumping duty order on Korea. *Light-Walled Rectangular Pipe and Tube from Mexico, the People's Republic of China, and the Republic of Korea: Antidumping Duty Orders; Light-Walled Rectangular Pipe and Tube from the Republic of Korea: Notice of Amended Final Determination of Sales at Less Than Fair Value*, 73 FR 45403, August 5, 2008.

Table I-3
LWR pipe and tube: Final results of Commerce's administrative reviews, by country

Country	Period of review	Producer or exporter	Firm-specific rate (*percent*)
China	1/20/2008-7/31/2009 (75 FR 57456, September 21, 2010)	The Sun Group	27.12
Turkey	1/30/2008-4/30/2009 (75 FR 61127, October 4, 2010)	Toscelik Profil Ve Sac Endustri A.S.	0.00
Mexico	1/30/2008-7/31/2009 (76 FR 9547, February 18, 2011)	Maquilacero S.A. de C.V.	3.11
		Regiomontana de Perfiles y Tubos S.A. de C.V.	9.15
		Galvak S.A. de C.V.	6.13
		Hylsa S.A. de C.V.	6.13
		Industrias Monterrey S.A. de C.V.	6.13
		Nacional de Acero S.A. de C.V.	6.13
		Perfiles y Herrajes LM S.A. de C.V.	6.13
		Productos Laminados de Monterrey S.A. de C.V.	6.13
		Ternium Mexico S.A. de C.V.	6.13
Turkey	5/1/2009-4/30/2010 (76 FR 57953, September 19, 2011)	Noksel Celik Boru Sanayi A.S.	0.00
Mexico	8/1/2009-7/31/2010 (77 FR 1915, January 12, 2012)	Maquilacero S.A. de C.V.	0.80
		Regiomontana de Perfiles y Tubos S.A. de C.V.	3.20
Turkey	5/1/2010-4/30/2011 (78 FR 55455, September 10, 2012)	Noksel Celik Boru Sanayi A.S.	0.00
Mexico	8/1/2010-7/31/2011 (78 FR 1199, January 8, 2013)	Maquilacero S.A. de C.V.	0.00
		Regiomontana de Perfiles y Tubos S.A. de C.V.	0.00

Source: Cited Federal Register notices.

Changed circumstances reviews

Commerce has conducted one changed circumstances review with respect to LWR pipe and tube from Mexico and determined that Ternium is the successor-in-interest to

Hysla and, as a result, should be accorded the same treatment previously accorded to Hysla in regard to the antidumping duty order on LWR pipe and tube from Mexico as of August 19, 2009.[15]

Five-year reviews

Commerce has issued the final results of its expedited five year reviews with respect to all subject countries. Tables I-4 and I-5 present the countervailable subsidy rates and antidumping duty margins calculated by Commerce in its original investigations and first reviews, respectively.[16]

Table I-4
LWR pipe and tube: Commerce's original and subsequent five-year countervailable subsidy margins for producers/exporters in China

Producer/exporter	Original rate (*percent*)	Five-year review rate (*percent*)
Kunshan Lets Win Steel Machinery Co., Ltd.	2.17	2.20
Qingdao Xiangxing Steel Pipe Co., Ltd.	200.58	200.58
Zhangjiagang Zhongyuan Pipe-making Co., Ltd., Jiangsu Qiyuan Group Co., Ltd.	15.28	15.28
All others	15.28	15.28

Source: 73 FR 35642, June 24, 2008 and 78 FR 48416, August 8, 2013

Table I-5
LWR pipe and tube: Commerce's original and subsequent five-year dumping margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	Five-year review margin (*percent*)
China		
Zhangjiangang Zhongyuan Pipe Making Co., Ltd.	264.64	255.07
Kunshan Lets Win Steel Machinery Co., Ltd.	249.12	247.90
Wuxi Baishun Steel Pipe Co., Ltd.	249.12	247.90
Guangdong Walsall Steel Pipe Industrial Co., Ltd.	249.12	247.90

Table continued on next page.

[15] *Final Results of Antidumping Duty Changed Circumstances Review: Light-Walled Rectangular Pipe and Tube from Mexico*, 74 FR 41680, August 18, 2009.

[16] *Final Results of Expedited Sunset Reviews of Antidumping Duty Orders: Light-Walled Rectangular Pipe and Tube from Mexico, Turkey, the People's Republic of China, and the Republic of Korea*, 78 FR 47671, August 6, 2013. *Light-Walled Rectangular Pipe and Tube from the People's Republic of China: Final Results of the Expedited First Sunset Review of the Countervailing Duty Order*, 78 FR 48416, August 8, 2013.

Table I-5--*Continued*
LWR pipe and tube: Commerce's original and subsequent five-year dumping margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	Five-year review margin (*percent*)
China		
Wuxi Worldunion Trading Co., Ltd.	249.12	247.90
Weifang East Steel Pipe Co., Ltd.	249.12	247.90
Jiangyin Jianye Metal Products Co., Ltd.	249.12	247.90
All others	264.64	255.07
Korea		
Nexteel Co., Ltd.	0.92 (*de minimus*)	(*excluded*)
Dong-A Steel Pipe Co. Ltd.	30.66	30.66
HiSteel Co. Ltd.	30.66	30.66
Jinbang Steel Co. Ltd.	30.66	30.66
Joong Won	30.66	30.66
Miju Steel Mfg. Co., Ltd.	30.66	30.66
Yujin Steel Industry Co.	30.66	30.66
Ahshin Pipe & Tube	30.66	30.66
Han Gyu Rae Steel Co., Ltd.	30.66	30.66
Kukje Steel Co., Ltd.	30.66	30.66
SeAH Steel Corporation, Ltd.	15.79	15.79
All others	15.79	15.79
Mexico		
Maquilacero S.A. de C.V.	2.40	2.40
Productos Laminados de Monterrey S.A. de C.V.	5.12	5.12
Arco Metal S.A. de C.V.	3.76	3.76
Hylsa S.A. de C.V.	3.76	3.76
Industrias Monterrey S.A. de C.V.	11.50	11.50
Internacional de Aceros, S.A. de C.V.	3.76	3.76
Nacional de Acero S.A. de C.V.	11.50	11.50
PEASA-Productos Especializados de Acero	11.50	11.50
Perfiles y Herrajes LM, S.A. de C.V.	3.76	3.76
Regiomontana de Perfiles y Tubos	3.76	3.76
Talleres Acero Rey S.A. de C.V.	3.76	3.76
Tuberias Aspe	11.50	11.50
Tuberia Laguna, S.A. de C.V.	3.76	3.76
Tuberias y Derivados S.A. de C.V.	11.50	11.50
All others	3.76	3.76

Table continued on next page.

Table I-5--*Continued*
LWR pipe and tube: Commerce's original and subsequent five-year dumping margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	Five-year review margin (*percent*)
Turkey		
Guven Boru Profil Sanayii ve Ticaret Limited Sirketi	41.71	41.71
MMZ Onur Boru Profil Uretim San. ve Tic. A.S.	41.71	41.71
Anadolu Boru	41.71	41.71
Ayata Metal Industry	41.71	41.71
Goktas Tube/Gotkas Metal	41.71	41.71
Kalibre Boru Sanayi ve Ticaret A.S.	41.71	41.71
Kerim Celik Mamulleri Imalat ve Ticaret	41.71	41.71
Ozgur Boru	41.71	41.71
Ozmak Makina ve Elektrik Sanayi	41.71	41.71
Seamless Steel Tube and Pipe Co. ("Celbor")	41.71	41.71
Umran Steel Pipe Inc	41.71	41.71
Yusan Industries, Ltd.	41.71	41.71
Borusan Mannesmann Boru	27.04	27.04
Erbosan Erciyas Boru Sanayii ve Ticaret A.S	27.04	27.04
Noksel Steel Pipe Co.	27.04	27.04
Ozborsan Boru San. ve Tic. A.S	27.04	27.04
Ozdemir Boru Sanayi ve Ticaret Ltd. Sti.	27.04	27.04
Toscelik Profil ve Sac End. A.S.	27.04	27.04
Yucel Boru ve Profil Endustrisi A.S	27.04	27.04
All others	27.04	27.04

Source: 73 FR 45403, August 5, 2008 (Korea, Mexico, China); 73 FR 19814, April 11, 2008 (Turkey); 78 FR 47671, August 6, 2013.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of these reviews as follows:

> *The merchandise subject to the order is certain welded carbon quality light-walled steel pipe and tube, of rectangular (including square) cross section, having a wall thickness of less than 4 mm.*
>
> *The term carbon-quality steel includes both carbon steel and alloy steel which contains only small amounts of alloying elements. Specifically, the term carbon-quality includes products in which none of the elements listed below exceeds the quantity by weight respectively indicated: 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of*

copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.10 percent of molybdenum, or 0.10 percent of niobium, or 0.15 percent vanadium, or 0.15 percent of zirconium. The description of carbon-quality is intended to identify carbon-quality products within the scope.[17]

Tariff treatment

LWR pipe and tube is classifiable in the Harmonized Tariff Schedule of the United States (HTS) under the HTS subheading 7306.61.50.[18] This subheading specifically covers other tubes, pipes and hollow profiles of iron and steel of a rectangular or square cross section having a wall thickness of less than 4 millimeters. The general rate of duty for this subheading is free. Additionally, certain LWR pipe and tube may be imported under HTS subheading 7306.61.70 (statistical reporting number 7306.61.7060, which specifically covers other tubes, pipes, and hollow profiles of iron and steel of a square of rectangular cross-section of other alloy steel (not including stainless steel)). The general rate of duty for this subheading is free. The HTS subheadings are provided for convenience and Customs purposes, and Commerce's scope of these investigations is dispositive.

THE PRODUCT

Overview

LWR pipe and tube is a long-rolled welded carbon steel product commonly used in applications not involving the conveyance of liquids or gases, and not designed to bear weight. The most common applications for LWR pipe are where a thinner wall may be preferred, such as ornamental fencing, window guards, door security frames, metal furniture, cattle chutes, railings, furniture components, athletic equipment, lawn and garden equipment, store display shelves, racks, and other similar items.[19] Figure I-1 is a visual depiction of LWR pipe and tube.

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[17] *Light-Walled Rectangular Pipe and Tube From the People's Republic of China: Final Results of the Expedited First Sunset Review of the Countervailing Duty Order*, 78 FR 48416, August 8, 2013.

[18] Effective February 3, 2007, HTS subheading 7306.60.50 was replaced by subheadings 7306.61.50 and 7306.69.50. Also effective February 3, 2007, HTS subheading 7306.60.70 was replaced by subheadings 7306.61.70 and 7306.69.70. Imports classifiable under subheadings 7306.69.50 and 7306.69.70 are not included in this investigation.

[19] Hearing transcript, pp. 15-16 (Searing).

Figure I-1
LWR Pipe and tube

Source: http://www.diytrade.com

Description and applications

The terms "pipes," "tubes," and "tubular products" are interchangeable in common usage and in the HTSUS. However, tubular product manufacturers typically classify "pipes" as having a circular cross-section in a few standard sizes, whereas "tubes" may have any cross-sections including circular, square, rectangular or others. Pipes are specified in terms of their internal nominal diameter, whereas tubes are specified in terms of their outside dimensions and wall thickness. Steel pipes and tubes can be further subdivided according to their manufacturing method (welded or seamless) or grades of steel (carbon, alloy and stainless).[20] Only welded carbon-steel tubular products are subject to this review.

LWR pipe and tube sold in the U.S. market is generally manufactured to conform to standards of the American Society for Testing and Materials ("ASTM") International[21] or the American Society of Mechanical Engineers ("ASME"). Chemical requirements, testing procedures, and permissible variations (tolerances) are specified in the ASTM or ASME

[20] Although carbon steel contains trace amounts of alloy elements, it is mainly composed of carbon and iron. Alloy steel is any type of steel to which one or more elements besides carbon have been intentionally added to produce a desired physical property or characteristic. Common elements that are added to make alloy steel are molybdenum, manganese, nickel, silicon, boron, chromium, and vanadium. Stainless steel is an alloy steel composed of certain amounts of nickel and chromium, which makes it corrosion-resistant.

[21] ASTM International (formerly called American Society for Testing and Materials) is not a product testing or certification organization. Rather, manufacturers can voluntarily choose to indicate on the label or packaging that their products have been tested according to ASTM standards.

specifications.[22] Domestically produced and subject imported LWR pipe and tube are typically manufactured to meet ASTM A-500 (ornamental tubing)[23] or ASTM A-513 (mechanical tubing).[24] In the U.S. market, LWR pipe and tube is commonly stocked and sold in 20 or 24 foot straight lengths in bundles.[25]

LWR pipe and tube can be distinguished by its coating type — either corrosion-resistant or black. Corrosion-resistant LWR pipe and tube is produced from hot-rolled or cold-rolled sheet that is clad, plated, or coated with corrosion resistant metals such as zinc, aluminum, zinc-aluminum, nickel or iron-based alloys and may be painted, varnished, or coated with other non-metallic substances in addition to the metallic coating. Black LWR tubing is blackened, pickled or coated with a thin layer of oil or lacquer for weather and rust protection, and does not meet the specifications for corrosion-resistant products. Both black and corrosion-resistant products can be used in the same applications depending on customers' specifications. However, galvanized products are preferred in applications where corrosion resistance is an important service requirement such as carports, air conditioning equipment, automotive parts and outdoor signs.

Generally, less expensive products such as steel angle, bar, rod, and channel can be utilized in place of LWR pipe and tube in many applications, however, their inferior strength-to-weight ratio may restrain their usage in many instances. Circular light-walled pipe and tube could serve as a substitute to LWR pipe and tube, but end-user specifications and customer preferences limit the interchangeability of these products. LWR pipe and tube frequently is produced on the same equipment and by the same employees as circular and other non-circular tubing, as well as heavier-walled or structural tubing. [26]

Manufacturing processes

The raw material input for manufacturing LWR is hot-rolled or cold-rolled steel strip, depending on the tube, or pipe dimension or application.[27] The LWR pipe and tube

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[22] Mohinder L. Nayyar, *Piping Handbook: Sixth Edition*, 1992.

[23] ASTM A-500 covers cold-formed welded and seamless carbon steel round, square, rectangular, or special shape structural tubing for welded, riveted, or bolted construction of bridges and buildings, and for general structural purposes.

[24] ASTM A-513 covers the following: 1) electric-resistance-welded carbon and alloy steel tubing for use as mechanical tubing, 2) mechanical tubing made from hot- or cold-rolled steel, and 3) round, square, rectangular, and special shape tubing.

[25] The following U.S. manufacturers stated that they stock 20 foot and 24 foot LWR pipe and tube on their respective websites: Bushwick Metals; Hannibal Industries; Searing Industries; Southland Tube, Inc., and; Northwest Pipe.

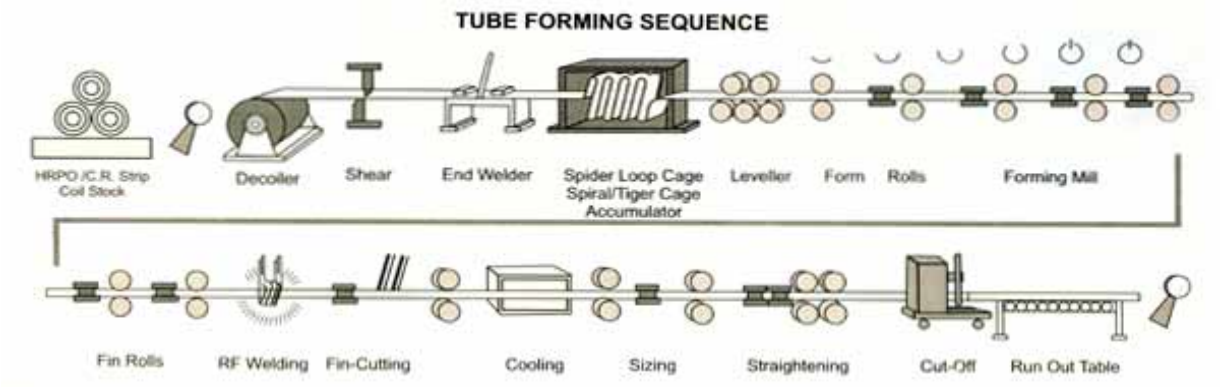
[26] *Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico, and Turkey*, Investigation Nos. 701-TA-449 and 731-TA-1118-1121 (Final), May 1, 2008.

[27] *Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico, and Turkey*, Investigation Nos. 701-TA-449 and 731-TA-1118-1121 (Final), May 1, 2008.

manufacturing process begins by heating steel strip in the form of continuous skelp.[28] Then the flat-rolled steel strip is slit into strips lengthwise to the width necessary for the desired pipe and tube dimensions.

The most common welding method for U.S. producers of LWR pipe and tube is the longitudal seam, where the welded seam is formed parallel to the tube axis.[29] U.S. producers currently employ either of the two common methods of manufacturing, both of which use the electric resistance welding process (ERW). The first method is the ERW form-square weld-square process whereby the steel strip is formed directly into a square or rectangular shape prior to welding. The second method is the ERW weld-round form-square process where the steel strip is fed into machinery that forms it into a round form before it is welded.[30] Subsequently, the round tube is passed through additional forming rolls to shape the tube into rectangular or square cross sections.[31] Generally, the edges of formed tube are pressed together and heated by electrical resistance to form a weld. For both ERW methods, a saw downstream of the welding location cuts the tube into individual straight lengths. The pipes and tubes are sent to the finishing department for further processing, testing and inspection. Figure I-2 depicts the general pipe and tube making process.

Figure I-2
LWR pipe and tube: General tube forming process



Source: Good Luck Steel website, http://www.goodlucksteel.com/industries/manufacturing-process.html

[28] Skelp is an intermediate product used in the manufacture of pipes and tubes. It is an untrimmed band of hot-rolled or cold-rolled sheet.

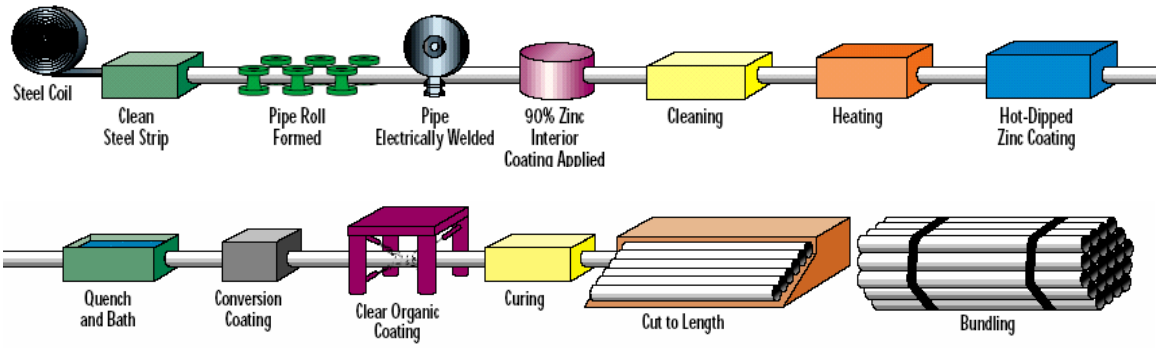
[29] Simdex Steel Manufacturers Worldwide Guide 2013, retrieved on February 19, 2014.

[30] Bull Moose Tube Company, "Hollow Structural Sections, Frequently Asked Questions," available at http://www.bullmoosetube.com/products/product-range.aspx?gid=732a864d-7512-4718-9979-b49b09051a8e, retrieved on February 19, 2014.

[31] *Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico, and Turkey*, Investigation Nos. 701-TA-449 and 731-TA-1118-1121 (Final), May 1, 2008.

In the finishing final stages, LWR pipe and tube may be subject to galvanizing, the process of coating steel with a thin film of zinc to protect the steel from corrosion. The most common galvanizing method is the hot-dip process, in which the tubes are dipped into a molten zinc bath. Figure 1-3 depicts the in-line galvanizing process for LWR pipe and tube. Alternatively, some producers manufacture LWR tubing from purchased pre-galvanized sheet and subsequently re-galvanize the weld zone. Generally, the physical properties of strength, hardness and ductility, and the mechanical characteristics of black and corrosion-resistant LWR pipe and tube are not affected by the galvanizing process.[32]

Figure 1-3
LWR pipe and tube: In-line galvanizing process



Note.--This image does not demonstrate the additional step necessary for the production of square and rectangular shapes which would involve additional rollers following the welding step to shape the circular pipe into the appropriate shape. Note also that this image demonstrates the production of corrosion-resistant pipe through a zinc bath. Black product would be cut following the rolling into squares or rectangles (black product as well as corrosion resistant product might also be painted, pickled, oil, et cetera). In terms of corrosion-resistant product, another production method is possible which would involve welding pre-galvanized or already corrosion-resistant sheet into pipe.

Source: Prolamsa, Inc.

DOMESTIC LIKE PRODUCT

In its original determinations, the Commission defined a single domestic like product consisting of LWR pipe and tube, coextensive with the scope of the investigations.[33] Domestic interested parties indicated that they agree with the Commission's previous determination that there is a single domestic like product coextensive with the scope of the investigations.[34] Of the respondent interested parties,

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[32] *Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico, and Turkey*, Investigation Nos. 701-TA-449 and 731-TA-1118-1121 (Final), May 1, 2008.

[33] *Light-Walled Rectangular Pipe and Tube from Turkey*, Inv. Nos. 731-TA-1121 (Final), USITC Publication 4001 (May 2008), p. 7.

[34] Domestic interested parties' prehearing brief, p. 3. Domestic interested parties also agree with the Commission's definition of the domestic industry and argue that Prolamsa's subsidiary that began

(*continued*...)

Regiomontana de Perfiles y Tubos S.A. de C.V. ("Regiopytsa"), a producer of LWR pipe and tube in Mexico, indicated that it did not object to the definitions of the domestic like product and the domestic industry.[35]

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigations, 22 firms provided the Commission with usable data concerning their U.S. operations with respect to LWR pipe and tube. These firms accounted for the vast majority of U.S. production of LWR pipe and tube.

In the current proceeding, 18 firms provided the Commission with usable data concerning their LWR pipe and tube operations. These firms are believed to account for the vast majority of U.S. production of LWR pipe and tube in 2013. Presented in table I-6 is a list of current domestic producers of LWR pipe and tube, each company's position on the continuation of the orders, production locations, and share of reported production of LWR pipe and tube during 2008-13.[36]

Table I-6
LWR pipe and tube: U.S. producers, positions on orders, U.S. production locations, and shares of 2008-13 reported U.S. production

Firm	Position on orders	U.S. production locations	Share of production (*percent*)
AK Tube LLC ("AK Steel")	***	Walbridge, OH	***
Allied	***	Harvey, IL Philadelphia, PA Phoenix, AZ De Pere, WI	***
Atlas (Chicago)	***	Chicago, IL Plymouth, MI Blytheville, AR	***

Table continued on next page.

(…*continued*)
producing LWR pipe and tube in the United States in 2009 should be included in the domestic industry. Domestic interested parties' response to the notice of institution, p. 19. Hearing transcript, p. 45 (Schagrin).

[35] Regiopytsa's response to the notice of institution, p. 8.

[36] Welded Tube of Canada ceased production of LWR pipe during the period. Domestic interested parties response to the notice of institution, p. 17. One firm that responded to the Commission's questionnaire in the original investigations, Paragon Inc., did not provide a response in the current reviews.

Table I-6--*Continued*
LWR pipe and tube: U.S. producers, positions on orders, U.S. production locations, and shares of 2008-13 reported U.S. production

Firm	Position on orders	U.S. production locations	Share of production (*percent*)
Bull Moose	***	Gerald, MO Chicago, IL Elkhart, IN Trenton, GA Masury, OH Casa Grande, AZ	***
California	***	City of Industry, CA	***
Camrose Pipe Corporation ("Evraz Oregon")	***	Portland, OR	***
EXL Tube	***	North Kansas City, MO	***
Hanna Steel Corporation ("Hanna")	***	Fairfield, AL Northport, AL Pekin, IL Hoover, AL	***
Hannibal	***	Los Angeles, CA	***
Maruichi Leavitt Pipe and Tube, LLC ("Leavitt")	***	Chicago, IL	***
Parthenon Metal Works, a division of Leggett & Platt, Incorporated ("Leggett & Platt")	***	La Vergne, TN	***
Longhorn Tube ("Longhorn")	***	Dallas, TX	***
Maruichi	***	Santa Fe Springs, CA	***
Mid-States Tube Corporation ("Mid-States")	***	Kenosha, WI	***
Northwest Tube	***	Houston, TX	***
Prolamsa Inc. ("Prolamsa Laredo")	***	Laredo, TX	***
Searing	***	Rancho Cucamonga, CA	***
Southeast Tube ("Southeast")	***	Cadiz, KY	***
Southland	***	Birmingham, AL	***
Vest	***	Vernon, CA	***
Western	***	Long Beach, CA	***
Total			100.0

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

As detailed in table I-6, ***. Five U.S. producers *** indicated that they are related to producers of LWR pipe and tube in the U.S. and other countries.[37] Two U.S. producers directly import LWR pipe and tube, including ***. Two U.S. producers, *** reported purchases of LWR pipe and tube from U.S. importers.[38]

U.S. importers

In the original investigations, 43 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of LWR pipe and tube, accounting for 82.5 percent of total U.S. imports of LWR pipe and tube between 2005 and 2007. Of the responding U.S. importers, several firms were also domestic producers.[39]

In the current proceeding, 14 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of LWR pipe and tube, and are believed to have account for 63.4 percent of total U.S. imports during 2008-2013, including *** percent of subject U.S. imports of LWR pipe and tube. Table I-7 lists all responding U.S. importers of LWR pipe and tube, the location of their headquarters, and their shares of U.S. imports by source during 2008-13. Of the responding U.S. importers, several firms *** were also domestic producers; several firms indicated that they are related to foreign producers of LWR pipe and tube; and in some cases, the responding foreign producer indicated that they also act as the importer of record in the United States.[40]

Table I-7
LWR pipe and tube: U.S. importers, sources of imports, U.S. headquarters, and shares of imports, by source, 2008-13

* * * * * * *

U.S. purchasers

The Commission received 23 usable questionnaire responses from firms that bought LWR pipe and tube during 2008-13.[41] Twenty-two responding purchasers are distributors and one is an end user. Responding U.S. purchasers are located throughout the United

[37] ***.
[38] ***. ***.
[39] ***.
[40] ***.
[41] Of the 23 responding purchasers, 20 purchased domestically produced LWRPT, 0 purchased imports from China, 2 purchased imports from Korea, 9 purchased imports from Mexico, 1 purchased imports from Turkey, and 5 purchased imports from other countries (Australia, Canada, Dubai, Guatemala, India, Taiwan, Thailand, and Vietnam).

States, with eight in California and three in Texas. The largest responding purchasers of LWR pipe and tube are ***.

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of LWR pipe and tube are shown and depicted in table I-8 and figure I-4. Apparent U.S. consumption decreased between 2008-2009 before increasing every year between 2009 and 2013. U.S. producers' U.S. shipments followed a similar trend, falling to their lowest levels in 2009 and reaching their peak levels in 2013. Subject U.S. imports decreased between 2008 and 2011, before increasing in 2012 and 2013, resulting in an overall decrease of *** percent during 2008-2013.

Table I-8
LWR pipe and tube: Apparent U.S. consumption, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
U.S. producers' U.S. shipments	448,481	350,966	411,632	435,122	480,782	517,350
U.S. imports from.--						
China	687	31	109	277	282	126
Korea	***	***	***	0	0	0
Mexico	115,179	68,311	67,692	60,925	64,684	82,710
Turkey	0	36	0	564	5,920	2,101
Subtotal, subject sources	***	***	***	61,766	70,885	84,937
All other sources	***	***	***	56,148	60,298	71,756
Total U.S. imports	173,888	114,234	120,731	117,914	131,183	156,693
Apparent U.S. consumption	622,369	465,200	532,363	553,036	611,965	674,043
	Value (*1,000 dollars*)					
U.S. producers' U.S. shipments	530,498	296,130	390,680	478,167	500,975	514,216
U.S. imports from.--						
China	627	74	235	438	350	144
Korea	***	***	***	0	0	0
Mexico	115,638	44,664	52,906	57,051	55,172	66,982
Turkey	0	24	0	507	4,831	1,836
Subtotal, subject sources	***	***	***	57,997	60,353	68,962
All other sources	***	***	***	62,823	64,025	70,782
Total U.S. imports	183,896	82,603	103,553	120,820	124,378	139,744
Apparent U.S. consumption	714,394	378,733	494,233	598,987	625,353	653,960

Source: Compiled from data submitted in response to Commission questionnaires and from official import statistics of the U.S. Department of Commerce adjusted to exclude Nexteel of Korea.

Figure I-4
LWR pipe and tube: Apparent U.S. consumption, by quantity (short tons), 2008-13

* * * * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table I-9. U.S. producers' share of apparent U.S. consumption increased by 4.7 percentage points between 2008 and 2013, while the U.S. market share for subject imports (primarily Mexico) decreased by *** percentage points over the same period. The U.S. market share for nonsubject imports (primarily Canada) increased by *** percentage points between 2008 and 2013.

Table I-9
LWR pipe and tube: Apparent U.S. consumption and market shares, 2008-2013

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Quantity (*short tons*)						
Apparent U.S. consumption	622,369	465,200	532,363	553,036	611,965	674,043
Share of quantity (*percent*)						
U.S. producers' U.S. shipments	72.1	75.4	77.3	78.7	78.6	76.8
U.S. Imports from.--						
China	0.1	0.0	0.0	0.1	0.0	0.0
Korea	***	***	***	0.0	0.0	0.0
Mexico	18.5	14.7	12.7	11.0	10.6	12.3
Turkey	0.0	0.0	0.0	0.1	1.0	0.3
Subtotal, subject sources	***	***	***	11.2	11.6	12.6
All other sources	***	***	***	10.2	9.9	10.6
Total U.S. imports	27.9	24.6	22.7	21.3	21.4	23.2
Value (*1,000 dollars*)						
Apparent U.S. consumption	714,394	378,733	494,233	598,987	625,353	653,960
Share of value (*percent*)						
U.S. producers' U.S. shipments	74.3	78.2	79.0	79.8	80.1	78.6
U.S. Imports from.--						
China	0.1	0.0	0.0	0.1	0.1	0.0
Korea	***	***	***	0.0	0.0	0.0
Mexico	16.2	11.8	10.7	9.5	8.8	10.2
Turkey	0.0	0.0	0.0	0.1	0.8	0.3
Subtotal, subject sources	***	***	***	9.7	9.7	10.5
All other sources	***	***	***	10.5	10.2	10.8
Total U.S. imports	25.7	21.8	21.0	20.2	19.9	21.4

Source: Compiled from data submitted in response to Commission questionnaires and from official import statistics of the U.S. Department of Commerce adjusted to exclude Nexteel of Korea.

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

U.S. MARKET CHARACTERISTICS

U.S. producers' market share has increased since the original investigations, from just under two-thirds of the U.S. market during the original investigations to more than three-quarters market share during most years of the review period. Mexico continued to supply the U.S. market during the review period, as did nonsubject country Canada. The quantity of imports from the other subject countries, China, Korea, and Turkey, were relatively small although all supplied the U.S. market during at least some years of the review period. Total U.S. production capacity remained fairly constant, although there were a number of plant openings and closures during the period of review. One plant opening was that of the Mexican producer Prolamsa which began producing LWR pipe and tube in the United States in 2009.

LWR pipe and tube is used in a wide range of applications including shelving, racks, fences, gates, hand rails, trailers, metal building components, automotive equipment, furniture, and sports equipment. Over the period of review, there have been large changes in U.S. demand for LWR pipe and tube, reflecting ups and downs in the overall economy, and in construction and automotive demand in particular. Available information indicates that end uses have not changed significantly since the original investigation. LWR pipe and tube continues to be sold mainly through distributors.

CHANNELS OF DISTRIBUTION

U.S. producers and importers sold mainly to distributors during the review period (table II-1).

GEOGRAPHIC DISTRIBUTION

U.S. producers reported selling LWR pipe and tube to all regions in the United States (table II-2). Importers reported selling LWR pipe and tube from Mexico to all regions in the contiguous United States except the Northeast and reported selling LWR pipe and tube from Turkey in four regions, ***. For U.S. producers, 19 percent of sales were within 100 miles of their production facility, 69 percent were between 101 and 1,000 miles, and 12 percent were over 1,000 miles. Importers of LWR pipe and tube from Mexico sold 52 percent within 100 miles of their U.S. point of shipment and 48 percent between 101 and 1,000 miles. Importers of LWR pipe and tube from Turkey sold ***.

Table II-1
LWR pipe and tube: U.S. producers' and importers' share of reported U.S. shipments (percent), by sources and channels of distribution, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Share of quantity (percent)					
U.S. producers' U.S. shipments to:						
Distributors	63.1	69.5	69.3	69.7	69.3	68.4
End users	36.9	30.5	30.7	30.3	30.7	31.6
U.S. importers' U.S. shipments of imports from Mexico to:						
Distributors	91.7	95.7	95.8	95.6	95.7	95.6
End users	8.3	4.3	4.2	4.4	4.3	4.4
U.S. importers' U.S. shipments of imports from Turkey to:						
Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from all other sources to:						
Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***

Note: No data were reported for China or Korea.

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

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

Region	U.S. producers	U.S. importers		
		Mexico	Turkey	All other sources
Northeast	8	0	***	***
Midwest	13	1	***	***
Southeast	11	4	***	***
Central Southwest	12	6	***	***
Mountains	15	5	***	***
Pacific Coast	16	3	***	***
Other[1]	6	0	***	***
All regions in the continental United States	8	0	***	***

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

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Six of 19 U.S. producers noted changes in factors affecting U.S. supply since 2008, including new suppliers (Solaris and the opening of the Prolamsa plant in Laredo, TX), capacity added in 2012 (***) and 2013 (***), volatility in steel prices and a 30 percent increase in freight expenses, reduced workforce, and overcapacity limiting price increases. Most U.S. producers (15 of 19) do not anticipate any changes in the availability of U.S. supply. One producer noted that Vietnam has begun exporting to the United States. No importers reported anticipating any changes in import supply to the U.S. market.

Domestic production

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

Industry capacity

Domestic capacity utilization for LWR pipe and tube increased from 2008 to 2013 but was less than 50 percent in every year. This relatively low level of capacity utilization suggests that U.S. producers may have substantial capacity to increase production of LWR pipe and tube in response to an increase in prices.

Alternative markets

U.S. producers' exports comprised about five percent of their total shipments during the period of review. U.S. producers stated that it would be difficult to shift their shipments to other markets, with the exception in some cases of Canada. Firms cited high transportation costs, inability to price competitively in other markets, the need to retool to produce metric dimensions, lack of experience in exporting, and logistics as the major barriers to selling to other markets. Most U.S. producers reported no tariff or nontariff barriers to trade in other markets.

Inventory levels

U.S. producers' inventories increased from 14.5 percent of total shipments in 2008 to 21.3 percent in 2011 and then declined to 15.6 percent in 2013. These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

U.S. producers produce circular mechanical tubing, other light-walled products, and heavy-walled products using the same equipment and/or workers used for LWR pipe and tube. In fact, LWR pipe and tube accounted for less than 20 percent of the quantity of products produced using the same equipment and workers (see *part III* of this report). Fifteen of 19 U.S. producers reported producing other products using the same equipment and/or workers as for LWR pipe and tube and more than half of responding U.S. producers stated that they could switch production from LWR pipe and tube to other products.

Subject imports from China

Limited information is available on the Chinese industry; no firms provided foreign producer questionnaire responses. In the original investigations, staff concluded that it is likely that producers of LWR pipe and tube in China have the ability to respond to changes in demand with moderate changes in the quantity of shipments of LWR pipe and tube to the U.S. market. The main contributing factors to this degree of responsiveness of supply were the existence of alternate markets and inventories. Currently available information suggests that supply responsiveness is likely to be at least moderate.

During 2008-10, Chinese LWR pipe and tube producers increased production by opening new manufacturing plants (see *part IV* of this report). China's global exports of LWR pipe and tube more than doubled between 2008 and 2012.[1] China exported LWR pipe and tube to nearly 200 countries during the period of review; its top 10 export destinations in 2013 included countries in many regions including three countries in the Americas (Peru, Venezuela, and Panama).

Subject imports from Korea

Limited information is available on the industry in Korea; no firms provided foreign producer questionnaire responses. In the original investigations, staff concluded that Korean producers have the capability to respond to changes in demand with relatively large changes in the quantity shipped to the U.S. market. The main contributing factors to this degree of responsiveness of supply were unused capacity and the existence of alternate markets. Currently available information suggests that supply responsiveness is likely to be at least moderate.

Korea's global exports of LWR pipe and tube increased by 60 percent between 2008 and 2013.[2] Korea exported LWR pipe and tube to nearly 75 countries during the period of review;

[1] Based on export data reported for HS7306.61 (see *part IV* of this report). Note that this subheading includes products outside of the scope of the orders.

[2] Based on export data reported for HS7306.61 (see *part IV* of this report). Note that this subheading includes products outside of the scope of the orders.

the United States and Mexico were the top two destinations, followed by Japan, UAE, and Saudi Arabia.

Subject imports from Mexico

Seven firms reported information on their operations in Mexico; these firms are believed to account for the vast majority of Mexican production in 2013. Based on available information, LWR pipe and tube producers in Mexico have the ability to respond to changes in demand with moderate changes in the quantity of LWR pipe and tube shipments to the U.S. market. The main contributing factors to this degree of responsiveness of supply are some availability of unused capacity, alternate markets and inventories, and the ability to produce alternate products.

Industry capacity

Capacity utilization increased from *** percent in 2008 to *** percent in 2013. This level of capacity utilization suggests that producers in Mexico may have some capacity to increase production of LWR pipe and tube in response to an increase in prices.

Alternative markets

Responding Mexican firms reported that about *** percent of their LWR pipe and tube shipments were to their home market with most of the remainder to the U.S. market. Shipments to third country markets increased from *** in 2008 to *** percent of total shipments in 2013. ***.

Inventory levels

The ratio of inventories to total shipments increased from *** percent in 2008 to *** percent in 2013. These inventory levels suggest that Mexican producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Six of seven firms reported the ability to shift production between LWR pipe and tube and other products. Slightly less than half of reporting Mexican firm's production was products other than LWR pipe and tube.

Subject imports from Turkey

Two firms reported information on their operations in Turkey; these firms are estimated to account for *** percent of production in Turkey. Based on available information, producers of LWR pipe and tube from Turkey have the ability to respond to changes in demand with moderate to large changes in the quantity of LWR pipe and tube shipments to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, existence of alternate markets, and the ability to produce alternate products.

Industry capacity

Capacity utilization decreased from *** percent in 2008 to *** percent in 2013. This level of capacity utilization suggests that responding producers in Turkey may have substantial capacity to increase production of LWR pipe and tube in response to an increase in prices.

Alternative markets

In 2013, more than *** of responding Turkish producers' LWR pipe and tube shipments were to their home market, up from *** percent in 2008. Exports to the EU market, as a percentage of total shipments, decreased from ***percent in 2008 to ***percent in 2013. Exports to other markets, including the U.S. market, accounted for ***percent of total shipments in 2013.

Inventory levels

The ratio of inventories to total shipments ranged from *** percent during the period of review. These inventory levels suggest that responding producers in Turkey may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

*** firms reported the ability to shift production between LWR pipe and tube and other products. Over the past 3 years, *** of production was products other than LWR pipe and tube, increasing from *** percent in 2008 to *** percent in 2013.

Nonsubject imports

Canada was by far the largest source of nonsubject imports of LWR pipe and tube during the period of review. It accounted for 80 percent of nonsubject imports in 2013.

New suppliers

Only 3 of 23 purchasers indicated that new suppliers entered the U.S. market since 2008, and only five purchasers expect additional entrants. Purchasers reported the following new entrants since 2008: MX Trading, Tube One, Bobco Metals, Mega Steel, LP Tube, and the Prolamsa plant in Texas.

U.S. demand

Based on available information, the overall demand for LWR pipe and tube is likely to experience moderate changes in response to changes in price. The main contributing factors are the limited range of substitute products and the substantial cost share of LWR pipe and tube in the intermediate products in which it is used.

Since LWR pipe and tube is an intermediate product with many end-use applications, the overall demand for LWR pipe and tube is closely linked to the demand for those end use

products. In the original investigations, Petitioners reported that 60 to 70 percent of LWR pipe and tube was used in residential construction (new homes) and in home improvement applications (e.g., lawn mowers, lawn furniture, hammocks, window guards, and fencing).[3]

End uses

U.S. demand for LWR pipe and tube depends on the demand for U.S.-produced downstream products. LWR pipe and tube is used in a wide variety of end use applications including shelving, racks, fences, gates, hand rails, trailers, metal building components, automotive equipment, furniture, and sports equipment.

Most firms (15 of 18 U.S. producers, all 11 importers, and 17 of 20 purchasers) reported no changes in end uses since 2008. Similarly, very few firms (only 1 of 17 U.S. producers, no importers, and 1 of 18 purchasers) anticipated any changes in end uses. Two purchasers noted a drop in demand in certain end uses, particularly in construction (but reported that activity is expected to increase as construction recovers), transportation, and manufacturing. U.S. producers noted that original equipment manufacturers are sourcing more finished goods from overseas, an increase in the use of LWR pipe and tube in solar frameworks, and less residential construction.

Business cycles

Most firms (15 of 19 U.S. producers, 8 of 11 importers, and 19 of 24 purchasers) indicated that the LWR pipe and tube market was not subject to business cycles or other distinctive conditions of competition.

However, several firms noted that demand was seasonal. Among producers, one firm reported higher demand in spring and summer; and one firm reported strong sales early in the year, slow sales in summer, and then an increase again in the fall. Some importers also noted seasonal business, particularly in construction and agriculture but less so in the automotive sector. One importer described high demand during January to August and slower demand from September to December. Four purchasers noted that demand was seasonal, including slower construction activity in the winter.

Most firms (all producers, 4 of 6 importers, and 4 of 5 purchasers) reported no changes in business cycles or conditions of competition since 2008. However, one purchaser noted a dramatic slowing in the industry worldwide and one importer noted that prices have been up and down, by as much as $100 per ton.

Apparent consumption

Apparent U.S. consumption of LWR pipe and tube was slightly higher in 2013 than in 2008. After a large decline from 2008 to 2009, apparent consumption increased in each year

[3] *Light-Walled Rectangular Pipe and Tube from Turkey, Inv. Nos. 731-TA-1121 (Final)*, USITC Publication 4001 (May 2008), p. II-5.

during the review period. Overall, apparent U.S. consumption in 2013 was 8.3 percent higher than in 2008.

Demand trends

Firms had mixed responses regarding the change in U.S. demand for LWR pipe and tube since 2008, likely reflecting the ups and downs of the market over the six-year period (table II-3). U.S producers' comments included the following: demand increased after the 2009 decline (which according to one producer was a 40 percent decline); homebuilding was "terrible" in 2009-11 but was rebounding in 2013 into 2014; and demand mirrored the overall economy with an increase over the past few years. Importers mentioned the economic recovery and that some end users relocated to China. Purchasers noted the rebound in the economy; a decline in home improvement with falling housing prices; a decline in the transportation and construction markets; the market crash in 2008-09, rebound in 2010-11, and that recently demand has fluctuated with no clear trend; and lackluster demand in manufacturing and construction.

Table II-3
LWR pipe and tube: Firms' responses regarding U.S. demand, by number of responding firms

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States since 2008:				
U.S. producers	3	2	9	5
Importers	4	2	1	5
Purchasers	6	3	6	6
Foreign producers	4	1	2	1
Anticipated demand inside the United States:				
U.S. producers	8	3	2	6
Importers	5	3	0	4
Purchasers	5	10	0	7
Foreign producers	6	1	1	0
Demand for purchasers' final products since 2008:				
Purchasers	1	1	0	0

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

Firms generally expect demand to increase or stay the same. Among producers two expect small increases in short term demand, one reported that construction and homebuilding had improved but remained below 2007 levels, and one reported increased imports of finished assemblies. Importers reported that future demand for LWR pipe and tube depends on whether economic growth continues and also reported anticipating increased demand with the recovery in the automotive and home building sectors. Purchasers reported improvements in housing and in non-residential construction, but one firm reported that it doesn't expect any real strength until 2015. Foreign producers also cited economic growth, including growth in automotive and in construction, as reasons for expecting U.S. demand to increase.

U.S. demand in some of the sectors in which LWR pipe and tube is used is forecasted to grow over the next two years. Nonresidential construction is forecasted to grow by 5.8 percent

in 2014 and by 8.0 percent in 2015.[4] Housing starts are forecasted to increase by 18.6 percent in 2014 and by 38.7 percent in 2015.[5] Homeowner remodeling spending is also expected to be strong, increasing by 9.9 to 14.7 percent in the first three quarters of 2014.[6] U.S. motor vehicle production is forecasted to grow approximately 5.5 percent in 2014 and 0.9 percent in 2015.[7]

Substitute products

Substitutes for LWR pipe and tube are limited. Most U.S. producers (12 of 18), importers (10 of 11), and purchasers (18 of 20) reported that there were no substitutes and no firms anticipated any future changes in substitutes.[8] Firms that reported substitutes listed the following: stamped material for automotive applications; chain link for fences; steel angles for fencing, shelving, trailers and racks; roll formed sections for racks and shelving; channels for trailers and racks; plastic pipe for conduit; block wall for fencing; wood for fencing; and seamless tube for railings.

Cost share

LWR pipe and tube typically accounts for a moderate to large share of the cost of the intermediate products in which it is used. Responding firms reported limited cost share information, with cost shares ranging from 20 to 80 percent. Firms reported the following end uses (and cost shares): fencing (20-70 percent), solar frameworks (80 percent), cranes (25 percent), automotive racks (80 percent), and warehouse structures (80 percent).

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported LWR pipe and tube depends upon such factors as relative prices, quality (*e.g.*, grade standards, reliability of supply, defect rates, etc.), and conditions of sale (*e.g.*, price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes

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[4] American Institute of Architects, Consensus Construction Forecast, http://info.aia.org/aiarchitect/2014/charts/jan2014/ccs_012414.html, retrieved March 9, 2014.

[5] National Association of Home Builders, Total Housing Starts, Housing and Interest Rate Forecast (February 28, 2014), http://www.nahb.org, retrieved March 9, 2014.

[6] Harvard University, Leading Indicator of Remodeling Activity, http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/lira_2013_q4_fullsize.png, retrieved March 9, 2014.

[7] Center for Automotive Research, "CAR's U.S. Vehicle Sales, Production, and Employment Outlook First Quarter - January 2014," p. 4, http://www.cargroup.org/assets/files/forecasts/2014_-_q1_forecast.pdf, retrieved March 9, 2014.

[8] For the few firms that reported substitutes, about half of their responses indicated that changes in the prices of the substitutes they listed affected the prices of LWR pipe and tube.

that there is moderate to high degree of substitutability between domestically produced LWR pipe and tube and LWR pipe and tube imported from subject sources.

Lead times

LWR pipe and tube is sold both produced-to-order and from inventory. U.S. producers reported that half of their commercial shipments were produced-to-order and half were from inventories. Most firms reported that lead times for produced-to-order product were 15 to 45 days and that lead times from inventories were 1 to 7 days. Importers reported that 57 percent of imports of LWR pipe and tube from Mexico were produced to order and that the remaining 43 percent were sold from foreign inventories. Lead times for Mexican product were similar to that for domestic product, 3 to 10 days for product in inventories and 15 to 45 days for product produced to order. Most imports from Turkey *** were sold from U.S. inventories with a lead time of *** days, with the remainder produced to order with a lead time of *** days. One U.S. producer reported that because of the longer lead times for foreign product (typically 2 to 3 months), customers typically won't purchase imported product "until the spread approaches $150 per ton."

Knowledge of country sources

Twenty-one purchasers indicated they had marketing/pricing knowledge of domestic product, four of Korean product, eight of Mexican product, one of nonsubject countries, and no purchaser indicated that they had knowledge of product from China or Turkey.

As shown in table II-4, most purchasers and their customers sometimes or never make purchasing decisions based on the producer or country of origin. The purchasers that reported that they always or usually make decisions based on the manufacturer cited the following reasons: quality, availability, a preference for domestic product, and not purchasing Chinese product because of quality issues.

Table II-4

LWR pipe and tube: Purchasing decisions based on producer and country of origin, by number of reporting firms

Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	4	6	9	4
Purchaser's customers make decision based on producer	1	1	13	7
Purchaser makes decision based on country	3	6	7	7
Purchaser's customers make decision based on country	3	2	9	8

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for LWR pipe and tube were price (20 firms), quality (17 firms), and availability (11 firms) as shown

in table II-5. Quality was the most frequently cited first most important factor (cited by 9 firms), followed by price (8 firms); availability was the most frequently reported second most important factor (8 firms); and price was the most frequently reported third most important factor (7 firms).

Table II-5
LWR pipe and tube: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by number of reporting firms

Factor	First	Second	Third	Total
Price	8	5	7	20
Quality	9	4	4	17
Availability	2	8	1	11
Delivery costs and/or time	1	1	3	5
Service and reliability	1	2	2	5
Product range	1	0	2	3
Other[1]	3	3	4	10

[1] Other factors include traditional supplier, domestic mills, contracts, extension of credit, logistics, inventory, credit, terms, and support of special customer contracts.

Note: Some firms listed more than one factor for first, second, or third.

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

The majority of purchasers (17 of 24) reported that they usually or always purchase LWR pipe and tube that is offered at the lowest price. When asked if they purchased LWR pipe and tube from one source although a comparable product was available at a lower price from another source, 18 purchasers reported reasons including reliability of supply, availability, location, lead times, inventories, and minimum order size, with a number of these firms noting that they prefer domestic product. Only 3 of 22 purchasers reported that certain types of product were only available from a single source.[9]

Importance of specified purchase factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-6). The factors rated as "very important" by more than half of responding purchasers were price (22 purchasers); availability, product consistency, and reliability of supply (21 each), quality meets industry standards (18), delivery time (16), and U.S. transportation costs (15).

[9] One purchaser reported primed tubing offered by Mexican producers, one reported ornamental tube from domestic producers, and one stated that certain metric sizes, gauges and grades are not currently available domestically.

Table II-6
LWR pipe and tube: Importance of purchase factors, as reported by U.S. purchasers, by number of responding firms

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	21	2	0
Delivery terms	10	9	4
Delivery time	16	6	1
Discounts offered	7	14	2
Extension of credit	5	9	9
Minimum quantity requirements	3	13	7
Packaging	8	11	4
Price	22	1	0
Product consistency	21	2	0
Product range	11	10	2
Quality exceeds industry standards	10	11	2
Quality meets industry standards	18	4	0
Reliability of supply	21	2	0
Technical support/service	3	16	4
U.S. transportation costs	15	6	2

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

Supplier certification

About half of responding purchasers (11 of 23) require that their suppliers be certified. Such certification may include a vendor quality survey, mill test reports, adherence to ASTM or ASME specifications, ISO certification, financial stability, reliability of supply, and conflict-free mineral compliance. Purchasers reported that the time to qualify a new supplier ranged from 1 to 180 days with most firms reporting a month or less.[10] Only two of 22 purchasers reported that a supplier had failed in its attempt to qualify product; specifically these firms listed “all Chinese tube mills” and MX Enterprises.

Changes in purchasing patterns

Firms were asked about their purchases before and after the orders. Sixteen of 23 purchasers bought LWR pipe and tube from subject sources before 2008 including six from China, six from Korea, 9 from Mexico and 4 from Turkey. Of these 23 purchasers, 7 indicated that their purchasing pattern was unchanged, 4 discontinued purchasing subject product because of the orders, and 6 changed their purchases from subject sources for other reasons.

[10] Three of 10 purchasers reported longer times of 60 to 180 days.

Specifically, several firms stopped purchasing Chinese product because of quality concerns, one stopped purchasing Turkish product for quality concerns, and one stopped purchasing Turkish product because of price. In addition, firms also mentioned market conditions and availability as reasons for stopping purchasing product from subject countries. Most purchasers reported that they either did not purchase LWR pipe and tube from nonsubject countries before or after the orders or that their purchase pattern was unchanged; only two purchasers increased purchases from nonsubject countries and none decreased purchases from nonsubject countries.

Similarly, purchasers were asked about changes in their purchasing patterns from different sources since 2008 (table II-7). Most firms that reported changes in purchasing patterns reported increases in purchases of U.S. product. Only three purchasers reported that they had changed suppliers since 2008. Three purchasers reported new suppliers during the period of review, specifically MX Trading, Tube One, Bobco Metals, Mega Steel, LP Tube and Prolamsa (Texas). Five purchasers anticipate that new suppliers will enter the U.S. market depending on demand in the U.S. market and in other markets (specifically falling demand in Asia), domestic pricing and supply.

Table II-7
LWR pipe and tube: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	1	0	10	9	3
China	16	2	0	0	1
Korea	15	2	1	1	1
Mexico	9	2	2	5	1
Turkey	15	2	0	0	0
All other sources	11	2	1	2	0

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

Importance of purchasing domestic product

Purchasers were asked to estimate the percentage of their 2013 LWR pipe and tube purchases that required domestic product. They reported that they did not require domestic product for 72 percent of their 2013 purchases. For 16 percent of their purchases their customers required domestic product, and for the remaining 12 percent, purchases of domestic product were required by law or regulation.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing LWR pipe and tube produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked

for a country-by-country comparison on the same 15 factors (table II-8) for which they were asked to rate the importance.[11]

A majority or plurality of purchasers reported that U.S. product was superior to that from China on most of the 15 factors with the exceptions of discounts offered and price, for which most rated the imported product as superior; reliability of supply and technical support/service for which firms were evenly split between rating the Chinese product superior and inferior, and U.S. transportation costs for which firms were evenly split between superior, comparable and inferior. A majority or plurality of purchasers rated domestic and Mexican products as comparable with respect to 11 of the 15 factors. A plurality rated the U.S. product as superior with respect to availability, delivery time, reliability of supply, and technical support/service. A majority or plurality of purchasers rated domestic product as superior to the Turkish product with respect to 9 of the 15 factors.

Comparison of U.S.-produced and imported LWR pipe and tube

In order to determine whether U.S.-produced LWR pipe and tube can generally be used in the same applications as imports, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-9, the majority of firms reported that LWR pipe and tube from each country combination "always" or "frequently" can be used interchangeably, with the exception of purchasers comparing product from China to imports from other countries. Two of four purchasers reported that U.S. product and that from China were only "sometimes" interchangeable.

One importer of Mexican product noted that Chinese quality is not acceptable for the U.S. market. Purchasers provided limited information with regard to interchangeability, with some firms explicitly noting that they were unfamiliar with imports from the subject sources. Two purchasers noted that quality differences were a factor with respect to China, and one mentioned different grades of steel and different gauge controls in place.

As can be seen from table II-10, almost all responding purchasers reported that domestically-produced product "always" met minimum quality specifications. Most responding purchasers reported that the LWR pipe and tube from Korea, Mexico, and Turkey "usually" met minimum quality specifications. Only two of 5 responding purchasers reported that LWR pipe and tube from China usually met minimum quality specifications, with the other 3 reporting that it sometimes, rarely or never met minimum specifications.

[11] The table shows country combinations for which at least 3 purchasers responded.

Table II-8

LWR pipe and tube: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting								
	U.S. vs. China			U.S. vs. Korea			U.S. vs. Mexico		
	S	C	I	S	C	I	S	C	I
Availability	4	1	1	4	2	0	6	4	2
Delivery terms	4	1	1	4	2	0	4	7	1
Delivery time	4	0	2	4	1	1	6	4	2
Discounts offered	1	2	3	2	3	1	1	10	1
Extension of credit	3	2	1	2	4	0	1	11	0
Minimum quantity requirements	4	1	1	4	2	0	1	10	1
Packaging	3	2	1	3	2	1	1	9	2
Price[1]	1	1	3	2	1	3	3	5	4
Product consistency	4	0	2	3	3	0	3	8	1
Product range	3	1	2	2	4	0	4	7	1
Quality exceeds industry standards	4	0	2	3	3	0	4	7	1
Quality meets industry standards	3	1	2	2	4	0	1	10	1
Reliability of supply	3	0	3	2	2	2	5	3	4
Technical support/service	3	0	3	2	1	3	6	3	3
U.S. transportation costs[1]	2	2	2	2	3	1	2	7	3

Factor	Number of firms reporting								
	U.S. vs. Turkey			China vs. Korea			China vs. Mexico		
	S	C	I	S	C	I	S	C	I
Availability	3	1	1	1	2	2	1	1	3
Delivery terms	3	2	0	1	3	1	1	1	3
Delivery time	3	1	1	1	3	1	1	1	3
Discounts offered	0	4	1	1	3	1	2	1	2
Extension of credit	2	3	0	1	3	1	1	1	3
Minimum quantity requirements	3	2	0	1	3	1	1	1	3
Packaging	2	2	1	1	3	1	1	1	3
Price[1]	1	2	2	1	3	1	2	2	1
Product consistency	3	2	0	1	1	3	1	1	3
Product range	2	2	1	1	3	1	1	1	3
Quality exceeds industry standards	2	2	1	1	1	3	1	1	3
Quality meets industry standards	3	2	0	1	1	3	1	1	3
Reliability of supply	3	1	1	1	3	1	1	1	3
Technical support/service	3	1	1	1	2	2	1	1	3
U.S. transportation costs[1]	3	1	1	1	3	1	1	1	3

Table continued on next page.

Table II-8

LWR pipe and tube: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting					
	Mexico vs. Turkey			U.S. vs. All other sources		
	S	C	I	S	C	I
Availability	3	1	0	2	0	2
Delivery terms	2	2	0	2	1	1
Delivery time	3	1	0	2	0	2
Discounts offered	1	2	1	1	2	1
Extension of credit	2	2	0	1	3	0
Minimum quantity requirements	2	2	0	1	2	1
Packaging	2	2	0	1	3	0
Price[1]	0	3	1	1	2	1
Product consistency	1	2	1	1	3	0
Product range	0	3	1	1	2	1
Quality exceeds industry standards	1	3	0	1	3	0
Quality meets industry standards	1	3	0	1	3	0
Reliability of supply	2	1	1	1	2	1
Technical support/service	2	1	1	2	0	2
U.S. transportation costs[1]	2	2	0	1	2	1

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

Note: S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. Comparisons are shown only for those country pairs for which at least 3 purchasers provided responses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of LWR pipe and tube from the United States, subject, or nonsubject countries. As seen in table II-11, most firms reported that differences other than price between LWR pipe and tube from most country combinations were sometimes or never significant. The exception was in comparing U.S. LWR pipe and tube to that from China, in which 4 of 6 purchasers reported that differences other than price were "always" or "frequently" significant.

One U.S. producer noted that domestic product had the following advantages over imports: availability, transportation, product range, technical support, and customer service. Another producer noted that imports have higher transportation costs as well as uncertainty in delivery schedules, lack of quality and technical support and cannot be used in government contracts. One importer reported that other factors include length tolerances and rust-preventing chemicals and one reported that compared to domestic product the lead time on Mexican product is longer as it is produced-to-order.

Table II-9

LWR pipe and tube: Interchangeability between LWR pipe and tube produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. China	10	4	1	0	3	1	3	0	0	2	2	0
United States vs. Korea	10	4	1	0	3	2	2	0	3	5	0	0
United States vs. Mexico	11	4	0	0	6	4	0	0	3	9	0	0
United States vs. Turkey	10	5	0	0	5	3	1	0	1	5	0	0
United States vs. Other	10	4	1	0	5	1	1	0	1	4	0	0
China vs. Korea	7	1	1	0	3	1	2	0	0	1	0	1
China vs. Mexico	8	1	0	0	4	1	2	0	0	1	0	1
China vs. Turkey	7	2	0	0	3	2	1	0	0	1	0	1
China vs. Other	7	1	1	0	3	1	1	0	0	1	0	1
Korea vs. Mexico	7	1	1	0	3	2	1	0	0	1	0	0
Korea vs. Turkey	7	1	1	1	3	1	1	0	0	1	1	0
Korea vs. Other	7	1	1	1	3	1	1	0	0	1	0	0
Mexico vs. Turkey	8	1	0	0	5	3	0	0	0	2	1	0
Mexico vs. Other	8	1	0	0	5	1	0	0	0	3	0	0
Turkey vs. Other	7	1	1	0	4	2	0	0	0	1	0	0
China vs. Other	7	1	1	0	3	1	1	0	0	1	0	1
Korea vs. Other	7	1	1	1	3	1	1	0	0	1	0	0
Mexico vs. Other	8	1	0	0	5	1	0	0	0	3	0	0
Turkey vs. Other	7	1	1	0	4	2	0	0	0	1	0	0

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

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

Table II-10

LWR pipe and tube: Ability to meet minimum quality specifications, by source and number of reporting firms[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	16	3	0	0
China	0	2	2	1
Korea	1	4	0	0
Mexico	3	8	0	0
Turkey	0	4	0	0

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

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

Table II-11

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

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. China	1	2	4	8	2	0	2	3	2	2	0	2
United States vs. Korea	1	2	4	8	2	0	2	3	1	1	2	3
United States vs. Mexico	1	2	3	9	2	1	2	5	0	2	5	5
United States vs. Turkey	1	2	4	8	2	0	3	4	0	0	2	2
United States vs. Other	1	1	3	9	1	0	1	5	0	0	3	1
China vs. Korea	1	0	2	6	2	0	1	3	1	0	1	0
China vs. Mexico	1	0	2	6	2	0	2	3	0	0	0	0
China vs. Turkey	1	0	2	6	2	0	1	3	0	0	0	0
China vs. Other	1	0	2	6	1	0	1	3	0	0	0	0
Korea vs. Mexico	1	0	2	6	2	0	1	4	0	0	0	0
Korea vs. Turkey	1	0	2	6	2	0	0	4	0	0	0	0
Korea vs. Other	1	0	2	6	1	0	1	3	0	0	0	0
Mexico vs. Turkey	1	0	1	7	2	0	0	6	0	0	0	1
Mexico vs. Other	1	0	1	7	1	0	0	5	0	0	1	0
Turkey vs. Other	1	0	2	6	1	0	1	4	0	0	0	0
China vs. Other	1	0	2	6	1	0	1	3	0	0	0	0
Korea vs. Other	1	0	2	6	1	0	1	3	0	0	0	0
Mexico vs. Other	1	0	1	7	1	0	0	5	0	0	1	0
Turkey vs. Other	1	0	2	6	1	0	1	4	0	0	0	0

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

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

Three purchasers noted that the quality of Chinese product was lower than that of other sources. In addition, purchasers noted the following differences: location of inventory and delivery charges, Mexican suppliers offer lighter wall thicknesses resulting in lower price per foot; domestic is the best quality and most timely deliveries with Korea second, China's quality suspect and delivery performance is not that good; lead time is a factor for imports from Mexico and other sources; domestic mills have better availability, shipping reliability, and quality reputation than Mexico.

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties did not comment on the estimates.

U.S. supply elasticity

The domestic supply elasticity[12] for LWR pipe and tube measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of LWR pipe and tube. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced LWR pipe and tube. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to greatly increase or decrease shipments to the U.S. market; an estimate in the range of 5 to 10 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for LWR pipe and tube measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of LWR pipe and tube. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the LWR pipe and tube in the production of any downstream products. Based on the available information, the aggregate demand for LWR pipe and tube is likely to be inelastic; a range of -0.75 to -1.0 is suggested.[13]

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[14] Product differentiation, in turn, depends upon such factors as quality (*e.g.*, chemistry, appearance, etc.) and conditions of sale (*e.g.*, availability, sales terms/ discounts/ promotions, etc.). In the original investigations, staff estimated that the elasticity of substitution between U.S.-produced LWR pipe and tube and imported LWR pipe and tube is likely to be in the range of 3 to 5 for all countries except China for which it estimated an elasticity of substitution of 2 to 4. Available information in the current reviews indicates that elasticities of substitution likely continue to be in the same ranges.

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

[13] This is the range estimated in the original investigation. Available information suggests that there have been no major changes in end uses or substitutes since the original investigation.

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

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The information in this section of the report was compiled from responses to the Commission's questionnaires and public sources. Eighteen firms, which are believed to account for the vast majority of U.S. production of LWR pipe and tube during the period for which data were collected, supplied usable data on their operations in these reviews.[1]

Since 2008, the domestic LWR pipe and tube industry has undergone a number of important changes, some directly impacting firm's LWR operations. These changes are detailed in table III-1.

Table III-1
LWR pipe and tube: Significant industry events, 2008-13

Year	Company	Event
2008	Allied	**Closure/ Reorganization.** Allied announced it will be closing its Pine Bluff, AR mill in phases from September 8, 2008 to December 31, 2008. The production output will be relocated to existing facilities in Harvey, IL; Philadelphia, PA; and Phoenix, AZ.
	Atlas	**Decreased Capacity.** Atlas reported temporarily ceasing production of their Blytheville, AR plant.
	Hannibal	**Reduction.** Hannibal reduced the number of employees and the number of hours worked at their manufacturing plants, which produces LWR pipe and tube used for ornamental tubing.
	Heartland Steel Products	**Acquisition.** Heartland Steel Products acquired Eugene Welding Company, which manufactures structural shapes to ASTM A500 specs in square sizes and rectangle with wall thicknesses of 2.1 to 4.8 millimeters.
2009	Allied	**Closure**. Allied reported a prolonged shutdown at its Phoenix, AZ manufacturing plant.
	Allied	**Capacity Increase**. Allied planned to double the size of the facility in Harvey, IL at the estimated cost of $30 million. This will add another 514,000 square feet to the current facility to increase capacity for secondary operations like coil slitting, roll forming and threading.
	Prolamsa Laredo	**Opening**. Prolamsa Laredo opened its new manufacturing facility in Laredo, TX. Initially, the two mills will produce light-walled, square and rectangular mechanical tubing.
2010	Nucor Corporation	Plant Opening. Nucor subsidiary, Skyline Steel, announced that they expect to open a new pipe facility in Longview, Washington to manufacture rolled and welded pipes.

Table continued on the next page.

[1] The Commission received incomplete and/or unusable responses from several firms, including ***. Northwest Tube and Welded Tube of Canada stopped producing LWR pipe and tube in the United States during the period for which data were collected.

Table III-1--*Continued*
LWR pipe and tube: Significant industry events, 2008-13

Year	Company	Event
2011	Kloeckner Metals	**Acquisition.** California Steel and Tube was acquired by Kloeckner Metals, a producer of carbon welded and galvanized pipes and tubes.
	Northwest Pipe	**Phase-Out.** Northwest Pipe upgraded its production mill in Atchison, KS and will begin to phase out the production of light walled tubing to focus on energy tubular products.
	Atlas	**Re-opening.** Atlas announced a restart of the idled Blytheville, AR facility and expects it to be fully operational by September 2011.
2012	Evraz Oregon	**Re-opening.** Evraz Oregon announced that they will restart the tube mill in Oregon with a capacity of 200,000 tons of welded pipe annually in the first half of 2013. The mill was shut in 2009.
	JMC Steel Group	**Shutdown.** JMC Steel announced an agreement to buy the assets of the Atkore International facility in Morrisville, PA. The facility currently produces standard pipe and structural rounds and shapes. JMC intends to relocate the equipment to other JMC facilities for operation.
	JMC Steel Group	**Acquisition.** JMC Steel Group completed its $58.05 million purchase of Lakeside Steel, which produces carbon steel pipes in various shapes.
	Welded Tube of Canada	**Closure.** Welded Tube of Canada planned to close their Berkeley, WV facility that currently produces standard pipe, and the structural tube mill in Huger, SC due to slow market conditions.
	Metal Matic	**Expansion.** Metal Matic, a Minneapolis, MN based cold drawn mechanical tube producer, announced expansion into Middletown, OH with a 30-40,000 ton per year facility.
	Nova Steel	**Expansion.** Nova Steel upgraded its Montreal tube mill with two new standard and structural lines valued at a combined $12.1 million, which is expected to open in late 2012 or early 2013. The mill will produce square pipes with a 0.375-inch wall thickness. It is expected to open in the first quarter of 2013.
2013	Prolamsa Laredo	**Opening**. Prolamsa Laredo confirmed it will build its new 300,000-plus ton per year pipe and tube facility at Texas Triangle Park in Bryan, TX. The mill, at a cost of more than $120 million, is expected to begin operations by mid-2014 and will operate under a newly formed company, Axis Pipe and Tube, Inc.
	Leggett & Platt	**Closure.** Leggett and Platt closed its Blazon Tube operation in West Point, MS and consolidated them at its LaVergne, TN location.

Source: Preston Pipe and Tube Monthly Reports, American Metals Market and other Internet articles.

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of LWR pipe and tube since January 1, 2008. A number of domestic producers that provided responses in these reviews indicated that they had experienced such changes; their responses are presented in table III-2.

Table III-2
LWR pipe and tube: Changes in the character of U.S. operations since January 1, 2008

* * * * * * *

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of LWR pipe and tube. Three firms reported anticipated changes, including ***.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Over the review period, four firms *** reported a net decrease in capacity while five firms *** reported a net increase in capacity, resulting in an aggregate increase of 1.9 percent between 2008 and 2013.[2] U.S. production of LWR pipe and tube decreased between 2008 and 2009 largely as a result of ***, before increasing every year between 2009 and 2013. Overall, U.S. production of LWR pipe and tube increased by 14.9 percent between 2008 and 2013 with capacity utilization levels increasing by 5.4 percentage points over the same period. Table III-3 and figure III-1 present and depict U.S. producers' production, capacity, and capacity utilization.

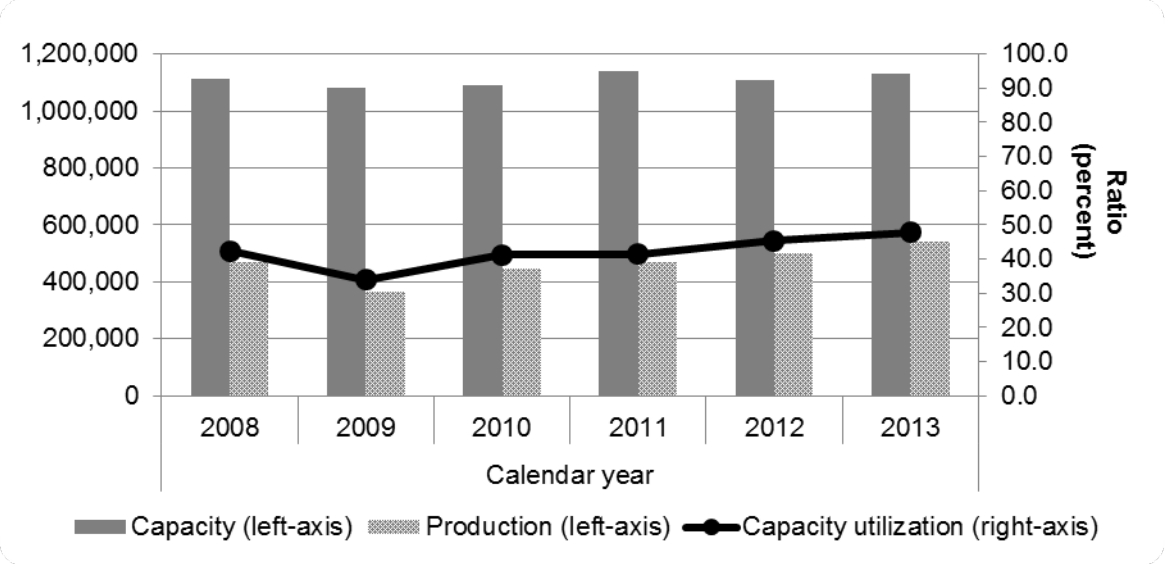
Table III-3
LWR pipe and tube: U.S. producers' production, capacity, and capacity utilization, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Quantity (*short tons*)						
Capacity	1,110,314	1,081,371	1,089,411	1,141,536	1,109,604	1,131,083
Production	470,375	367,451	448,691	472,564	502,426	540,664
Ratio (*percent*)						
Capacity utilization	42.4	34.0	41.2	41.4	45.3	47.8

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

[2] ***. ***. ***.

Figure III-1
LWR pipe and tube: U.S. producers' production, capacity, and capacity utilization, 2008-13



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

Constraints on capacity

Domestic producers identified the following constraints in the manufacturing process for LWR pipe and tube: availability of raw materials, mill speed, retooling/change over time, and limitations or restrictions on equipment and workforce.

Alternative products

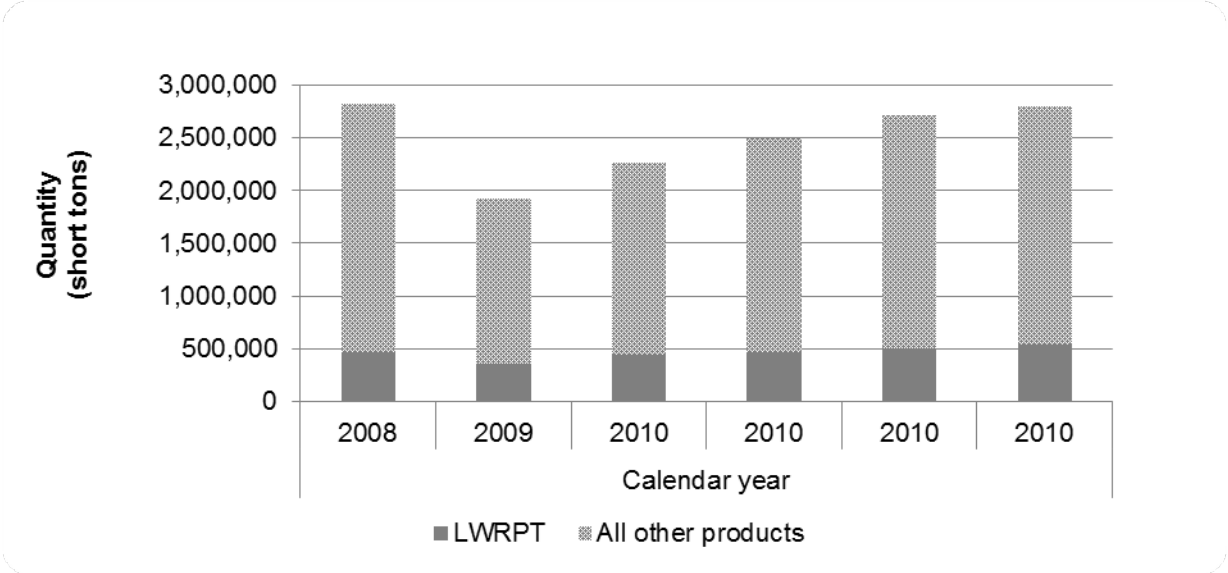
Nearly all domestic producers of LWR pipe and tube reported using the same equipment and/or employees to produce other products, the most common of which included: circular mechanical tubing, other light-walled products, and heavy-walled products. As detailed in table III-4 and depicted in figure III-2, products other than LWR pipe and tube accounted for no less than 80 percent of domestic producers' overall product mix during the period. Heavy-walled products accounted for the largest share of these alternative products, representing more than half of 2013 total combined (LWR pipe and tube and non-LWR pipe and tube) production.

Table III-4
LWR pipe and tube: U.S. producers' overall capacity, production, and capacity utilization, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
Overall capacity	4,887,582	4,065,631	4,093,397	4,601,757	4,553,736	4,467,944
Production:						
LWR pipe and tube	470,375	367,451	448,691	472,564	502,426	540,664
Other products	2,358,440	1,561,487	1,817,653	2,026,006	2,216,265	2,263,512
Total production	2,828,815	1,928,938	2,266,344	2,498,570	2,718,691	2,804,176
	Ratio (*percent*)					
Overall capacity utilization	57.9	47.4	55.4	54.3	59.7	62.8
	Share of quantity (*percent*)					
Share of production:						
LWR pipe and tube	16.6	19.0	19.8	18.9	18.5	19.3
Other products	83.4	81.0	80.2	81.1	81.5	80.7
Total production	100.0	100.0	100.0	100.0	100.0	100.0

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

Figure III-2
LWR pipe and tube: U.S. producers' shifting of production, 2008-13



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

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

Table III-5 presents U.S. producers' U.S. shipments, export shipments, and total shipments of LWR pipe and tube. Commercial U.S. shipments, which accounted for the vast majority of total U.S. shipments, decreased between 2008 and 2009 before increasing every year between 2009 and 2013, resulting in an overall increase of *** percent between 2008 and 2013. *** reported internal consumption of LWR pipe and tube and *** reported transfers of LWR pipe and tube to related firms.[3] Six firms *** provided data regarding their exports of LWR pipe and tube between 2008 and 2013, with *** being the largest exporter of LWR pipe and tube in the United States.[4] Canada and Mexico were cited as the principal export markets by U.S. producers.

Data were gathered on U.S. producers' U.S. production of corrosion-resistant LWR pipe and tube versus black LWR pipe and tube. Data submitted indicated that black LWR pipe and tube accounted for the vast majority of U.S. producers' share of production in 2013.

Table III-5
LWR pipe and tube: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (short tons)					
Commercial U.S. shipments	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	448,481	350,966	411,632	435,122	480,782	517,350
Export shipments	23,179	15,002	20,591	24,590	29,435	27,266
Total shipments	471,660	365,968	432,223	459,712	510,217	544,616
	Value (1,000 dollars)					
Commercial U.S. shipments	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	530,498	296,130	390,680	478,167	500,975	514,216
Export shipments	27,384	13,352	19,515	26,373	31,185	27,918
Total shipments	557,882	309,482	410,195	504,540	532,160	542,134

Table continued on next page.

[3] ***.
[4] ***.

Table III-5 --*Continued*
LWR pipe and tube: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2008-13

Unit value (dollars per short ton)						
Commercial U.S. shipments	$***	$***	$***	$***	$***	$***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	1,183	844	949	1,099	1,042	994
Export shipments	1,181	890	948	1,073	1,059	1,024
Total shipments	1,183	846	949	1,098	1,043	995
Share of quantity (percent)						
Commercial U.S. shipments	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	95.1	95.9	95.2	94.7	94.2	95.0
Export shipments	4.9	4.1	4.8	5.3	5.8	5.0
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)						
Commercial U.S. shipments	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	95.1	95.7	95.2	94.8	94.1	94.9
Export shipments	4.9	4.3	4.8	5.2	5.9	5.1
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0

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

U.S. PRODUCERS' INVENTORIES

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

Table III-6
LWR pipe and tube: U.S. producers' inventories, 2008-13

Item	Calendar year					
	2008	**2009**	**2010**	**2011**	**2012**	**2013**
Quantity (*short tons*)						
U.S. producers' end-of-period inventories	68,574	68,290	84,699	97,742	90,177	85,212
Ratio (*percent*)						
Ratio of inventories to--						
U.S. production	14.6	18.6	18.9	20.7	17.9	15.8
U.S. shipments	15.3	19.5	20.6	22.5	18.8	16.5
Total shipments	14.5	18.7	19.6	21.3	17.7	15.6

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

U.S. PRODUCERS' IMPORTS

As noted earlier, *** U.S. producers, *** directly import the subject merchandise.[5] Table III-7 presents data on these firms' U.S. production and U.S. imports of LWR pipe and tube over the period.

Table III-7
LWR pipe and tube: U.S. producers' U.S. production, imports, and import ratios to U.S. production, 2008-13

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-8 shows U.S. producers' employment-related data during the period examined. As detailed in table III-8, the average number of production-related workers (PRWs), total hours work, and total wages paid following similar trends as other U.S. producer trade data, decreasing between 2008 and 2009, before increasing every year between 2009 and 2013.[6]

Table III-8
LWR pipe and tube: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Production-related workers (PRWs)	876	779	800	857	879	976
Total hours worked (1,000 hours)	1,923	1,605	1,741	1,931	1,997	2,198
Hours worked per PRW (hours)	2,195	2,060	2,176	2,253	2,272	2,252
Wages paid ($1,000)	62,827	57,173	59,255	63,829	67,032	72,462
Hourly wages (dollars per hour)	$32.67	$35.62	$34.04	$33.05	$33.57	$32.97
Productivity (short tons per hour)	244.6	228.9	257.7	244.7	251.6	246.0
Unit labor costs (dollars per short ton)	$134	$156	$132	$135	$133	$134

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

[5] ***. ***. ***.
[6] ***.

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Eighteen producers provided usable financial data on their operations producing LWR pipe and tube.[11] The responding producers are believed to represent the substantial majority of U.S. production. The firms differ considerably in size in terms of sales volume and value. The three largest producers, ***, reported average annual sales volumes over *** short tons. In contrast, three firms, ***, reported average annual sales of less than *** short tons.[12] Overall, net sales consisted of commercial sales and minor amounts of related party transfers by ***.[13] No U.S. producer reported internal consumption.

Operations on LWR pipe and tube

The results of operations of the responding firms on their LWR pipe and tube operations are presented in table III-9, which includes data on a per-short ton basis as well as operating income (loss) to net sales ratios.[14] To summarize, the financial results of the U.S. producers deteriorated substantially from 2008 to 2009 as sales quantities and unit sales values decreased much greater than the decrease of unit costs. The quantity of total sales increased continuously between 2009 and 2013, as total sales values increased during the same period. Average unit net sales values increased between 2009 and 2011, then decreased from 2011 to 2013. Per-unit values of cost of goods sold ("COGS") decreased from 2008 to 2009, due to lower raw material costs, and then increased somewhat from 2009 to 2011 as raw material costs increased, more than offsetting the continuing decline in conversion costs (direct labor and factory overhead combined). The combined producers' operating income increased from an operating loss of $8.1 million in 2009 to an operating income of $53.1 million in 2011, then decreased to $38.1 million in 2012 and to $34.1 million in 2013 as a result of lower per-unit sales values, despite increased sales quantities and lower per-unit total costs. The ratio of operating income to net sales decreased by 12.7 percentage points from 10.2 percent in 2008 to a negative 2.5 percent in 2009 and increased by 13.4 percentage points between 2009 and 2011, then decreased to 7.4 percent in 2012 and further fell to 6.4 percent in 2013.

The largest change in the operating income occurred between 2008 and 2009, an operating income of $55.8 million in 2008 changed to an operating loss of $8.1 million in 2009, due primarily to a substantial decrease of per-unit value sales in 2009 (a 23.8 percent decrease

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[11] The producers with fiscal year ends other than December 31 are Allied (September 30), Atlas (September 30), EXL Tube (April 30), and Searing (February 28). Some differences between data reported in the trade and financial sections of the Commission's producers' questionnaire mainly are attributable to timing differences (calendar year vs. fiscal year).

[12] Evraz submitted ***. E-mails from ***, March 20, 25, and 26, 2014.

[13] ***.

[14] There were some data changes from *** in this review to correct data errors made in the original investigations. E-mail from ***, January 29, 2014.

in average unit value from $1,139 per short ton in 2008 to $868 per short ton in 2009, in spite of a somewhat lower total cost per short ton in 2009, which negatively impacted financial performance. While the average unit sales value decreased by $271 per short ton, average unit total cost (COGS plus selling, general, and administrative ("SG&A") expenses) decreased by $132 per short ton, which resulted in a decreased per-unit operating income by $139 per short ton.

Table III-9
LWR pipe and tube: Results of operations of U.S. producers, fiscal years 2008-13

Item	Fiscal year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
Net sales[1]	480,053	369,862	426,764	453,226	501,480	546,511
	Value (*$1,000*)					
Net sales[1]	546,642	321,192	399,436	488,907	516,553	533,566
COGS	454,994	305,308	357,052	405,077	444,447	463,763
Gross profit	91,648	15,884	42,384	83,830	72,106	69,803
SG&A expenses	35,851	23,953	27,305	30,739	33,980	35,714
Operating income	55,797	(8,069)	15,079	53,091	38,126	34,089
Interest expense	2,975	4,192	4,413	3,975	4,215	4,482
Other expense	3,761	1,491	1,387	1,491	1,469	1,796
Other income	1,022	217	407	416	508	588
Net income (loss)	50,083	(13,535)	9,686	48,041	32,950	28,399
Depreciation	6,767	7,084	7,139	6,487	7,746	8,445
Cash flow	56,850	(6,451)	16,825	54,528	40,696	36,844
	Value (*per short ton*)					
Net sales	$1,139	$868	$936	$1,079	$1,030	$976
COGS	948	825	837	894	886	849
Gross profit	191	43	99	185	144	128
SG&A expenses	75	65	64	68	68	65
Operating income	116	(22)	35	117	76	62
	Ratio to net sales (*percent*)					
COGS	83.2	95.1	89.4	82.9	86.0	86.9
Gross profit	16.8	4.9	10.6	17.1	14.0	13.1
SG&A expenses	6.6	7.5	6.8	6.3	6.6	6.7
Operating income	10.2	(2.5)	3.8	10.9	7.4	6.4
	Number of firms reporting					
Operating losses	3	10	6	3	4	4
Data	17	18	18	18	18	18

[1] ***.

Selected financial data, by firm, are presented in table III-10. Total net sales (quantities and values), operating income (loss), the ratio of operating income (loss) to net sales, and per-unit values (sales, COGS, SG&A expenses), are presented in this table on a firm-by-firm basis. Seven of the 18 reporting producers generated positive operating income in each fiscal year during 2008-13, while the remaining ten reported operating losses in certain years during the period. However, the combined operating income and operating income margins of the 18 producers decreased between 2008 and 2013 (and in particular between 2008 and 2010). From 2008 to 2009, 15 of the 18 producers reported decreases in sales values, 14 reported decreases in operating income and decreases in the operating income margin. When comparing 2009 results to 2008 results, only four producers, ***, reported improved profitability. Four producers, ***, reported operating losses in 2013, compared to three in 2008.

***, performed toll processing during 2009-13.[15] Toll processing revenue accounted for less than *** percent of the total net sales value and revenue for all firms combined in 2013. These limited toll operations are not reflected in the aggregate results of operations of LWR pipe and tube due to their completely different revenue and cost structures.

Table III-10
LWR pipe and tube: Results of operations of U.S. producers (by firm), fiscal years 2008-13

* * * * * * *

The data show that ***. ***.[16] ***.[17]
***.[18]
***.[19] ***.[20] ***.[21]
***. Per-unit SG&A expenses of ***.[22]
For non-recurring items, ***.

Selected aggregate per-unit cost data of the producers on their operations, i.e., COGS and SG&A expenses, are presented in table III-11.[23] Overall per-unit COGS and total cost (which includes SG&A expenses) decreased somewhat from 2008 to 2009, driven mainly by changes (decreases) in raw material costs (i.e., reflecting changes in the cost of hot-rolled steel coils).

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[15] In toll processing, the firm that owns raw materials (the tollee) arranges for unrelated processors (the tollers) to process the materials for a fee, and then the tollee arranges for the final sale of the products to other parties.

[16] E-mail from ***, February 20, 2014.

[17] E-mail from ***, February 20, 2014.

[18] E-mail from ***, February 18, 2014 and E-mails from ***, March 20, 25, and 26, 2014.

[19] E-mail from ***, February 12, 2014.

[20] E-mail from ***, February 12, 2014.

[21] E-mail from ***, February 17, 2014.

[22] E-mail from ***, February 14, 2014.

[23] ***.

Per-unit COGS increased from 2009 to 2011, due to the increases in raw material costs, in spite of declines in conversion costs. Per-unit COGS and total costs decreased between 2011 and 2013, due mainly to the decreases in raw material costs. Per-unit SG&A expenses remained relatively the same over the period.

Table III-11
LWR pipe and tube: Average unit costs of U.S. producers, fiscal years 2008-13

Item	Fiscal year					
	2008	2009	2010	2011	2012	2013
	Value (*per short ton*)					
COGS:						
Raw materials	$794	$656	$689	$749	$735	$695
Direct labor	50	54	48	50	52	52
Factory overhead	104	116	100	95	99	102
Total COGS	948	825	837	894	886	849
SG&A expenses	75	65	64	68	68	65
Total cost	1,022	890	901	962	954	914

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

A variance analysis showing the effects of prices and volume on the producers' sales of LWR pipe and tube, and of costs and volume on their total costs, is shown in table III-12.[24] The data presented in table III-12 are comparable to changes in operating income as presented in table III-9. The analysis is summarized at the bottom of the table. The variance analysis indicates that the decrease in operating income of $21.7 million between 2008 and 2013 resulted from the negative effect of lower average price ($88.8 million) which was partially offset by the positive effects of lower costs/expenses ($59.3 million) and increased sales volume ($7.7 million). Between 2012 and 2013, it indicates that the decrease in operating income of $4.0 million resulted from the combined effects of decreased average sales values and decreased costs/expenses, as well as increases in sales volume.

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

Table III-12
LWR pipe and tube: Variance analysis of operations of U.S. producers, between fiscal years 2008-13

Item	Between fiscal years					
	2008-13	2008-09	2009-10	2010-11	2011-12	2012-13
	Value (*$1,000*)					
Net sales:						
Price variance ("var")	(88,753)	(99,974)	28,830	64,704	(24,407)	(29,371)
Volume variance	75,677	(125,476)	49,414	24,767	52,053	46,384
Total net sales var.	(13,076)	(225,450)	78,244	89,471	27,646	17,013
Cost of sales:						
Cost variance	54,220	45,247	(4,773)	(25,886)	3,758	20,594
Volume variance	(62,989)	104,439	(46,971)	(22,139)	(43,128)	(39,910)
Total cost variance	(8,769)	149,686	(51,744)	(48,025)	(39,370)	(19,316)
Gross profit variance	(21,845)	(75,764)	26,500	41,446	(11,724)	(2,303)
SG&A expenses:						
Expense variance	5,100	3,669	333	(1,741)	32	1,317
Volume variance	(4,963)	8,229	(3,685)	(1,693)	(3,273)	(3,051)
Total SG&A variance	137	11,898	(3,352)	(3,434)	(3,241)	(1,734)
Operating income var.	(21,708)	(63,866)	23,148	38,012	(14,965)	(4,037)
Summarized as:						
Price variance	(88,753)	(99,974)	28,830	64,704	(24,407)	(29,371)
Net cost/expense var.	59,320	48,916	(4,440)	(27,626)	3,789	21,911
Net volume variance	7,724	(12,808)	(1,241)	935	5,652	3,424

Note.--Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table III-9.

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

Capital expenditures and research and development expenses

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are presented in table III-13. All U.S. producers except for *** reported at least nominal capital expenditures, while three producers, (***), reported sizable amounts of capital expenditures during 2008-13.[25] Data for capital expenditures on a firm-by-firm basis are shown in table III-14. While capital expenditures fluctuated during the entire period, they generally decreased between 2008 and 2013, while they increased from 2009 to 2010, due to capital spending by *** in 2010. R&D expenses remained relatively small over the period. Only *** of the responding firms, ***, reported R&D expenses.

Table III-13
LWR pipe and tube: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2008-13

Item	Fiscal year					
	2008	2009	2010	2011	2012	2013
	Value (*$1,000*)					
Capital expenditures[1]	12,320	9,905	13,621	11,846	10,444	8,050
R&D expenses[2]	***	***	***	***	***	***

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

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

Table III-14
LWR pipe and tube: Capital expenditures by U.S. producers, by firm, fiscal years 2008-13

* * * * * * *

Assets and return on assets

U.S. producers were requested to provide data on their assets used in the production and sales of LWR pipe and tube during the period for which data were collected to assess their return on assets ("ROA"). Although ROA can be computed in different ways, a commonly used method is income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROA as operating income divided by total assets used in the production and sales of LWR pipe and tube. Data on the U.S. producers' total assets and their ROA are presented in table III-15. The return on assets decreased substantially from 2008

[25] As presented and discussed in some detail in table III-14, *** accounted for a substantial portion of reported capital expenditures.

to 2009 and increased from 2009 to 2011, then decreased in 2012 and 2013.[26] The trend of ROA over the period was the same as the trend of the operating income margin shown in table III-9.

Table III-15
LWR pipe and tube: Value of assets and return on assets of U.S. producers, fiscal years 2008-13

Item	Fiscal year					
	2008	2009	2010	2011	2012	2013
	Value *($1,000)*					
Operating income	55,797	(8,069)	15,079	53,091	38,126	34,089
	Value *($1,000)*					
Total assets (net)	268,242	209,563	226,834	244,211	274,392	291,959
	Ratio of operating income to total assets *(percent*)					
Return on assets	20.8	(3.9)	6.6	21.7	13.9	11.7

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

[26] Other variations and changes of the value of PPE may be attributable to the allocated assets based on the relative sales value of the subject merchandise compared to total sales.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

Forty-three firms provided the Commission with data on their U.S. imports of LWR pipe and tube in the original investigations. In these reviews, 14 firms provided data and information in response to the Commission's questionnaire. Based on official Commerce statistics, as adjusted to exclude Nexteel of Korea, the 14 responding firms accounted for 63.4 percent of all U.S. imports of LWR pipe and tube in during 2008-13, including *** percent coverage of subject imports.[1]

Imports from subject and nonsubject countries

Table IV-1 presents information on U.S. imports of LWR pipe from China, Korea, Mexico, Turkey and all other sources over the period examined. Mexico was the largest subject source of LWR pipe and tube, accounting for *** percent of all subject imports between 2008 and 2013 and 56.8 percent of total LWR pipe and tube imports from all countries over the same period. The largest nonsubject source of LRW pipe and tube imports was Canada, which accounted for 36.7 percent of total imports from all countries in 2013.

[1] LWR pipe and tube is currently classified under HTS subheadings 7306.61.50 and 7306.61.70 (limited to goods imported under statistical reporting number 7306.61.7060, which consists of light-walled square and rectangular pipe and tube made of an alloy steel other than stainless steel). Nexteel is excluded from the antidumping orders on LWR pipe and tube from Korea. For the purposes of this report, the quantity and value of entries of LWR pipe and tube from Nexteel are classified as imports from "all other sources" during 2008-2010. There were no U.S. imports of LWR pipe and tube from Korea during 2011-2013.

Table IV-1
LWR pipe and tube: U.S. imports by source, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Quantity (*short tons*)						
U.S. imports from--						
China	687	31	109	277	282	126
Korea[1]	***	***	***	0	0	0
Mexico	115,179	68,311	67,692	60,925	64,684	82,710
Turkey	0	36	0	564	5,920	2,101
Subtotal, subject sources	***	***	***	61,766	70,885	84,937
All other sources	***	***	***	56,148	60,298	71,756
Total U.S. imports	173,888	114,234	120,731	117,914	131,183	156,693
Value (*1,000 dollars*)						
U.S. imports from--						
China	627	74	235	438	350	144
Korea[1]	***	***	***	0	0	0
Mexico	115,638	44,664	52,906	57,051	55,172	66,982
Turkey	0	24	0	507	4,831	1,836
Subtotal, subject sources	***	***	***	57,997	60,353	68,962
All other sources	***	***	***	62,823	64,025	70,782
Total U.S. imports	183,896	82,603	103,553	120,820	124,378	139,744
Unit value (*dollars per short ton*)						
U.S. imports from--						
China	$912.17	$2,368.82	$2,161.17	$1,582.88	$1,241.84	$1,139.02
Korea[1]	***	***	***	([2])	([2])	([2])
Mexico	1,003.98	653.84	781.58	936.43	852.95	809.85
Turkey	([2])	649.82	([2])	898.67	816.11	873.56
Subtotal, subject sources	***	***	***	938.98	851.42	811.91
All other sources	***	***	***	1,118.87	1,061.80	986.43
Total U.S. imports	1,057.56	723.10	857.72	1,024.64	948.12	891.83

Table continued on the next page.

Table IV-1—Continued
LWR pipe and tube: U.S. imports by source, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Share of quantity (*percent*)					
U.S. imports from--						
China	0.4	0.0	0.1	0.2	0.2	0.1
Korea[1]	***	***	***	0.0	0.0	0.0
Mexico	66.3	61.4	57.0	51.7	49.3	52.8
Turkey	0.0	0.0	0.0	0.5	4.5	1.3
Subtotal, subject sources	***	***	***	52.4	54.0	54.2
All other sources	***	***	***	47.6	46.0	45.8
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)					
U.S. imports from--						
China	0.3	0.1	0.2	0.4	0.3	0.1
Korea[1]	***	***	***	0.0	0.0	0.0
Mexico	63.0	55.8	51.9	47.2	44.4	47.9
Turkey	0.0	0.0	0.0	0.4	3.9	1.3
Subtotal, subject sources	***	***	***	48.0	48.5	49.3
All other sources	***	***	***	52.0	51.5	50.7
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production (*percent*)					
U.S. imports from--						
China	0.1	0.0	0.0	0.1	0.1	0.0
Korea[1]	***	***	***	0.0	0.0	0.0
Mexico	24.5	18.5	15.1	12.9	12.9	15.3
Turkey	0.0	0.0	0.0	0.1	1.2	0.4
Subtotal, subject sources	***	***	***	13.1	14.1	15.7
All other sources	***	***	***	11.9	12.0	13.3
Total U.S. imports	36.9	30.2	26.4	24.9	26.1	28.9

[1] Excludes Nexteel.
[2] Not applicable.

Note: Unit values derived from unrounded numbers.

Source: Compiled from data submitted in response to Commission questionnaires and from official import statistics of the U.S. Department of Commerce adjusted to exclude Nexteel of Korea.

Two importers indicated that their firms have experienced changes to relation in the importation of LWR pipe and tube since January 1, 2008. ***. Data were gathered on U.S. importers' imports of corrosion-resistant LWR pipe and tube versus black LWR pipe and tube. Data submitted indicated that black LWR pipe and tube accounted for the vast majority of U.S. imports reported by responding U.S. importers in 2013.

U.S. importers were asked to describe the significance of the existing orders in terms of its effect on their firm's imports. Several firms *** indicated that the orders have not

significantly impacted their firm's operations. ***. Other firms *** reported that the orders have limited their U.S. sales and have forced them to look to other markets (home markets or other export markets); and one firm ***.

Importers were asked if they would anticipate any changes in their operations in the future if the orders were to be revoked. Two firms *** reported that revocation of the orders may allow them to recover and/or increase sales in the U.S.; however, ***. ***.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2013

The Commission requested importers to indicate whether they had imported or arranged for the importation of LWR pipe and tube from China, Korea, Mexico, and Turkey for delivery after December 31, 2013. Four firms *** reported importing or arranging for importation of *** short tons of LWR pipe and tube from Mexico and three firms *** reported importing or arranging for importation of *** short tons of LWR pipe and tube from Turkey for the first quarter of 2014.

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. The domestic interested parties argue that imports from all four countries should be cumulated.[2]

U.S. producers reported selling LWR pipe and tube to all regions in the United States. Importers reported selling LWR pipe and tube from Mexico to all regions in the contiguous United States except the Northeast and reported selling LWR pipe and tube from Turkey in the *** regions.

According to official Commerce statistics, the vast majority of U.S. imports of LWR pipe and tube from China entered through the ports of Houston-Galveston, TX and New York City; the vast majority of U.S. imports of LWR pipe and tube from Korea entered through the ports of Los Angeles, CA and San Juan, PR; the vast majority of U.S. imports of LWR pipe and tube from Mexico entered through Laredo, TX; and the vast majority of U.S. imports of LWR pipe and tube from Turkey entered through the port of Savannah, GA.

[2] Domestic interested parties' prehearing brief, p. 5. Hearing transcript, pp. 8 and 60 (Schagrin).

Presence in the market

Imports from Mexico were present in every month for the period for which data were collected. Table IV-2 presents data on the monthly entries of U.S. imports of LWR pipe and tube, by source, during 2008-13.

Table IV-2
LWR pipe and tube: U.S. imports monthly entries, by source, 2008-2013

Country	Calendar year					
	2008	2009	2010	2011	2012	2013
China	9	3	5	10	10	5
Korea	10	7	4	0	0	0
Mexico	12	12	12	12	12	12
Turkey	0	1	0	1	8	7

Source: Compiled from official Commerce statistics.

THE INDUSTRY IN CHINA

Operations on LWR pipe and tube

At the time of the Commission's original investigations, usable questionnaire responses were received from three Chinese producers of LWR pipe and tube (Guangdong Walsall Steel, Shanghai Jiayi Cold-Formed Section Steel, and Zhangjiagang Zhongyuan Pipe Making Co). In these reviews, the Commission received no responses from producers of LWR pipe and tube from China. According to Simdex (a market research firm), there are approximately thirty-nine known producers of carbon-welded pipes having rectangular and square cross-sections with a wall thickness of less than four millimeters.[3]

Global Trade Atlas ("GTA") statistics for exports of LWR pipe and tube from China under HS subheading 730661 are presented in table IV-3. These statistics are somewhat overstated as they may contain products outside the scope of the orders, including other hollow profiles of rectangular and square cross sections, and other alloy LWR pipe and tubes having a wall thickness greater than four millimeters.

Between 2008 and 2013, China exported LWR pipe and tube to 197 countries. In 2013, the top five export destinations for Chinese LWR pipe and tube by quantity were South Korea (7.9 percent of total Chinese exports), Angola (6.3 percent), the Philippines (6.3 percent), Singapore (5.3 percent), and Peru (5.2 percent). The United States accounted for less than one percent (5,708 short tons) of China's total LWR pipe and tube exports in 2013. China was a net

[3] Simdex Steel Tube Manufacturers Worldwide Guide, 2013.

exporter of LWR pipe and tube during 2008 to 2013 as indicated in table IV-4. China's net exports of LWR pipe and tube more than doubled from 2008 to 2013.

Table IV-3
LWR pipe and tube: China's reported exports by quantity and value, 2008-13

Country	Quantity (*short tons*)					
	2008	2009	2010	2011	2012	2013
South Korea	37,415	35,013	84,891	65,495	70,104	68,041
Angola	34,095	32,096	48,581	60,878	69,490	53,432
Philippines	3,717	11,634	25,109	34,175	39,729	53,068
Singapore	10,172	18,189	28,371	25,090	35,820	45,129
Peru	1,092	3,277	15,411	29,263	24,275	44,918
Australia	42,394	40,308	46,366	33,126	43,018	40,087
Venezuela	12	213	604	25,653	11,611	36,005
United Arab Emirates	15,208	9,250	20,131	23,148	24,797	28,459
Ghana	13,679	17,407	12,022	27,511	13,909	27,855
Panama	9,561	3,908	20,820	22,320	21,542	27,436
All Others	208,188	206,860	354,783	415,944	430,080	426,267
Total	375,533	378,155	657,090	762,604	784,374	850,696
	Value (*1,000 dollars*)					
South Korea	28,216	19,556	51,591	46,691	44,341	40,044
Singapore	9,173	11,899	20,079	21,130	28,939	37,657
Australia	41,119	29,821	36,201	31,485	39,445	36,197
Philippines	2,653	6,746	17,050	28,274	28,639	35,712
Angola	24,507	18,445	28,904	42,680	46,340	33,814
Venezuela	38	291	488	20,998	9,075	26,483
Peru	998	1,779	9,299	19,549	15,116	25,875
Indonesia	3,570	6,817	11,762	16,749	22,954	24,696
Myanmar	5,223	5,627	13,792	19,293	17,738	22,198
United Arab Emirates	13,409	6,229	14,999	17,768	17,672	20,066
All Others	187,433	139,911	258,967	360,546	355,616	358,775
Total	316,339	247,120	463,132	625,163	625,875	661,519

Note - Original quantity data were published in kilograms, which were converted to short tons by multiplying by 0.00110231. Because of rounding, figures may not add to the totals shown.

Source: Compiled from *Global Trade Atlas*, HS 730661 (Tubes, pipes and hollow profiles, of iron or steel, welded, of a square or rectangular cross-section).

Table IV-4
LWR pipe and tube: China's reported net exports, 2008-13

	Quantity (*short tons*)					
	2008	**2009**	**2010**	**2011**	**2012**	**2013**
Exports	375,533	378,155	657,090	762,604	784,374	850,696
Imports	21,785	18,254	18,183	14,315	17,729	16,786
Net exports[1]	353,748	359,901	638,907	748,289	766,645	833,910

[1] Exports minus imports

Note - Original quantity data were published in kilograms, which were converted to short tons by multiplying by 0.00110231. Because of rounding, figures may not add to the totals shown.

Source: Compiled from *Global Trade Atlas*, HS 730661 (Tubes, pipes and hollow profiles, of iron or steel, welded, of a square or rectangular cross-section)

From 2008 to 2010, Chinese producers of LWR pipe and tube increased capacity by opening new manufacturing plants and were often the subject of acquisitions by larger Chinese steel companies. In 2008, Shandong Shengli Steel Pipe, a major producer of carbon welded pipes of rectangular and square cross-section, announced plans to start up a pipe mill with a production capacity of 250,000 metric tons of tubes per year.[4] In April 2009, Italian-based steelmaker Marcegaglia S.p.A. announced plans to construct a $194 million tube mill in Jiangsu, China that will manufacture stainless and carbon tubes with an annual production capacity of approximately 350,000 metric tons.[5] Marcegaglia's website states that its Jiangsu plant produces carbon welded pipes with rectangular and square cross-sections with a minimum wall thickness of 1.5 millimeters to 16 millimeters.[6] In March 2010, Japanese-based steelmaker JFE Steel bought a 24 percent share in Pancheng Yihong Pipe Co., a LWR pipe and tube producer based in Chengdu, China.[7] In 2010, Anshan Iron and Steel Group, a Chinese producer of mostly flat-rolled steel, merged with Pangang Group Steel Vanadium and Titanium Co. Ltd., a Chinese

[4] "Shandong Shengli to start up 250,000 tpy pipe mill in Oct," *Metal Bulletin*, September 9, 2008, found at http://www.metalbulletin.com/Article/2007964/Search/Shandong-Shengli-to-start-up-250000-tpy-pipe-mill-in-Oct.html?PageId=196010&Keywords=shandong+shengli&OrderType=1, accessed on February 27, 2014.

[5] *Preston Pipe and Tube Report*, Volume 27, No. 4, April 2009, page 13.

[6] Marcegaglia Steel's website, "Marcegaglia China Yangzhou Plant" http://www.marcegaglia.com/pdf/stabilimenti/MMYangzhou_EN__slide.pdf, accessed February 27, 2014.

[7] "JFE buys 24% of Pancheng Yihong Pipe," *Metal Bulletin,* March 5, 2010, http://www.metalbulletin.com/Article/2406022/Search/JFE-buys-24-of-Pancheng-Yihong-Pipe.html?PageId=196010&Keywords=Pangang+Group&OrderType=1, accessed on February 27, 2014.

producer of LWR pipe and tube.[8] As a result of the merger, Anshan Iron and Steel Group became the third largest steel company in China.[9] In July 2010, Tangshen Zhengyuan Steel Pipe Co. Ltd., a Chinese LWR pipe producer, finished construction of a new pipe mill in China capable of producing galvanized tubes with a total annual production capacity of 1.5 million tons of tubes by 2013.[10]

THE INDUSTRY IN KOREA

Operations on LWR pipe and tube

The Commission received no responses from Korean producers in the final phase of the original investigations; however, in the preliminary phase of the original investigations, six Korean producers provided the Commission with completed foreign producer questionnaire responses. In these reviews, the Commission received no responses from producers of LWR pipe and tube from Korea.

GTA statistics for exports of LWR pipe and tube from Korea HS subheading 730661 are presented in table IV-5. These statistics are somewhat overstated as they may contain products outside the scope of the orders, including other hollow profiles of rectangular and square cross sections, and other alloy LWR pipe and tubes having a wall thickness greater than four millimeters.

Between 2008 and 2013, Korea exported LWR pipe and tube to over 60 countries. In 2013, the top five export destinations for Korean LWR pipe and tube by quantity were the United States (51.2 percent of total Korean total exports), Mexico (12.3 percent), Japan (11.4 percent), United Arab Emirates (6.4 percent) and Saudi Arabia (5.3 percent). Korea was a net exporter of LWR pipe and tube from 2008 to 2013, as indicated in table IV-6. Korea's net exports of LWR pipe and tube dropped from 2008 to 2009, spiked from 2010 to 2011, and have been relatively steady since.

[8] "Angang gets approval for merger with Pansteel," *Steel Guru,* May 26, 2010, found at http://www.steelguru.com/chinese_news/Angang_gets_approval_for_merger_with_Pansteel/147387.html, retrieved on February 27, 2014.

[9] "Ansteel to bring Pangang under its umbrella," *China Daily,* May 25, 2010, found at http://www.chinadaily.com.cn/bizchina/2010-05/25/content_9888794.htm, retrieved on February 27, 2014.

[10] *Preston Pipe and Tube Report*, Volume 28, No. 6, July 2010, page 19.

Table IV-5

LWR Pipe and Tube: Korea's reported exports by quantity and value, 2008-2013

Country	Quantity (*short tons*)					
	2008	2009	2010	2011	2012	2013
United States	31,093	8,242	34,129	58,295	55,535	59,780
Mexico	662	0	4,028	11,107	16,744	14,429
Japan	5,835	5,640	7,457	8,696	6,975	13,317
United Arab Emirates	2,571	7,819	4,779	4,363	7,659	7,497
Saudi Arabia	2,328	788	915	1,891	409	6,232
Australia	16,768	11,047	15,231	10,738	8,731	4,475
Taiwan	2,020	2,037	1,436	2,387	2,870	3,378
Singapore	785	520	888	1,218	1,116	2,565
Philippines	389	495	1,506	1,076	2,502	1,718
Colombia	0	0	0	0	980	834
All Others	10,585	17,338	9,160	2,950	2,412	2,508
Total	73,038	53,924	79,528	102,721	105,931	116,733
	Value (*1,000 dollars*)					
United States	29,067	5,714	21,159	42,159	37,534	36,412
United Arab Emirates	2,440	4,269	2,873	3,328	10,319	9,598
Mexico	412	0	2,391	7,216	10,597	8,998
Japan	5,497	4,394	6,105	7,803	6,008	8,766
Saudi Arabia	2,259	774	648	1,419	560	4,268
Australia	16,677	7,264	11,145	9,068	7,141	3,612
Taiwan	2,128	1,109	958	1,886	2,039	2,206
Singapore	851	297	614	923	844	1,650
Philippines	374	380	1,434	939	2,061	1,349
Colombia	0	0	0	0	809	594
All Others	9,929	11,127	8,429	4,746	3,211	2,057
Total	69,634	35,329	55,755	79,487	81,124	79,510

Note - Original quantity data were published in kilograms, which were converted to short tons by multiplying by 0.00110231. Because of rounding, figures may not add to the totals shown.

Source: Compiled from *Global Trade Atlas*, HS 730661 (Tubes, pipes and hollow profiles, of iron or steel, welded, of a square or rectangular cross-section)

Table IV-6
LWR pipe and tube: Korea's reported net exports, 2008-2013

	Quantity (*short tons*)					
	2008	**2009**	**2010**	**2011**	**2012**	**2013**
Exports	73,038	53,924	79,528	102,721	105,931	116,733
Imports	17,258	14,791	33,509	36,246	39,719	48,207
Net exports[1]	55,780	39,133	46,018	66,475	66,212	68,526

[1] Exports minus imports

Note - Original quantity data were published in kilograms, which were converted to short tons by multiplying by 0.00110231. Because of rounding, figures may not add to the totals shown.

Source: Compiled from *Global Trade Atlas*, HS 730661 (Tubes, pipes and hollow profiles, of iron or steel, welded, of a square or rectangular cross-section)

According to Simdex, there are approximately nine known manufacturers of LWR pipe and tube in Korea including Ahshin Pipe and Tube, Bookook Steel, Dongbu Steel, Histeel, Husteel, Hyundai HYSCO, Miju Steel MFG, Nexteel, and SeAH Steel.[11] Dongbu Steel is one of the three major integrated steel makers in Korea.[12] In 2009, Dongbu Steel started operation of a new integrated hot rolling mill and expanded annual capacity to 10 million metric tons of rolled steel products per year.[13] In 2012, Miju Steel had to undergo a corporate restructuring due to bankruptcy. In 2013, Korean steel companies including HiSteel, Aju Besteel and Pipe Line Co. and other foreign steel companies placed bids on Miju Steel for a potential acquisition.[14]

[11] Simdex Steel Tube Manufacturers Worldwide Guide, 2013.

[12] Dongbu Steel website, "Dongbu Steel Brochure," found at www.edongbusteel.com/download/dongbusteel_brochure_englsih.pdf, *retrieved on February 27, 2014.*

[13] "Dongbu Steel and Bao Steel Sign Strategic Alliance," *Japan Metal Bulletin*, January 22, 2010, found at http://www.japanmetalbulletin.com/?p=6065, retrieved on February 27, 2014.

[14] "Market Insight: Kabul and SM Group Facing off over Miju Steel," *Korean Economic Daily*, February 6, 2013, found at http://english.hankyung.com/news/apps/news.view?nkey=201302062248341&setct=print&popup=1, retrieved on February 27, 2014.

THE INDUSTRY IN MEXICO

Overview

In the original investigations, eight Mexican producers provided the Commission with information on their LWR pipe and tube operations: Arco Metal S.A. de C.V. ("Arco"); Hysla, S.A. de C.V. ("Hysla"); [15] Industrias Monterrey S.A. de C.V. ("IMSA");[16] Maquilacero, S.A. de C.V. ("Maquilacero"); Nacional de Acero S.A. de C.V. ("Nacional de Acero"); Perfiles y Herrajes LM S.A. de C.V. ("Perfiles y Herrajes"); Productos Laminados de Monterrey, S.A. de C.V. ("Prolamsa"); and Regiopytsa.

In their responses to the Commission's notice of institution in the current reviews, counsel on behalf of Mexican producers Maquilacero and Regiopytsa identified eight producers of LWR pipe and tube in Mexico that export or that have exported LWR pipe and tube to the United States or elsewhere since 2008.[17] In these reviews, the Commission received seven responses from producers of LWR pipe and tube from Mexico, which are believed to account for the vast majority of LWR pipe and tube production in 2013.[18]

Operations on LWR pipe and tube

Table IV-7 presents data concerning capacity, production, shipments, and inventories for producers of LWR pipe and tube from Mexico. As detailed in table IV-7, Mexican producers reported both increased capacity and production of LWR pipe and tube between 2008 and 2013. A number of Mexican firms reported changes to their operations with implications for capacity and production of LWR pipe and tube: ***. Home market sales in Mexico consistently accounted for the majority of Mexican producers' shipments of LWR pipe and tube. The United States was the second largest market for Mexican-produced LWR pipe and tube, although it accounted for a decreasing share of total shipments between 2008 and 2013.

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[15] As noted in Part I, Commerce determined that Ternium is the susccessor-in-interest to Hysla. *Final Results of Antidumping Duty Changed Circumstances Review: Light-Walled Rectangular Pipe and Tube from Mexico*, 74 FR 41680, August 18, 2009.

[16] Ternium purchased IMSA in 2007. "Ternium to take control of Mexico's IMSA" http://www.reuters.com/article/2007/04/30/imsa-ternium-idUSN3019023020070430, retrieved February 25, 2014.

[17] Counsel on behalf of the domestic interested parties identified the same eight producers as well as three others: Tuberia Nacional S.A. de C.V.; Tuberia Procarsa, SA de CV; and Pytco S.A. de C.V.

[18] As noted earlier, Mexican producer Prolamsa is related to U.S. producer Prolamsa Laredo, while four of the six responding producers in Mexico also act as importers of record.

Table IV-7
LWR pipe and tube: Mexican capacity, production, shipments, and inventories, 2008-2013

* * * * * * *

The Commission requested that producers in Mexico report any changes in the character of operations relating to the production of LWR pipe and tube since January 1, 2008. These responses are provided in table IV-8.

Table IV-8
LWR pipe and tube: Changes in the character of operations since January 1, 2008

* * * * * * *

Six of the seven responding Mexican firms reported using the same equipment and/or employees to produce products other than LWR pipe and tube, including: circular mechanical tubing, other light-walled products, and heavy-walled products. These firms reported producing *** LWR pipe and tube and non-LWR pipe and tube products using the same equipment and/or employees during 2008-13. Mexican firms were asked to provide the percentage of their firm's total sales in the most recent fiscal year that were represented by sales of LWR pipe and tube. These responses are provided in table IV-9.

Table IV-9
LWR pipe and tube: Share of Mexican firm's total sales represented by LWR pipe and tube

* * * * * * *

Mexican firms were also asked to report constraints in the manufacturing process for LWR pipe and tube. Constraints reported by these firms included: the availability of raw materials, the number of production lines and size of plants and warehouses, product mix, and limitations or restrictions on equipment. Firms identified Central America (***) and South America (***) as export markets (other than the United States) where their firm has developed or increased sales of LWR pipe and tube since 2008.[19]

Mexican firms were asked to describe the significance of the existing antidumping duty orders on imports of LWR pipe and tube from Mexico in terms of its effect on their firm's production capacity, production, home market shipments, exports to the United States and other markets, and inventories. These responses are provided in table IV-10.

[19] No responding Mexican firms indicated that their exports of LWR pipe and tube were subject to tariff or non-tariff barriers to trade in any countries other than the United States.

Table IV-10
LWR pipe and tube: Significance of antidumping order on LWR pipe and tube from Mexico

* * * * * * *

Mexican firms were asked whether they would anticipate any changes in their production capacity, production, home market shipments, exports to the United States and other markets, and inventories if the antidumping duty orders on LWR pipe and tube from Mexico were to be revoked. *** indicated that ***.

THE INDUSTRY IN TURKEY

Overview

In the original investigations, the Commission received completed questionnaire responses from seven producers in Turkey, including Cinar Boru Profil San Tic A.S. ("Cinar Boru"), Guven Boru ve Panfil Sanayi ve Ticovet Ltd. Std. ("Guven"), MMZ Onur Boru Profil Uretim Sanve Tic A.S. ("MMZ"), Noksel Celik Boru Sanyi A.S. ("Noksel"), Ozborsan Boru San ve Tic A.S. ("Ozborsan"), Ozdemir Boru Profil San ve Tic Ltd. Std. ("Ozdemir"), and Tosçelik Profil ve Sac Endustrisi A.S. ("Tosçelik").

In its response to the Commission's notice of institution in the current reviews, the Government of Turkey identified ten producers of LWR pipe and tube in Turkey that export or that have exported LWR pipe and tube to the United States or elsewhere between 2008 and 2012. In these reviews, the Commission received two responses from producers of LWR pipe and tube from Turkey.[20]

Operations on LWR pipe and tube

Table IV-11 presents data concerning capacity, production, shipments, and inventories for producers of LWR pipe and tube from Turkey. As detailed in table IV-11, responding Turkish producers reported increases in capacity and production over the period. With the exception of 2008, home market shipments accounted for the largest share of total shipments for Turkish producers with the European Union accounting for its largest export market.

Table IV-11
Turkish capacity, production, shipments, and inventories, 2008-2013

* * * * * * *

[20] One Turkish producer *** in the United States.

The Commission requested that producers in Turkey report any changes in the character of operations relating to the production of LWR pipe and tube since January 1, 2008. ***. ***.

Turkish firms reported producing *** LWR pipe and tube and non-LWR pipe and tube products using the same equipment and/or employees during 2008-2013.[21] *** indicated that *** percent of its total shares in its most recent fiscal year were represented by sales of LWR pipe and tube, while *** indicated that *** percent of its total shares in its most recent fiscal year were represented by sales of LWR pipe and tube.

Turkish firms reported that constraints in the manufacturing process for LWR pipe and tube primarily involve constraints based on product mix, maintenance and change-over times, as well as limitations on storage space. Turkish firms identified European Union countries as those export markets (other than the United States) where they have developed or increased sales of LWR pipe and tube since 2008.[22]

Turkish firms where asked to describe the significance of the existing antidumping duty orders on imports of LWR pipe and tube from Turkey in terms of its effect on their firm's production capacity, production, home market shipments, exports to the United States and other markets, and inventories and to describe the anticipated changes if the order were revoked. Noksel reported that ***. The firm added that it ***.

GLOBAL MARKET

Global Exports

Global export data on iron and steel welded tubes, pipes and hollow profiles with rectangular or square cross sections as indicated under Harmonized System (HS) subheading 730661 is presented in table IV-12. This product category includes products outside the scope of the orders, including other hollow profiles of rectangular and square cross sections, and other LWR pipe and tubes having a wall thickness greater than 4 millimeters. However, HS 730661 does encompass the two HTS statistical reporting numbers defined under Commerce's scope: HTS 7306.61.50.00 (other tubes, pipes and hollow profiles made of iron and steel having a rectangular and square cross sections and a wall thickness of less than 4 millimeters) and HTS 7306.61.70.60 (other tubes, pipes and hollow profiles of made of other alloy steel, other than stainless steel, having rectangular or square cross sections). Global exports of HS 730661 dropped from 2008 to 2009, but steadily increased from 2009 to 2012. Exports under HS 730661 totaled approximately 6.23 million short tons in 2012. The leading exporting countries for HS 730661 by quantity were Italy (17.8 percent of global exports), China (12.5 percent), Turkey (10.7 percent), Mexico (10.6 percent) and Canada (3.2 percent).

[21] During 2008-13, Turkish firms produced *** short tons of LWR pipe and tube and *** short tons of products other than LWR pipe and tube (primarily ***), using the same equipment and/or employees.

[22] ***.

Table IV-12
Global export data for tubes, pipes and hollow profiles of iron or steel, welded and of a square of rectangular cross section (HS 730661) for 2008-12

	Calendar Year				
Country	**2008**	**2009**	**2010**	**2011**	**2012**
	Quantity *(short tons)*				
Italy	794,065	765,329	902,849	957,664	1,110,281
China	375,533	378,155	657,090	762,604	784,374
Turkey	0	427,775	537,946	565,508	670,946
Canada	340,015	194,181	208,112	226,564	204,098
Mexico	281,096	74,525	100,055	125,036	666,385
United States	169,570	149,792	173,264	204,696	237,154
Austria	261,163	157,180	208,770	211,871	192,248
United Kingdom	230,518	130,074	161,177	203,908	187,051
Netherlands	193,622	148,017	185,919	202,541	128,897
Germany	196,323	135,848	159,306	174,337	152,274
All other countries	1,608,742	1,196,690	1,533,142	1,922,288	1,901,051
Total	4,450,647	3,757,567	4,827,629	5,557,017	6,234,758

Note – No trade data is available for Turkey in 2008, and for Italy, Turkey, Mexico, Austria, United Kingdom, Netherlands, and Germany in 2013 under HTS subheading 730661. Complete trade data is unavailable for 2013.

Source: Global Trade Atlas, retrieved on February 12, 2014.

Canada

As shown in table IV-13, there are several LWR pipe and tube producers in Canada that manufacture the subject merchandise in conjunction with other tubular products. Some Canadian producers of LWR pipe and tube are owned by non-Canadian parent companies. Atlas Tube Inc. of Canada is a division of JMC Steel Group, a steel company based in Chicago, Illinois that is owned by the Carlyle Group, a U.S private equity firm.[23] ArcelorMittal, based in Luxembourg, is the parent company to ArcelorMittal Dofasco Tubular Products.[24] Bull Moose

[23] JMC Steel Group website, http://www.jmcsteelgroup.com/, retrieved on February 18, 2014.
[24] ArcelorMittal Dofasco Tubular Products' website, http://www.dofascotube.com, retrieved on February 18, 2014.

Tube Ltd. (Canada) is owned by Bull Moose Tube Company, a U.S. steel company based in Chesterfield, Missouri.[25]

In 2012, Nova Steel Inc. upgraded its Montreal tube mill with two new standard and structural lines valued at a combined $12.1 million (US). Nova Steel Inc. stated that its Montreal mill will produce square hollow structural sections, and is expected to open in the fall of 2013.[26] In August 2012, Welded Tube of Canada announced that it will close its Berkeley, West Virginia facility that currently produces standard pipe due to slow market conditions. Welded Tube of Canada stated that its customers will be serviced from its Toronto, Canada facility.[27]

Table IV-13
LWR pipe and tube: Locations, capacity, and product standards of production facilities in Canada

Firm	Production Location	Capacity (short tons)	Product Standards
ArcelorMittal Dofasco Tubular Products	Hamilton, Ontario; Brampton, Ontario; Mississauga, Ontario	([1])	ASTM A500; ASTM A513
Atlantic Tube and Steel Inc.	Mississauga, Ontario	([1])	ASTM A500; ASTM A513
Atlas Tube Inc. (Canada)	Harrow, Ontario	849,882	ASTM 500
Bolton Steel Tube Co. Ltd.	Bolton, Ontario; Mississauga, Ontario	([1])	ASTM A500; ASTM A501; ASTM A513
Bull Moose Tube Ltd. (Canada)	Burlington, Ontario	([1])	ASTM A500; ASTM A513
Delhi-Solac	Delhi, Ontario; St. Jerome, Quebec	([1])	ASTM A513
Nova Steel Inc.	Baie d'Urfe, Quebec; Lasalle, Quebec	80,468	([1])
Welded Tube of Canada Ltd.	Concord, Ontario	([1])	ASTM A500; ASTM A-513

Note.--Capacity may be overstated because LWR pipe and tube is only one among the many products manufactured by the companies. Capacity figures were denoted in metric tons, and converted to short tons by multiplying by 1.102311.

Note.--Bull Moose Tube Ltd., Nova Steel Inc., Atlas Tube Inc., and ArcelorMittal also have manufacturing facilities in the United States.

[1] Not available.

Source: Companies' internet sites and the Simdex Steel Manufacturers Worldwide Guide, 2013.

[25] Bull Moose Tube Company website, http://www.bullmoosetube.com/, retrieved on February 18, 2014.

[26] *Preston Pipe and Tube Monthly*, Vol. 30, No. 5, May 2012.

[27] *Preston Pipe and Tube Monthly*, Vol. 30, No. 8, August 2012.

Italy

The only known producer of LWR pipe and tube in Italy is Marcegaglia Group based in Gazoldo Ippoliti, Italy. Marcegaglia Group consists of three divisions in Italy producing LWR pipe and tube, including Lombarda Tubi, Marcegaglia Stainless Division, and Marcegaglia Tube Division. The production facilities for these three divisions are located in Boltiere and Lomagna, Italy. The Marcegaglia Group's annual capacity for carbon steel welded tubes is 3 million tons per year across its 150 global manufacturing plants.[28]

Prices

Firms were asked to compare prices of LWR pipe and tube in U.S. and foreign markets. Most U.S. producers reported that they do not have knowledge of prices in other markets. Two U.S. producers reported that prices are generally higher in the United States and one reported that U.S. market prices are similar to other market prices. Among importers, two reported that prices in the U.S. and Mexican markets were similar, one reported that U.S. prices were higher than those in Mexico, and one reported that since 2008, U.S. prices have been about 2 percent lower than those in the Mexican market. Among foreign producers, one firm noted that there is a global price for LWR pipe and tube while others reported that prices vary among markets because of product availability, currency rates, prices and availability of raw materials, and freight prices. One Mexican producer reported that it tends to charge lower prices in its home market than in other markets because of shipping costs and because its export market customers have higher standards regarding product presentation.

Foreign demand

Firms' responses regarding LWR pipe and tube demand outside the United States since 2008 and anticipated future demand are summarized in table IV-14. Most U.S. producers, importers, and purchasers reported that demand did not change or fluctuated.[29] Most foreign producers reported that demand outside the United States and in their home markets has increased or fluctuated since 2008, and indicated that they expect these trends to continue. No firms reported that they expect demand to decline in foreign markets.

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[28] Marcegaglia Group's website, http://www.tubes.marcegaglia.com/marcegaglia_product/carbon-steel-welded-tubes/, retrieved on February 18, 2014. According to the company' website, Marcegaglia Group also has a production facility in Munhall, Pennsylvania that produces carbon steel welded tubing in square and rectangular cross-sections.

[29] Most of these firms do not participate in foreign markets and therefore are likely to have limited knowledge of these markets.

Most Mexican producers anticipate increased demand in the home market. One noted that housing construction in Mexico avoided the financial problems that affected the United States and Europe. *** reported that Turkey's growth rate has increased over the last few years.

Table IV-14

LWR pipe and tube: Firms' responses regarding demand outside of the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand outside the United States since 2008:				
U.S. producers	0	3	1	6
Importers	3	1	0	4
Purchasers	0	5	2	0
Foreign producers	4	1	0	2
Demand in home market since 2008:				
Foreign producers	6	1	0	1
Anticipated demand outside the United States:				
U.S. producers	2	1	0	7
Importers	4	1	0	3
Purchasers	2	5	0	3
Foreign producers	6	1	0	0
Anticipated demand in home market:				
Foreign producers	6	1	0	1

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

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Raw materials account for a major share of the cost of producing LWR pipe and tube. During 2008-13, raw material costs accounted for 79 to 84 percent of U.S. producers' cost of goods sold. Hot-rolled sheet is the main raw material used in LWR pipe and tube production. It is used in the production of black LWR pipe and tube, which accounts for most of U.S. LWR pipe and tube production (about 85 percent in 2013) as well as in some corrosion resistant LWR pipe and tube production.

Hot-rolled and cold-rolled sheet are raw material inputs for black LWR pipe and tube and galvanized LWR pipe and tube that is made corrosion-resistant through a zinc bath. Hot-dipped galvanized sheet is the raw material input for those producers that produce corrosion resistant LWR pipe and tube with pre-galvanized materials. Zinc is an important additional raw material input for those producers that produce galvanized LWR pipe and tube through the zinc-dipping process. Prices for these raw materials fluctuated over the review period, with a large decline in 2008 and 2009 and then subsequent recovery in 2010 (figure V-1).

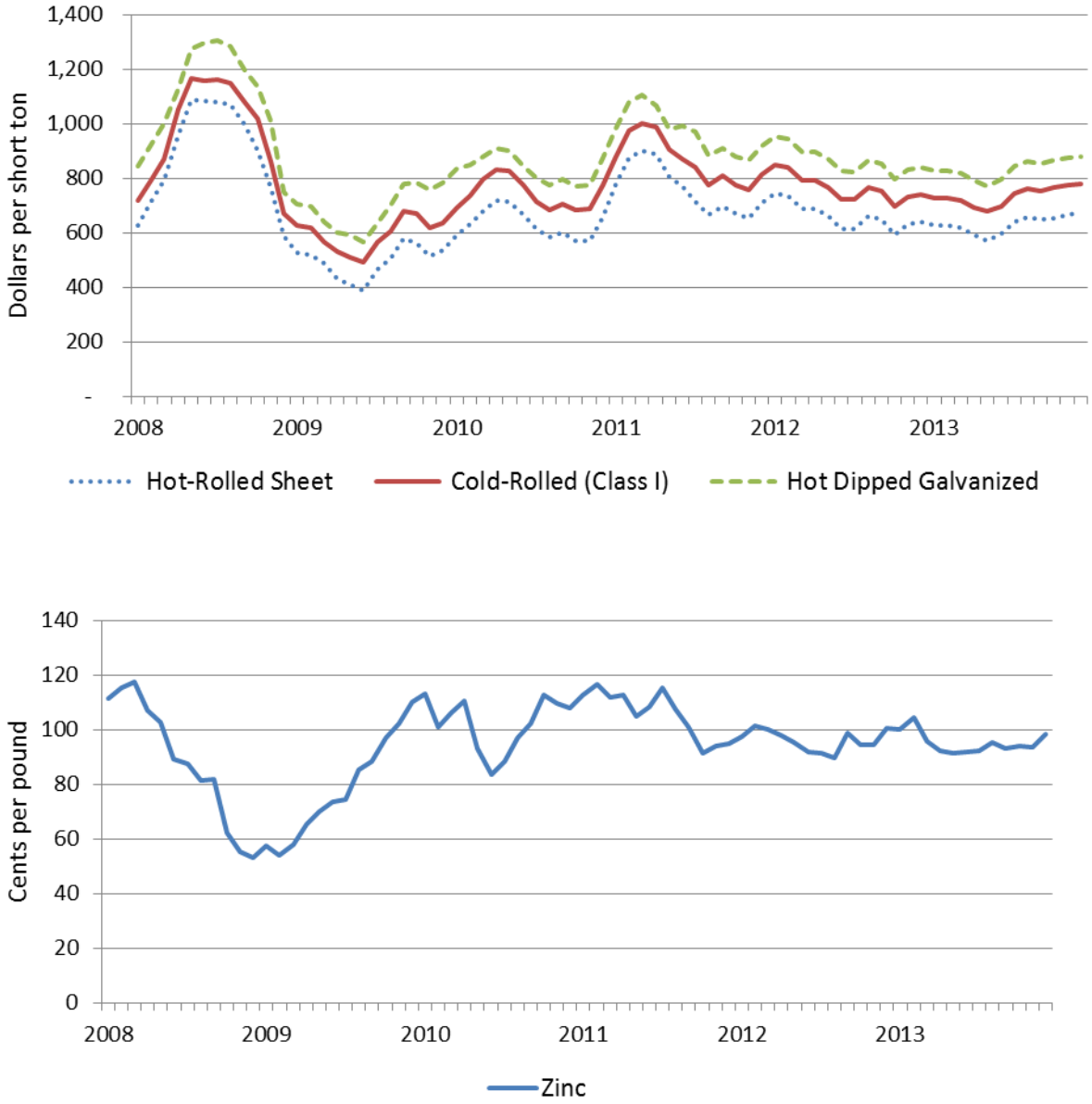
Twelve of 18 U.S. producers expect changes in raw materials prices, with several firms expecting increases over the next year. One producer noted that all U.S. flat rolled producers increased prices in fourth quarter 2013. ***.

Transportation costs to the U.S. market

Transportation costs for LWR pipe and tube shipped from subject countries to the United States were 1.3 percent for China, 6.8 percent for Korea, 3.5 percent for Mexico, and 11.9 percent for Turkey. These estimates are derived from official import data and represent the transportation and other charges on imports. [1]

[1] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2012 and then dividing by the customs value based on the HTS subheading 7306.61.50. Korea data are based on 2010 import data. Transportation costs for all years combined during the period of review were as follows: 8.7 percent for China, 8.9 percent for Korea, 3.1 percent for Mexico, and 12.1 percent for Turkey.

Figure V-1
Raw materials: Monthly average prices, 2008-2013



Source: American Metal Market, retrieved February 25, 2014.

Six importers reported that they arranged international transportation to the customer while five reported that the exporter arranged such transportation. Among foreign producers, with respect to Mexico, 5 of 6 firms reported that the exporter arranged transportation, and with respect to Turkey, 2 of 3 firms reported that the importer arranged transportation. Six foreign producers reported the cost of shipping to the United States in 2013: four reported that the cost from Mexico was $20 to $25 per short ton and one reported $100 per short ton, and one firm reported that the cost from Turkey was *** per short ton. Four importers reported that transportation costs from Mexico were $19 to $25 per short ton, and one reported that such costs were $55 per short ton.[2]

U.S. inland transportation costs

Most responding U.S. producers (15 of 19) and importers (10 of 12) reported that they typically arrange transportation to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 1 to 5 percent while most importers reported costs of 3 to 6 percent.[3]

PRICING PRACTICES

Pricing methods

U.S. producers and importers sell primarily on a transaction-by-transaction basis, although many firms also use price lists (table V-1). U.S. producers and importers reported selling most of their LWR pipe and tube in the spot market (table V-2).

Eight of 22 purchasers reported that they purchase product daily, 10 purchase weekly, 3 purchase monthly, and one purchases quarterly. All but one responding purchaser reported that they did not expect their purchasing patterns to change in the next two years. Most purchasers contact 1 to 5 suppliers before making a purchase.

[2] The average unit value of LWR pipe and tube imports from Mexico in 2013 was $810 per short ton (landed duty-paid value); transportation costs of $19 to $100 per short ton equate to 2.3 to 12.3 percent of the landed duty-paid value. The average unit value of LWR pipe and tube imports from Turkey in 2013 was $874 per short ton (landed duty-paid value); transportation costs of $*** equate to ***percent of the landed duty-paid value.

[3] Twelve producers reported costs ranging from 1 to 5 percent and four reported 6 to 10 percent. Five importers reported costs ranging from 3 to 6 percent and two reported 8 to 10 percent.

Table V-1

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

Method	U.S. producers	U.S. importers
Transaction-by-transaction	16	10
Contract	7	3
Set price list	12	5
Other	2	1

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

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

Table V-2

LWR pipe and tube: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2013

	Share of commercial U.S. shipments (percent)		
		U.S. importers	
Type of sale	U.S. producers	Mexico	Turkey
Long-term contracts	0.3	0.0	***
Short-term contracts	13.9	8.9	***
Spot sales	85.8	91.1	***

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

Sales terms and discounts

U.S. producers reported quoting prices on both an f.o.b. and on a delivered basis, while all but one importer reported quoting delivered prices. More than half of producers offer quantity discounts and/or total volume discounts. Although most importers (8 of 13) do not offer discounts, five reported that they offer quantity, total volume, or prompt payment discounts. Producers and importers reported sales terms of net 30 days with more than half of producers and several importers giving a discount (typically one-half of one percent) for payment within 10 days.

Price leadership

The following firms were named as price leaders by at least three purchasers: Atlas Tube (10 purchasers), Vest (4), Southland (4), and Bull Moose (3).

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following LWR pipe and tube products shipped to unrelated U.S. customers during 2008-13.

Product 1.-- ASTM A-513 (mechanical) or A-500 grade A or B (ornamental), carbon welded, not pickled and oiled, 2 inch square, 0.120 inch (+ or -10 percent) wall thickness (11 gauge), 20 foot or 24 foot lengths.

Product 2.-- ASTM A-513 (mechanical) or A-500 grade A or B (ornamental) tubing, carbon welded, pickled and oiled, 1 inch square, 0.065 inch nominal wall thickness (+ or -10 percent) (16 gauge), 20 foot or 24 foot mill lengths.

Product 3.-- ASTM A-513 (mechanical) or A-500 grade A or B (ornamental), hot-rolled, not pickled and oiled, 11 gauge or 0.120 inch +/- 10% wall, three inch square to four inches square, or in rectangular circumferences of 12 inches to 16 inches, lengths of 20 to 24 feet.

Product 4.-- ASTM A-513 (mechanical) or A-500 grade A or B (ornamental) tubing, galvanized, 2.5 inch square, 0.083 nominal wall thickness (+ or – 10 percent) (14 gauge), lengths of 20 to 24 feet.

Sixteen U.S. producers, 4 importers of LWR pipe and tube from Mexico, and 2 importers of LWR pipe and tube from Turkey provided usable pricing data for sales of the requested products, although not all firms reported pricing data for all products for all quarters. Pricing data reported by these firms accounted for *** percent of U.S. producers' commercial shipments of LWR pipe and tube, *** percent of U.S. commercial shipments of subject imports from Mexico, and *** percent of U.S. commercial shipments of subject imports from Turkey during 2008-13. Price data for products 1-4 are presented in tables V-3 to V-6 and figure V-2.

Table V-3

LWR pipe and tube: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, 2008-2013

Period	United States		Mexico			Turkey		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (*percent*)	Price (dollars per short ton)	Quantity (short tons)	Margin (*percent*)
2008:								
Jan.-Mar.	851	8,618	***	***	***	***	***	***
Apr.-Jun.	1,159	7,665	***	***	***	***	***	***
Jul.-Sep.	1,361	5,238	***	***	***	***	***	***
Oct.-Dec.	1,085	4,377	***	***	***	***	***	***
2009:								
Jan.-Mar.	781	5,232	***	***	***	***	***	***
Apr.-Jun.	659	6,397	***	***	***	***	***	***
Jul.-Sep.	703	7,419	***	***	***	***	***	***
Oct.-Dec.	738	5,873	***	***	***	***	***	***
2010:								
Jan.-Mar.	788	7,445	***	***	***	***	***	***
Apr.-Jun.	884	7,512	***	***	***	***	***	***
Jul.-Sep.	862	7,988	***	***	***	***	***	***
Oct.-Dec.	862	8,492	***	***	***	***	***	***
2011:								
Jan.-Mar.	1,007	9,154	***	***	***	***	***	***
Apr.-Jun.	1,086	8,020	***	***	***	***	***	***
Jul.-Sep.	980	9,177	***	***	***	***	***	***
Oct.-Dec.	936	8,911	***	***	***	***	***	***
2012:								
Jan.-Mar.	980	9,737	***	***	***	***	***	***
Apr.-Jun.	947	9,652	***	***	***	***	***	***
Jul.-Sep.	901	9,915	***	***	***	***	***	***
Oct.-Dec.	885	9,727	***	***	***	***	***	***
2013:								
Jan.-Mar.	893	10,468	***	***	***	***	***	***
Apr.-Jun.	886	10,391	***	***	***	***	***	***
Jul.-Sep.	910	10,027	***	***	***	***	***	***
Oct.-Dec.	934	10,374	***	***	***	***	***	***

[1] Product 1: ASTM A-513 (mechanical) or A-500 grade A or B (ornamental), carbon welded, not pickled and oiled, 2 inch square, 0.120 inch (+ or -10 percent) wall thickness (11 gauge), 20 foot or 24 foot lengths.

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

Table V-4

LWR pipe and tube: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, 2008-2013

Period	United States		Mexico			Turkey		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (*percent*)	Price (dollars per short ton)	Quantity (short tons)	Margin (*percent*)
2008:								
Jan.-Mar.	952	3,814	***	***	***	***	***	***
Apr.-Jun.	1,277	3,462	***	***	***	***	***	***
Jul.-Sep.	1,548	2,480	***	***	***	***	***	***
Oct.-Dec.	1,285	1,705	***	***	***	***	***	***
2009:								
Jan.-Mar.	1,002	1,712	***	***	***	***	***	***
Apr.-Jun.	800	2,551	***	***	***	***	***	***
Jul.-Sep.	806	2,720	***	***	***	***	***	***
Oct.-Dec.	848	1,980	***	***	***	***	***	***
2010:								
Jan.-Mar.	912	2,459	***	***	***	***	***	***
Apr.-Jun.	1,017	2,712	***	***	***	***	***	***
Jul.-Sep.	1,010	2,605	***	***	***	***	***	***
Oct.-Dec.	1,001	2,266	***	***	***	***	***	***
2011:								
Jan.-Mar.	1,160	2,521	***	***	***	***	***	***
Apr.-Jun.	1,231	2,249	***	***	***	***	***	***
Jul.-Sep.	1,177	2,325	***	***	***	***	***	***
Oct.-Dec.	1,124	1,880	***	***	***	***	***	***
2012:								
Jan.-Mar.	1,135	2,508	***	***	***	***	***	***
Apr.-Jun.	1,112	2,422	***	***	***	***	***	***
Jul.-Sep.	1,047	2,258	***	***	***	***	***	***
Oct.-Dec.	1,020	2,057	***	***	***	***	***	***
2013:								
Jan.-Mar.	1,013	2,455	***	***	***	***	***	***
Apr.-Jun.	995	2,916	***	***	***	***	***	***
Jul.-Sep.	1,005	2,836	***	***	***	***	***	***
Oct.-Dec.	1,001	2,395	***	***	***	***	***	***

[1] Product 2: ASTM A-513 (mechanical) or A-500 grade A or B (ornamental) tubing, carbon welded, pickled and oiled, 1 inch square, 0.065 inch nominal wall thickness (+ or -10 percent) (16 gauge), 20 foot or 24 foot mill lengths.

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

Table V-5

LWR pipe and tube: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, 2008-2013

Period	United States		Mexico			Turkey		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (*percent*)	Price (dollars per short ton)	Quantity (short tons)	Margin (*percent*)
2008:								
Jan.-Mar.	849	7,632	***	***	***	***	***	***
Apr.-Jun.	1,165	7,624	***	***	***	***	***	***
Jul.-Sep.	1,376	5,186	***	***	***	***	***	***
Oct.-Dec.	1,142	2,642	***	***	***	***	***	***
2009:								
Jan.-Mar.	788	3,938	***	***	***	***	***	***
Apr.-Jun.	673	4,736	***	***	***	***	***	***
Jul.-Sep.	747	5,136	***	***	***	***	***	***
Oct.-Dec.	757	3,764	***	***	***	***	***	***
2010:								
Jan.-Mar.	807	4,908	***	***	***	***	***	***
Apr.-Jun.	900	5,690	***	***	***	***	***	***
Jul.-Sep.	866	6,220	***	***	***	***	***	***
Oct.-Dec.	819	6,187	***	***	***	***	***	***
2011:								
Jan.-Mar.	974	7,040	***	***	***	***	***	***
Apr.-Jun.	1,106	8,623	***	***	***	***	***	***
Jul.-Sep.	973	7,647	***	***	***	***	***	***
Oct.-Dec.	965	6,885	***	***	***	***	***	***
2012:								
Jan.-Mar.	973	8,800	***	***	***	***	***	***
Apr.-Jun.	937	7,304	***	***	***	***	***	***
Jul.-Sep.	833	7,744	***	***	***	***	***	***
Oct.-Dec.	853	6,715	***	***	***	***	***	***
2013:								
Jan.-Mar.	918	9,789	***	***	***	***	***	***
Apr.-Jun.	897	9,767	***	***	***	***	***	***
Jul.-Sep.	893	7,754	***	***	***	***	***	***
Oct.-Dec.	882	7,380	***	***	***	***	***	***

[1] Product 3: ASTM A-513 (mechanical) or A-500 grade A or B (ornamental), hot-rolled, not pickled and oiled, 11 gauge or 0.120 inch +/- 10% wall, three inch square to four inches square, or in rectangular circumferences of 12 inches to 16 inches, lengths of 20 to 24 feet.

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

Table V-6

LWR pipe and tube: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, 2008-2013

* * * * * * *

Figure V-2

LWR pipe and tube: Weighted-average prices and quantities of domestic and imported product, by quarters, 2008-2013

* * * * * * *

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

Price trends

Prices fluctuated during the period of review, with large increases in the first part of 2008 followed by large declines in the second part of 2008 into 2009. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic prices were 3.9 to 21.3 percent higher in fourth quarter 2013 than first quarter 2008. Prices of imports from Mexico were 2.1 to 24.9 percent lower in fourth quarter 2013 than in first quarter 2008. Import prices for Turkey for each of the products 1-3 were available for only 8 to 14 quarters of the period of review.

Table V-7

LWR pipe and tube: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and subject countries

Item	Number of quarters	Low price (per short ton)	High price (per short ton)	Change in price[1] (percent)
Product 1				
United States	24	659	1,361	9.8
Mexico	24	***	***	(3.6)
Turkey	8	***	***	***
Product 2				
United States	24	800	1,548	5.2
Mexico	24	***	***	(8.5)
Turkey	12	***	***	***
Product 3				
United States	24	673	1,376	3.9
Mexico	24	***	***	(2.1)
Turkey	14	***	***	***
Product 4				
United States	24	***	***	21.3
Mexico	11	***	***	(24.9)

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available, based on rounded data.

Note: No price data were reported for China or Korea.

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

Price comparisons

As shown in table V-8, prices for LWR pipe and tube imported from Mexico were below those for U.S.-produced product in 72 of 83 instances; margins of underselling ranged from 0.1 to 26.1 percent. In the remaining 11 instances, prices for LWR pipe and tube from Mexico were between 0.8 and 44.3 percent above prices for the domestic product. Prices for LWR pipe and tube imported from Turkey were below those for U.S.-produced product in 29 of 34 instances; margins of underselling ranged from 0.3 to 34.0 percent. In the remaining 5 instances, prices for LWR pipe and tube from Turkey were between 0.5 and 7.2 percent above prices for the domestic product. Purchasers generally reported that since 2008, prices of U.S. product had either stayed the same relative to prices of products from subject countries or that U.S. prices were now relatively higher.

Table V-8

LWR pipe and tube: Instances of underselling/overselling and the range and average of margins, by country, 2008-2013

Source	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
Mexico	72	0.1 to 26.1	9.2	11	(0.8) to (44.3)	(21.2)
Turkey	29	0.3 to 34.0	11.4	5	(0.5) to (7.2)	(3.0)
Total	101	0.1 to 34.0	9.8	16	(0.5) to (44.3)	(15.5)

Note: No price data were reported for China or Korea.

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

APPENDIX A

FEDERAL REGISTER NOTICES

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

Citation	Title	Link
78 FR 19647, April 2, 2013	*Initiation of Five-Year ("Sunset") Review*	http://www.gpo.gov/fdsys/pkg/FR-2013-04-02/pdf/2013-07550.pdf
78 FR 19526, April 1, 2013	*Light-Walled Rectangular Pipe and Tube From China, Korea, Mexico, and Turkey; Institution of Five-Year Reviews*	http://www.gpo.gov/fdsys/pkg/FR-2013-04-01/pdf/2013-07329.pdf
78 FR 42546, July 16, 2013	*Light-Walled Rectangular Pipe and Tube From China, Korea, Mexico, and Turkey: Notice of Commission Determinations to Conduct Full Five-Year Reviews*	http://www.gpo.gov/fdsys/pkg/FR-2013-07-16/pdf/2013-16873.pdf
78 FR 47671, August 6, 2013	*Final Results of Expedited Sunset Reviews of Antidumping Duty Orders: Light-Walled Rectangular Pipe and Tube From Mexico, Turkey, the People's Republic of China, and the Republic of Korea*	http://www.gpo.gov/fdsys/pkg/FR-2013-08-06/pdf/2013-18973.pdf
78 FR 48416, August 8, 2013	*Light-Walled Rectangular Pipe and Tube From the People's Republic of China: Final Results of the Expedited First Sunset Review of the Countervailing Duty Order*	http://www.gpo.gov/fdsys/pkg/FR-2013-08-08/pdf/2013-18969.pdf

Table continued on the next page.

Citation	Title	Link
78 FR 74161, December 10, 2013	*Light-Walled Rectangular Pipe and Tube From China, Korea, Mexico, and Turkey; Scheduling of Full Five-Year Reviews Concerning the Countervailing Duty Order on Light-Walled Rectangular Pipe and Tube From China and the Antidumping Duty Orders on Light-Walled Rectangular Pipe and Tube From China, Korea, Mexico, and Turkey*	http://www.gpo.gov/fdsys/pkg/FR-2013-12-10/pdf/2013-29379.pdf
Note.–The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at http://usitc.gov/press_room/news_release/2012/er0409kk1.htm. A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11452. The Commission's explanation of its determinations can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11453.		

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico, and Turkey

Inv. Nos.: 701-TA-449 and 731-TA-1118-1121 (Review)

Date and Time: April 3, 2014 - 9:30 am

A session was held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

OPENING REMARKS:

In Support of Continuation (**Roger B. Schagrin**, Schagrin Associates)

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

Schagrin Associates
Washington, DC
on behalf of

Bull Moose Tube Company; California Steel & Tube;
Hannibal Industries; JMC Steel Group; Maruichi American
Corporation; Searing Industries Tube; Southland Tube; Vest, Inc.;
and Western Tube & Conduit

Jack Meyer, Bull Moose Tube Company

Michael Blatz, President *and* Chief Executive Officer, Bull Moose Tube Company

Lee Searing, President *and* Chief Executive Officer, Searing Industries

John Montgomery, Jr., Vice President *and* General Manager, Southland Tube

Roger B. Schagrin) – OF COUNSEL

CLOSING REMARKS:

In Support of Continuation (**Roger B. Schagrin**, Schagrin Associates)

APPENDIX C

SUMMARY DATA

Table C-1
LWRPT: Summary data concerning the U.S. market, 2008-13
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data						Period changes				
	Calendar year						Comparison periods				
	2008	2009	2010	2011	2012	2013	2008-13	2008-09	2009-10	2010-11	2011-12
U.S. consumption quantity:											
Amount	622,369	465,200	532,363	553,036	611,965	674,043	8.3	(25.3)	14.4	3.9	10.7
Producers' share (fn1)	72.1	75.4	77.3	78.7	78.6	76.8	4.7	3.4	1.9	1.4	(0.1)
Importers' share (fn1):											
China	0.1	0.0	0.0	0.1	0.0	0.0	(0.1)	(0.1)	0.0	0.0	(0.0)
Korea	***	***	***	0.0	0.0	0.0	***	***	***	***	0.0
Mexico	18.5	14.7	12.7	11.0	10.6	12.3	(6.2)	(3.8)	(2.0)	(1.7)	(0.4)
Turkey	0.0	0.0	0.0	0.1	1.0	0.3	0.3	0.0	(0.0)	0.1	0.9
Subject Countries	***	***	***	11.2	11.6	12.6	***	***	***	***	0.4
All others sources, nonsubject	***	***	***	10.2	9.9	10.6	***	***	***	***	(0.3)
Total imports	27.9	24.6	22.7	21.3	21.4	23.2	(4.7)	(3.4)	(1.9)	(1.4)	0.1
U.S. consumption value:											
Amount	714,394	378,733	494,233	598,987	625,353	653,960	(8.5)	(47.0)	30.5	21.2	4.4
Producers' share (fn1)	74.3	78.2	79.0	79.8	80.1	78.6	4.4	3.9	0.9	0.8	0.3
Importers' share (fn1):											
China	0.1	0.0	0.0	0.1	0.1	0.0	(0.1)	(0.1)	0.0	0.0	(0.0)
Korea	***	***	***	0.0	0.0	0.0	***	***	***	***	0.0
Mexico	16.2	11.8	10.7	9.5	8.8	10.2	(5.9)	(4.4)	(1.1)	(1.2)	(0.7)
Turkey	0.0	0.0	0.0	0.1	0.8	0.3	0.3	0.0	(0.0)	0.1	0.7
Subject Countries	***	***	***	9.7	9.7	10.5	***	***	***	***	(0.0)
All others sources, nonsubject	***	***	***	10.5	10.2	10.8	***	***	***	***	(0.2)
Total imports	25.7	21.8	21.0	20.2	19.9	21.4	(4.4)	(3.9)	(0.9)	(0.8)	(0.3)
U.S. Imports from:											
China:											
Quantity	687	31	109	277	282	126	(81.6)	(95.5)	250.4	154.3	1.7
Value	627	74	235	438	350	144	(77.0)	(88.2)	219.7	86.3	(20.2)
Unit value	$912.17	$2,368.82	$2,161.17	$1,582.88	$1,241.84	$1,139.02	24.9	159.7	(8.8)	(26.8)	(21.5)
Ending inventory quantity	0	0	0	0	0	0	fn2	fn2	fn2	fn2	fn2
Korea:											
Quantity	***	***	***	0	0	0	***	***	***	***	fn2
Value	***	***	***	0	0	0	***	***	***	***	fn2
Unit value	***	***	***	fn3	fn3	fn3	***	***	***	***	fn2
Ending inventory quantity	***	***	***	0	0	0	***	***	***	***	fn2
Mexico:											
Quantity	115,179	68,311	67,692	60,925	64,684	82,710	(28.2)	(40.7)	(0.9)	(10.0)	6.2
Value	115,638	44,664	52,906	57,051	55,172	66,982	(42.1)	(61.4)	18.5	7.8	(3.3)
Unit value	$1,003.98	$653.84	$781.58	$936.43	$852.95	$809.85	(19.3)	(34.9)	19.5	19.8	(8.9)
Ending inventory quantity	0	0	0	0	0	0	fn2	fn2	fn2	fn2	fn2
Turkey:											
Quantity	0	36	0	564	5,920	2,101	fn2	fn2	(100.0)	fn2	949.3
Value	0	24	0	507	4,831	1,836	fn2	fn2	(100.0)	fn2	852.9
Unit value	fn3	$649.82	fn3	$898.67	$816.11	$873.56	fn2	fn2	fn2	fn2	(9.2)
Ending inventory quantity	258	170	66	52	1,711	1,290	400.0	(34.1)	(61.2)	(21.2)	3,190.4
Subject Countries:											
Quantity	***	***	***	61,766	70,885	84,937	***	***	***	***	14.8
Value	***	***	***	57,997	60,353	68,962	***	***	***	***	4.1
Unit value	***	***	***	$938.98	$851.42	$811.91	***	***	***	***	(9.3)
Ending inventory quantity	***	***	***	52	1,711	1,290	***	***	***	***	3,190.4
All other sources, nonsubject:											
Quantity	***	***	***	56,148	60,298	71,756	***	***	***	***	7.4
Value	***	***	***	62,823	64,025	70,782	***	***	***	***	1.9
Unit value	***	***	***	$1,118.87	$1,061.80	$986.43	***	***	***	***	(5.1)
Ending inventory quantity	***	***	***	164	197	308	***	***	***	***	20.1
Total imports:											
Quantity	173,888	114,234	120,731	117,914	131,183	156,693	(9.9)	(34.3)	5.7	(2.3)	11.3
Value	183,896	82,603	103,553	120,820	124,378	139,744	(24.0)	(55.1)	25.4	16.7	2.9
Unit value	$1,057.56	$723.10	$857.72	$1,024.64	$948.12	$891.83	(15.7)	(31.6)	18.6	19.5	(7.5)
Ending inventory quantity	1,595	170	123	216	1,908	1,598	0.2	(89.3)	(27.6)	75.6	783.3
U.S. producers':											
Average capacity quantity	1,110,314	1,081,371	1,089,411	1,141,536	1,109,604	1,131,083	1.9	(2.6)	0.7	4.8	(2.8)
Production quantity	470,375	367,451	448,691	472,564	502,426	540,664	14.9	(21.9)	22.1	5.3	6.3
Capacity utilization (fn1)	42.4	34.0	41.2	41.4	45.3	47.8	5.4	(8.4)	7.2	0.2	3.9
U.S. shipments:											
Quantity	448,481	350,966	411,632	435,122	480,782	517,350	15.4	(21.7)	17.3	5.7	10.5
Value	530,498	296,130	390,680	478,167	500,975	514,216	(3.1)	(44.2)	31.9	22.4	4.8
Unit value	$1,182.88	$843.76	$949.10	$1,098.93	$1,042.00	$993.94	(16.0)	(28.7)	12.5	15.8	(5.2)
Export shipments:											
Quantity	23,179	15,002	20,591	24,590	29,435	27,266	17.6	(35.3)	37.3	19.4	19.7
Value	27,384	13,352	19,515	26,373	31,185	27,918	2.0	(51.2)	46.2	35.1	18.2
Unit value	$1,181.41	$890.01	$947.74	$1,072.51	$1,059.45	$1,023.91	(13.3)	(24.7)	6.5	13.2	(1.2)
Ending inventory quantity	68,574	68,290	84,699	97,742	90,177	85,212	24.3	(0.4)	24.0	15.4	(7.7)
Inventories/total shipments (fn1)	14.5	18.7	19.6	21.3	17.7	15.6	1.1	4.1	0.9	1.7	(3.6)
Production workers	876	779	800	857	879	976	11.4	(11.1)	2.7	7.1	2.6
Hours worked (1,000s)	1,923	1,605	1,741	1,931	1,997	2,198	14.3	(16.5)	8.5	10.9	3.4
Wages paid ($1,000)	62,827	57,173	59,255	63,829	67,032	72,462	15.3	(9.0)	3.6	7.7	5.0
Productivity (short tons per 1,000 hours)	244.6	228.9	257.7	244.7	251.6	246.0	0.6	(6.4)	12.6	(5.0)	2.8
Unit labor costs	$133.57	$155.59	$132.06	$135.07	$133.42	$134.02	0.3	16.5	(15.1)	2.3	(1.2)
Net Sales:											
Quantity	480,053	369,862	426,764	453,226	501,480	546,511	13.8	(23.0)	15.4	6.2	10.6
Value	546,642	321,192	399,436	488,907	516,553	533,566	(2.4)	(41.2)	24.4	22.4	5.7
Unit value	$1,138.71	$868.41	$935.96	$1,078.73	$1,030.06	$976.31	(14.3)	(23.7)	7.8	15.3	(4.5)
Cost of goods sold (COGS)	454,994	305,308	357,052	405,077	444,447	463,763	1.9	(32.9)	16.9	13.5	9.7
Gross profit of (loss)	91,648	15,884	42,384	83,830	72,106	69,803	(23.8)	(82.7)	166.8	97.8	(14.0)
SG&A expenses	35,851	23,953	27,305	30,739	33,980	35,714	(0.4)	(33.2)	14.0	12.6	10.5
Operating income or (loss)	55,797	(8,069)	15,079	53,091	38,126	34,089	(38.9)	fn2	fn2	252.1	(28.2)
Capital expenditures	12,320	9,905	13,621	11,846	10,444	8,050	(34.7)	(19.6)	37.5	(13.0)	(11.8)
Unit COGS	$947.80	$825.46	$836.65	$893.76	$886.27	$848.59	(10.5)	(12.9)	1.4	6.8	(0.8)
Unit SG&A expenses	$74.68	$64.76	$63.98	$67.82	$67.76	$65.35	(12.5)	(13.3)	(1.2)	6.0	(0.1)
Unit operating income or (loss)	$116.23	-$21.82	$35.33	$117.14	$76.03	$62.38	(46.3)	fn2	fn2	231.5	(35.1)
COGS/sales (fn1)	83.2	95.1	89.4	82.9	86.0	86.9	3.7	11.8	(5.7)	(6.5)	3.2
Operating income or (loss)/sales (fn1)	10.2	(2.5)	3.8	10.9	7.4	6.4	(3.8)	(12.7)	6.3	7.1	(3.5)

Notes:

fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Not applicable.

APPENDIX D

RESPONSES OF U.S. PRODUCERS AND U.S. PURCHASERS CONCERNING THE ORDERS

This appendix is confidential in its entirety. All content has been redacted.