Large Diameter Welded Pipe from Canada, China, Greece, India, Korea, and Turkey

Investigation Nos. 701-TA-593-596 and 731-TA-1401-1406 (Preliminary)

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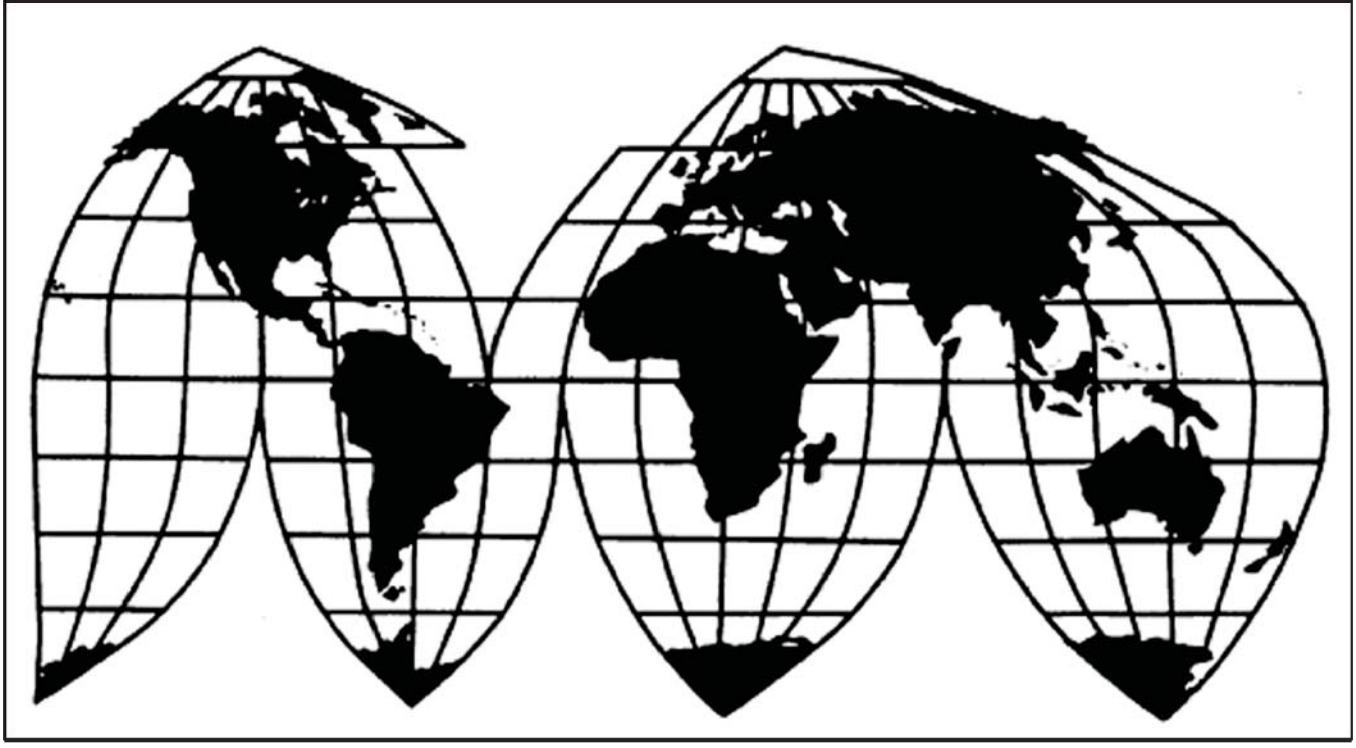

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Note— Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted. Such deletions are indicated by asterisks. ***.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-593-596 and 731-TA-1401-1406 (Preliminary)

Large Diameter Welded Pipe from Canada, China, Greece, India, Korea, and Turkey

DETERMINATIONS[1]

On the basis of the record[2] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of large diameter welded pipe (LDWP) from Canada, China, India, Korea, and Turkey, provided for in statistical reporting numbers 7305.11.10, 7305.11.1060, 7305.11.50, 7305.12.10, 7305.12.10, 7305.12.50, 7305.19.10, 7305.19.10, 7305.19.50, 7305.31.40, 7305.31.60, 7305.39.10, and 7305.39.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the governments of China, India, Korea, and Turkey. The Commission also determines, pursuant to the Act, that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from Greece of LDWP that are alleged to be sold in the United States at less than fair value ("LTFV").

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

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[1] Due to the Federal government weather-related closure on March 2, 2018, these investigations conducted under authority of Title VII of the Tariff Act of 1930 have been tolled by one day pursuant to 19 U.S.C. §§ 1671b(a)(2), 1673b(a)(2).

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

BACKGROUND

On January 17, 2018, American Cast Iron Pipe Company, Birmingham, Alabama; Berg Steel Pipe Corp., Panama City, Florida; Berg Spiral Pipe Corp., Mobile, Alabama; Dura-Bond Industries, Inc., Export, Pennsylvania; Skyline Steel, Newington, Virginia; and Stupp Corporation, Baton Rouge, Louisiana filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of LDWP from China, India, Korea, and Turkey and LTFV imports of LDWP from Canada, China, Greece, India, Korea, and Turkey. Accordingly, effective January 17, 2018, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation Nos. 701-TA-593-596 and antidumping duty investigation Nos. 731-TA-1401-1406 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 23, 2018 (83 FR 3187). The conference was held in Washington, DC, on February 7, 2018, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of large diameter welded pipe ("LDWP") from Canada, China, India, Korea, and Turkey that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the governments of China, India, Korea, and Turkey. We further determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of LDWP from Greece that are allegedly sold in the United States at less than fair value.[1]

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. Background

The petitions in these investigations were filed on January 17, 2018 by eight domestic producers of LDWP: American Cast Iron Pipe Company; Berg Steel Pipe Corp./Berg Spiral Pipe Corp.; Dura-Bond Industries; Skyline Steel; Stupp Corporation; Greens Bayou Pipe Mill, LP; JSW Steel (USA) Inc.; and Trinity Products LLC (collectively, "petitioners"). Petitioners submitted a joint postconference brief and witnesses from each of the petitioners appeared at the staff conference. Five sets of respondents appeared at the conference and/or submitted postconference briefs: Evraz Inc. NA, ("Evraz") a producer and exporter of the subject merchandise in Canada; Borusan Mannesmann Boru Sanayi ve Ticaret A.S. and Borusan Istikbal Ticaret T.A.S., producers and exporters of the subject merchandise in Turkey, and Borusan

[1] As a result of the closure of the Federal government on March 2, 2018, due to inclement weather, these investigations have been tolled by one day pursuant to 19 U.S.C. §§ 1671b(a)(2), 1673b(a)(2).

[2] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

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

Mannesmann Pipe U.S., Inc. an importer of the subject merchandise (collectively, "Borusan"); Corinth Pipeworks Pipe Industry S.A., a producer and exporter of the subject merchandise in Greece and CPW America Co., an importer (collectively,"Corinth"); Welspun Tubular LLC, a domestic producer, Welspun Corp. Limited, a producer and exporter in India, and importers Welspun Tradings Limited and Welspun Global Trade LLC (collectively "Welspun"); Erciyas Celik Boru Sanayi A.S., Emek Boru Makina Sanayi ve Ticaret, A.S., Umran Celik Boru Sanayii A.S., Ozbal Celik Boru Sanayi ticaret ve Taahhut A.S., producers and exporters of the subject merchandise in Turkey, the Istanbul Minerals and Metals Exporters Association ("IMMIB") and its members, and the Turkish Steel Exporters' Association (Çelik İhracatçıları Birliği, referred to as "ÇİB") and its members (collectively, the "Turkish Producers and Exporters"). In addition, SeAH Steel Corporation, ("SeAH") a producer and exporter of the subject merchandise in Korea and two purchasers of LDWP, Cheniere Energy, Inc. ("Cheniere") and Plains All American Pipeline ("Plains") filed nonparty statements.

U.S. industry data are based on the questionnaire responses of eleven producers, accounting for the vast majority of U.S. production of LDWP during the period of investigation ("POI").[4] U.S. import data are based on official Commerce import statistics. The Commission received questionnaire responses from 22 U.S. importers, accounting for *** percent of subject imports from Canada, *** percent of subject imports from China, *** percent of subject imports from Greece, *** percent of subject imports from India, *** percent of subject imports from Korea, *** percent of subject imports from Turkey, and *** percent of imports from nonsubject countries.[5] The Commission received responses to its foreign producer questionnaire from one firm in Canada, no firms in China, one firm in Greece, one firm in India, one firm in Korea, and six firms in Turkey. These firms' exports to the United States accounted for approximately *** percent of exports to the United States from Canada, *** percent from Greece, *** percent from India, *** percent from Korea, and *** percent from Turkey.[6]

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[7] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major

[4] Confidential Report ("CR")/Public Report ("PR") at I-4; CR/PR at III-1.

[5] CR at I-5, PR at I-4; CR/PR at IV-1. As indicated in the Staff Report, the official import statistics include U.S. import data under the following HTS statistical reporting numbers: 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6010, 7305.31.6090, 7305.39.1000 and 7305.39.5000.

[6] CR at I-5, VII-3, VII-9, VII-11, VII-17, VII-21, and VII-26, PR at I-4, VII-3, VII-6, VII-8, VII-12, VII-15, VII-18.

[7] 19 U.S.C. § 1677(4)(A).

proportion of the total domestic production of the product."[8] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[9]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[10] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[11] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[12] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,[13] the Commission determines what domestic product is like the imported articles Commerce has identified.[14] The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[15]

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[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(10).

[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); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

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

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

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

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

[15] *See*, *e.g.*, *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington,* 747 F. Supp. at 748-49 (holding that the (Continued…)

A. Scope Definition

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

> welded carbon and alloy steel pipe, more than 406.4 mm (16 inches) in nominal outside diameter (large diameter welded pipe), regardless of wall thickness, length, surface finish, grade, end finish, or stenciling. Large diameter welded pipe may be used to transport oil, gas, slurry, steam, or other fluids, liquids, or gases. It may also be used for structural purposes, including, but not limited to, piling. Specifically, not included is large diameter welded pipe produced only to specifications of the American Water Works Association (AWWA) for water and sewage pipe. Large diameter welded pipe used to transport oil, gas, or natural gas liquids is normally produced to the American Petroleum Institute (API) specification 5L. Large diameter welded pipe may also be produced to American Society for Testing and Materials (ASTM) standards A500, A252, or A53, or other relevant domestic specifications, grades and/or standards. Large diameter welded pipe can be produced to comparable foreign specifications, grades and/or standards or to proprietary specifications, grades and/or standards, or can be non-graded material. All pipe meeting the physical description set forth above is covered by the scope of these investigations, whether or not produced according to a particular standard.
>
> Subject merchandise also includes large diameter welded pipe that has been further processed in a third country, including but not limited to coating, painting, notching, beveling, cutting, punching, welding, or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the in-scope large diameter welded pipe.
>
> Excluded from the scope are any products covered by the existing antidumping duty orders on welded line pipe from the Republic of Korea, welded line pipe from the Republic of Turkey, and welded ASTM A–312 stainless steel pipe from Korea, as well as any products covered by the existing countervailing duty order on welded line pipe from Turkey. See Welded Line Pipe from the Republic of Korea and the Republic of Turkey: Antidumping Duty Orders, 80 FR 75056 (December 1, 2015); Welded ASTM A–312 Stainless Steel Pipe from South Korea: Antidumping Duty

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(…Continued)
Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

Order, 57 FR 62300 (December 30, 1992); and Welded Line Pipe from the Republic of Turkey: Countervailing Duty Order, 80 FR 75054 (December 1, 2015).[16]

LDWP is a long carbon or alloy steel tubular product produced in sizes from over 16 inches to 80 inches in outside diameter (O.D.). It is typically produced to American Petroleum Institute ("API") standards as line pipe or American Society for Testing and Materials ("ASTM") standards as structural pipe.[17] In general, line pipe products are used for the distribution of oil and gas, generally in a pipeline or utility distribution system. Structural pipe is used as support or for load-bearing purposes. Structural applications include piling, structural supports, sign poles, bollards, columns, and fencing.[18]

B. Arguments of the Parties

Petitioners' Arguments. Petitioners argue that there is a single domestic like product that is coextensive with the scope of these investigations. Petitioners maintain that all LDWP shares certain physical characteristics in that all LDWP within the scope is tubular and made of steel. They assert that steel chemistries exist along a continuum, depending upon the grade of the steel used, with no clear demarcations among the different specifications to which LDWP is produced.[19] Petitioners reject respondents' asserted distinctions between line pipe and structural pipe and between line pipe over 24 inches O.D. and line pipe 24 inches and under O.D.[20]

Respondents' Arguments. Several respondents raise arguments concerning the definition of the domestic like product. Borusan, Corinth, and Evraz argue that line pipe and structural pipe should be defined to be separate domestic like products because they have different physical characteristics and uses, lack interchangeability, are sold at different prices, and are considered different products by producers and purchasers.[21] Relying primarily on differences in manufacturing processes, Evraz argues that line pipe 16 to 24 inches in diameter

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[16] *Large Diameter Welded Pipe From Canada, Greece, India, the People's Republic of China, the Republic of Korea, and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*, 83 FR 7154, 7161 (Feb. 20, 2018); *Large Diameter Welded Pipe From India, the People's Republic of China, the Republic of Korea, and the Republic of Turkey: Initiation of Countervailing Duty Investigations*, 83 FR 7148, 7153 (Feb. 20, 2018). Commerce also noted that "{t}he large diameter welded pipe that is subject to these investigations is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6010, 7305.31.6090, 7305.39.1000 and 7305.39.5000. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive." *Id.*

[17] CR at I-20- to I-21, PR at I-17 to I-18.

[18] CR at I-13 to I-15, PR at I-15.

[19] Petitioners' Postconference Brief at 7.

[20] Petitioners' Postconference Brief at 3-7.

[21] Borusan's Postconference Brief at 2-10; Corinth's Postconference Brief at 6-12; Evraz' Postconference Brief at 40-46.

and line pipe over 24 inches in diameter are separate domestic like products. Finally, nonparty SeAH maintains that stainless LDWP should be defined to be a separate domestic like product.[22]

C. Analysis

Based on the current record, we define a single domestic like product consisting of all LDWP coextensive with the scope of the investigations for purposes of the preliminary phase of these investigations.

1. Line Pipe vs. Structural Pipe

Physical Characteristics and Uses. All line pipe and structural pipe within the scope of investigation are tubular products produced from carbon and alloy steel. However, line pipe and structural pipe are produced from different grades of steel to different specifications.[23] Line pipe is produced to API 5L specifications, which are standards for pipe designed for conveying gas, water, and oil. API specifications indicate the strength of the steel, process of manufacture, product specification levels, heat treatment, and test pressure.[24] Line pipe above 30 inches in diameter is often produced to additional more stringent specifications provided by the customer.[25] Structural pipe, in contrast, is produced to ASTM specifications, such as A53, A252, or A500.[26] Line pipe can bear multiple stencils that indicate conformance with API as well as less restrictive ASTM standards.[27] Corinth indicates that line pipe and structural pipe also have different finishes. Line pipe receives an epoxy coating designed to last longer than the paint or varnish on structural pipe.[28]

With respect to uses of line pipe and structural pipe, the record indicates that line pipe is used to convey liquids such as oil and gas while structural pipe is used for support in construction projects and as piling.[29] Petitioners assert that, in addition to some line pipe being downgraded and sold for structural uses, line pipe may be deliberately produced to API standards for structural uses. For instance, they claim that line pipe produced to API standards is required for certain bridge pilings.[30]

Manufacturing Facilities, Production Processes, and Employees. The record on this factor is mixed. Both line and structural pipe are produced by the same manufacturing processes: electric resistance welding ("ERW"), helical (or spiral) submerged arc welding ("HSAW"), and longitudinal welding ("LSAW").[31] Although each domestic producer tends to

[22] See SeAH's Statement at 6.
[23] Evraz's Postconference Brief at 41-42.
[24] CR at I-19, PR at I-17.
[25] Conf. Tr. at 144 (Harapiak).
[26] CR at I-21, PR at I-18.
[27] CR at I-20 n.40, PR at I-17 n.40.
[28] Corinth's Postconference Brief at 7-8.
[29] CR at I-19 to I-20, PR at I-16 to I-18.
[30] Petitioners' Postconference Brief, Exhibit 1 at 15.
[31] CR at I-22, PR at I-18.

focus on producing either line pipe or structural pipe, there is some overlap in production facilities; four U.S. producers manufactured line pipe and structural pipe in the same facilities.[32] The record also indicates that production of line pipe requires additional steps such as hydrostatic testing and X-ray examination of the weld in order to detect any defects, and that additional finishing lines are required for production of line pipe produced to API standards.[33]

Channels of Distribution. Both structural pipe and line pipe are generally sold to end users for specific projects.[34]

Interchangeability. Line pipe produced to API standards can sometimes be used for structural applications but structural pipe cannot be used for conveyance of oil and gas.[35]

Producer and Customer Perceptions. The record is limited concerning this factor. Because of the distinct nature of pipeline and construction projects, line pipe and structural pipe generally are purchased by different customers. The record suggests that structural pipe and line pipe are perceived differently by customers based upon their different specifications and intended uses.[36]

Price. The Commission collected pricing data on two structural pipe products (products 4 and 5) and four line pipe products (products 1, 2, 3, and 6).[37] Prices appear slightly higher for line pipe than structural pipe due to the more expensive steel, and additional testing for line pipe.[38]

Conclusion. The information in the current record indicates that there is at least a colorable argument that there is a clear dividing line between line pipe and structural pipe within the scope. There appear to be distinctions between line pipe and structural pipe in terms of their physical characteristics and uses, customer/producer perceptions, and pricing. Interchangeability appears to be limited to one way as line pipe can be used for structural applications, but structural pipe cannot be used in place of line pipe for the conveyance of oil and gas. By contrast, there are similarities for line pipe and structural pipe in the production processes, facilities, and employees, and the channels of distribution.

Given the limited record, we define a single domestic like product including line pipe and structural pipe for purposes of the preliminary phase of the investigations. However, we

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[32] Petitioners' Postconference Brief at 7-8.

[33] CR at I-28, PR at I-23. *See* Conf. Tr. at 104 (Kaplan) (all line pipe welds are x-rayed); Conf. Tr. at 78 (de Mey) (Skyline would need to add "finishing lines" to start producing API line pipe).

[34] CR/PR at II-1, E-4 and Table II-1.

[35] Petitioners' Postconference Brief at 6-7. Some structural pipe manufactured in the United States is pipe originally produced to API standards for oil or gas applications that did not satisfy the applicable requirements, and was downgraded. *Id.*

[36] Petitioners' Postconference Brief at 7 ("Customers have somewhat different perceptions of the various LDWP products, depending upon the intended use and the standard, if any, to which they are manufactured."); Bosuran's Postconference Brief at 9-10; Corinth's Postconference Brief at 10.

[37] *See* CR at V-5, PR at V-3.

[38] *Compare* CR/PR at Figs V-1, V-2, V-3 and V-7 (products 1, 2, 3, and 6) *with* CR/PR at Figs. V-4 and V-5 (products 4 and 5); Petitioners' Postconference Brief at 8. For pricing products of comparable size (*i.e.* pricing products 4 and 6), the line pipe product is priced higher. *See* CR at Figs. V-5 and V-7.

intend to seek further information regarding distinctions between line pipe and structural pipe and examine the issue further in any final phase investigations.[39]

1. Line Pipe 16-24 Inches O.D. and Over 24 Inches O.D.

Physical Characteristics and Uses. Line pipe 16 to 24 inches O.D. shares the same general physical characteristics and uses as line pipe over 24 inches O.D. Line pipe in both size ranges are produced to API standards and are used for conveyance of oil, gas, and other liquids.[40] Line pipe 16 to 24 inches O.D. is now more commonly used in natural gas and oil gathering systems.[41] Evraz asserts that line pipe over 24 inches O.D. often is a custom product that is produced to particular customers' specifications in addition to the API standards

Manufacturing Facilities, Production Processes, and Employees. The primary distinction between line pipe 16-24 inches O.D. and line pipe over 24 inches O.D. is the manufacturing process. ERW is the predominant manufacturing process for the production of line pipe 16-24 inches O.D.[42] Line pipe over 24 inches O.D. is typically produced by submerged arc welding.[43] Because of the helical wrap of the steel, HSAW pipe size is not limited by the coil width and is generally used for larger diameter pipe in the United States. ERW is limited by the coil width and is accordingly suitable for thinner walled and smaller diameter pipe.[44] ERW and HSAW manufacturing methods use steel coils while the LSAW method produces line pipe from cut-to-length steel plates.[45] The finishing and testing stages are similar in the ERW, LSAW, and HSAW manufacturing methods.[46] Evraz submits that the weld on line pipe over 24 inches O.D. is produced by HSAW or LSAW processes and is stronger and more reliable than the weld produced by ERW.[47] However, purchasers do not specify which manufacturing process is required when asking producers to bid on a project.[48]

While ERW is usually used to produce line pipe less than 24 inches O.D., HSAW and LSAW are also used to produce line pipe less than 24 inches O.D.[49] As petitioners note, *** U.S. producers make *** using the ERW method, and *** make the pricing product using LSAW and

[39] Parties should provide specific information in their draft questionnaire comments in any final phase investigations regarding any proposed domestic like product definition to allow the Commission to collect appropriate data for its analysis. *See* 19 C.F.R. § 207.63(b).

[40] Evraz's Postconference Brief at 46-47.

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

[42] CR at I-24, PR at I-19.

[43] CR at I-23 to I-24, PR at I-21 to I-22.

[44] CR at I-24, PR at I-19; CR/PR at Table I-1.

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

[46] CR at I-28, PR at I-23.

[47] Evraz's Postconference Brief at 47-48.

[48] Conf. Tr. at 82 (Clark).

[49] *See* CR at D-22 (2.7 percent of domestic producers' shipments consist of line pipe 16-24 inches in diameter produced by HSAW or LSAW).

*** produces the product with the HSAW method. With respect to *** producers use the LSAW process.[50]

Channels of Distribution. While the channels of distribution through which both groups of products are sold are generally similar according to petitioners, Evraz maintains that line pipe 16 to 24 inches O.D. is more frequently sold to distributors than line pipe over 24 inches O.D.[51]

Interchangeability. Line pipe of different diameters is generally not interchangeable. However, this is true whether the O.D. is 16 to 24 inches or over 24 inches.

Producer and Customer Perceptions. It is unclear to what extent purchasers view line pipe 16 to 24 inches O.D. as a different product from line pipe over 24 inches O.D.

Price. Pricing data indicate that line pipe 16 to 24 inches O.D. is priced comparably to line pipe over 24 inches O.D. at approximately $1000 per short ton.[52]

Conclusion. The record is somewhat limited regarding similarities or distinctions between line pipe 16 to 24 inches O.D. and line pipe over 24 inches O.D. Line pipe 16 to 24 inches O.D. shares the same general physical characteristics and end uses as line pipe over 24 inches O.D., and all line pipe within the scope of the investigations is priced similarly. The primary distinctions concerning line pipe 16 to 24 inches O.D. from that over 24 inches O.D. appear to be differences in manufacturing facilities, processes, and employees. While there also may be limited interchangeability between line pipe of different sizes, this is not inconsistent with a finding of one domestic like product for products along a continuum of product sizes.[53] The limited record regarding producer and customer perceptions and channels of distribution is mixed and inconclusive. Given this record, we do not define line pipe 16 to 24 inches O.D. and line pipe over 24 inches O.D. as separate domestic like products.

Accordingly, for the above reasons, we define a single domestic like product consisting of all LDWP coextensive with the scope for purposes of these preliminary phase investigations.[54]

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[50] Petitioners' Postconference Brief at 4.

[51] Petitioners' Postconference Brief at 5; Evraz's Postconference Brief at 49.

[52] *Compare* CR at Figs V-1, V-2, and V-3 (products 1, 2, and 3) *with* CR at Fig. V-7 (product 6).

[53] *See, e.g., High Pressure Steel Cylinders from China*, Inv. No. 701-TA-480 and 731-TA-1188 (Preliminary) USITC Pub. 4241 (July 2011) at 9-10; *Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey*, Inv. Nos. 731-TA-1099-1101 (Preliminary), USITC Pub. 3832 (January 2006) at 10.

[54] Nonparty SeAH asserts that stainless LDWP should be defined as a separate domestic like product. It reports that it produces subject stainless LDWP in Korea and indicates that it is not aware of any domestic production of stainless LDWP. *See* SeAH's Statement at 6. Petitioners clarified their intention to include stainless products within the scope of the investigations only after the Commission had issued questionnaires in the preliminary phase of the investigations and thus specific information on stainless steel products was not collected. *See* Letter from T. Brightbill to W. Ross and L. Barton (January 26, 2018) at 5 ("The scope does not exclude stainless steel LDWP."). In any final phase investigations, if Commerce includes stainless LDWP in the scope, we urge the parties to provide specific information concerning stainless LDWP in their comments on the draft questionnaires.

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[55] 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.

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. 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.[56] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[57]

As explained below, three domestic producers – Evraz Oregon Steel Tubular ("Evraz Oregon"), Skyline Steel LLC ("Skyline"), and Welspun Tubular LLC ("Welspun Tubular") – meet the statutory definition of a related party because they are related to an exporter or import subject merchandise. The parties opposed the exclusion of any domestic producers as related parties.[58] We find that appropriate circumstances do not exist to exclude any of the related

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[55] 19 U.S.C. § 1677(4)(A).

[56] *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).

[57] 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 (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);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation.

Changzhou Trina Solar Energy Co. v. USITC, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see *also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[58] Petitioners states that no producer should be excluded and that the domestic industry should therefore be defined as all domestic producers of LDWP. *See* Petitioners' Postconference Brief at 8. Welspun argues that Welspun Tubular should be included in the domestic industry because it accounted for a sizable share of domestic production and only imported subject merchandise for two projects. For one project, it indicated that ***. For the other project, Welspun explained that it could not afford to purchase the necessary input from Korea to produce the line pipe domestically when the imported input became subject to antidumping duties. Welspun's Postconference Brief at 14-16.

party producers from the domestic industry for purposes of the preliminary phase of these investigations.

Evraz Oregon. Evraz Oregon was the *** largest domestic producer in 2015, but it ceased U.S. production in 2016.[59] It is a related party because of its relationship with producers and exporters of the subject merchandise in Canada.[60]

We recognize that imports of LDWP by ***.[61] However, Evraz Oregon attributed its decision to cease domestic production in 2016 in part to the effects of unfairly traded imports.[62] Moreover, Evraz Oregon has indicated that it would restart the Oregon facility given appropriate market conditions.[63] It also does not appear to have benefited from the importation of subject merchandise.[64] Evraz Oregon ***.[65] On balance, and in the absence of argument to the contrary, we find that appropriate circumstances do not exist to exclude Evraz Oregon as a related party, but we plan to reconsider its inclusion in any final phase investigations.

Skyline. Skyline was the *** largest domestic producer in 2017, accounting for *** percent of domestic production.[66] It is a related party because it imported LDWP during the POI.[67] Skyline stated that it was ***.[68]

The ***. There is no indication that it benefited from its *** volume of subject imports to any significant degree.[69] Also, it *** and no party has argued that Skyline be excluded from the definition of the domestic industry.[70] Accordingly, we find that appropriate circumstances do not exist to exclude Skyline from the domestic industry.

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[59] U.S. Producers' Questionnaires at II-3a. In April 2016, Evraz Oregon idled its only U.S. LDWP facility in Portland, Oregon. CR at VI-2, PR at VI-1.

[60] ***. *** at I-4, CR/PR at Table III-2. *See* 19 U.S.C. § 1677(4)(B)(ii)(III).

[61] *** by Evraz Oregon's related affiliates were *** short tons in 2015 (the equivalent of *** percent of Evraz Oregon's domestic production), *** short tons in 2016 (the equivalent of *** percent of Evraz Oregon's domestic production), and *** short tons in 2017. CR/PR at Table III-8. Evraz Oregon explained that its affiliates imported because of "geographical proximity of our Canadian mills to some U.S. projects that are a greater distance from our Portland mill." *Id. See also* Conf. Tr. at 166 (Kristofic) (projects located closer to Canadian facilities).

[62] Conf. Tr. at 165-66 (Kristofic).

[63] CR at VI-2, PR at VI-1.

[64] Evraz Oregon's operating income to net sales ratio was ***. *See* ***; CR/PR at Table VI-3. Evraz Oregon's capital expenditures *** in 2017. *See* ***.

[65] ***.

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

[67] Skyline imported *** short tons of LDWP from China in 2015 (the equivalent of *** percent of its domestic production), *** short tons of LDWP from China in 2016 (the equivalent of *** percent of its domestic production), and *** short tons of LDWP from China and Turkey in 2017 (the equivalent of *** percent of its domestic production). CR/PR at Table III-8.

[68] CR/PR at Table III-11.

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

[69] Skyline's operating income to net sales ratio was *** the industry average during each year of the POI. *See* ***; CR/PR at Table VI-3.

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

Welspun Tubular. Welspun Tubular was the *** largest domestic producer in 2017, accounting for *** percent of domestic production.[71] It is related party because it is *** and it imported LDWP during the POI.[72]

Welspun Tubular's imports relative to its domestic production in 2015 and 2016 suggest that its principal interest lay in domestic production of LDWP.[73] However, in 2017, Welspun Tubular imported substantially increased volumes of subject imports for two projects. Welspun explained that it imported because it did not produce LDWP for the two projects in the United States.[74] It is not apparent that Welspun Tubular's domestic production operations benefited from its importations of the subject merchandise.[75] While it ***, no party has argued that Welspun Tubular be excluded from the definition of the domestic industry.[76] On balance and taking into account its relatively substantial U.S. production operations and the lack of argument to the contrary, we find appropriate circumstances do not exist to exclude Welspun Tubular from the domestic industry as a related party for purposes of these preliminary determinations, but we plan to reconsider its inclusion in any final phase investigations.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than three percent (four percent in the case of a developing country in a countervailing duty investigation) of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[77]

Additionally, even if subject imports are found to be negligible for purposes of present material injury, they shall not be treated as negligible for purposes of a threat analysis should the Commission determine that there is a potential that subject imports from the country concerned will imminently account for more than three percent of all such merchandise imported into the United States.[78] In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative), the statute

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

[72] 19 U.S.C. § 1677(4)(B)(i) & 19 U.S.C. § 1677(4)(B)(ii)(II). Welspun Tubular imported *** short tons of LDWP from India in 2015 (the equivalent of *** percent of its domestic production), *** short tons of LDWP from India in 2016 (the equivalent of *** percent of its domestic production), and *** short tons of LDWP from India in 2017 (the equivalent of *** percent of its domestic production). CR/PR at Table III-8.

[73] *See* CR/PR at Table III-8. Welspun Tubular's capital expenditures ***. *See* CR/PR at Table VI-4.

[74] ***. Welspun's Postconference Brief at 14-16.

[75] Welspun Tubular's operating income to net sales ratio was ***. *See* CR/PR at Table VI-3.

[76] ***.

[77] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

[78] 19 U.S.C. § 1677(24)(A)(iv).

indicates that the negligibility limits are four percent and nine percent, rather than three percent and seven percent.[79]

A. Arguments of the Parties

Petitioners. Petitioners contend that the Commission should not terminate any of the current investigations on the basis of negligibility. They assert that subject imports from Greece were 4.08 percent of total imports of LDWP for the period December 2016 - November 2017, the period for which petitioners had data when they filed their petitions on January 17, 2018.[80]

Respondents. Corinth contends that subject imports from Greece were 1.3 percent of total imports of LDWP during January-December 2017, well below the 3 percent threshold and negligible for purposes of the Commission's determination of present material injury.[81] Corinth additionally maintains that subject imports from Greece are unlikely to imminently exceed the 3 percent threshold. It argues that subject imports from Greece fluctuated widely during 2017, reflecting the project-based nature of sales of large diameter welded line pipe in the U.S. market. Although Corinth acknowledges that it reported arranged subject imports for 2018, it asserts that the vast majority of the 2018 imports are for products that the U.S. industry cannot produce and were contracted for prior to the filing of the petitions.[82]

B. Analysis

We examine whether subject imports from any of the subject countries are negligible. Imports from five of the subject countries are above the pertinent negligibility thresholds. For the 12-month period preceding the filing of the petition, as a percentage of total imports in the antidumping investigations, subject imports from Canada were 18.1 percent, subject imports from China were 3.6 percent, subject imports from India were 40.7 percent, subject imports from Korea were 10.8 percent, and subject imports from Turkey were 6.5 percent.[83] As a percentage of total imports in the countervailing duty investigations, subject imports from China were 3.3 percent, subject imports from India were 37.0 percent, subject imports from Korea were 19.0 percent, and subject imports from Turkey were 5.9 percent.[84]

However, subject imports of LDWP from Greece accounted for 1.4 percent as a share of total imports in the antidumping investigations for the applicable 12-month period prior to filing of the petition. This level is well below the 3 percent negligibility threshold for purposes

[79] 19 U.S.C. § 1677(24)(B).

[80] Petitioners' Postconference Brief at 9. The most recent 12-month period that precedes the filing of the petition pursuant to statute is January-December 2017. 19 U.S.C. § 1677(24)(A)(i); CR at IV-6, PR at IV-5.

[81] Corinth's Postconference Brief at 13-14.

[82] Corinth's Postconference Brief at 14.

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

[84] CR/PR at Table IV-2.

of present material injury analysis.[85] We therefore find that subject imports from Greece are below the negligibility thresholds for present material injury in the antidumping investigation.[86]

We also find that there is not a likelihood that evidence leading to a contrary result will arise in any final phase investigations. The import data used in our analysis are based on official import statistics for the applicable 12-month period and a large upward adjustment to the data for the volume of subject imports from Greece is unlikely.[87] Accordingly, we find it unlikely the Commission will receive any additional or contrary information in the final phase of these investigations affecting the quantity of subject imports from Greece such that they would be non-negligible for purposes of material injury analysis.

On the other hand, we find that subject imports from Greece are likely to exceed the 3 percent negligibility threshold in the imminent future, making them eligible for purposes of determining threat of material injury. Under the statute, even if subject imports are found to be negligible for purposes of present material injury, they are not negligible for purposes of a threat analysis if there is a potential that subject imports will imminently exceed the negligibility threshold.

We observe that the ***.[88] Specifically, for the first six months of 2018, it has ordered *** short tons of LDWP from Greece and a total of *** short tons of LDWP for 2018.[89] This quantity of subject imports from Greece indicates that the volume of subject imports during 2018 *** to that during 2015 (201,344 short tons) and *** 2016 (90,802 short tons) rather than the 13,854 short tons that entered during 2017.[90] During 2015 and 2016, subject imports from Greece accounted for 15.0 percent and 12.2 percent, respectively, of total imports of LDWP, levels far exceeding the 3 percent negligibility threshold.[91]

Given the likely level of subject imports from Greece during 2018, we determine that there is the potential that subject imports from Greece will imminently exceed the 3 percent threshold. We therefore consider subject imports from Greece for purposes of determining a reasonable indication of threat of material injury.

VI. Cumulation

For purposes of evaluating the volume and effects for a determination of reasonable indication of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act

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[85] CR/PR at Table IV-2.

[86] There is no countervailing duty investigation with respect to Greece.

[87] *See* CR/PR at Table IV-2.

[88] CR at VIII-35, PR at VII-22.

[89] CPW America Co. reports that it has ordered delivery of *** short tons for the first quarter of 2018, *** short tons for the second quarter, *** short tons for the third quarter, and *** short tons for the fourth quarter. CR at VIII-35, PR at VII-22. We also note that consistent with the importer's orders, the sole exporter of LDWP in Greece projected exports of *** short tons of LDWP to the United States in 2018. CR/PR at Table VII-9.

[90] CR/PR at Table IV-2.

[91] Corinth, the only subject producer and exporter in Greece, also reported excess capacity of *** short tons in 2017. CR/PR at Table VII-9. Corinth reported that ***. CR at II-7, PR at II-5; ***.

requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

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

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

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

(4) whether the subject imports are simultaneously present in the market.[92]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[93] Only a "reasonable overlap" of competition is required.[94]

As discussed above, we have found that subject imports from Greece are negligible for purposes of our consideration of whether there is a reasonable indication of material injury. Therefore, these imports are ineligible for cumulation for purposes of our material injury analysis.[95] Allegedly dumped imports from Canada, China, India, Korea, and Turkey and allegedly subsidized imports from China, India, Korea, and Turkey remain eligible for cumulation because petitioners filed petitions with respect to all such subject imports on the same day, January 17, 2018. As explained below, we find a reasonable overlap of competition between the domestic like product and those imports from each subject country eligible for cumulation and between those imports from each such subject country.

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[92] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'*d, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

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

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

[95] 19 U.S.C. § 1677(24)(A)(iv).

A. Arguments of the Parties

Petitioners' Arguments. Petitioners argue that there is a reasonable overlap of competition because subject imports compete directly with each other and with the domestic like product. Petitioners note that LDWP imported into the United States, regardless of source, is generally produced in accordance with API or ASTM standards. They assert that if the product satisfies the applicable specifications, it is interchangeable.[96] Petitioners observe that subject imports were present in the Northeast and Central Southwest from *** subject country, and from ***. They further argue that subject imports and the domestic like product are primarily sold to end users. While they acknowledge that the project-based nature of competition means that import levels fluctuate from month to month, they assert that subject imports and the domestic product were imported or shipped during the vast majority of months of the POI.[97]

Respondents' Arguments. Evraz asserts that subject imports from Canada compete differently than imports from other subject countries. Evraz claims that it targets projects that call for the highest quality, "custom made" specifications and that it is uniquely positioned to provide pipe for cross-border projects that run from Canada into the United States. Further, unlike other imports, which enter the U.S. market through the closest port to a given project, Evraz claims it cannot reach all U.S. projects without adding a substantial cost for inland freight.[98] Evraz argues that, throughout the POI, its sales to one purchaser (***) were made pursuant to a *** and that it did not compete with any domestic producers or other importers for these sales.[99]

B. Analysis

Based on the record of the preliminary phase of these investigations, we find a reasonable overlap of competition among eligible subject imports from Canada, China, India, Korea, and Turkey and between subject imports from each source and the domestic like product.

Fungibility. There appears to be a high degree of substitutability between domestically produced LDWP and LDWP imported from subject sources.[100] LDWP, regardless of source, is generally produced in accordance with API or ASTM standards.[101] When comparing the domestic product to the subject imports from each country, at least half of responding U.S. producers and importers reported that the domestic product and imports from each subject source are "always" or "frequently" used interchangeably. [102] For comparisons between imports from subject sources, a majority of U.S. producers indicated that LDWP from each

[96] Petitioners' Postconference Brief at 10-11.
[97] Petitioners' Postconference Brief at 11-12.
[98] Evraz's Postconference Brief at 21-22.
[99] Evraz's Postconference Brief at 19-20.
[100] *See* CR at II-16, PR at II-12.
[101] CR at I-19, I-21, PR at I-17 to I-18.
[102] *See* CR/PR at Table II-7.

subject source is "always" used interchangeably.[103] Importers' responses were less definitive; in most of the comparisons of subject imports from different sources, a majority of importers reported that the products were "sometimes" interchangeable. In the remaining comparisons between imports from subject sources, a majority of importers reported that they were "always" or "frequently" used interchangeably.[104] In no instances when comparing the domestic product or LDWP from subject sources did any U.S. producers or importers report that they were "never" interchangeable.[105]

In addition, most U.S. producers reported that there were "never" differences other than price between all country pairs, and most importers reported that there were "sometimes" or "never" differences other than price between subject imports and domestic LDWP.[106]

Evraz argues that because it focused on specialized products, subject imports from Canada lacked fungibility with imports from other subject countries and the domestic product.[107] Information in the record, however, does not support Evraz's contention that its shipments of LDWP differed from those of imports from other subject countries or the domestic like product. Domestic producers' and importers' responses with respect to interchangeability and non-price differences with respect to subject imports from Canada were comparable to their responses concerning the other subject countries.[108] Shipment data indicate that *** of shipments of subject imports from Canada consisted of HSAW pipe with outside diameters that ranged from 24 to 48 inches or ERW pipe with diameters of 16 to 24 inches.[109] The domestic producers' and importers' shipments from, China, India, Turkey and, to a lesser extent, Korea were also concentrated in these same product ranges.[110] Moreover, subject imports from Canada were *** grades X60-69 and X70-79 steel, and the shipments of domestic product and subject imports from India, Korea, and Turkey also consisted of these steel grades.[111] This demonstrates that, notwithstanding Evraz's arguments to the contrary, there is a sufficient degree of fungibility among the subject imports and the domestic like product for purposes of finding a reasonable overlap of competition.

Channels of Distribution. Subject imports and the domestic like product shared the same general channels of distribution. During the period of investigation, domestic producers and importers of subject imports from Canada, China, and India were sold primarily to end

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[103] *See* CR/PR at Table II-7.

[104] *See* CR/PR at Table II-7.

[105] *See* CR/PR Table II-7. In comparisons between nonsubject imports and the domestic product or subject imports, a minority of importers reported that they were "never" interchangeable. *Id.*

[106] *See* CR/PR at Table II-8.

[107] Evraz's Postconference Brief at 19-20.

[108] *See* CR/PR at Table II-7.

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

[110] *See* CR/PR at Table D-2 (China, ERW 16-24; India, HSAW 24-48; Korea, ERW 16-24; Turkey HSAW 24-48).

[111] *See* CR/PR at Table IV-4, Table D-1. The vast majority of the subject imports from Canada also fall within the four line pipe pricing products categories. The four line pipe pricing products accounted for *** percent of shipments of subject imports from Canada. CR at V-5, PR at V-3.

users.[112] Subject imports from Korea and Turkey were sold to end users as well as distributors.[113]

Geographic Overlap. U.S. producers reported selling LDWP to all regions of the contiguous United States.[114] Subject imports from all subject countries were sold in the Northeast and Central Southwest, and subject imports from all subject countries except Canada were present in the Southeast.[115]

Simultaneous Presence in Market. Subject imports from Canada, China, and Korea were present in the U.S. market in all 36 months of the POI, January 2015-December 2017.[116] Subject imports from India were present in 27 of 36 months and subject imports from Turkey were present in 32 of 36 months.[117]

Conclusion. The record indicates that imports from the eligible subject countries are fungible with the domestic like product and with each other, that imports from each of the eligible subject countries and the domestic like product are sold in similar channels of distribution and similar geographic markets, and that subject imports and the domestic like product have been simultaneously present in the U.S. market. In light of the foregoing, we find that there is a reasonable overlap of competition between the domestic like product and imports from each subject country eligible for cumulation and between imports from each such subject country.

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

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[118] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[119] The statute defines "material injury" as "harm which is not inconsequential,

[112] *See* CR/PR at Table II-1.

[113] *See* CR/PR at Table II-1.

[114] CR/PR at Table II-2.

[115] CR/PR at Table II-2.

[116] CR/PR Table IV-7.

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

[118] 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

[119] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

immaterial, or unimportant."[120] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[121] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[122]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[123] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[124] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[125]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[126] In performing its examination, however, the Commission need not isolate

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[120] 19 U.S.C. § 1677(7)(A).

[121] 19 U.S.C. § 1677(7)(C)(iii).

[122] 19 U.S.C. § 1677(7)(C)(iii).

[123] 19 U.S.C. §§ 1671b(a), 1673b(a).

[124] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

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

[126] SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-

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the injury caused by other factors from injury caused by unfairly traded imports.[127] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[128] It is clear that the existence of injury caused by other factors does not compel a negative determination.[129]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[130] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[131]

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249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

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

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

[129] *See Nippon*, 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[130] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United*
(Continued…)

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[132] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[133] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[134]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial

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States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[131] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

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

[133] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

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

evidence standard.[135] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[136]

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

End uses for LDWP include oil and gas transmission pipelines and construction projects such as marine or bridge foundations and sign pole structure.[137] U.S. demand for line pipe reflects oil and gas drilling activity which depends on oil and gas prices.[138] The nonresidential construction sector drives demand for LDWP used in structural applications.[139]

The rig count is a leading indicator of oil and gas construction activity.[140] The rig count fell overall during the POI, generally declining during the first half of the POI before recovering somewhat in the second half.[141] Spending on nonresidential construction is indicative of the level of investment in construction projects that use structural LDWP.[142] Nonresidential construction spending increased modestly over the POI.[143]

Apparent U.S. consumption of LDWP decreased by 26.5 percent from 2015 to 2017.[144] Apparent U.S. consumption of LDWP was 3.13 million short tons in 2015, 2.22 million short tons in 2016, and 2.23 million short tons in 2017.[145] Most U.S. producers and importers reported that demand for LDWP decreased or fluctuated during the POI.[146]

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

[136] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

[137] CR at II-14, PR at II-11.

[138] CR at II-10, II-14, PR at II-7, II-11.

[139] CR at II-13, PR at II-10.

[140] CR at II-11, PR at II-9.

[141] CR/PR at Fig. II-2

[142] CR at II-13, PR at II-10.

[143] *See* CR/PR at Fig. II-3.

[144] CR/PR at Tables IV-9, C-1.

[145] CR/PR at Tables IV-9, C-1.

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

2. Supply Conditions

LDWP is typically made to order for pipeline and construction projects.[147] Most LDWP is shipped directly to end users, but LDWP can also be first shipped to a distributor for a particular project.[148] LDWP is not generally kept in inventory except when it is waiting to ship.[149] Domestic producers and importers generally reported lead times averaging 78 to 118 days, respectively.[150] Line pipe accounted for the vast majority of shipments of LDWP during the POI.[151]

The domestic industry had the largest share of the U.S. market during the POI. The domestic industry's market share increased from 57.0 percent in 2015 to 66.5 percent in 2016 and then declined to 53.9 percent in 2017, for an overall decline of 3.1 percentage points.[152]

The domestic industry's capacity declined 1.3 percent over the POI.[153] Every domestic producer except *** reported a prolonged shutdown or curtailment.[154] The most notable of the shutdowns were Stupp's shuttering of an HSAW mill in 2016, and Evraz Oregon's idling of its HSAW mill in April 2016.[155] Three domestic producers, ***, reported expansions of their plants.[156]

Subject imports were the second largest source of supply to the U.S. market. Subject imports' share of apparent U.S. consumption decreased from 32.6 percent in 2015 to 23.4 percent in 2016 and then increased to 38.2 percent in 2017.[157] Subject imports, with LDWP imports from Greece excluded, decreased from 26.2 in 2015 to 19.3 percent in 2016 and then increased to 37.6 percent in 2017.[158]

Nonsubject imports were the third largest source of supply to the U.S. market during the POI. Nonsubject imports' share of apparent U.S. consumption decreased from 10.4 percent in 2015 to 10.1 percent in 2016 and 7.9 percent in 2017.[159]

3. Substitutability and Other Conditions

Because LDWP is produced to API and ASTM standards, there is a high degree of substitutability between domestically produced LDWP and subject imports.[160] Further, at least

[147] CR at II-16, V-2, PR at II-12, V-2.

[148] CR/PR at II-1; Conf. Tr. at 51 (Kaplan).

[149] Conf. Tr. at 102-103 (Chefren, Griggs, Clark, Kaplan). Structural pipe is more frequently kept in inventory.

[150] CR at II-16, PR at II-12.

[151] *See* CR/PR at Tables E-1 and E-2.

[152] CR/PR at Tables IV-9 and C-1.

[153] CR/PR at Tables III-4 and C-1.

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

[155] CR/PR at Table III-3; Conf. Tr. at 29 (Stupp); Conf. Tr. at 165-66 (Kristofic).

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

[157] CR/PR at Tables IV-9 and C-1.

[158] CR/PR at Tables IV-9 and C-1.

[159] CR/PR at Tables IV-9 and C-1.

half of responding U.S. producers and importers reported that the domestic product and imports from each subject source are "always" or “frequently” used interchangeably.[161]

Quality is an important consideration when LDWP suppliers are considered for a project.[162] Purchasers may require certain more stringent specifications in addition to the API specifications.[163] While LDWP producers also must be on the purchaser’s approved manufacturer list (“AML”) to be considered for a project, the record indicates that AMLs generally include several import and domestic sources.[164]

The current record indicates that price is an important factor in purchasing decisions for LDWP.[165] Producers and importers were asked to assess how often factors other than price were significant in sales between LDWP produced in the United States, subject, or nonsubject countries. Most U.S. producers reported that there were “never” differences other than price between subject merchandise and domestically produced LDWP, and most importers reported that there were “sometimes” or “never” differences other than price between subject imports and domestic LDWP.[166]

Bidding is usually used to award contracts for purchase of LDWP, with awards often made after multiple rounds of bidding.[167] Twenty of 22 purchasers reported using bids for at least some portion of their purchases of LDWP.[168] The bidding process for awarding contracts heightens price competition in the market for LDWP.[169]

As described above with respect to domestic like product, LDWP is produced by one of three production processes: ERW, HSAW, or LSAW. ERW is typically used for LDWP up to 24

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[160] CR at II-16, PR at II-12. In any final phase investigations, we will further examine the extent to which line pipe is used in structural applications. *See* Petitioners’ Postconference Brief, Exhibit 1, at 15 (stating that API line pipe is required for certain structural applications).

[161] *See* CR/PR at Table II-7.

[162] Quality was the most frequently ranked first among purchasing considerations. *See* CR/PR at Table II-6.

[163] *See* Conf. Tr. at 144 (Pipeline operators often require line pipe with physical, chemical, and mechanical specifications that exceed the API specifications.) (Kristofic).

[164] Conf. Tr. at 83. Respondents Corinth, Welspun, SeAH, and purchaser Plains have argued that certain line pipe products are not produced in the United States. Corinth’s Postconference Brief at 19; Welspun’s Postconference Brief at 5; Plains’ Confidential Statement at 1. However, petitioners counter that they make the products that respondents claim cannot be produced in the United States. Petitioners’ Postconference Brief at 23. In any final phase investigations, we will further examine the extent to which the domestic industry is able to produce all LDWP products. We are particularly interested in the proven rather than theoretical ability to supply projects given the importance of the quality of the line pipe and project-specific additions to standards used in such applications as oil and gas transmission.

[165] Price was the most often cited top-three factors purchasers consider in their purchasing decisions. *See* CR/PR at Table II-6.

[166] *See* CR/PR at Table II-8.

[167] Conf. Tr. at 95-97 (Clark, Riemer, De Mey)

[168] CR at II-18, PR at II-13. *See also* Lost Sales Lost Revenue Survey at Question 6.

[169] Conf. Tr. at 51-52, 70-72 (Kaplan Clark, Riemer, Stupp, Norris).

inches O.D. while HSAW or LSAW is predominantly used for larger diameter LDWP.[170] LSAW is the most expensive of the three processes but it enables production of LDWP with greater wall thicknesses.[171] All three production processes are used to produce line pipe and structural pipe in the United States.[172]

The primary raw material used to manufacture LDWP is either hot-rolled coil or cut-to-length plate, depending on production process.[173] The ERW and HSAW production processes use hot-rolled coil while LSAW uses cut-to-length plate.[174] Raw material prices, as reflected in the price of hot-rolled steel and cut-to-length steel plate, fluctuated over the POI.[175] Typically cut-to-length steel plate is more expensive per ton than hot-rolled steel, but the price gap narrowed over the POI.[176] The domestic industry's costs as reflected in the unit cost of goods sold (COGS) per short ton fell from $1,009 per short ton in 2015 to $956 per short ton in 2016 and then $931 per short ton in 2017.[177] Raw material costs, as a share of U.S. producers' total COGS, fluctuated during the period but overall declined slightly from 77.8 percent in 2015 to 76.8 percent in 2017.[178]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[179]

Cumulated subject imports fluctuated, but had a substantial and increasing presence in the U.S. market during the POI.[180] The volume of cumulated subject imports decreased from 819,417 short tons in 2015 to 430,038 short tons in 2016, and then increased to 865,579 short tons in 2017, a level 5.6 percent higher than in 2015.[181]

Cumulated subject imports increased and gained market share at the expense of the domestic industry. Subject imports' share of apparent U.S. consumption decreased from 26.2

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

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

[172] CR/PR at Table E-1 and E2.

[173] CR/PR at V-1.

[174] CR at VI-10, PR at VI-9. Welspun argues that the Korean hot-rolled steel it needed to produce line pipe for one of its projects became prohibitively expensive once antidumping duties were imposed. Welspun's Postconference Brief at 14-16.

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

[176] *See* CR at Fig. V-1.

[177] CR/PR at Table VI-1.

[178] CR/PR at Table VI-1.

[179] 19 U.S.C. § 1677(7)(C)(i).

[180] As noted above, we have not cumulated subject imports from Greece for purposes of our material injury analysis.

[181] CR/PR at Table C-1. In view of the limited coverage of imports from certain subject countries and from nonsubject sources, we have relied on official import statistics for import volumes in the preliminary phase of these investigations. CR at I-5, PR at I-4; CR/PR at Table IV-2.

percent in 2015 to 19.3 percent in 2016 and then increased to 37.6 percent in 2017, an overall increase of 11.5 percentage points.[182]

In light of the foregoing, we find that the volume of cumulated subject imports and the increase in the volume of cumulated subject imports are significant in both absolute terms and relative to consumption.

D. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[183]

As addressed in section VII.B. above, the record indicates that there is a high degree of substitutability between subject imports and the domestic like product and that price is an important factor in purchasing decisions.

Ten domestic producers and nine importers of subject merchandise provided usable quarterly f.o.b. price data for six LDWP pricing products,[184] although not all firms reported pricing for all products for all quarters.[185]

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[182] CR/PR at Tables IV-7, C-1. Welspun asserts that the increase in subject imports from India in 2017 accounts for the overall increase in subject imports and that the vast majority of subject imports from India in 2017 were for ***. It claims that no domestic producer could produce the line pipe needed for the *** project and that the Korean hot-rolled steel needed to produce pipe for the second project, ***, became prohibitively expensive due to the imposition of antidumping duties. Welspun's Postconference Brief at 3-10. However, petitioners have provided documentation indicating that ***. *See* Petitioners' Postconference Brief at Exhibit 2. Furthermore, rather than indicating an inability to produce the LDWP domestically, Welspun's explanation for importing LDWP from India for the *** project suggests that importing from India was cheaper than producing the pipe in the United States.

[183] 19 U.S.C. § 1677(7)(C)(ii).

[184] CR at V-5, PR at V-3. Product 1 is line pipe, 42" OD, 0.600"- 1.000" wall, API 5L X52-X70, regardless of length. Product 2 is line pipe, 32"- 36" OD, 0.350"- 0.800" wall, API 5L X52-X70, regardless of length. Product 3 is line pipe, 26"- 30" OD, 0.350"- 0.800" wall, API 5L X52-X70, regardless of length. Product 4 is structural pipe, 18"- 24" OD, 0.375"- 0.750" wall, ASTM A252, A1035, or similar, regardless of length. Product 5 is structural pipe, >24"- 32" OD, 0.500"- 1.000" wall, ASTM A252, A1035, or similar, regardless of length. Product 6 is line pipe, 20"- 24" OD, 0.300"- 0.500" wall, API 5L X60-X70, regardless of length. CR at V-5, PR at V-3.

[185] Pricing data reported by the domestic industry accounted for approximately 85.1 percent of U.S. producers' shipments of product, 98.7 percent of U.S. shipments of subject imports from Canada, 45.2 percent of U.S. shipments of subject imports from India, 8.9 percent of U.S. shipments of subject (Continued…)

Cumulated subject imports undersold the domestic like product in 35 of 97 quarterly comparisons, or 36.1 percent of comparisons, at margins ranging from 1.3 percent to 46.7 percent.[186] There were 205,939 short tons of subject import shipments involved in quarters with underselling and 525,069 short tons of subject import shipments involved in quarters with overselling.[187] Thus, on a volume basis, 28.2 percent of reported subject imports undersold the domestic product. This underselling was concentrated in pricing product 1.[188]

The parties appear to agree that the utility of the pricing data is limited in these investigations as both petitioners and respondents take issue with the price comparison data collected through questionnaires in the preliminary phase of these investigations.[189] In any final phase investigations we will consider collecting price product and/or bid data that better reflect price comparisons and the project-based nature of competition in this market.[190]

Lost sales data support a finding that cumulated subject imports were often priced lower than the domestic product. Nine U.S. producers reported 50 instances of lost sales and identified 63 firms where they lost sales or revenue.[191] Seventeen purchasers responding to the lost sales/lost revenue survey indicated that they purchased subject imports instead of the domestic product during the POI, and 15 purchasers reported that subject import prices were

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imports from Korea, and 25.7 of U.S. shipments of subject imports from Turkey in 2017. No importer reported price data for its U.S. shipments of subject imports from China. CR at V-5 to V-6, PR at V-4.

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

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

[188] *See* CR/PR at Table V-11. Petitioners urge the Commission to utilize average unit values ("AUVs") to assess relative price levels, observing that subject import AUVs (whether based on official import statistics or based on U.S. importers' reported shipments) were consistently lower than the domestic industry's shipments AUVs in each year of the POI. Petitioners' Postconference Brief at 30. We generally view AUV data with caution, because differences in AUVs may reflect differences in product mix or channels of distribution. *See Allegheny Ludlum Corp. v. United States*, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002).

[189] Respondents contend that the pricing data do not account for the project-based nature of competition or reflect that prices may have been negotiated months or quarters before the shipments were made. They further argue that the pricing products are overly broad product categories including products made by different production processes with different raw materials having different costs. Evraz's Postconference Brief at 27-28; Borusan's Postconference Brief at 21; Welspun Postconference Brief at 12-13. Respondents suggest narrowing the pricing products or collecting price information reflecting the bids submitted for various projects. Evraz's Postconference Brief at 27; Borusan's Postconference Brief at 21; Welspun Postconference Brief at 13. Petitioners similarly contend that the data do not account for the lag between award and delivery and many of the subject import prices in the reported data would have been set prior to or in the earlier portion of the POI. They also argue that the ***. Petitioners' Postconference Brief at 28-29.

[190] We invite the parties in comments on draft questionnaires in any final phase investigations to suggest how pricing information should be collected to improve the pricing product comparisons and account for the project-based competition in the LDWP market.

[191] CR at V-29 to V-30, PR at V-11 to V-12.

lower than prices for U.S.-produced product.[192] Thirteen of these purchasers indicated that price was a primary reason for purchasing subject imports.[193] These responses to the lost sales/lost revenue survey demonstrate that purchasers increased their purchases of subject imports at the expense of purchases of the domestic product, and in many instances prices for subject imports were reported as the reason for the shift from the domestic like product. This supports a finding that cumulated subject imports were often priced lower than the domestic like product and that subject imports gained sales as a result of lower prices.

We also consider whether the subject imports had significant price-depressing effects. Prices for domestically produced LDWP declined overall for the six pricing products, with declines of *** percent, *** percent, *** percent, *** percent, *** percent and *** percent respectively, from January 2015 to December 2017.[194] In general, prices fell during 2015 and 2016 before recovering slightly during 2017.[195] At the same time domestic prices for LDWP were decreasing, apparent U.S. consumption also sharply declined.[196] Moreover, the domestic industry's raw material costs declined overall during the POI.[197] Accordingly, we cannot conclude on the record of the preliminary phase of these investigations that the increasing volume of subject imports had significant price-depressing effects on the prices of the domestic like product. We will seek additional information in any final phase of these investigations as to the factors that contributed to price declines for domestically produced LDWP, including the extent to which declining apparent U.S. consumption and raw material costs contributed to the price declines observed during the POI.

We also assess the extent to which subject imports prevented price increases during the POI. While the domestic industry's prices for LDWP declined during the POI, raw material costs and the industry's unit COGS also declined from 2015 to 2017.[198] As noted above, demand as reflected in apparent U.S. consumption decreased overall by 26.5 percent. We find that price increases for LDWP would not have been likely given these declines in demand and costs. Accordingly, we do not find that the subject imports prevented price increases, which otherwise would have occurred, to a significant degree.[199]

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[192] CR/PR at Table V-16b (without Greece).

[193] CR/PR at Table V-16b (without Greece). Twelve purchasers indicated that lower prices were the reason they purchased *** short tons of LDWP from subject sources instead of domestically produced product during the POI. CR/PR at Table V-16b (without Greece). Other purchasers indicated that quality, availability, required product specifications, approved manufacturers list, project schedule, and extended payment terms were non-price reasons for purchasing imported rather than U.S.-produced product. CR at V-34 to V-35, PR at V-16.

[194] CR/PR at Table V-9.

[195] *See* CR at Figs. V-2 to V-7.

[196] *See* CR/PR at Table IV-8. Apparent U.S. consumption declined by 29 percent from 2015 to 2016. CR/PR at Table C-1.

[197] *See* CR/PR at Table VI-1.

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

[199] We have also considered that 3 of 22 responding purchasers reported that U.S. producers reduced prices in order to compete with lower priced subject imports. CR/PR at Table V-18.

We have considered the lost sales, the shifts by several purchasers from the domestic product to subject imports involving a substantial volume of LDWP, and the underselling reflected in the price comparisons. In light of these data, for purposes of our preliminary determinations, we find that as a result of low-priced subject imports, the domestic industry lost market share. Therefore, for purposes of the preliminary phase of these investigations, we find that subject imports had significant price effects.

E. Impact of the Subject Imports[200]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[201]

As discussed above, subject imports captured market share at the expense of the domestic industry during the POI. Subject imports' share of apparent U.S. consumption first decreased from 26.2 percent in 2015 to 19.3 percent in 2016, but then increased to 37.6 percent in 2017, an overall increase of 11.4 percentage points.[202] By comparison, the domestic industry lost 3.1 percentage points of market share from 2015 to 2017, as its share of apparent U.S. consumption initially increased from 57.0 percent in 2015 to 66.5 percent in 2016, before declining to 53.9 percent in 2017.[203]

All of the domestic industry's output indicia declined over the POI, and it reported declines in production and shipments that exceeded the 26.5 percent decline in apparent U.S. consumption during the POI.[204] From 2015 to 2017, the domestic industry's production declined by 37.5 percent,[205] its capacity declined by 1.3 percent,[206] its capacity utilization

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[200] In its notice initiating the antidumping duty investigations concerning LDWP, Commerce reported estimated antidumping duty margins of 50.89 percent for Canada, 120.84 to 132.63 percent for China, 37.94 percent for India, 16.18 to 20.39 percent for Korea, and 66.09 percent for Turkey. *Large Diameter Welded Pipe from Canada, Greece, India, the People's Republic of China, the Republic of Korea, and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*, 83 FR 7154, 7159 (Feb. 20, 2018).

[201] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[202] CR/PR at Tables IV-9 and C-1.

[203] CR/PR at Tables IV-9 and C-1.

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

[205] The domestic industry's production declined from 1.95 million short tons in 2015 to 1.39 million short tons in 2016 and 1.22 million short tons in 2017. CR/PR at Table III-4.

[206] The domestic industry's capacity increased from 3.81 million short tons in 2015 to 3.90 million short tons in 2016 and then decreased to 3.76 million short tons in 2017. CR/PR at Table III-4.

declined by 18.9 percentage points,[207] and its U.S. shipments, by quantity, declined by 30.5 percent.[208] Despite apparent U.S. consumption being 3.5 percent higher in 2017 than in 2016, the domestic industry was unable to take advantage of the increase due to the surge in cumulated subject imports that occurred in 2017. Rather, in 2017, the domestic industry's capacity, production, and shipments (by quantity) were all lower than the previous year.[209]

The domestic industry's employment indicia also generally reflect steep declines over the POI. From 2015 to 2017, the domestic industry reported a loss of 889 production related workers, a decline of 30.3 percent.[210] Hours worked declined by 36.1 percent and wages paid declined by 35.0 percent over the POI.[211] Hourly wages increased by 1.4 percent from 2015 to 2017,[212] but productivity declined overall from 2015 to 2017.[213] The industry's capital expenditures also declined.[214]

[207] The domestic industry's capacity utilization declined from 51.3 percent in 2015 to 35.7 percent in 2016 and 32.4 percent in 2017. CR/PR at Table III-4. Borusan claims that the domestic industry's capacity utilization was low due to significant constraints on the domestic supply of hot-rolled coil and cut-to-length plate inputs for LDWP, due to recently imposed antidumping and countervailing duty orders. Borusan's Postconference Brief at 19-20. Evraz argues that the project-based nature of LDWP demand means that demand and excess capacity for producers will fluctuate and periods of low capacity utilization are inevitable. Evraz's Postconference Brief at 36. In any final phase investigations, we will seek additional information concerning the factors responsible for the domestic industry's declining utilization rate.

[208] By quantity, U.S. producers' U.S. shipments declined from 1.78 million short tons in 2015 to 1.48 million short tons in 2016 and 1.24 million short tons in 2017. CR/PR at Table III-6. The domestic industry had decreasing inventories during the POI. U.S. producers' end-of-period inventories decreased from 2015 to 2017, declining from 262,489 short tons in 2015 to 176,042 short tons in 2016 and 137,593 short tons in 2017. CR/PR at Table III-7. The ratios of U.S. producers' end-of-period inventories to U.S. production, U.S. shipments, and total shipments all decreased from 2015 to 2017. *Id*.

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

[210] The number of production related workers was 2,938 in 2015, 2,310 in 2016, and 2049 in 2017. CR/PR at Table III-9.

[211] Total hours worked were 6.29 million hours in 2015, 4.68 million hours in 2016, and 4.02 million hours in 2017. *Id.* Wages paid were $181.69 million in 2015, $136.50 million in 2016, and $118.07 million in 2017. CR/PR at Table III-9.

[212] Hourly wages were $28.87 per hour in 2015, $29.17 per hour in 2016, and $29.37 per hour in 2017. CR/PR at Table III-9.

[213] Productivity was 310.3 shorts tons per hour in 2015, 297.7 short tons per hour in 2016, and 303.5 short tons per hour in 2017. CR/PR at Table III-9.

[214] The domestic industry's capital expenditures were $102.96 million in 2015, $41.47 million in 2016, and $19.43 million in 2017. CR/PR at Table VI-4. The industry's research and development expenses were $3.95 million in 2015, $4.35 million in 2016 and $4.16 million in 2017. CR/PR at Table VI-4.

The domestic industry's unit net sales value,[215] total sales revenues,[216] gross profits, operating income, and operating income ratio all decreased from 2015 to 2017,[217] but the industry experienced an increase in net income during the same period.[218]

For purposes of the preliminary phase of these investigations, we find that subject imports had a significant impact on the domestic industry. Low-priced subject imports increased significantly in absolute terms and relative to consumption during the POI, and captured market share from the domestic industry. Declines in the domestic industry's production and shipments outpaced the decrease in demand between 2015 and 2016, and the declines continued when demand recovered in 2017. As a result, the domestic industry's capacity utilization, employment, revenues, and profits were lower than they would have otherwise been throughout the POI. In light of these considerations, we find that subject imports had a significant adverse impact on the domestic industry.

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject imports. As discussed above, nonsubject imports decreased their presence in the U.S. market over the POI.[219] Furthermore, while apparent U.S. consumption decreased overall from 2015-17, this overall decrease cannot explain the domestic industry's declines in market share, output, and revenues during 2017 when demand improved. Thus, other factors cannot explain the loss in market share, output, and revenues that we have attributed to the cumulated subject imports.

For the foregoing reasons, we find that the record of the preliminary phase of these investigations supports a determination that there is a reasonable indication of material injury by reason of cumulated subject imports from Canada, China, India, Korea, and Turkey.

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[215] The industry's average unit net sales value declined from $1,155 per short ton in 2015 to $1,045 per short ton in 2016 and then increased slightly to $1,051 per short ton in 2017. CR/PR at Table VI-1.

[216] The domestic industry's total sales revenues declined from $2.13 billion in 2015 to $1.54 billion in 2016, and then to $1.31 billion in 2017. CR/PR at Table VI-1

[217] Gross profits decreased from $269.60 million in 2015 to $131.00 million in 2016 and then increased to $148.53 million in 2017. CR/PR at Table VI-1. Operating income declined from $137.98 million in 2015 to $27.82 million in 2016, but then increased to $66.49 million in 2017. *Id*. Operating income as a ratio of net sales declined from 6.5 percent in 2015 to 1.8 percent in 2016, but then increased to 5.1 percent in 2017. *Id*.

[218] The increase in net income for the U.S. industry in 2017 reflects, in part, the data of ***, as well as a ***. The domestic industry's net income was $*** in 2015, *** in 2016, and $*** in 2017. CR/PR at Table VI-1. The industry's return on investment expressed as a ratio of operating income to net assets declined from 7.3 percent in 2015 to 1.9 percent in 2016 and then improved to 5.3 percent in 2017. CR/PR at Table VI-5.

[219] CR/PR at Table C-1. Subject imports from Greece also declined during the POI. *Id.*

VIII. Reasonable Indication of Threat of Material Injury by Reason of Allegedly Dumped Subject Imports from Greece

As discussed earlier, we have determined that subject imports from Greece would imminently account for more than three percent of all subject merchandise imported into the United States. Therefore we proceed to determine whether there is a reasonable indication that the U.S. industry is threatened with material injury by reason of subject imports from Greece that are allegedly sold at LTFV.

A. Legal Standard

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether there is a reasonable indication that the U.S. industry is threatened with material injury by reason of subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[220] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[221] In making our determinations, we consider all statutory threat factors that are relevant to these investigations.[222]

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[220] 19 U.S.C. § 1677(7)(F)(ii).

[221] 19 U.S.C. § 1677(7)(F)(ii).

[222] These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

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

…

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

(Continued…)

B. Cumulation for Threat

We must consider whether to cumulate allegedly dumped subject imports from Greece with those from other sources eligible for cumulation. In contrast to cumulation for material injury, cumulation for a threat analysis is discretionary. Under Section 771(7)(H) of the Tariff Act, the Commission may "to the extent practicable" cumulatively assess the volume and price effects of subject imports from all countries as to which petitions were filed on the same day if the requirements for cumulation in the material injury context are satisfied.[223] Subject imports from Canada, China, India, Korea, and Turkey are eligible for cumulation with allegedly dumped subject imports from Greece for purposes of the threat of material injury analysis.[224]

Petitioners contend that the Commission should cumulate all subject imports for purposes of the threat analysis.[225] While no respondent specifically addressed cumulation for a threat analysis concerning subject imports from Greece, Evraz and Welspun argue that subject imports from Canada and India should not be cumulated on the basis that they each compete under different conditions of competition than other subject sources.[226] Welspun also argues that the volume of imports from India followed a different trend than the other subject imports over the period of investigation.[227]

We previously found in Section VI.B. that there is a reasonable overlap of competition between subject imports from the five subject countries, other than Greece, and between subject imports from each source and the domestic like product. The considerations discussed above concerning reasonable overlap of competition apply equally to subject imports from Greece, as discussed below. Accordingly, we find that it is appropriate to exercise our discretion to cumulate subject imports from Canada, China, Greece, India, Korea, and Turkey for purposes of our threat analysis.

(…Continued)

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

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the analysis of subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of impact. Statutory factor (VII) concerning agricultural products is inapplicable to these investigations.

[223] 19 U.S.C. § 1677(7)(H).

[224] *See* 19 U.S.C. § 1677(7)(H); *see generally Cold-Rolled Steel Flat Products from Brazil, India, Korea, Russia, and the United Kingdom*, Inv. Nos. 701-TA-540, 542-544 and 731-TA-1283, 1285, 1287, and 1289-1290 (Final), USITC Pub. 4637 at 24 (Sept. 2016).

[225] Petitioners' Postconference Brief at 37-38

[226] Evraz Postconference Brief at 18-23 Welspun's Postconference Brief at 19-20.

[227] Welspun's Postconference Brief at 20-22.

Fungibility. There is a high degree of substitutability between domestically produced LDWP and LDWP imported from Greece, and among LDWP imported from all subject countries.[228] When comparing the domestic product to subject imports from Greece, the majority of responding U.S. producers and importers reported that the domestic product and imports from Greece are "always" or "frequently" used interchangeably.[229] When comparing subject imports from Greece and the other five subject countries, a majority of U.S. producers indicated that LDWP from each subject source is "always" or "frequently" used interchangeably.[230] In no instances, when comparing the domestic product or subject imports from the other five subject countries and subject imports from Greece, did any U.S. producers or importers report that they were never interchangeable.[231] Moreover, most U.S. producers reported that there were "never" differences other than price between the domestic product or subject imports from the other five subject countries and subject imports from Greece, while most importers reported that there were "sometimes" or "never" differences other than price.[232]

Channels of Distribution. Subject imports from Greece, subject imports from the other five subject countries, and the domestic product shared the same general channels of distribution. During the period of investigation, domestic producers and importers of subject imports from Canada, China, India, and Greece were sold *** to end users.[233] Subject imports from Korea and Turkey were sold to end users as well as distributors.[234]

Geographic Overlap. Domestic product, subject imports from Greece, and subject imports from the other five subject countries were sold in the same geographic markets. U.S. producers reported selling LDWP to all regions of the contiguous United States.[235] Subject imports from all subject countries, including Greece, were sold in the Northeast and Central Southwest, and subject imports from all subject countries, including Greece but not Canada, were present in the Southeast.[236]

Simultaneous Presence in the Market. Domestic product, subject imports from Greece, and subject imports from the other five subject countries were simultaneously present in the U.S. market. Subject imports from Greece were present in the U.S. market in 21 months of the 36 months of the POI, January 2015-December 2017.[237]

We find that there is a reasonable overlap of competition between subject imports from all six subject countries and between subject imports from each subject source and the domestic like product. Moreover, there is no information on the record to suggest that the reasonable overlap of competition between and among subject imports and the domestic like

[228] CR at II-16, PR at II-12.
[229] CR/PR at Table II-7.
[230] CR/PR at Table II-7.
[231] CR/PR at Table II-7.
[232] CR/PR at Table II-8.
[233] CR/PR at Table II-1.
[234] CR/PR at Table II-1.
[235] CR/PR at Table II-2.
[236] CR/PR at Table II-2.
[237] CR/PR at Table II-2.

product that now exists will not continue into the imminent future. We recognize the potential for some differences in conditions of competition and volume trends among subject imports from the six countries, but find that they are not significant enough to warrant not cumulating allegedly dumped subject imports from Greece with the other subject imports.

For these reasons, we conclude that it is appropriate to exercise our discretion to cumulate subject imports from Greece with the other subject imports in the preliminary phase of these investigations for our analysis of whether there is a reasonable indication of a threat of material injury to the domestic industry.

C. Analysis of Threat of Material Injury Factors

1. Likely Volume

We found in Section VII.C. above that the volume of cumulated subject imports from Canada, China, India, Korea, and Turkey and the increase in the volume of these imports over the POI was significant in absolute terms and relative to consumption. When we add subject imports from Greece to the cumulated volume of subject imports for purposes of our threat analysis, our findings regarding the likely volume are the same.

First, the data indicate that there is substantial existing unused capacity in the cumulated subject industries. The combined excess capacity for the responding industries in Canada, Greece, India, Korea, and Turkey amounted to *** million short tons in 2017.[238] This figure is more than *** times total subject imports from those five countries in 2017 and equivalent to *** percent of total apparent U.S. consumption in 2017.[239] Furthermore, the combined excess capacity for these five countries is projected to increase in 2018 to *** million short tons,[240] and the producers in the subject countries export in significant quantities, indicating the likelihood of substantially increased subject imports into the United States. Total export shipments of the industries in Canada, Greece, India, Korea, and Turkey increased from *** million short tons and *** percent of their total shipments in 2015 to *** million short tons and *** percent of their total shipments in 2017.[241] These data on subject producers' aggregate excess capacity and exports do not include data for the industry in China because no subject producers in China responded to the Commission's questionnaire.[242] Public data indicate, however, that China is the world's largest LDWP exporter. China's global exports of LDWP were 1.26 million short tons in 2014, 1.46 million short tons in 2015, and 1.33 million

[238] Derived from CR/PR at Table VII-25. The subject countries combined industry data in Table VII-25 do not include data for the industry in China because no subject producers in China responded to the Commission's questionnaire. Specific coverage for each of the other subject foreign industries is indicated in the confidential report. CR at I-5, PR at I-4. The data are thus understated. CR at VII-9, PR at VII-7.

[239] Derived from CR/PR at Tables IV-2, IV-8.

[240] Derived from CR/PR at Table VII-25.

[241] CR/PR at Table VII-25.

[242] CR at VII-9, PR at VII-7.

short tons in 2016, or 13.6 percent in 2014, 18.4 percent in 2015, and 20 percent in 2016 of total global exports.[243]

Second, the data indicate that there was a significant rate of increase in cumulated subject import volume and market penetration during the POI. Despite a decline in cumulated subject import volume from 2015 to 2016, these imports were higher in 2017, at 879,433 short tons, than in 2016, at 520,840 short tons, a 68.8 percent increase.[244] Cumulated subject import market share also declined from 2015 to 2016, but was higher in 2017, at 38.2 percent, than in 2016, at 23.4 percent, a rise of 14.8 percentage points.[245] In comparison, apparent U.S. consumption increased by only 3.5 percent from 2016 to 2017.[246] U.S. importers reported that they have arranged for *** short tons of subject LDWP, nearly *** percent of subject import volume in 2017, to be imported in 2018.[247] Additionally, LDWP from the subject countries is subject to antidumping or countervailing duty measures in third countries.[248]

Third, responding firms from Canada, Greece, Korea, and Turkey reported that they produced a total of *** short tons of out-of-scope product in 2017 using the same machinery used to produce subject LDWP, or *** percent of their total production in 2017.[249] Thus, there exists the potential for product-shifting. Responding producers and exporters from Canada, Greece, Korea, and Turkey also reported that they held *** short tons of LDWP in inventory at the end of 2017.[250]

In light of increases in cumulated subject import volume and market penetration observed during the POI, the substantial cumulated excess capacity of the subject industries and their demonstrated ability to supply export markets, the potential for product shifting, and existing inventories of subject LDWP, we find that the significant increase in cumulated subject

[243] CR/PR at Table VII-28.

[244] CR/PR at Table IV-2.

[245] CR/PR at Table IV-9.

[246] CR/PR at Table IV-8.

[247] CR/PR at Table VII-27. Notably, of the *** short tons of LDWP that have been arranged to be imported in 2018, *** short tons (*** percent) are to be imported from Greece. CR/PR at Table VII-27.

[248] The record indicates that Mexico and Canada have imposed antidumping or countervailing duty orders on similar line pipe products to those covered under these investigations from India, China, and Korea, among other countries. *See* Petitioners' Postconference Brief, Exhibit 1 at 36.

[249] CR/PR at Table VII-26.

[250] CR/PR at Table VII-25. We also considered the nature of the countervailable subsidies. Commerce has initiated countervailing duty investigations on: 28 alleged subsidy programs in China, including two export subsidy programs, three grant programs, and one Foreign-Invested Enterprises (FIEs) program that appear to be directed to exports; 70 alleged subsidy programs in India, including five export-oriented unit programs and the Export Promotion of Capital Goods scheme that appear to be directed to exports; 20 alleged subsidy programs in Korea, including a Korean Export-Import Bank subsidy program and two Korea Trade Insurance Corporation (K-SURE) programs that appear to be directed to exports; and 20 alleged subsidy programs in Turkey, including at least three programs (Deduction from Taxable Income for Export Revenue, a Pre-Export Credits Program, and Export Insurance Provided by Turk Eximbank) that appear to be directed to exports. CR at I-7 to 12, PR at I-6 to I-11.

imports into the U.S. market that occurred during the POI will likely continue in the imminent future.[251]

2. Likely Price Effects

As explained in Section VII.B.3 above, the domestic like product and subject imports are highly substitutable and price is an important consideration in purchasing decisions. We found that low-priced cumulated subject imports from Canada, China, India, Korea, and Turkey during the POI caused the domestic industry to lose market share and therefore that subject imports had significant price effects. When we add subject imports from Greece to the cumulated volume of subject imports for purposes of our threat analysis, our likely price effects findings are the same.

On a cumulated basis, subject imports from Canada, China, Greece, India, Korea, and Turkey undersold the domestic like product in 45 out of 112 quarterly comparisons (40 percent), or 336,596 short tons, with underselling margins ranging from 0.5 percent to 46.7 percent.[252] Lost sales data further support a finding that cumulated subject imports were often priced lower than the domestic like products. As discussed in section VII.D, 13 of 21 reporting purchasers indicated that lower price was the primary reason for purchasing subject imports rather than domestic product and 12 of such purchasers estimated a total of *** short tons of LDWP that they purchased from subject countries instead of domestic producers due to lower price.[253]

We have found that cumulated subject imports are likely to continue to enter the U.S. market in increasing and significant volumes in the imminent future. The substantially increased volumes of subject imports will likely continue to be sold at lower prices and displace sales of the domestic like product, as they did during the POI. The likely low prices of the subject imports, in turn, are likely to increase demand for the subject imports and cause a

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[251] Commerce submitted the results of its Section 232 investigation on steel imports to the President on January 11, 2018. At the time of the Commission's vote, the Commission had no specific information as to whether additional tariffs on the LDWP covered under these investigations would be imposed. CR at I-6 to I-7, PR at I-5 to I-6. We recognize that on March 8, 2018, the President issued a proclamation imposing a 25 percent tariff on steel. We will examine the effect of this tariff in any final phase of the investigations.

[252] CR/PR at Table V-10. Subject imports from Greece undersold the domestic like product in 10 out of 15 quarterly comparisons, with underselling margins ranging from *** percent to *** percent. CR/PR at Table V-10. Pricing data collected by the Commission accounted for *** percent of subject imports from Greece. CR at V-5, PR at V-4.

[253] CR/PR at Table V-15. Two purchasers indicated that lower price was the primary reason for purchasing LDWP from Greece rather than domestic product and they estimated that they purchased *** short tons of LDWP from Greece instead of from domestic producers. CR/PR at Table V-16. Furthermore, 3 of 22 responding purchasers indicated that U.S. producers had reduced prices in order to compete with lower-priced imports from Canada, Greece, and Korea. CR/PR at Table V-17. The reported estimated price reduction ranged from 3.2 to 10 percent for imports from Canada, 10 percent for imports from Greece, and 10 percent for imports from Korea. CR/PR at Table V-18.

reduction in the domestic industry's market share in the imminent future. Accordingly, we find that cumulated subject imports are likely to enter the U.S. market in the imminent future at prices that are likely to increase demand for further imports.

3. Likely Impact

We found in Section VII.E above that the domestic industry's financial performance indicators declined over the POI due to the presence of significant volumes of low-priced cumulated subject imports from Canada, China, India, Korea, and Turkey, which captured market share from the domestic industry. We have also found that cumulated subject imports, including subject imports from Greece, are likely to continue to enter the U.S. market in increasing and significant volumes and likely have price effects on the domestic product in the imminent future. We conclude that the significant volumes of low-priced subject imports will likely continue to cause the domestic industry to lose market share, which will lead to adverse effects on the domestic industry's revenues and financial performance as they did during the POI.

In Section VII.E, we have already considered other factors, including nonsubject imports, and concluded that any injury that may be attributable to these factors is distinct from the injury attributable to the subject imports. This analysis is equally pertinent to likely conditions in the imminent future. We accordingly find that further subject imports are imminent and that material injury by reason of subject imports would occur unless orders are issued on subject imports. Accordingly, we have made an affirmative determination of a reasonable indication of threat of material injury in the antidumping duty investigation of large diameter welded pipe from Greece.

IX. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of LDWP from Canada, China, India, Korea, and Turkey that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the governments of China, India, Korea, and Turkey. We further determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of LDWP from Greece that are allegedly sold in the United States at less than fair value.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by American Cast Iron Pipe Company (American), Birmingham, Alabama; Berg Steel Pipe Corp. (Berg), Panama City, Florida; Berg Spiral Pipe Corp. (Berg), Mobile, Alabama; Dura-Bond Industries, Inc. (Dura-Bond), Export, Pennsylvania; Skyline Steel (Skyline), Newington, Virginia; and Stupp Corporation (Stupp), Baton Rouge, Louisiana on January 17, 2018, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of large diameter welded pipe ("LDWP")[1] from Canada (LTFV only), China, Greece (LTFV only), India, Korea, and Turkey. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
January 17, 2018	Petition filed with Commerce and the Commission; institution of Commission investigations (83 FR 3187, January 23, 2018)
February 7, 2018	Commission's conference
February 9, 2018	Commerce's notice of initiation (CVD Investigations: 83 FR 7148, February 20, 2018 and AD Investigations: 83 FR 7148, February 20, 2018)
March 2, 2018	Commission's vote
March 6, 2018	Commission's determinations
March 13, 2018	Commission's views

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

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

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

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[4]

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

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

negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

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

Organization of report

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

MARKET SUMMARY

LDWP is generally used to transport oil, gas, or natural gas liquids and for structural purposes. The leading U.S. producers of LDWP are American, Berg, Dura-Bond, Stupp, and Welspun, while leading producers of LDWP outside the United States include Borusan of Turkey, Corinth of Greece, Evraz of Canada, EEW Korea of Korea, and Welspun of India. The leading U.S. importers of LDWP from subject countries are *** from India; *** from Canada; *** from China; *** from Turkey; *** from Greece; and *** from Korea.

Apparent U.S. consumption of LDWP totaled approximately 2.3 million short tons ($2.2 billion) in 2017. Currently, twelve firms are known to produce LDWP in the United States. U.S. producers' U.S. shipments of LDWP totaled 1.2 million short tons ($1.3 billion) in 2017, and accounted for 53.9 percent of apparent U.S. consumption by quantity and 58.3 percent by value. U.S. imports from subject sources totaled 879 thousand ($739 million) in 2017 and accounted for 38.2 percent of apparent U.S. consumption by quantity and 33.9 percent by

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

value. U.S. imports from nonsubject sources totaled 180 thousand ($170 million) in 2017 and accounted for 7.9 percent of apparent U.S. consumption by quantity and 7.8 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire response of 11 firms believed to account for the vast majority of U.S. production.[6] Twenty-two U.S. importers submitted questionnaires, representing *** percent of imports from Canada in 2017; *** percent of imports from China; *** percent of imports from Greece; *** percent of imports from India; *** percent of imports from Korea; *** percent of imports from Turkey; and *** percent of imports from nonsubject sources. In light of this coverage, U.S. imports are based on official import statistics. Producers in the subject countries submitted eleven questionnaires accounting for *** percent of exports to the United States from Canada, *** percent from China, *** percent from Greece, *** percent from India, *** percent from Korea, and *** percent from Turkey.

PREVIOUS AND RELATED INVESTIGATIONS

Commission's Investigations

The Commission has conducted several previous import relief investigations on line pipe. Table I-1 presents information on investigations for large diameter line pipe exceeding 16 inches in diameter.

[6] *** submitted its U.S. producer questionnaire response too late to be incorporated in the staff report. The firm reported *** production of *** short tons in 2017, with net sales of *** short tons valued at $*** and *** in FY 2017. The firm's price data included *** only.

Table I-1

LDWP: Related Commission investigations, large diameter line pipe

Investigations		Dates		Outcome
Number	Product / Country	Begin	End	
731-TA-183	Large Diameter Carbon Steel Welded Pipes from Brazil	March 1984	March 1985	Commission termination of investigation following withdrawal of petition
731-TA-919	Certain Welded Large Diameter Line Pipe from Japan and Mexico[1]	January 2001	October 2001	Japan-Commission affirmative determination[1]
			February 2002	Mexico-Commission affirmative determination
TA-201-73	Certain Steel Products	June 2001	December 2001	Commission affirmative determination, relief ended effective December 4, 2003[2]
731-TA-919 (Review)	Certain Welded Large Diameter Line Pipe from Japan and Mexico	November 2006	October 2007	Commission affirmative determination (Japan) and negative determination (Mexico)
731-TA-919 (Second Review)	Certain Welded Large Diameter Line Pipe from Japan	October 2012	Septembe r 2013	Commission affirmative continuation of the order
731-TA-1260-1261 (Final)	Certain Welded Line Pipe from Korea and Turkey	October 2014	November 2015	Commission affirmative determination

[1] The Commission found that the domestic like product as welded carbon and alloy line pipe with an outside diameter greater than 16 inches but less than 64 inches.

[2] The Commission majority found that the domestic like product was welded pipe other than OCTG. The like or directly competitive product did not include welded line pipe with an outside diameter that does not exceed 16 inches (the excluded welded line pipe 16 inches or less in diameter was covered by an existing section 201 relief request on line pipe, TA-201-70).

Source: Various Commission publications.

Section 232 investigation (Commerce)

On April 19, 2017, Commerce initiated a Section 232 investigation on steel imports into the United States.[7] [8] Section 232 investigations are initiated to determine the effects of imports of any articles on U.S. national security. Commerce submitted the results of the investigations

[7] U.S. Department of Commerce website: https://www.commerce.gov/page/section-232-investigation-effect-imports-steel-us-national-security (accessed January 29, 2018).

[8] Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862) authorizes the Secretary of Commerce to conduct these investigations.

to the President on January 11, 2018, and by law, the President has 90 days to decide on any potential trade remedies.[9] Commerce recommended the following:

* A global tariff of at least 24% on all steel imports from all countries, or
* A tariff of at least 53% on all steel imports from 12 countries (Brazil, China, Costa Rica, Egypt, India, Malaysia, Republic of Korea, Russia, South Africa, Thailand, Turkey and Vietnam) with a quota by product on steel imports from all other countries equal to 100% of their 2017 exports to the United States, or
* A quota on all steel products from all countries equal to 63% of each country's 2017 exports to the United States.[10]

On March 1, 2018, the President remarked in a listening session with industry representatives that additional tariffs of 25 percent would be levied on steel imports for a long period of time.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On February 20, 2018, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on LDWP from China, India, Korea, and Turkey.[11] Commerce identified the following government programs in China:[12]

A. Government Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)
B. Provision of Land for LTAR
C. Preferential Loans and Interest Rates
D. Grant Programs
E. Tax Benefit Programs
F. Support for Foreign-Invested Enterprises (FIEs)
G. Export Credit Subsidies

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[9] U.S. Department of Commerce website: https://www.commerce.gov/news/press-releases/2018/01/statement-department-commerce-submission-steel-section-232-report (accessed January 23, 2018).

[10] https://www.commerce.gov/news/press-releases/2018/02/secretary-ross-releases-steel-and-aluminum-232-reports-coordination (accessed February 23, 2918).

[11] *Large Diameter Welded Pipe From India, People's Republic of China, Republic of Korea, and Republic of Turkey*, 83 FR 7148, February 21, 2018

[12] *Large Diameter Welded Pipe from China*, Enforcement and Compliance Office of AD/CVD Operations Countervailing Duty Investigation Initiation Checklist, February 9, 2018.

The following government programs in India:[13]

A. Duty Exemption/Remission Schemes
    1. Advance License Program (ALP)
    2. Advance Authorization Program (AAP)
    3. Duty Free Import Authorization Scheme (DFIA Scheme)
    4. Duty Drawback Program (DDB)
B. Export Oriented Units
    1. Duty-Free Import of Goods, Including Capital Goods and Raw Materials
    2. Reimbursements of Central Sales Tax (CST) Paid on Goods Manufactured in India
    3. Duty Drawback on Fuel Procured from Domestic Oil Companies
    4. Exemption from Payment of Central Excise Duty (CED) on Goods
    5. Manufactured in India and Procured from a Domestic Tariff Area (DTA)
C. Export Promotion of Capital Goods Scheme (EPCGS)
D. Merchandise Exports from India Scheme
E. Interest Equalization Scheme
F. Status Holder Incentive Scheme (SHIS)
G. Pre-Shipment and Post-Shipment Export Financing
H. Market Development Assistance Scheme (MDA Scheme)
I. Market Access Initiative (MAI)
J. Focus Product Scheme
K. GOI Loan Guarantees
L. Status Certificate Program
M. Income Deduction Program (80-IB Tax Program)
N. Special Economic Zones (SEZs)
    1. Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Material
    2. Exemption from Payment of CST on Purchases of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Material
    3. Exemption from Electricity Duty and Cess on Electricity Supplied to a SEZ Unit
    4. SEZ Income Tax Exemption
    5. Service Tax Exemption
    6. Exemption from Payment of Local Government Taxes and Duties, Such as Sales Tax and Stamp Duties
    7. Steel Development Funds Loans (SDF)

[13] *Large Diameter Welded Pipe from India*, Enforcement and Compliance Office of AD/CVD Operations Countervailing Duty Investigation Initiation Checklist, February 9, 2018.

O. Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)
    1. Provision of Hot-Rolled Steel by the Steel Authority of India for LTAR
    2. Provision of Captive Mining Rights for Iron Ore
    3. Provision of Captive Mining Rights for Coal
    4. Provision of High-Grade Iron Ore for LTAR
P. Incremental Exports Incentive Scheme
Q. State Government of Andhra Pradesh (SGAP) Subsidy Programs
    1. Subsidies under the SGAP Industrial Investment Promotion Policy
        i. Grant Under the Industrial Investment Promotion Policy*:* 25 Percent Reimbursement of the Cost of Land in Industrial Estates and Development Areas
        ii. Grant Under the Industrial Investment Promotion Policy*:* Reimbursement of Power at the Rate of Rs. 0.75 per Unit
        iii. Grant under the Industrial Investment Promotion Policy*:* 50 Percent Subsidy for Expenses Incurred for Quality Certification
        iv. Grant under the Industrial Investment Promotion Policy*:* 50 Percent Subsidy on Expenses Incurred in Patent Registration
        v. Grant under the Industrial Investment Promotion Policy*:* 25- or 35- Percent Subsidy in Cleaner Production Measures
        vi. Tax Incentives under the Industrial Investment Promotion Policy*:* 100 Percent Reimbursement of Stamp Duty and Transfer Duty Paid for the Purchase of Land and Buildings and the Obtaining of Financial Deeds and Mortgages
        vii. Tax Incentives under the Industrial Investment Promotion Policy*:* Reimbursement on VAT, CST, and State Goods and Services Tax (SGST)
        viii. Tax Incentives under the Industrial Investment Promotion Policy*:* Exemption from SGAP Non-Agricultural Land Assessment
        ix. Provision of Goods and Services for LTAR under the Industrial Investment Promotion Policy*:* Provision of Infrastructure for Industries Located More than 10 Kilometers from Existing Industrial Estates or Development Areas
        x. Provision of Goods and Services for LTAR under the Industrial Investment Promotion Policy*:* Guaranteed Stable Water Prices and Reservation of Municipal Water
    2. Subsidies provided by the Andhra Pradesh Industrial Investment Corporation
        i. APIIC's Allotment of Land for LTAR
        ii. APIIC's Provision of Infrastructure
R. State Government of Maharashtra (SGOM) Subsidy Programs
    1. SGOM Sales Tax Program
    2. Infrastructure Assistance for Mega Projects under the Maharashtra Industrial Policy of 2013 and Other SGOM Industrial Promotion Policies to Support Mega Projects
    3. Subsidies for Mega Projects under the Package Scheme of Incentives

4. VAT Refunds under the SGOM Package Scheme of Incentives
5. SGOM Electricity Duty Exemptions
6. Waiving of Loan Interest by the State Industrial and Investment Corporation of Maharashtra Ltd. (SICOM)
7. SGOM Investment Subsidies
8. SGOM Royalty Refund on Purchase of Minerals from Mine Owners with in the State of Maharashtra for a Period of Five Years
9. SGOM Micro, Small and Medium Manufacturing Enterprise Subsidies
10. SGOM Waiver of Stamp Duty
11. SGOM Provision of Land for LTAR

S. State Government of Gujarat (SGOG) Subsidy Programs
    1. SGOG's Exemptions and Deferrals on Sales Tax for Purchases of Goods
    2. SGOG's VAT Remission Scheme Established on April 1, 2006
    3. SGOG Special Economic Zone Act (SGOG SEZ Act)*:* Stamp Duty and Registration Fees for Land Transfers, Loan Agreements, Credit Deeds, and Mortgages
    4. SGOG SEZ Act: Sales Tax, Purchase Tax, and Other Taxes Payable on Sales and Transactions
    5. SGOG SEZ Act*:* Sales and Other State Taxes on Purchases of Inputs (Both Goods and Services) for the SEZ or a Unit within the SEZ
T. State Government of Karnataka (SGOK) Subsidy Programs
    1. KIP Industrial Policy Tax Incentives
    2. KIP Provision of Land for LTAR
    3. KIP Provision of Iron Ore for LTAR
    4. KIP Provision of Power/Electricity for LTAR
    5. KIP Provision of Water for LTAR
    6. KIP Provision of Roads and Port Facility Infrastructure for LTAR
    7. KIP Loans
    8. KIP Grants
U. State Government of Uttar Pradesh (SGUP) Subsidy Programs
    1. SGUP Exemption from Entry Tax for the Iron and Steel Industry
    2. SGUP Long-Term Interest Free Loans Equivalent to the Amount of VAT and CST Paid
    3. SGUP's Interest Free Loans Under the SGUP Industrial Development Promotion Rules 2003

The following government programs in Korea:[14]

A. Energy Savings Programs
    1. Demand Response Resources Program
    2. Management of Electricity Factor Load Program
B. Korean Export-Import Bank Subsidy Programs
C. Korea Development Bank (KDB) Loans
    1. Short-Term Discounted Loans for Export Receivables
D. Korea Trade Insurance Corporation (K-SURE) - Export Insurance and Export Credit Guarantees
    1. K-SURE Export Credit Insurance
    2. Export Credit Guarantees
E. Energy and Resource Subsidies
    1. Loans from the Korean Resources Corporation and the Korea National Oil Corporation
F. Tax Programs under the Restriction of Special Taxation Act (RSTA)
    1. RSTA Article 10
    2. RSTA Article 22
    3. RSTA Article 24
    4. RSTA Article 25
    5. RSTA Article 26
    6. RSTA Article 120
G. Subsidies to Companies Located in Certain Economic Zones
    1. Tax Reductions and Exemptions in Free Economic Zones
    2. Exemptions and Reductions of Lease Fees in Free Economic Zones
    3. Grants to Companies in Free Economic Zones
    4. Acquisition and Property Tax Benefits to Companies Located in Industrial Complexes
H. Other Grant Programs
    1. Industrial Grants Pursuant to the Industrial Technology Innovation Promotion Act (ITIPA)
    2. Modal Shift Program
    3. Sharing of Working Opportunities/Employment Creating Incentives

[14] *Large Diameter Welded Pipe from the Republic of Korea*, Enforcement and Compliance Office of AD/CVD Operations Countervailing Duty Investigation Initiation Checklist, February 9, 2018.

The following government programs in Turkey:[15]

A. Provision of Hot-Rolled Steel for Less than Adequate Remuneration (LTAR)
B. Provision of Cut-to-Length Plate (CTL Plate) for LTAR
C. Provision of Land for LTAR
D. Deductions from Taxable Income for Export Revenue
E. Rediscount Program (Short-Term Pre-Shipment Rediscount Program)
F. Post-Shipment Discount Program
G. Pre-Export Credits Program
H. Export Insurance Provided by Turk Eximbank
I. Investment Encouragement Program Customs Duty and Value Added Tax (VAT) Exemptions
J. Investment Incentive Program
    1. VAT and Customs Duty Exemptions
    2. VAT Refund
    3. Tax Reductions
    4. Income Tax Withholding
    5. Social Security and Interest Support
    6. Land Allocation
K. Comprehensive Investment Incentives
L. Law 5084: Withholding of Income Tax on Wages and Salaries
M. Exemption from Property Tax
N. Law 5084: Incentive for Employer's Share in Insurance Premiums
O. Support for Energy Payments

Alleged sales at LTFV

On February 20, 2018, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on LDWP from Canada, Greece, China, India, Korea, and Turkey.[16] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 50.89 percent from Canada; 120.84 to 132.63 percent from China; 41.04 percent from Greece; 37.94 percent from India; 16.18 and 20.39 percent from Korea; and 66.09 percent from Turkey.

[15] *Large Diameter Welded Pipe from the Republic of Turkey*, Enforcement and Compliance Office of AD/CVD Operations Countervailing Duty Investigation Initiation Checklist, February 9, 2018.

[16] *Large Diameter Welded Pipe From Canada, Greece, India, People's Republic of China, Republic of Korea, and Republic of Turkey*, 83 FR 7154, February 20, 2018.

THE SUBJECT MERCHANDISE
Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:

> *Large diameter welded pipe covered by these investigations is welded carbon and alloy steel pipe, more than 406.4 mm (16 inches) in nominal outside diameter (large diameter welded pipe), regardless of wall thickness, length, surface finish, grade, end finish, or stenciling. Large diameter welded pipe may be used to transport oil, gas, slurry, steam, or other fluids, liquids, or gases. It may also be used for structural purposes, including, but not limited to, piling. Specifically, not included is large diameter welded pipe produced only to specifications of the American Water Works Association (AWWA) for water and sewage pipe.*
>
> *Large diameter welded pipe used to transport oil, gas, or natural gas liquids is normally produced to the American Petroleum Institute (API) specification 5L. Large diameter welded pipe may also be produced to American Society for Testing and Materials (ASTM) standards A500, A252, or A53, or other relevant domestic specifications, grades and/or standards. Largediameter welded pipe can be produced to comparable foreign specifications, grades and/or standards or to proprietary specifications, grades and/or standards, or can be non-graded material. All pipe meeting the physical description set forth above is covered by the scope of these investigations, whether or not produced according to a particular standard.*
>
> *Subject merchandise also includes large diameter welded pipe that has been further processed in a third country, including but not limited to coating, painting, notching, beveling, cutting, punching, welding, or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the in-scope large diameter welded pipe. Excluded from the scope are any products covered by the existing antidumping duty orders on welded line pipe from the Republic of Korea, welded line pipe from the Republic of Turkey, and welded ASTM A–312 stainless steel pipe from Korea, as well as any products covered by the existing countervailing duty order on welded line pipe from Turkey. See Welded Line Pipe from the Republic of Korea and the Republic of Turkey: Antidumping Duty Orders, 80 FR 75056 (December 1, 2015); Welded ASTM A– 312 Stainless Steel Pipe from South Korea: Antidumping Duty Order, 57 FR 62300 (December 30, 1992); and Welded Line Pipe from the Republic of Turkey: Countervailing Duty Order, 80 FR 75054 (December 1, 2015).*

The large diameter welded pipe that is subject to these investigations is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6010, 7305.31.6090, 7305.39.1000 and 7305.39.5000. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.[17]

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations are currently imported under the following provisions of the Harmonized Tariff Schedule of the United States ("HTS"): 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, 7305.19.50, 7305.31.40, 7305.31.60, 7305.39.10, and 7305.39.50. The 2018 general rate of duty is free for each of the relevant HTS subheadings. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE PRODUCT

Description and applications

Welded pipe[18] is classified as a long-rolled steel pipe product that can be produced in sizes from 1/8 inch to over 80 inches in outside diameter (O.D.). Line pipe is used for the gathering, transmission, and distribution of oil and gas, generally in a pipeline or utility distribution system (figure I-1). Line pipe can be produced with plain ends, threaded, beveled, grooved, flanged or expanded, depending on the requirements.[19] Figure I-2 is a visual depiction of welded line pipe.

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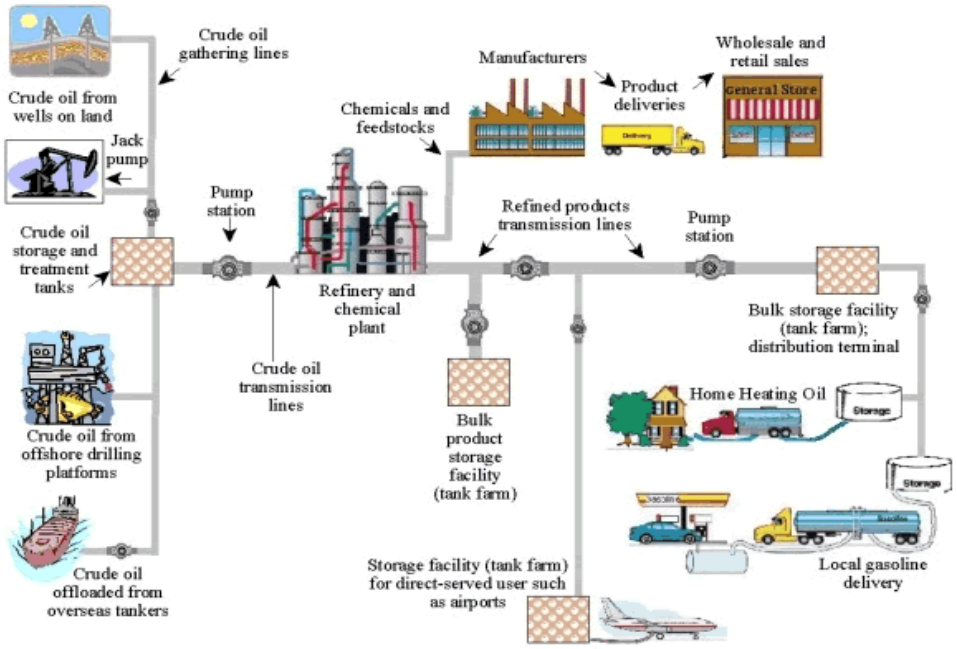
[17] *Large Diameter Welded Pipe from Canada, China, Greece, India, Korea, and Turkey; Initiation of Less-Than-Fair-Value Investigations. 83* FR *7161*, February 2018.

[18] The terms "pipes" and "tubes" are interchangeable in common usage and are not separately provided for in the HTS. However, tubular product manufacturers typically categorize "pipes" as having a circular cross-section in a few standard sizes, whereas "tubes" may have any cross-sectional shape (circular, square, rectangular or others). Steel pipes can be manufactured in either a welded or seamless process. Steel pipes can be further subdivided according to the grades of steel (carbon, alloy, and stainless). Moreover, the American Iron and Steel Institute (AISI) further categorizes steel pipes and tubes by six-end uses: line pipe, standard pipe, structural pipe and tubing, mechanical tubing, pressure tubing and oil country tubular goods.

[19] Mohinder L. Nayyar, *Piping Handbook*, Seventh Edition, 2000, pp. C-238-230.

Figure I-1:
Example of an oil and natural gas pipeline system



Source: U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, http://primis.phmsa.dot.gov, accessed January 24, 2018.

Figure I-2:
Certain welded line pipe: Welded API line pipe

Source: http://www.apisteel.com/api-5l-x42-steel-line-pipe-813/, accessed February 1, 2018.

Structural pipe and tubing is used as structural support or for load-bearing purposes. Structural pipe may be used in: piling, structural supports, sign poles, bollards, columns, and fencing.[20] The line pipe subject to these investigations is a welded circular pipe product, having an O.D. more than 16 inches (406.4 millimeters), regardless of wall thickness, length, surface finish, or end finish.[21] Line pipe can be produced from carbon or alloy steel. Carbon steel contains controlled amounts of carbon and manganese. Alloy steels, which provide physical properties not achievable to the same degree with carbon steels, contain controlled amounts of alloying elements, usually nickel, chromium, and molybdenum.[22] Line pipe is generally produced in the United States in lengths of 40 feet or greater,[23] and with either a bare finish or a black (lacquered) finish to protect the pipe from rusting, which is especially important for storage in humid climates or for waterborne transportation. End finishes typically include square cut or beveled for welding in the field.[24]

The subject product includes welded line pipe used in oil and gas pipelines for the gathering and transmission of oil and gas. Gathering[25] is an upstream application in which welded line pipe is used to move the natural gas out of the fields and into the processing plant, or to gather crude oil for further processing in oil refineries.[26] Smaller O.D. line pipe ranging from 2 to 8 inches[27] traditionally has been used in standard gathering applications for the oil and gas industries;[28] however O.D. sizes of line pipe for gathering applications have been

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[20] "Structural Pipe," *CBI Pipe and Supply*, http://www.cbipipe.com/structural-pipe/, accessed February 12, 2018.

[21] Although the scope of these investigations does not take into account wall thickness, API 5L specifications have thickness requirements.

[22] The distinguishing characteristics of alloy steel pipe are its physical properties, which make the alloy steel pipe suitable for application in high-temperature or low-temperature service. *Certain Welded Line Pipe from Korea and Turkey, Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)*, USITC Publication 4580, November 2015, p. I-15.

[23] Nominal 40-45 foot lengths are referred to by the industry as "double random lengths" or "DRL."

[24] ASTM International, "A53/A53M-12: Standard Specification for Pipe, Steel, Black and Hot-Dipped, Zinc-Coated, Welded, and Seamless," *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2017, pp. 6-7.

[25] Gathering applications for natural gas consist of individual gas wells connected to field gas treatment facilities and processing facilities, or to branches of a larger gathering system. The Interstate Natural Gas Association of America, "America's Natural Gas Pipeline Network: Delivering Clean Energy for the Future," 2009, pp. 106-107.

[26] Havard Devold, "Oil and gas production handbook: An introduction to oil and gas production, transport, refining and petrochemical industry," 2013, p. 59.

[27] Before the increased drilling activity in shale gas regions, line pipe used for gathering applications in the natural gas industry was generally smaller in diameter than those used in the oil industry. Association of Oil Pipelines, Pipelines 101, *How Do Pipelines Work?*, http://www.pipeline101.com/how-do-pipelines-work, retrieved on February 1, 2018.

[28] In the past, line gathering pipelines were built in minimally populated areas and used smaller-diameter line pipe that operated at lower pressures. U.S. Department of Transportation, Pipeline and

(*continued*...)

increasing in recent years due to extensive shale gas development.[29] More specifically welded line pipe in diameter sizes up to 24 inches[30] has become more common in gathering applications for pad drilling[31] in shale gas regions.[32]

Transmission[33] of oil and gas is a midstream application in which welded line pipe is used to move oil and gas to any type of collection or distribution point.[34] Line pipe used in transmission applications has larger O.D. sizes than that used in gathering applications because refined oil or natural gas often has to move over long distances and even across national or international boundaries to reach distribution channels. Line pipe diameter sizes used in the transmission of oil and gas can vary greatly, although line pipe used in standard transmission applications for natural gas is traditionally larger (O.D. between 30 and 36 inches) than those used for oil (O.D. between 8 and 24 inches).[35]

(…*continued*)
Hazardous Materials Safety Administration, *Gathering Pipelines: Frequently Asked Questions*, https://www.phmsa.dot.gov/faqs/gathering-pipelines-faqs, retrieved on February 1, 2018.

[29] Paul W. Parfomak, "Shale Gas Gathering Pipelines: Safety Issues," August 1, 2014, http://fas.org/sgp/crs/misc/IN10123.pdf, retrieved on February 1, 2018.

[30] ***.

[31] Pad drilling is the practice of drilling multiple entry points into oil wells from a single surface location, as opposed to drilling a single well. U.S. Energy Information Administration, "Pad Drilling and Rig Mobility Lead to More Efficient Drilling," September 11, 2012, http://www.eia.gov/todayinenergy/detail.cfm?id=7910, retrieved on February 1, 2018.

[32] Line pipe used in the various shale plays like Marcellus, Utica, Barnett, and Bakken is generally of much larger diameter than traditional gas gathering pipelines. U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, *Gathering Pipelines: Frequently Asked Questions,* https://www.phmsa.dot.gov/faqs/gathering-pipelines-faqs, retrieved on February 1, 2018.

[33] Transmission lines are also known as "trunk lines." Transmission of natural gas occurs from the principal supply areas to distribution centers, large volume customers or other transmission lines. The transmission pipelines for the oil consists of two types of transmission lines: 1) crude oil transmission lines, which travel long-distance from crude oil storage and treatment tanks to oil refineries, and 2) refined products transmission lines, which refined oil to a distribution center after impurities are removed in the oil refineries. The Interstate Natural Gas Association of America, *America's Natural Gas Pipeline Network: Delivering Clean Energy for the Future*, 2009, pp. 128; American Petroleum Institute, *Standards*, http://www.api.org/products-and-services/standards, retrieved on February 8, 2018; and U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, *Petroleum Pipeline Systems*, https://primis.phmsa.dot.gov/comm/PetroleumPipelineSystems.htm, retrieved on January 24, 2018.

[34] *Certain Welded Line Pipe from Korea and Turkey, Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)*, USITC Publication 4580, November 2015, p. I-16; and U.S. Steel Tubular Products' website, *Standard and Line Steel Pipe*, http://usstubular.com/standard-and-line-steel-pipe, retrieved on February 1, 2018.

[35] The Trans-Alaska Pipeline System is unique because it uses 48-inch diameter line pipe, which is the largest diameter line pipe used in the United States for transmission of oil. U.S. Department of Energy, Argonne National Laboratory, *Natural Gas Pipeline Technology Overview,*

(*continued*...)

Subject line pipe is normally produced in conformance with the American Petroleum Institute's ("API") 5L specifications, which provides standards for "pipe suitable for use in conveying gas, water, and oil in both the oil and gas industries."[36] The subject product generally bears an API line pipe stencil.[37] The API 5L specification for line pipe indicates the marking and class (e.g. A-25, A, B, and X-42 through X-80), process of manufacture (electric resistance welded pipe[38] or submerged arc welded pipe[39]), product specification levels (PSL 1 and PSL 2), heat treatment, and test pressure. The API 5L grades define the yield (tensile) strength level of the pipe and of the steel used to make the pipe.

The API 5L specification also suggests that "products in compliance with multiple compatible standards may be marked with the name of each standard." Thus, line pipe can bear multiple stencils, signifying compliance with one or more certifications (such as grade B/ X-42), as well as standard pipe,[40] piling,[41] or structural[42] pipe certifications.

(…*continued*)
http://corridoreis.anl.gov/documents/docs/technical/apt_61034_evs_tm_08_5.pdf, retrieved on February 2, 2018 ; U.S. Department of Energy, Argonne National Laboratory, *Overview of the Design, Construction and Operation of Interstate Liquid Petroleum Pipelines,* http://corridoreis.anl.gov/documents/docs/technical/apt_60928_evs_tm_08_1.pdf, retrieved on February 2, 2018.

[36] The API 5L specification covers both seamless and welded steel line pipe. Although seamless pipe is covered by the API 5L specification, it is outside the scope of these investigations. American Petroleum Institute, *API Specification 5L*, 45th Edition, December 2012.

[37] A "stencil" is information marked by the manufacturer with paint stenciled on the outside of the pipe indicating the specification in conformance with which it has been manufactured. However, the purchaser and manufacturer can agree to put all or part of the markings on the inside of the pipe. Pipe O.D. 1-1/2 inches and smaller has identification markings die-stamped on a metal tag fixed to the bundle or printed on the straps or binding clips used to tie the bundle.

[38] An electric resistance weld is a process where the strip edges are mechanically pressed together and welded. The heat for welding is generated by resistance of the steel to the flow of an electric current. In one process, a low-frequency (typically 60 to 360 hertz) current is conducted to the strip edges by a pair of copper alloy discs which rotate as the pipe is propelled under them. A second variation uses high-frequency (in the range of 400 to 500 kilohertz) which enters the tubing through shoes which act as sliding contacts. An induction coil can also be used with the high frequency current to induce current in the edges of the steel. No direct contact between the induction coil and tubing is required. American Petroleum Institute, *API Specification 5L*, 44th Edition, October 2008.

[39] The submerged arc weld process is a welding process that produces coalescence of metals by heating them with an arc or arcs between a bare metal consumable electrode or electrodes and the work. The arc and molten metal are shielded by a blanket of granular, fusible material on the work. Pressure is not used and part or all of the filler metal is obtained from the electrodes, *API Specification 5L*, 43rd Edition, October 2004.

[40] Because welded line pipe for use in oil and gas pipelines requires higher hydrostatic test pressures and more restrictive weight tolerances than standard pipe, pipe that is in conformance with API Specification 5L Grade B is automatically in conformance with the less restrictive standard pipe specification of the American Society for Testing Materials, ASTM A-53, Grade B. ASTM A-53, Grade B covers both welded and seamless pipe with a minimum tensile strength of 60,000 psi and minimum yield strength of 35,000 psi. The weld seam for ERW line pipe meeting ASTM A-53, Grade B

(*continued*...)

Structural pipe is generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment, or other similar uses. It is produced in nominal wall thicknesses and sizes to American Society for Testing and Materials ("ASTM") specifications, such as A53, A252, or A500. ASTM A53 consists of welded or seamless pipe designed for use in mechanical and pressure applications, but may be suitable for welding and forming operations, such as: coiling, bending, and flanging.[43] ASTM A252 is a specification for welded or seamless pipe for use as pipe piles used for load-bearing purposes or as a shell to form cast-in-place concrete piles.[44] ASTM A500 is a specification for cold-formed welded or seamless carbon steel structural tubing utilized in the construction of bridges, buildings, or other structures.[45]

Manufacturing processes

Welded pipe is most commonly manufactured by either the electric resistance weld ("ERW") process or the submerged arc welding process ("SAW"). SAW encompasses both helical (spiral) welding ("HSAW") and longitudinal welding ("LSAW"). The API 5L specification permits both ERW and SAW processes in all grades and classes of line pipe.[46] The ERW manufacturing process is the least expensive production method, and the LSAW manufacturing process is the most expensive manufacturing method for producing welded pipe.[47] Line pipe produced by LSAW is used for transporting oil and gas, either onshore or offshore, while ERW- and HSAW-produced line pipe are used for transporting oil and gas onshore. The ERW method cannot produce welded line pipe with a very heavy wall thickness, and therefore is not favored

(…*continued*)
specifications must be heat-treated after welding. *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2017, pp. 1-23.

[41] ASTM A-252, Grade 3 covers welded and seamless steel pipe for piling application or permanent load carrying member with minimum yield strength of 45,000 psi. *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2017, pp. 153-159.

[42] ASTM A-500, Grade C covers cold-formed welded and seamless carbon round, square, rectangular, or special shape structural tubing for general structural with a minimum yield strength of 50,000 psi. *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2017, pp. 373-377.

[43] ASTM International, "A53/A53M-12: Standard Specification for Pipe, Steel, Black and Hot-Dipped, Zinc-Coated, Welded, and Seamless," *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2017, pp. 1-23.

[44] ASTM International, "A252-10: Standard Specification for Welded and Seamless Steel Pipe Piles," *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2017, pp. 153-159.

[45] ASTM International, "A500/A500M-13: Standard Specification for Cold-Formed Welded and Seamless Carbon Steel Structural Tubing in Rounds and Shapes," *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2017, pp. 373-377.

[46] American Petroleum Institute, *API Specification 5L*, 45th Edition, December 2012.

[47] *Certain Welded Line Pipe from Korea and Turkey, Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)*, USITC Publication 4580, November 2015, pp. I-19-24.

for offshore or deep-water applications where a heavier internal pressure is needed to move crude oil or gas through the pipeline.[48]

Welded-pipe manufactured using the HSAW and ERW methods are produced from steel sheet in coils in a continuous forming process. [49] By contrast, LSAW pipe requires piece-by-piece production from thicker steel plates, and is used in more demanding applications.[50] Unlike the ERW and LSAW methods, the HSAW process offers the advantage of producing pipe with diameters larger than the width of the coiled steel input because of its helical wrap during the forming process of the cylindrical hollow body. The ERW process is limited by the width of the available steel coils and suitable for thinner-walled and small-diameter pipes, and is used to produce pipe with a maximum O.D. of 24 inches, maximum length of 80 feet, and a maximum pipe wall thickness of 0.75 inches. The LSAW method of production can produce line pipe with a maximum O.D. of 120 inches, and maximum length of 40 feet, and a maximum pipe wall thickness of 1.5 inches. [51] According to U.S. producer questionnaire responses, *** percent of subject pipe of O.D. 24 inches or less is manufactured using the ERW or HSAW method in the United States.[52] Pipe of O.D. 24 inches or less can be manufactured by the LSAW method, but it tends to be cost-prohibitive.[53] Table I-2 presents a summary of the differences among ERW, LSAW, and HSAW pipe production.

[48] Conference transcript, p. 160 (Papavasileiou).

[49] A continuous forming process is completed in one step versus the multi-step, piece-by-piece production of LSAW.

[50] Seamless line pipe is primarily used for high pressure applications, including offshore use. TMK IPSCO website, *Line Pipe*, https://tmk-ipsco.tmk-group.com/tmk_ipsco_line_pipe, Accessed January 30, 2018.

[51] Mohinder L. Nayyar, "Piping Handbook," Seventh Edition, 2000, pp. C-218.

[52] According to U.S. producer responses, *** of subject line pipe of O.D. 24 inches or less is produced using the LSAW method in the United States. Compiled from U.S. producer questionnaire responses, Question II-10.

[53] *Certain Welded Line Pipe from Korea and Turkey, Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)*, USITC Publication 4580, November 2015, pp. I-19-24.

Table I-2
Large diameter welded pipe: **Production differences by manufacturing process**

Manufacturing method	**Maximum outside diameter** (*inches)*	**Maximum length** *(feet)*	**Production method cost ruling**	**Maximum pipe wall thickness** *(inches)*
Electric Resistance Weld	24- domestic 26 - foreign	80	Least expensive	0.63
Longitudinal Submerged Arc Welding	120	40	Most expensive	1.25
Helical (Spiral) Submerged Arc Welding	157	80		1.03

Source: *Certain Welded Large Diameter Line Pipe from Japan, Investigation No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. I-18; Petitioner's postconference brief, exhibit 17; and Conference transcript, p. 160 (Papavasileiou).

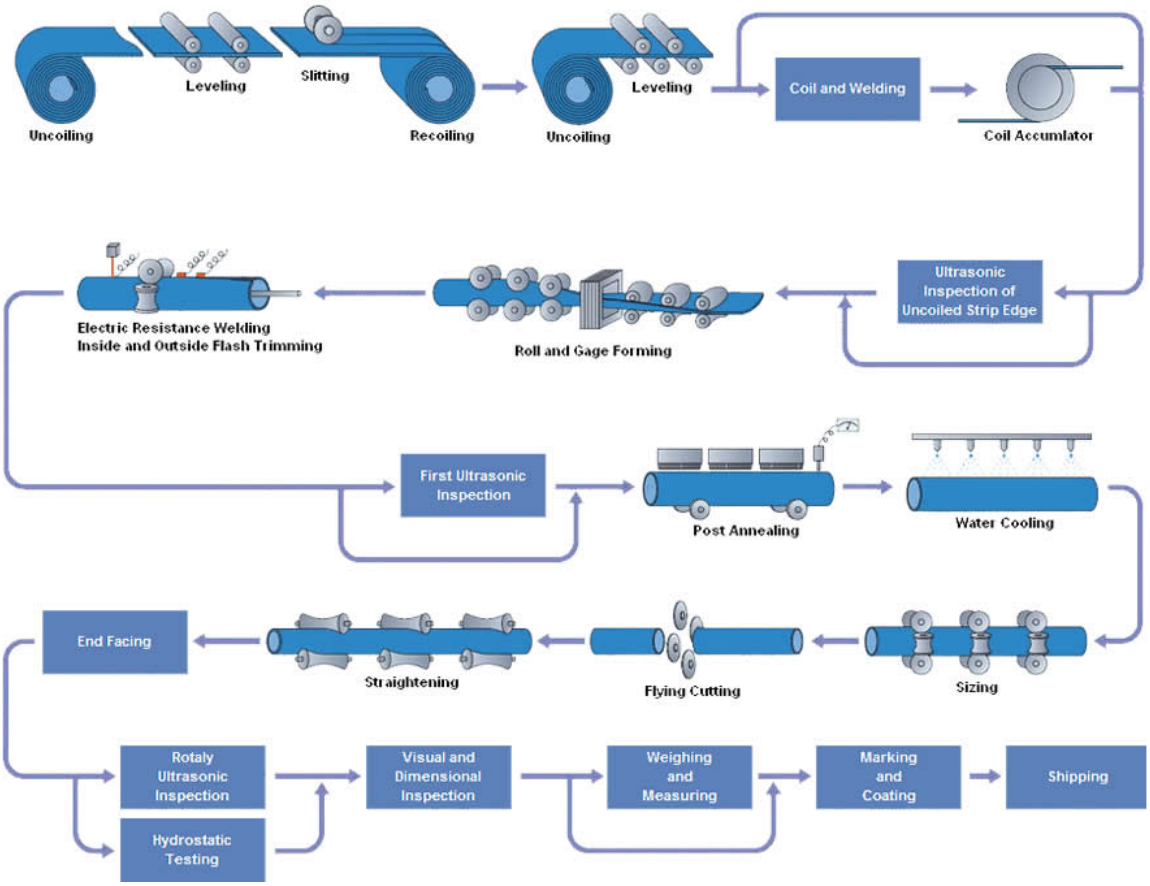
ERW manufacturing method

ERW is the dominant manufacturing method for producing welded line pipe with O.D. up to 24 inches; and virtually all U.S. producers manufacturing such line pipe use the ERW method.[54] The ERW manufacturing process begins with coils of hot-rolled sheet steel, which are cut by a slitting machine into strips of the precise width needed to produce a desired diameter of pipe.[55] The slit coils are fed into tube mills, which cold-form the flat ribbon of steel into a tubular cylinder by a series of tapered forming rolls. The product is then welded along the joint axis by heat obtained from the pipe's resistance to the flow of electric current. The welded tube next passes under a tool that removes the outside flash (the metal extruded by the weld process) resulting from pressure during the welding. Inside flash is likewise removed by cutting tools. The tube is then subjected to such post-weld heat treatment as is required, and may involve heat treatment of the welded seam only or treatment of the full cross-section of the pipe. After heat treatment, sizing rolls shape the tube to specific diameter tolerances. The product is then cooled and cut to length at the end of the tube mill (figure I-3).

[54] Compiled from U.S. producer questionnaire responses, Question II-10.

[55] The required diameter and wall thickness of a pipe are a function of the intended volume and pressure of material that is to flow through the pipe.

Figure I-3
Large diameter welded pipe: electric resistance welding manufacturing process



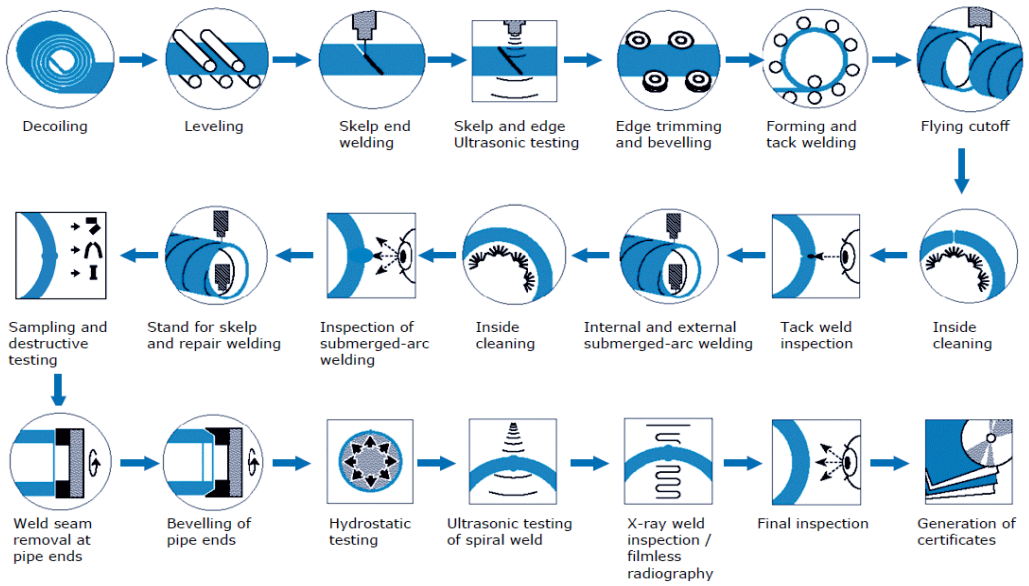
Source: Sunny Steel Enterprise Ltd., *ERW Manufacturing Process*, http://www.sunnysteel.com/erw-pipe-processes.php#.VE5ySk10yic, accessed January 30, 2018.

HSAW manufacturing method

Like ERW, the HSAW manufacturing method uses coiled hot-rolled steel strip as the starting material for formation of pipes. The coiled steel strip is loaded on a decoiler and the strip is straightened and edges are milled to the desired joint configuration. The steel strip is guided into a forming station where it produces a cylinder hollowed body which is then welded-spirally, like a helix, so that the coil strip assumes the shape of the pipe at a predetermined forming angle. Inside and outside welding is performed by an automatic submerged arc process. HSAW line pipe is not limited by coil width because of the helical wrap of the steel, and is generally used for larger-diameter pipe projects in the United States. The HSAW method of production can produce line pipe with a maximum O.D. of 157 inches, a maximum length of 80

feet, and a maximum pipe wall thickness of 1.03 inches.[56] Figure I-4 depicts the HSAW manufacturing process for welded line pipes.

Figure I-4:
Large diameter welded pipe: helical (spiral) submerged arc weld manufacturing process



Source: Berg Spiral Pipe, Stages of HSAW Pipe Production, www.bergpipe.com/files/production-process-bspm.pdf, accessed January 30, 2018.

LSAW manufacturing method

Unlike the ERW and HSAW manufacturing methods, which begin with steel coils, the LSAW method produces line pipe from cut-to-length steel plates. Each individual plate proceeds through various steps including (a) shearing and edge planing to ensure that the plate is flat and aligned so that the two edges of the steel plate are parallel and square with the ends and (b) crimping or bending of the plate edges to avoid a flat surface along the seam of the pipe and (c) bending the plate to the desired form. The two primary methods of shaping line pipe in the LSAW process are the pyramid rolling [57]and the U-O-E methods.[58] Figure I-5 visually depicts the LSAW manufacturing process for welded line pipes.

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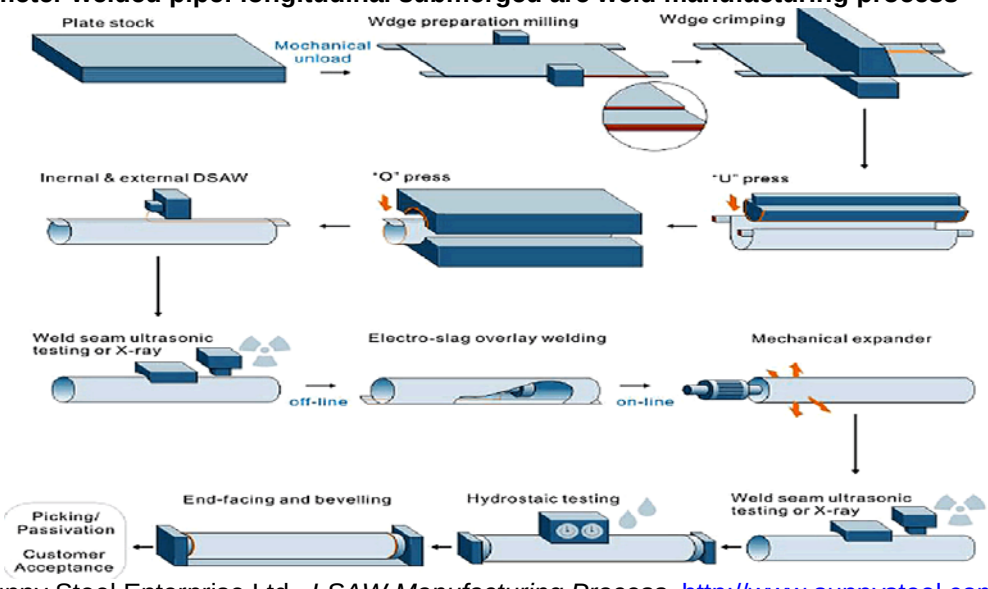
[56] *Certain Welded Line Pipe from Korea and Turkey, Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)*, USITC Publication 4580, November 2015, pp. I-19-24.

[57] The pyramid rolling machine consists of an elongated three-roll bending apparatus with the two bottom rolls fixed and the top roll movable along a vertical plane. The steel plate moves into position beneath the top roll and, through the proper combination of force and counter pressure, is shaped into a cylinder around the top roll. The edges of the pipe are formed by a continuous crimping machine, which prepares the edges for welding. When this is accomplished, the pipe is welded along the joint axis. Finally, the pipe is sized to ensure that it meets specifications on roundness and diameter at the ends. The sizing machine consists of a top and bottom roll shaped to the desired configuration of the

(*continued*...)

Figure I-5:
Large diameter welded pipe: longitudinal submerged arc weld manufacturing process



Source: Sunny Steel Enterprise Ltd., *LSAW Manufacturing Process*, http://www.sunnysteel.com/lsaw-flow.php#.VgACuU2FOic. Accessed January 30, 2018.

Testing and finishing stage

The sizing, testing and finishing stage is similar in the ERW, LSAW, and HSAW manufacturing methods. Line pipe may be subject to various tests including hydrostatic testing

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(…*continued*)
pipe. Pressure is applied on the top roll to exert a force on the pipe as it passes between the rolls. *Certain Welded Line Pipe from Korea and Turkey, Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)*, USITC Publication 4580, November 2015, pp. I-19-24.

[58] In the U-O-E method, the plate is crimped by bending the edges upward; it then enters the U-press, where a die bends it into a "U" shape. Next, the "U" enters the O-press, where the walls of the "U"-shaped channel are forced together, resulting in an "O"-shaped pipe. The pipe is then welded along the joint axis. In order to round the pipe and to ensure proper yield strength (which may be reduced in the O-press), two methods of expansion can be used, mechanical or hydraulic. In the mechanical expander, the pipe is moved over a head mechanism with symmetrical segments that can exert force on the inside of the pipe, thereby causing it to expand. In the hydraulic expander, the pipe is closed at both ends, filled with water and then pressurized. Under high pressure, the pipe expands to fill outside dies of the desired size. The pipe is then tested and inspected. LSAW pipe is welded with an electric arc that heats the metal edges and a consumable electrode or electrodes which provide the filler metal. The weld is blanketed by a shield of granular, fusible flux to protect the hot weld from chemically reacting with the surrounding air. Pipes usually are welded on both the outside and the inside of the same seam. Following the welding process, the scaly deposit left from the flux must be scraped away and the pipe cleaned. The weld is then inspected to correct any defects. Specific heat treatments can be performed to achieve the desired physical properties for the weld section. *Certain Welded Line Pipe from Korea and Turkey, Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)*, USITC Publication 4580, November 2015, pp. I-19-24.

and X-ray examination of the weld in order to detect any defects, and if necessary, would undergo finishing of the pipe ends including beveling.[59]

DOMESTIC LIKE PRODUCT ISSUES

Petitioners contend that the Commission should find a single domestic like product, coextensive with Commerce's scope.[60]

EVRAZ Inc. advances the argument that the Commission to find three separate like products, citing distinctions between ERW line pipe, SAW line pipe, and structural pipe.[61] Specifically, they assert that LDWP are resistant to highly corrosive "sour" environments which requires a refining process in the production of the steel to increase the purity of the steel, thereby making it more resistant to corrosion from sour gas and the made to API 5L specifications. [62] In contrast, structure pipes are made to ASTM specification and are used for construction of pumping stations, road-crossings, power plants, and load-bearing purposes.[63] Furthermore, they argue that structural pipes are not used as a substitute for LDWP.

Respondents Borusan and CPW assert that the Commission should find LDWP and structural pipe are separate like products because they have different end uses, customers, manufacturing standards and specifications, and different pricing.[64] [65]

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[59] *Certain Welded Line Pipe from Korea and Turkey, Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)*, USITC Publication 4580, November 2015, pp. I-19-24.

[60] Petitioners' postconference brief, p. 3 and exhibit 1.

[61] EVRAZ Inc.'s postconference brief, p. 41.

[62] Ibid.

[63] Ibid, p. 42.

[64] CPW's postconference brief, p. 12.

[65] Borusan, pp. 2-10.

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

U.S. MARKET CHARACTERISTICS

LDWP is used for the conveyance of gas, oil, and other liquids, generally in a pipeline or utility distribution system.[1] LDWP may also be used in structural applications, the most common of which is piling. LDWP used to convey oil or gas is generally produced to an American Petroleum Institute ("API") standard and LDWP used in structural applications is produced to the American Society for Testing and Materials ("ASTM") specifications. LDWP is generally sold to end users for specific projects, such as pipelines for energy applications and for structural applications (e.g., bridges, stadiums, and deep water ports).[2]

Apparent U.S. consumption of LDWP decreased by 28.9 percent from 2015 to 2016 and then increased by 3.5 percent from 2016 to 2017. Overall, apparent U.S. consumption in 2017 was 26.5 percent lower than in 2015.

CHANNELS OF DISTRIBUTION

U.S. producers sold mainly to end users. Imports of LDWP from Canada, Greece, India, and nonsubject countries were *** sold to end users during 2015-17 (table II-1). Imports of LDWP from China were sold *** to distributors in 2015 and then were sold *** to end users during 2016-17. Imports of LDWP from Korea were sold *** to distributors during 2015-17 while imports of LDWP from Turkey were sold *** to distributors in 2015 and 2017.

[1] Petition, vol. 1, p. 8.

[2] Petitioners estimated that nearly 100 percent of LDWP purchased for energy-related applications and approximately 90 percent of LDWP purchased for structural applications is produced-to-order for specific projects. Conference transcript, p. 103 (Kaplan). Petitioners reported that in some cases, distributors act as purchasing agents for end users, such that sales to a distributor may in fact be for a discrete project. Petition, vol. 1, p. 16.

Table II-1
LDWP: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2015-17

Item	Period		
	Calendar year		
	2015	2016	2017
	Share of reported shipments (percent)		
U.S. producers' U.S. commercial shipments of LDWP:			
Distributors	13.3	10.5	20.6
End users	86.7	89.5	79.4
U.S. importers' U.S. commercial shipments of LDWP from Canada:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' U.S. commercial shipments of LDWP from China:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' U.S. commercial shipments of LDWP from Greece:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' U.S. commercial shipments of LDWP from India:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' U.S. commercial shipments of LDWP from Korea			
Distributors	***	***	***
End users	***	***	***
U.S. importers' U.S. commercial shipments of LDWP from Turkey:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' U.S. commercial shipments of LDWP from all other countries:			
Distributors	***	***	***
End users	***	***	***

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

GEOGRAPHIC DISTRIBUTION

More than half of responding U.S. producers reported selling LDWP to all regions in the contiguous United States; most U.S. producers reported selling to the Northeast, Midwest, Southeast, and Central Southwest (table II-2). More than half of the 17 responding importers reported selling to Central Southwest and Pacific Coast. While importers sold LDWP throughout the United States, only one importer of subject merchandise from Korea reported serving the entire contiguous United States. For U.S. producers, 8.7 percent of sales were within 100 miles of their production facility, 70.0 percent were between 101 and 1,000 miles, and 21.3 percent were over 1,000 miles. Importers sold 46.3 percent within 100 miles of their U.S. point of shipment, 48.8 percent between 101 and 1,000 miles, and 4.9 percent over 1,000 miles.

Table II-2
LDWP: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Canada	China	Greece	India	Korea	Turkey	Subject U.S. importers
Northeast	9	***	1	***	1	1	1	6
Midwest	10	***	---	***	1	3	---	5
Southeast	9	***	1	***	2	3	2	7
Central Southwest	10	***	4	***	3	8	1	14
Mountain	6	***	1	***	1	2	---	4
Pacific Coast	9	***	5	***	---	3	---	8
Other[1]	2	***	1	***	---	1	---	2
All regions (except Other)	6	***	---	***	---	1	---	1
Reporting firms	11	1	7	1	3	9	3	17

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

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Twelve U.S. producers[3] and importers of LDWP from Canada, China, Greece, India, Korea, Turkey, and nonsubject countries supply the U.S. market. A summary of supply factors for U.S. and subject foreign producers are presented in table II-3.

Table II-3
LDWP: Factors that affect ability to increase shipments to the U.S. market, by country

Item	Capacity (short tons)		Capacity utilization (percent)		Inventories as a ratio to total shipments (percent)		Ability to shift to alternate product (number of firms)	Home market shipments as a share of total shipments in 2017 (percent)	Shipments exported to non-U.S. markets in 2017 (percent)
	2015	2017	2015	2017	2015	2017			
United States	3,808,024	3,760,155	51.3	32.4	14.3	10.9	4	98.5	1.5
Canada	***	***	***	***	***	***	0	***	***
China	***	***	***	***	***	***	0	***	***
Greece	***	***	***	***	***	***	1	***	***
India	***	***	***	***	***	***	0	***	***
Korea	***	***	***	***	***	***	0	***	***
Turkey	***	***	***	***	***	***	2	***	***

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

[3] As discussed in Part I, eleven firms provided usable data on their production activities which are presented in table II-3. One U.S. producer (***) submitted an unusable U.S. producer questionnaire response.

Domestic production

Based on available information, U.S. producers of LDWP have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced LDWP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the overall large capacity, the availability of unused capacity, and the ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include limited inventories.

Domestic capacity utilization decreased during 2015-17 as a result of decreased production. This relatively low level of capacity utilization suggests that U.S. producers may have substantial ability to increase production of LDWP in response to an increase in prices. U.S. producers' inventories declined. U.S. producers reported that the majority of their commercial shipments were produced-to-order. U.S. producers' exports, as a percentage of total shipments, increased slightly during 2015-17. ***. U.S. producers stated that it would be difficult to shift their shipments to other markets. U.S. producer Berg Pipe stated that tariff barriers to trade in other markets, specifically in China, Mexico, Russia, and Canada limited its ability to export.[4] Four of 11 responding U.S. producers stated that they could switch production from LDWP to other products. Other products that U.S. producers reportedly can produce on the same equipment as LDWP are line pipe up to 16 inches in diameter, water pipe, HSS (structural tube) and structural piling.

Subject imports from Canada[5]

Based on available information, Evraz has the ability to respond to changes in demand with moderately large changes in the quantity of shipments of LDWP to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. Factors mitigating responsiveness of supply include limited inventories, limited ability to shift shipments from alternate markets, and limited ability to shift production to or from alternate products.

Evraz's capacity utilization decreased during 2015-17 ***. The Canadian producer's inventories, as a ratio to total shipments, increased slightly during 2015-17. Evraz sold LDWP ***. Evraz reported that ***.

Subject imports from China[6]

Based on available information, Chinese producers of LDWP have the ability to respond to changes in demand with large changes in the quantity of shipments of LDWP to the U.S.

[4] Conference transcript, pp. 65-66 (Riemer).

[5] One producer in Canada, Evraz, responded to the Commission's questionnaire. According to estimates, it accounts for approximately *** percent of exports of LDWP to the United States from Canada.

[6] No questionnaire responses were received from Chinese producers.

market. The main contributing factors to this degree of responsiveness of supply are the availability of large amounts of unused capacity and the ability to shift shipments from alternate markets. It is estimated that China accounted for approximately 70 percent of all global welded tube production in 2015.[7] No information was available regarding inventories or ability to shift production to or from alternate products.

Subject imports from Greece[8]

Based on available information, Corinth has the ability to respond to changes in demand with large changes in the quantity of shipments of LDWP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, the ability to shift shipments from alternate markets, and the ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include limited inventories.

Corinth's capacity utilization increased during 2015-17 ***; its capacity *** during 2015-17. The Greek producer's inventories, as a ratio to total shipments, decreased *** from 2015 to 2017. Corinth's exports to other markets increased during 2015-17 as its exports to the U.S. market decreased. Corinth reported that ***.

Subject imports from India[9]

Based on available information, Welspun has the ability to respond to changes in demand with large changes in the quantity of shipments of LDWP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and the ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include limited inventories and limited ability to shift production to or from alternate products.

Welspun's capacity utilization increased during 2015-17 ***. Its inventories, as a ratio to total shipments, decreased *** from 2015 to 2017. The share of shipments to Welspun's home market decreased over the period while its share of shipments to export markets increased. Welspun reported ***.

[7] World Steel Association, Steel Statistical Yearbook, November 2017, table 28. p. 52.

[8] One producer in Greece, Corinth, responded to the Commission's questionnaire. According to estimates, it accounts for approximately *** percent of exports of LDWP to the United States from Greece.

[9] One producer in India, Welspun, responded to the Commission's questionnaire. According to estimates, it accounts for approximately *** percent of exports of LDWP to the United States from India

Subject imports from Korea[10]

Based on available information, EEW has the ability to respond to changes in demand with moderately large changes in the quantity of shipments of LDWP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the ability to shift shipments from alternate markets, some inventories, and some amounts of unused capacity. Factors mitigating responsiveness of supply include the limited ability to shift production to or from alternate products.

EEW's capacity utilization increased during 2015-17 ***. EEW's inventories, as a ratio to total shipments, fluctuated during the period but decreased overall from 2015 to 2017. EEW exported LDWP ***. EEW reported that ***.

Subject imports from Turkey[11]

Based on available information, Turkish producers have the ability to respond to changes in demand with large changes in the quantity of shipments of LDWP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are large amounts of unused capacity, the ability to shift shipments from alternate markets, and some ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include the limited inventories.

Turkish producers' capacity utilization decreased during 2015-17 ***. Turkish producers' inventories, as a ratio to total shipments, remained relatively unchanged from 2015 to 2017. Producers from Turkey ***. Two of the six responding Turkish producers reported that could switch production from LDWP to water pipes.

Imports from nonsubject sources

Nonsubject imports accounted for 17.1 percent of total U.S. imports, by quantity, in 2017. The largest sources of nonsubject imports during 2015-17 were Germany and Japan.

[10] One producer in Korea, EEW, responded to the Commission's questionnaire. According to estimates, it accounts for approximately *** percent of exports of LDWP to the United States from Korea.

[11] Six producers in Tukey responded to the Commissioner's questionnaire. According to estimates, they account for approximately *** percent of exports of LDWP to the United States from Turkey.

Supply constraints

Most U.S. producers reported that they have not had supply constraints since January 2015. However, U.S. producer *** reported that two large orders constrained its available supply during 2015. Three of 20 responding importers reported supply constraints since January 2015.[12] Importer *** reported that ***. Importer *** stated that there has been limited capacity and production of LDWP from global suppliers and that trade cases and the uncertainty of the section 232 investigation has limited the supply to the U.S. market.

U.S. demand

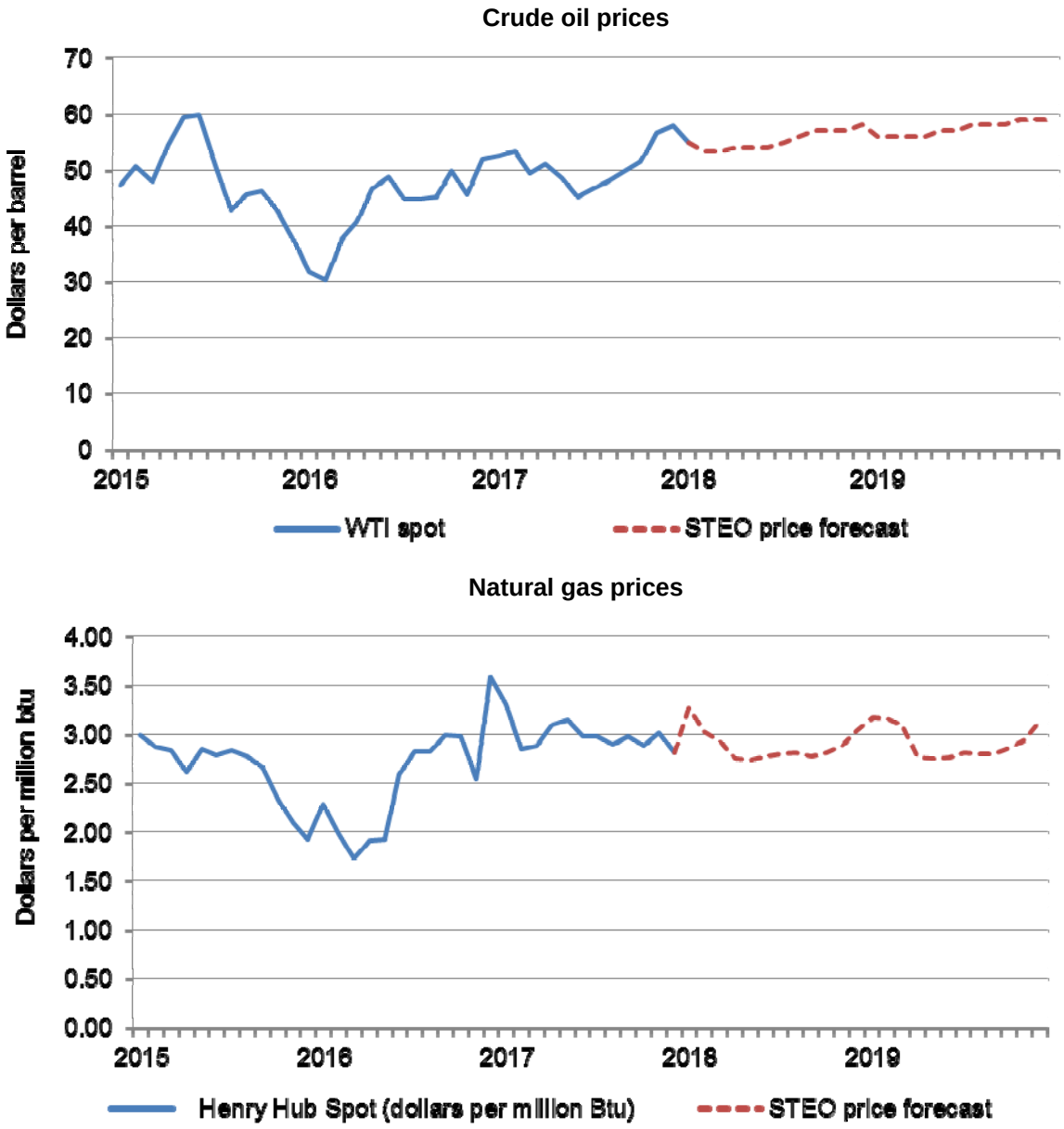
Based on available information, the overall demand for LDWP is likely to experience small changes in response to changes in price. The main contributing factors are the lack of substitute products and the small-to-moderate cost share of LDWP in most of its end-use products.

Since LDWP is used as an intermediate product, demand for LDWP depends on the price and productivity of the end product for which it is used. Most LDWP is used in the transmission of oil and gas, including liquefied natural gas (LNG); therefore, demand for LDWP has historically been sensitive to changes in oil and gas prices which affect the capital investment in the production of oil and gas, where a large portion of LDWP is used.

Spot prices for oil and natural gas fluctuated between January 2015 and December 2017, with the price of oil increasing overall and the price of natural gas decreasing slightly overall (figure II-1). The WTI spot price for oil peaked in June 2015, declined to its lowest point in February 2016 and then increased irregularly through the remainder of the period. The Henry Hub spot price of natural gas fell to its lowest point in March 2016, peaked in December 2016, and then fluctuated through 2017.

[12] When asked to describe its firm's supply constraints, importer *** stated that it "refused to meet Chinese pricing" but did not provide any further explanation.

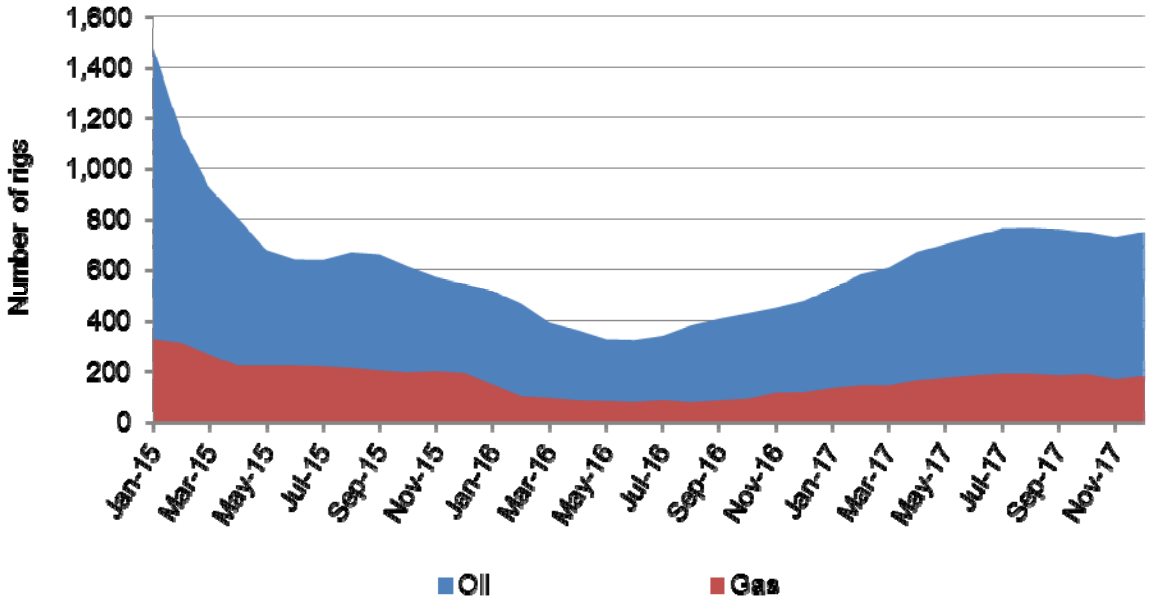
Figure II-1
Oil and natural gas: Short term actual and predicted monthly West Texas crude oil prices and Henry Hub spot prices of natural gas, January 2015-December 2019



Source: U.S. EIA, https://www.eia.gov/outlooks/steo/, retrieved January 29, 2018.

Production of oil and gas can affect demand conditions for LDWP, and rig count is a leading indicator of oil and gas sector activity. Crude petroleum and natural gas production fluctuated during 2015-17. Crude petroleum production levels decreased overall from 9.41 million barrels of crude oil per day in 2015 to 9.3 million barrels in 2017. Natural gas production decreased from 74.15 billion cubic feet per day in 2015 to 73.57 billion cubic feet per day in 2017.[13] U.S. rig count also fluctuated during 2015-17 (figure II-2). Both the number of oil rigs and rotary rigs used for natural gas fluctuated, but overall decreased from 1,482 rigs and 328 rigs, respectively, in the first week of January 2015 to 747 rigs and 182 rigs, respectively, in the last week of December 2017.

Figure II-2
Rotary rig count: Average weekly rig counts, January 2015-December 2017



Source: Hughes Incorporated, http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-reportsother, retrieved January 29, 2018.

The number of miles of completed pipelines increased, though associated with fewer projects, from 2015 to 2016 (table II-4). The number of planned projects as well as miles of pipeline more than doubles from 2016 to 2017.[14]

[13] U.S. EIA, Short-term Energy Outlook, January 2018.

[14] This data includes pipeline for projects that are publically announced, applied, approved, filed, or re-filed with the Federal Energy Regulatory Commission (FERC), or under construction. Petitioners noted that many projects are indefinitely delayed or cancelled and therefore this data may be of limited use in measuring future demand for LDWP. Petitioners' postconference brief, p. 18.

Table II-4
Natural gas: Number of miles of pipeline and number of projects reported by the Department of Energy for projects completed or planned to be completed,[1] 2015-19

Item	2015	2016	2017	2018	2019
	Completed		Planned[1]		
Miles of pipeline	424	537	4,006	1,497	113
Number of projects	27	24	61	30	7

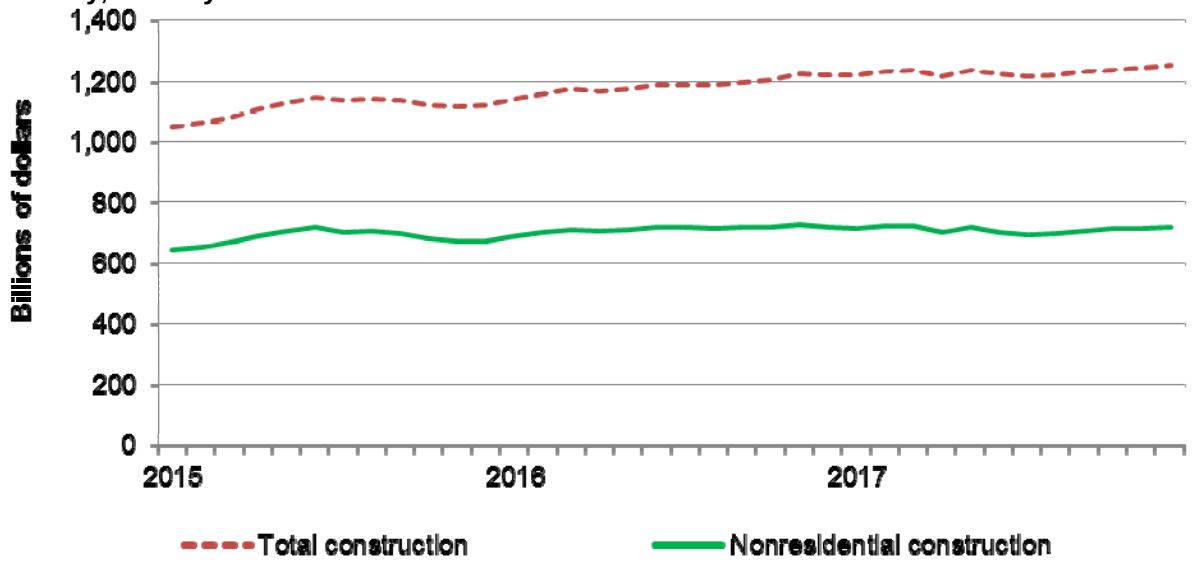
[1] Includes pipeline for projects that are publically announced, applied, approved, filed, or pre-filed with the Federal Energy Regulatory Commission (FERC), or under construction.

Note.--This data contains an aggregation of natural gas pipeline expansion projects slated to commence operations in coming years, and completed in past years. The data are not collected on an EIA survey. This information was compiled from trade press (e.g., PointLogic Energy, SNL), pipeline company websites, and the Federal Energy Regulatory Commission (FERC) on planned pipeline construction. The amount of capacity additions that come online may be significantly different than reflected in accompanying data. These data are not a forecast. Generally, only natural gas transmission lines are included in this file; gathering lines, distribution lines, and LNG marine terminals are excluded.

Source: Compiled by the U.S. Dept. of Energy, Energy Information Administration from the Federal Energy Regulatory Commission (FERC), trade press, company websites, SNL Financial, and PointLogic Energy, released May 11, 2017.

Demand for structural LDWP is driven by demand in the construction sector. The value of U.S. nonresidential construction increased 12.2 percent from $641.7 billion in January 2015 to $720.3 billion in December 2017 (figure II-3).

Figure II-3
U.S. construction: Total and nonresidential construction put in place, seasonally adjusted, monthly, January 2015-December 2017



Source: Manufacturing, Mining, and Construction Statistics, Construction Spending, U.S. Census Bureau, http://www.census.gov/construction/c30/historical_data.html; retrieved February 21, 2018.

End uses and cost share

U.S. demand for LDWP depends on the demand for U.S.-produced downstream products. Reported end uses include oil and gas transmission pipeline and structural products or construction applications such as marine or bridge foundations and sign pole structure.

LDWP accounts for a small share of the cost of the end-use products in which it is used. Most U.S. producers and imports reported cost shares for oil and gas transmission ranging from 20 to 35 percent and general structural applications ranging from 2 to 10 percent.

Business cycles

Nine of 11 U.S. producers and 9 of 21 importers indicated that the market was subject to business cycles or distinct conditions of competition. Specifically, four U.S. producers and six importers reported that demand for LDWP is linked to the production and consumption of oil and gas. One importer, ***, stated that in addition the price of oil and gas, demand for LDWP is constrained by the availability of pipeline constructors and welders. Five U.S. producers reported that the increased competition with imported LDWP has impacted their domestic sales.

Demand trends

A plurality of U.S. producers and importers reported that U.S. demand for LDWP has fluctuated since January 1, 2015 (table II-5). In general, firms reported that demand for LDWP fluctuates with changes in the prices for crude oil and natural gas as well as the drilling for those resources. Several firms noted the price declines in the oil and gas markets through 2016 and the increase in energy prices in 2017-18. U.S. producer *** stated that regulatory policies involving project permits can affect the demand for LDWP. U.S. producer *** stated there was an increase in dock terminal construction which increased the demand for LDWP in this market; however, offshore rig work decreased in 2015-16 due to a decrease in energy prices that negatively affected demand for LDWP in this market.

Table II-5
LDWP: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	1	---	4	6
Importers	5	2	5	9
Demand outside the United States				
U.S. producers	1	1	3	4
Importers	2	3	5	8

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

Firms responses regarding demand for LDWP outside of the United States varied. U.S. producer *** indicated that demand for LDWP in other countries such as Mexico has increased; however, it stated that duties and domestic content requirements have limited U.S. exports of most API line pipe. U.S. producers *** stated that demand for LDWP outside of the United

States has decreased due to low energy prices, political unrest (e.g., Middle East) and permitting issues (e.g., Canada). A plurality of importers reported the demand outside of the United States has fluctuated due to fluctuating energy prices. Importer *** stated that demand in the EU has increased.

Substitute products

All U.S. producers and 16 of 19 importers reported that there were no substitutes. One importer identified seamless pipe used in oil and gas lines as a potential substitute but noted that it is not considered an economically viable substitute because of its significantly higher costs. One firm identified SSAW pipe as a potential substitute for LDWP in all applications, and stated that SSAW pipe affects the price of LDWP. One importer identified structural beams used in structural/construction applications as a potential substitute and indicated that its price did not affect the price of LDWP.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported LDWP depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between domestically produced API LDWP and API LDWP imported from subject sources and ASTM LDWP and ASTM LDWP imported from subject sources.

Lead times

LDWP is primarily produced-to-order. U.S. producers reported that 94.4 percent of their commercial shipments were produced-to-order, with lead times averaging 78 days. The remaining 5.6 percent of their commercial shipments came from U.S. inventories, with lead times averaging 12 days. Importers reported that 98.1 percent of their commercial shipments were produced-to-order, with lead times averaging 118 days. The remaining 1.9 percent of their commercial shipments came from U.S. inventories, with lead times averaging 42 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[15] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for LDWP. The most often cited top-three factors firms consider in their purchasing decisions for LDWP were price (21 firms), ability to meet delivery/project schedule (15 firms), and quality (10 firms) as shown in table II-6. Quality was the most frequently cited first-most important factor (cited by 8 firms),

[15] This information is compiled from responses by purchasers identified by Petitioners or other U.S. producers to the lost sales lost revenue allegations. See Part V for additional information.

followed by price (6 firms); ability to meet delivery/project schedule was the most frequently reported second-most important factor (10 firms); and price was the most frequently reported third-most important factor (10 firms). Purchasers also cited the ability to meet technical specifications, the reputation of the manufacturer/mill, prior experience with supplier, warranties, liability acceptance by supplier, value added services (e.g., coating, jointing, logistics, and storage), supplier on customer's approved manufacturers list, payment terms, and access to high quality steel as additional factors that affect their purchasing decisions.

Table II-6
LDWP: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor[1]

Factor	First	Second	Third	Total
Price / cost	6	5	10	21
Delivery/project schedule	---	10	5	15
Quality	8	1	1	10
Technical/project specifications	5	3	---	8
Availability / supply	1	5	1	7
Other[2]	4	2	3	NA

[1] Some purchasers listed more than three factors in their response.
[2] Other factors include adherence to contract documents, Buy America requirements, customer's approval of mill, trust and relationship with mill for the first factor; preference for domestic product and lead time for second factor; and past service experience, lead time and vendor reputation for the third factor.

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

The vast majority of purchasers did not indicate that purchasing U.S.-produced product was an important factor in their purchasing decisions.[16] However, one purchaser (***) reported that some projects had domestic product requirements. In a January 24, 2017 Presidential Memorandum regarding the construction of American pipelines, the President of the United States directed the Secretary of Commerce to develop a plan under which all new pipelines, as well as retrofitted, repaired, or expanded pipelines, use materials and equipment produced in the United States.[17]

The majority of purchasers (20 of 22) reported that they use bids for their LDWP purchases.[18] Purchasers *** reported that a bid package is sent to each bidder which includes quantity, line pipe specifications, and company's specifications for production of line pipe; they stated that bids are evaluated on a supplier's ability to comply with specifications, price, and

[16] U.S. purchasers' Lost Sales and Lost Revenue Survey, questions 2, 3, and 7.

[17] "Produced in the United States" means that (1) all manufacturing processes occur in the United States; (2) steel or iron material or products manufactured abroad from semi-finished steel or iron from the United States are not "produced in the United States"; (3) steel or iron material or products manufactured in the United States from semi-finished steel or iron of foreign origin are not "produced in the United States." Source: Presidential Memorandum Regarding Construction of American Pipelines, The White House, https://www.whitehouse.gov/presidential-actions/presidential-memorandum-regarding-construction-american-pipelines/, retrieved January 23, 2018.

[18] One purchaser (***) reported that it purchased LDWP through individual transactions and (***) reported that it used purchase orders submitted by email.

delivery time/project schedule. Purchaser *** reported that it evaluates mills' RFPs on a delivered price; it stated that bids are analyzed based on the technical properties of the steel and pipe which are more stringent than API and ASTM standards. *** added that it also takes into consideration mill availability, payment terms, logistics and schedule plan, contract terms, and price. Purchaser *** stated that its line pipe orders are executed through a competitively bid purchase order agreement; it includes foreign mills in the opportunity to bid "if domestic mills are unable to support project in capability, competitive price or schedule." For smaller orders under 500 short tons, *** solicits bids from distributors located within the United States; these bids are awarded to the distributor which can meet project schedule and then price.

Comparison of U.S.-produced and imported LDWP

In order to determine whether U.S.-produced LDWP can generally be used in the same applications as imports from Canada, China, Greece, India, Korea, and Turkey, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-7, the majority of U.S. producers reported that domestic product and LDWP from subject countries was always interchangeable. U.S. producers *** stated that LDWP is completely interchangeable as long as it meets API specifications and are sold to the same customer base.

Importers' responses varied by country comparison. A plurality of importers indicated that domestic LDWP and LDWP from Canada, Greece, and Turkey was always interchangeable. A plurality of importers reported that domestic product and LDWP from China and India was sometimes interchangeable. Importer *** stated that LDWP from China and India had inferior quality and that many U.S. customers do not have Chinese suppliers in their approved manufacturer list of qualified suppliers. Importer *** also stated that domestic LDWP is only sometimes interchangeable with LDWP from China or India and noted that certain projects require domestically produced LDWP or LDWP supplied by a qualified LDWP manufacturer. Responses were mixed when comparing domestic product and LDWP from Korea; six importers reported that the products were always interchangeable, six importers reported that that were frequently interchangeable, and four reported that they were sometimes interchangeable. Importer *** reported that U.S. manufacturers do not produce the products it imports from Korea such as heavy wall conductor pipes in grades thru X80 up to 2" thick, heat treated process pipes in ASTM A671 and A672 standards for processing and LNG plants, and heavy wall structural pipes per API-2B grades up to 4" thick for fabrication in offshore oil and gas as well as civil construction projects.

Table II-7
LDWP: Interchangeability between LDWP produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. Canada	9	1	1	---	5	3	2	---
United States vs. China	9	1	1	---	4	3	6	---
United States vs. Greece	8	1	1	---	5	3	2	---
United States vs. India	8	1	2	---	3	3	6	---
United States vs. Korea	9	1	1	---	6	6	4	---
United States vs. Turkey	9	1	1	---	5	4	3	---
Canada vs. China	7	1	1	---	2	1	4	---
Canada vs. Greece	7	1	1	---	3	2	2	---
Canada vs. India	7	1	1	---	2	1	4	---
Canada vs. Korea	7	1	1	---	3	4	3	---
Canada vs. Turkey	7	1	1	---	2	3	2	---
China vs. Greece	7	1	1	---	2	1	4	---
China vs. India	7	1	1	---	2	1	4	---
China vs. Korea	7	1	1	---	3	3	5	---
China vs. Turkey	7	1	1	---	2	1	4	---
Greece vs. India	7	1	1	---	2	1	4	---
Greece vs. Korea	7	1	1	---	3	4	3	---
Greece vs. Turkey	7	1	1	---	2	3	2	---
India vs. Korea	7	1	1	---	3	3	5	---
India vs. Turkey	7	1	1	---	2	1	4	---
Korea vs. Turkey	7	1	1	---	2	2	4	---
United States vs. nonsubject	7	---	2	---	3	3	4	2
Canada vs. nonsubject	7	---	1	---	2	1	2	1
China vs. nonsubject	7	---	1	---	2	2	2	1
Greece vs. nonsubject	7	---	1	---	2	1	2	1
India vs. nonsubject	7	---	1	---	2	3	2	1
Korea vs. nonsubject	7	---	1	---	2	2	3	1
Turkey vs. nonsubject	7	---	1	---	2	1	3	1

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

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

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of LDWP from the United States, subject, or nonsubject countries. As seen in table II-8, the majority of U.S. producers reported that differences other than price were never a factor in their firms' sales of LDWP. A plurality of importers reported that differences other than price were sometimes a factor in their firms' sales of LDWP from subject countries. Differences other than price cited by importers include product range (specific grades and thicknesses not produced in the United States), quality, domestic product liability insurance, lead times, available capacity, and purchasers' approved

manufacturer lists. Producer and importer Evraz also stated that some customers prefer to purchase from vertically integrated producers.[19]

Table II-8
LDWP: Significance of differences other than price between LDWP produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. Canada	---	1	2	8	1	2	4	3
United States vs. China	---	1	2	8	2	3	5	3
United States vs. Greece	---	1	2	7	1	1	4	4
United States vs. India	---	2	2	6	1	3	6	2
United States vs. Korea	---	1	2	8	2	3	7	4
United States vs. Turkey	---	1	2	7	3	1	5	3
Canada vs. China	---	1	2	6	1	1	3	2
Canada vs. Greece	---	1	2	6	---	1	4	2
Canada vs. India	---	1	2	6	---	3	2	2
Canada vs. Korea	---	1	2	6	1	2	4	3
Canada vs. Turkey	---	1	2	6	---	1	4	2
China vs. Greece	---	1	2	6	1	1	3	2
China vs. India	---	1	2	6	1	1	3	2
China vs. Korea	---	1	2	6	2	1	5	2
China vs. Turkey	---	1	2	6	1	1	3	2
Greece vs. India	---	1	2	6	---	1	4	2
Greece vs. Korea	---	1	2	6	1	1	5	2
Greece vs. Turkey	---	1	2	6	---	1	4	2
India vs. Korea	---	1	2	6	1	1	5	3
India vs. Turkey	---	1	2	6	---	1	3	3
Korea vs. Turkey	---	1	2	6	---	2	3	2
United States vs. nonsubject	---	2	2	5	1	3	3	3
Canada vs. nonsubject	---	1	2	5	---	1	2	3
China vs. nonsubject	---	1	2	5	---	1	2	3
Greece vs. nonsubject	---	1	2	5	---	1	2	3
India vs. nonsubject	---	1	2	5	---	1	3	3
Korea vs. nonsubject	---	1	2	5	---	1	3	3
Turkey vs. nonsubject	---	1	2	5	1	1	2	3

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

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

[19] Conference transcript, pp. 146-147 (Kristofic).

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of eleven firms that accounted for the vast majority of U.S. production of LDWP in 2017.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 32 firms based on information contained in the petition. Eleven firms provided usable data on their production activities.[1] Staff believes that these responses represent the vast majority of U.S. production of LDWP.

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

[1] A twelfth producer ***, submitted its U.S. producer questionnaire response too late to be incorporated in the staff report. The firm is believed to account for *** percent or less of U.S. LDWP production.

Table III-1
LDWP: U.S. producers, their positions on the petitions, production locations, and shares of reported production, 2017

Firm	Position on petition	Production location(s)	Share of production (percent)
American	Petitioner	Birmingham, AL	***
Atlas	***	Chicago, IL	***
Berg	Petitioner	Panama City, FL Mobile, AL	***
Dura-Bond	Petitioner	Steelton, PA	***
Evraz	***	Portland, OR	***
Greens Bayou	***	Houston, TX	***
Jindal Tubular USA	***	St Louise, MS	***
JSW	***	Baytown, TX	***
Skyline	Petitioner	Luka, MS Morrisville, PA Camp Hill, PA Newton, IL Longview, WA	***
Stupp	Petitioner	Baton Rouge, LA	***
Trinity	***	Saint Charles, MO	***
Welspun	***	Little Rock, AR	***
Total			***

Note.—***

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms of LDWP. U.S. producers ***, ***, and *** are related to foreign producers of the LDWP. Also, as discussed in great detail below, three U.S. producers are related to U.S. importers of LDWP and directly import the subject merchandise. No U.S. producer reported purchasing LDWP from U.S. importers.

Table III-2
LDWP: U.S. producers' ownership, related and/or affiliated firms

* * * * * * *

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2015. There was one reported acquisition, one revised labor agreement, and one plant closure. In 2016, ***. In addition, three producers reported expansions, while every producer other than *** reported prolonged shutdowns or curtailments.

Table III-3
LDWP: U.S. producers' reported changes in operations, since January 1, 2015

Date	Company	Event
2016	***	***
2017	***	***
2017	***	***
2016	***	***
2015	***	***
2015	***	***
2017	Dura-Bond	**Acquisition:** In December 2017, acquired a tubular products mill from US Steel situated at McKeesport, PA.[2]
2017	Dura-Bond	**Prolonged shutdown or curtailment:** In November 2017, Dura-Bond laid off 180 employees at its Steelton, PA pipe mill.[3]
2017	***	***
2016	***	***
2016	***	***

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

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. From 2015 to 2017, U.S. producers' capacity decreased by 1.3 percent, while production decreased by 37.5 percent and capacity utilization decreased by 18.8 percentage points. Four of the five largest producers reported a decline in production from 2015 to 2017; however, *** reported a *** percent increase in production during this period.[4] Similarly, *** largest producers reported a decline in capacity utilization over the same period; *** was the exception.

[2] Norris, Adam, and Dura-Bond Industries. "Dura-Bond to Restart USS McKeesport Tubular." January 24, 2017. Accessed February 12, 2018. https://www.dura-bond.com/dura-bond-to-restart-uss-mckeesport-tubular/.

[3] Coyne, Justine. "Dura-Bond to Lay Off 180 at Pennsylvania Pipe Steel Mill." S&P Global Platts. September 28, 2017. Accessed February 12, 2018. https://www.platts.com/latestnews/metals/pittsburgh/dura-bond-to-lay-off-180-at-pennsylvania-pipe-21095060.

[4] *** increase in production from 2015-16 was due to *** project won in 2014, where production occurred primarily in 2016 and 2017. These projects include the ***. EDIS ID # 637263

Table III-4
LDWP: U.S. producers' production, capacity, and capacity utilization, 2015-17

Item	Calendar year		
	2015	2016	2017
	Capacity (short tons)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total capacity	3,808,024	3,900,575	3,760,155
	Production (short tons)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total production	1,952,563	1,393,262	1,220,125
	Capacity utilization (percent)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average capacity utilization	51.3	35.7	32.4

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

Figure III-1
LDWP: U.S. producers' production, capacity, and capacity utilization, 2015-17

* * * * * * *

Alternative products

Table III-5 presents data on U.S. producers' capacity and production of alternative products using the same equipment and machinery as LDWP. Large diameter welded pipes are manufactured on three different types of equipment, namely: ERW, HSAW, and LSAW pipe mills. *** reported producing products other than LDWP on ERW mills, with LDWP accounting for majority of all products made on the same ERW equipment from 2015-17. *** reported producing other products on HSAW or LSAW mills used to produce LDWP.

Table III-5
LDWP: U.S. producers' overall capacity and production on the same equipment used to produced LDWP, 2015-17

* * * * * * *

Figure III-2
LDWP: U.S. production by method of production, 2015-17

* * * * * * *

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

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. From 2015 to 2017, U.S. producers' U.S. shipments declined by both quantity and value, by 30.5 percent and 35.2 percent, respectively. Average unit values for U.S. producers' U.S. shipment fluctuated each year, from a high of $1,100 per short ton in 2015 to a low of $1,005 per short ton in 2016 before increasing to $1,025 per short ton in 2017, resulting in a net decline of 6.9 percent from 2015 to 2017.

Table III-6
LDWP: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (short tons)		
U.S. shipments	1,782,207	1,477,973	1,239,411
Export shipments	***	***	***
Total shipments	***	***	***
	Value (1,000 dollars)		
U.S. shipments	1,960,885	1,485,645	1,269,803
Export shipments	***	***	***
Total shipments	***	***	***
	Unit value (dollars per short ton)		
U.S. shipments	1,100	1,005	1,025
Export shipments	***	***	***
Total shipments	***	***	***
	Share of quantity (percent)		
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0
	Share of value (percent)		
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0

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

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** From 2015 to 2017, end-of-period inventories decreased by 47.6 percent. The ratio of inventories to U.S. production, U.S. shipments, and total shipments all decreased throughout the period for which data were collected.

Table III-7
LDWP: U.S. producers' inventories, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (short tons)		
U.S. producers' end-of-period inventories	262,489	176,042	137,593
	Ratio (percent)		
Ratio of inventories to.--			
U.S. production	13.4	12.6	11.3
U.S. shipments	14.7	11.9	11.1
Total shipments	***	***	***

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of LDWP are presented in table III-8. U.S. producers reported directly importing LDWP from four of the subject countries ***, as well as nonsubject source ***. Reasons cited for importing include closer proximity to U.S. project sites and lower costs.

Table III-8
LDWP: U.S. producers' U.S. production, imports and purchases, 2015-17

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 presents U.S. producers' employment-related data. From 2015 to 2017, the number of production and related workers ("PRWs"), total hours worked, hours worked per PRW, wages paid all decreased by 30.3 percent, 36.1 percent, 8.4 percent, and 35.0 percent, respectively, while hourly wages increased by 1.7 percent per hour.[5] Over the same period, short ton productivity declined by 2.2 percent per 1,000 hours while unit labor costs increased by 4.0 percent per short ton. All U.S. producers reported reductions in the number of PRWs in at least one year from 2015 to 2017. Ten U.S. producers reported negative employment trends,

[5] ***. ***'s U.S. producer questionnaire, II-11.

such layoffs, reduced shifts, labor cost increases from prolonged idling, and reductions in productivity.[6]

Table III-9
LDWP: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2015-17

Item	Calendar year		
	2015	2016	2017
Production and related workers (PRWs) (number)	2,938	2,310	2,049
Total hours worked (1,000 hours)	6,293	4,680	4,020
Hours worked per PRW (hours)	2,142	2,026	1,962
Wages paid ($1,000)	181,694	136,501	118,071
Hourly wages (dollars per hour)	$28.87	$29.17	$29.37
Productivity (short tons per 1,000 hours)	310.3	297.7	303.5
Unit labor costs (dollars per short tons)	$93.05	$97.97	$96.77

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

[6] ***. ***'s U.S. producer questionnaire, II-11.

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 135 firms believed to be importers of LDWP, as well as to all U.S. producers of LDWP.[1] Usable questionnaire responses were received from 22 companies, representing *** percent of U.S. imports from subject sources, 10.4 percent of imports from nonsubject sources, and 53.4 percent of imports from all sources. Table IV-1 lists all responding U.S. importers of LWDP from Canada, China, Greece, India, Korea, Turkey and other sources, their locations, and their shares of U.S. imports, in 2017.

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of LDWP from Canada, China, Greece, India, Korea, and Turkey and from nonsubject sources. From 2015 to 2017, the quantity of imports from five of the six subject countries decreased, while the quantity of imports from India increased from 51,083 short tons to 392,096 short tons during the same period. Imports from nonsubject sources decreased by 44.5 percent from 2015 to 2017. The average unit values of imports from aggregate subject and nonsubject countries decreased from 2015 to 2017.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports under HTS statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000, and 7305.39.5000 in 2017.

Table IV-1
LDWP: U.S. importers, their headquarters, and share of total imports by source, 2017

Firm	Headquarters	Share of imports by source (percent)		
		Subject sources	Nonsubject sources	All import sources
Ace Steel	Englewood Cliffs, NJ	***	***	***
American	Chesterfield, MO	***	***	***
Athanor	Houston, TX	***	***	***
Bechtel	Houston, TX	***	***	***
Berg	Mobile, AL	***	***	***
Borusan Mannesmann	Houston, TX	***	***	***
C&F	Houston, TX	***	***	***
Champions Cinco	Houston, TX	***	***	***
CMC	Irving, TX	***	***	***
CPW America	Houston, TX	***	***	***
EEW Steel	Houston, TX	***	***	***
Evraz	Regina and Camrose, AB	***	***	***
Fortis	Houston, TX	***	***	***
MS Global	Cerritos, CA	***	***	***
Optima	Concord, CA	***	***	***
POSCO Daewoo	Teaneck, NJ	***	***	***
Skyline	Parsippany, NJ	***	***	***
Stemcor	New York, NY	***	***	***
Sumitomo	Houston, TX	***	***	***
Sunbelt	Houston, TX	***	***	***
Tata	Schaumburg, IL	***	***	***
Welspun	Little Rock, AR	***	***	***
Total		***	***	***

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

Table IV-2
LDWP: U.S. imports by source, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (short tons)		
U.S. imports from.--			
Canada	338,068	67,538	174,179
China	52,301	20,890	34,938
Greece	201,344	90,802	13,854
India	51,083	32,719	392,096
Korea	250,799	189,322	201,875
Turkey, subject [1]	127,166	119,568	62,490
Subject sources	1,020,762	520,840	879,433
Nonsubject sources	325,904	223,719	180,801
All import sources	1,346,666	744,559	1,060,234
	Value (1,000 dollars)		
U.S. imports from.--			
Canada	413,100	65,257	180,546
China	40,494	13,799	29,447
Greece	208,570	74,072	11,420
India	52,059	26,689	295,315
Korea	202,781	146,173	160,567
Turkey, subject [1]	155,681	130,439	61,235
Subject sources	1,072,684	456,429	738,529
Nonsubject sources	375,755	210,932	169,733
All import sources	1,448,439	667,361	908,262
	Unit value (dollars per short ton)		
U.S. imports from.--			
Canada	1,222	966	1,037
China	774	661	843
Greece	1,036	816	824
India	1,019	816	753
Korea	809	772	795
Turkey, subject [1]	1,224	1,091	980
Subject sources	1,051	876	840
Nonsubject sources	1,153	943	939
All import sources	1,076	896	857

Table continued on next page.

Table IV-2—Continued
LDWP: U.S. imports by source, 2015-17

Item	Calendar year		
	2015	2016	2017
	Share of quantity (percent)		
U.S. imports from.--			
Canada	25.1	9.1	16.4
China	3.9	2.8	3.3
Greece	15.0	12.2	1.3
India	3.8	4.4	37.0
Korea	18.6	25.4	19.0
Turkey, subject [1]	9.4	16.1	5.9
Subject sources	75.8	70.0	82.9
Nonsubject sources	24.2	30.0	17.1
All import sources	100.0	100.0	100.0
	Share of value (percent)		
U.S. imports from.--			
Canada	28.5	9.8	19.9
China	2.8	2.1	3.2
Greece	14.4	11.1	1.3
India	3.6	4.0	32.5
Korea	14.0	21.9	17.7
Turkey, subject [1]	10.7	19.5	6.7
Subject sources	74.1	68.4	81.3
Nonsubject sources	25.9	31.6	18.7
All import sources	100.0	100.0	100.0
	Ratio to U.S. production		
U.S. imports from.--			
Canada	17.3	4.8	14.3
China	2.7	1.5	2.9
Greece	10.3	6.5	1.1
India	2.6	2.3	32.1
Korea	12.8	13.6	16.5
Turkey, subject [1]	6.5	8.6	5.1
Subject sources	52.3	37.4	72.1
Nonsubject sources	16.7	16.1	14.8
All import sources	69.0	53.4	86.9

[1] Turkey's reported subject imports ("Turkey, subject") excludes LDWP from 16" to 24" in outside diameter (O.D.) reported under HTS statistical reporting numbers 7305.11.1030, 7305.12.1030, and 7305.19.1030. Imports from Turkey of LDWP between 16" and 24" O.D. under those excluded HTS numbers are reported, however, as part of the "nonsubject sources" and "all import sources" aggregates.

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official U.S. import statistics using HTS statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000, and 7305.39.5000, accessed February 8, 2018

Figure IV-1
LDWP: U.S. imports by source, 2015-17

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[2] Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[3] Table IV-3 presents imports the twelve month period preceding the filing of the petition.

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

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

Table IV-3
LDWP: U.S. imports the twelve months preceding the filling of the petition, by source, 2017

	Calendar year 2017			
	AD calculations		CVD calculations	
	Quantity (short tons)	Share of quantity (percent)	Quantity (short tons)	Share of quantity (percent)
U.S. imports from.--				
Canada	174,179	18.1	174,179	16.4
China	34,938	3.6	34,938	3.3
Greece	13,854	1.4	13,854	1.3
India	392,096	40.7	392,096	37.0
Korea, subject [1]	103,937	10.8	201,875	19.0
Turkey, subject[2]	62,490	6.5	62,490	5.9
Subject sources	781,495	81.2	879,433	82.9
Nonsubject sources	180,801	18.8	180,801	17.1
All import sources	962,296	100.0	1,060,234	100.0

[1] Korea's reported subject imports ("Korea, subject") exclude LDWP from 16" to 24" in outside diameter (O.D.) reported under HTS statistical reporting numbers 7305.11.1030, 7305.12.1030, and 7305.19.1030 for the purposes of the AD calculations (since there is an existing antidumping duty order on those goods). Imports from Korea of LDWP between 16" and 24" O.D. under those excluded HTS numbers have been removed from the total for purposes of the antidumping duty (AD) negligibility calculations. Imports under these three HTS numbers for 16" and 24" O.D. merchandise are, however, included in "Korea, subject" for the purpose of the CVD calculations as there is no existing countervailing duty order on merchandise of that O.D. size range from Korea.
[2] Turkey's reported subject imports ("Turkey, subject") exclude LDWP from 16" to 24" in outside diameter (O.D.) reported under HTS statistical reporting numbers 7305.11.1030, 7305.12.1030, and 7305.19.1030. Imports from Turkey of LDWP between 16" and 24" O.D. under those excluded HTS numbers have been removed from the total for purposes of the negligibility calculations: for both AD and CVD calculations. Since no imports were reported under these HTS numbers for calendar 2017 from Turkey, this has no impact on the data.
Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official U.S. import statistics using HTS statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000, and 7305.39.5000, accessed February 8, 2018.

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. Information regarding channels of distribution, market areas, and interchangeability appear in Part II. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

Table IV-4 presents data for U.S. producers' and U.S. importers' U.S. shipments of imported large diameter welded pipes by grade. U.S. shipments by U.S. producers were concentrated in the higher-graded line pipe, as were U.S. shipments by importers of LDWP from Canada, Greece, and India. U.S. shipments by importers of LDWP from Korea were more heavily present in lower-graded line pipe, while U.S. shipments by importers of LDWP from China and Turkey were concentrated in ASTM (structural) pipe.

Table IV-4
LDWP: U.S. producers' and U.S. importers' U.S. shipments and imports by grade, 2017

* * * * * * *

Figure IV-2
LDWP: Share of U.S. shipments by grade, 2017

* * * * * * *

Table IV-5 presents data for U.S. producers' and U.S. importers' U.S. shipment and U.S imports by OD size and manufacture.

Table IV-5
LDWP: U.S. producers' and U.S. shipment and U.S. by OD size and manufacture, 2017

* * * * * * *

Figure IV-3
LDWP: Share of U.S. shipments by OD size and manufacture, 2017

* * * * * * *

Geographical markets

Table IV-6 presents data for U.S. imports of LDWP by border of entry. U.S. imports from all six subject sources entered through the East in 2017. Imports from five subject sources entered through the South, four through the North, and three through in the West. The largest volume of subject imports entered through the South in 2017.

Presence in the market

Table IV-7 and figure IV-2 present monthly import statistics for LDWP January through December 2016. Imports from ***, ***, except *** were present in the market in each month from January 2015 through December 2017.

Table IV-6
LDWP: U.S. imports by border of entry and source, 2017

Item	Border of entry				
	East	North	South	West	Total
	Quantity (short tons)				
U.S. imports from.--					
Canada	23,922	149,171	---	1,086	174,179
China	7,866	592	13,423	13,056	34,938
Greece	13,852	---	3	---	13,854
India	169,873	35	222,188	---	392,096
Korea	6,387	564	170,833	24,091	201,875
Turkey, subject [1]	51,653	---	10,837	---	62,490
Subject sources	273,552	150,362	417,285	38,234	879,433
Nonsubject sources	10,611	678	150,478	19,034	180,801
All import sources	284,164	151,041	567,762	57,268	1,060,234
	Share of quantity across (percent)				
U.S. imports from.--					
Canada	13.7	85.6	---	0.6	100.0
China	22.5	1.7	38.4	37.4	100.0
Greece	100.0	---	0.0	---	100.0
India	43.3	0.0	56.7	---	100.0
Korea	3.2	0.3	84.6	11.9	100.0
Turkey, subject [1]	82.7	---	17.3	---	100.0
Subject sources	31.1	17.1	47.4	4.3	100.0
Nonsubject sources	5.9	0.4	83.2	10.5	100.0
All import sources	26.8	14.2	53.6	5.4	100.0
	Share of quantity down (percent)				
U.S. imports from.--					
Canada	8.4	98.8	---	1.9	16.4
China	2.8	0.4	2.4	22.8	3.3
Greece	4.9	---	0.0	---	1.3
India	59.8	0.0	39.1	---	37.0
Korea	2.2	0.4	30.1	42.1	19.0
Turkey, subject [1]	18.2	---	1.9	---	5.9
Subject sources	96.3	99.6	73.5	66.8	82.9
Nonsubject sources	3.7	0.4	26.5	33.2	17.1
All import sources	100.0	100.0	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

[1] Turkey's reported subject imports ("Turkey, subject") exclude LDWP from 16" to 24" in outside diameter (O.D.) reported under HTS statistical reporting numbers 7305.11.1030, 7305.12.1030, and 7305.19.1030. Imports from Turkey of LDWP between 16" and 24" O.D. under those excluded HTS numbers are reported, however, as part of the "nonsubject sources" and "all import sources" aggregates.

Source: Official U.S. import statistics using HTS statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000, and 7305.39.5000, accessed February 8, 2018.

Table IV-7
LDWP: U.S. imports by subject source and source, January 2015 through December 2017

Item	U.S. importers				
	Canada	China	Greece	India	Korea
	Quantity (short tons)				
2015.--					
January	42,788	4,408	20,202	15,311	36,901
February	34,737	2,130	---	107	21,777
March	49,678	11,947	17,845	25,942	19,142
April	36,920	4,527	20,281	1,040	33,875
May	30,884	3,276	27,770	255	15,434
June	33,330	2,140	37,743	306	24,559
July	21,072	8,770	47,841	---	16,431
August	21,937	10,370	17,053	8,040	14,447
September	13,954	628	12,610	25	11,596
October	17,579	1,907	---	---	28,279
November	15,688	1,607	---	---	20,892
December	19,500	591	---	58	7,467
	Quantity (short tons)				
2016.--					
January	20,147	2,705	6,068	344	17,583
February	3,287	4,477	4,534	9,511	25,382
March	5,083	1,557	364	---	25,011
April	3,206	3,051	17,371	---	26,963
May	3,585	663	---	---	6,687
June	2,477	985	6,774	---	8,816
July	1,337	1,620	3,452	---	7,630
August	2,536	1,564	---	2	15,496
September	1,363	363	---	11,797	3,574
October	1,728	2,447	12,673	5	25,998
November	11,138	515	12,949	11,055	15,139
December	11,652	943	26,617	6	11,044
	Quantity (short tons)				
2017.--					
January	3,606	5,580	---	13	8,209
February	9,023	3,200	44	56,835	15,288
March	19,991	1,213	---	63,469	12,660
April	7,518	4,156	2,054	16,218	12,602
May	24,933	3,493	---	42,453	19,885
June	13,612	2,322	---	21,305	12,139
July	12,283	3,269	---	41,533	17,220
August	20,206	4,376	---	39,967	17,434
September	19,934	4,002	---	64,308	23,521
October	13,463	925	---	45,989	23,171
November	13,684	737	11,754	---	10,909
December	15,927	1,664	3	7	28,838

Table continued on next page.

Table IV-7-Contined
LDWP: U.S. imports by subject source and source, January 2015 through December 2017

Item	U.S. importers			
	Turkey, subject[1]	Subject sources	Nonsubject sources	All import sources
	Quantity (short tons)			
2015.--				
January	11,651	131,261	41,053	172,314
February	1,091	59,843	18,164	78,007
March	247	124,800	28,397	153,196
April	285	96,927	12,457	109,384
May	16,859	94,478	38,022	132,500
June	16,449	114,527	44,175	158,702
July	28,939	123,052	38,600	161,652
August	16,059	87,905	26,557	114,462
September	12,095	50,908	33,854	84,762
October	18,579	66,344	15,699	82,043
November	13	38,200	8,621	46,821
December	4,900	32,516	20,306	52,822
	Quantity (short tons)			
2016.--				
January	15,895	62,741	19,969	82,710
February	14,019	61,212	6,354	67,566
March	10,073	42,088	18,748	60,836
April	24,258	74,849	31,475	106,323
May	16,726	27,661	12,267	39,928
June	22,940	41,993	20,722	62,715
July	11,087	25,125	32,020	57,145
August	4,534	24,131	38,075	62,206
September	1	17,097	16,258	33,355
October	15	42,866	7,885	50,751
November	10	50,806	7,403	58,209
December	10	50,272	12,543	62,815
2017.--				
January	15,490	32,897	10,201	43,099
February	3,535	87,925	5,436	93,361
March	4,701	102,034	10,844	112,878
April	---	42,548	15,128	57,676
May	1,033	91,798	9,389	101,187
June	12,193	61,572	15,169	76,741
July	14,555	88,861	10,041	98,902
August	---	81,984	20,620	102,604
September	3,512	115,277	34,052	149,328
October	---	83,547	17,839	101,386
November	7,470	44,554	22,830	67,384
December	---	46,438	9,251	55,689

1 Turkey's reported subject imports ("Turkey, subject") exclude LDWP from 16" to 24" in outside diameter (O.D.) reported under HTS statistical reporting numbers 7305.11.1030, 7305.12.1030, and 7305.19.1030. Imports from Turkey of LDWP between 16" and 24" O.D. under those excluded HTS numbers are reported, however, as part of the "nonsubject sources" and "all import sources" aggregates.

Source: Official U.S. import statistics using HTS statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000, and 7305.39.5000, accessed February 8, 2018

Figure IV-4
LDWP: U.S. imports from month of entry and sources by source countries, January 2015 through December 2017

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Figure IV-5
LDWP: Monthly U.S. imports by month of entry and sources for total subject and nonsubject countries, January 2015 through December 2017

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Apparent U.S. consumption

Table IV-8 and figure IV-5 present data on apparent U.S. consumption for LDWP. With regards to quantity, apparent U.S. consumption decreased by *** percent from 2015 to 2016 and increased by *** percent from 2016 to 2017, for an overall decrease of *** percent from 2015 to 2017. With regards to value, apparent U.S. consumption decreased by *** percent from 2015 to 2017.

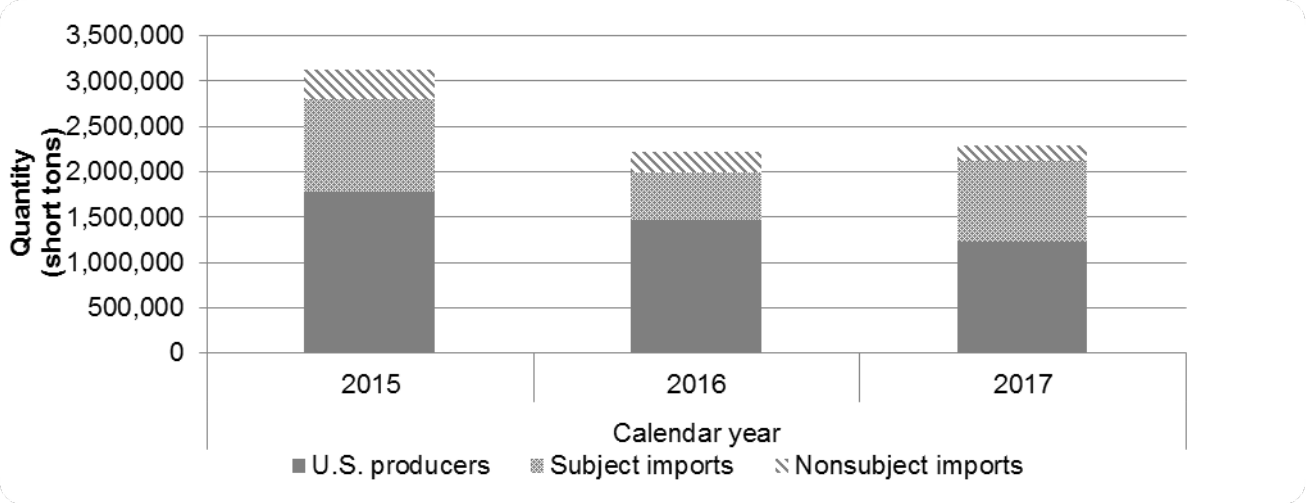
Table IV-8
LDWP: Apparent U.S. consumption, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (short tons)		
U.S. producers' U.S. shipments	1,782,207	1,477,973	1,239,411
U.S. imports from.--			
Canada	338,068	67,538	174,179
China	52,301	20,890	34,938
Greece	201,344	90,802	13,854
India	51,083	32,719	392,096
Korea	250,799	189,322	201,875
Turkey, subject [1]	127,166	119,568	62,490
Subject sources	1,020,762	520,840	879,433
Nonsubject sources	325,904	223,719	180,801
All import sources	1,346,666	744,559	1,060,234
Apparent U.S. consumption	3,128,873	2,222,532	2,299,645
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	1,960,885	1,485,645	1,269,803
U.S. imports from.--			
Canada	413,100	65,257	180,546
China	40,494	13,799	29,447
Greece	208,570	74,072	11,420
India	52,059	26,689	295,315
Korea	202,781	146,173	160,567
Turkey, subject [1]	155,681	130,439	61,235
Subject sources	1,072,684	456,429	738,529
Nonsubject sources	375,755	210,932	169,733
All import sources	1,448,439	667,361	908,262
Apparent U.S. consumption	3,409,324	2,153,006	2,178,065

[1] Turkey's reported subject imports ("Turkey, subject") exclude LDWP from 16" to 24" in outside diameter (O.D.) reported under HTS statistical reporting numbers 7305.11.1030, 7305.12.1030, and 7305.19.1030. Imports from Turkey of LDWP between 16" and 24" O.D. under those excluded HTS numbers are reported, however, as part of the "nonsubject sources" and "all import sources" aggregates.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using HTS statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000, and 7305.39.5000 accessed February 8, 2018

Figure IV-6
LDWP: Apparent U.S. consumption, 2015-17



Source: Official U.S. import statistics using HTS statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000, and 7305.39.5000, accessed February 8, 2018

U.S. MARKET SHARES

U.S. market share data are presented in table IV-9. With regards to quantity, the share of U.S. producers' U.S. shipments increased by *** percentage points from 2014 to 2016; the share of U.S. shipments of imports from China decreased by *** percentage points from 2014 to 2015 and increased by *** percentage points from 2015 to 2016; the share of U.S. shipments of imports from Vietnam increased by *** percentage points from 2014 to 2015 and *** from 2015 to 2016; the share of U.S. shipments of imports from the subject countries combined increased by *** percentage points from 2014 to 2016; the share of U.S. shipments of imports from nonsubject sources *** from 2014 to 2016.

Table IV-9
LDWP: Market shares, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (short tons)		
Apparent U.S. consumption	3,128,873	2,222,532	2,299,645
	Share of quantity (percent)		
U.S. producers' U.S. shipments	57.0	66.5	53.9
U.S. imports from.--			
Canada	10.8	3.0	7.6
China	1.7	0.9	1.5
Greece	6.4	4.1	0.6
India	1.6	1.5	17.1
Korea	8.0	8.5	8.8
Turkey, subject [1]	4.1	5.4	2.7
Subject sources	32.6	23.4	38.2
Nonsubject sources	10.4	10.1	7.9
All import sources	43.0	33.5	46.1
	Value (1,000 dollars)		
Apparent U.S. consumption	3,409,324	2,153,006	2,178,065
	Share of value (percent)		
U.S. producers' U.S. shipments	57.5	69.0	58.3
U.S. imports from.--			
Canada	12.1	3.0	8.3
China	1.2	0.6	1.4
Greece	6.1	3.4	0.5
India	1.5	1.2	13.6
Korea	5.9	6.8	7.4
Turkey, subject [1]	4.6	6.1	2.8
Subject sources	31.5	21.2	33.9
Nonsubject sources	11.0	9.8	7.8
All import sources	42.5	31.0	41.7

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

[1] Turkey's reported subject imports ("Turkey, subject") exclude LDWP from 16" to 24" in outside diameter (O.D.) reported under HTS statistical reporting numbers 7305.11.1030, 7305.12.1030, and 7305.19.1030. Imports from Turkey of LDWP between 16" and 24" O.D. under those excluded HTS numbers are reported, however, as part of the "nonsubject sources" and "all import sources" aggregates.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using HTS statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000, and 7305.39.5000, accessed February 8, 2018

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The primary raw material used in the production of LDWP differs according to the method of production. For ERW pipe, hot-rolled steel coil is the principal raw material. For SAW pipe, the principal raw materials are cut-to-length plate (for LSAW) or hot-rolled steel coil (for HSAW).[1] Raw material costs, as a share of U.S. producers' total cost of goods sold (COGS), fluctuated during the period but overall declined slightly from 77.8 percent in 2015 to 76.8 percent in 2016.

Prices for cut-to-length plate are typically higher than those for hot-rolled coil. Throughout most of the period for which data were collected, prices for cut-to-length plate exceeded those for hot-rolled coil. However, the price gap between the two raw material inputs began to narrow during the first quarter of 2016 and prices for cut-to-length plate were less than hot-rolled coil during August-December 2016. Prices for cut-to-length plate increased above those for hot-rolled coil by January 2017 and remained above for the remainder of the period. The prices of hot-rolled coil and cut-to-length plate fluctuated since 2015, decreasing during 2015 and first quarter 2016, increasing during the second and third quarters 2016, falling sharply during the fourth quarter of 2016, and then irregularly increasing through the fourth quarter of 2017. Seven of eleven U.S. producers reported that LDWP raw material prices have fluctuated since January 2015 and four U.S. producers stated that they have not been able to pass on raw material price increases to their customers.

Figure V-1
Hot-rolled coil and cut-to-length plate: Average prices, monthly, January 2015 to December 2017

* * * * * * *

U.S. inland transportation costs

Nine of 11 U.S. producers and 9 of 19 importers reported that they typically arrange transportation to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 8 to 12 percent while most importers reported costs of 3 to 8 percent.

[1] USITC, *Investigation No. 731-TA-919 (Second Review): Certain Welded Large Diameter Line Pipe from Japan*, PUB 4427, September 2013, V-1.

PRICING PRACTICES

Pricing methods

U.S. producers and importers set prices for LDWP primarily on transaction-by-transaction negotiations, although five U.S. producers and seven importers reported using contracts (table V-1). LDWP is generally sold for specific projects through bidding competition.

Table V-1
LDWP: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	9	19
Contract	5	7
Set price list	1	---
Other[2]	1	---
Responding firms	10	21

[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.
[2] U.S. producer *** reported that the market sets its prices.

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

U.S. producers reported selling most of their LDWP through either short-term contracts or in the spot market while importers reported selling most of their LDWP under short-term and long-term contracts. As shown in table V-2, U.S. producers and importers reported their 2017 U.S. commercial shipments of LDWP by type of sale.

Table V-2
LDWP: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2017

Type of sale	U.S. producers	Importers
Long-term contracts	8.4	32.5
Annual contracts	9.9	---
Short-term contracts	44.3	60.4
Spot sales	37.3	7.0

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

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

Two U.S. producers reported that their long-term contracts averaged 2 and 3 years and four U.S. producers reported that the duration of their short-term contracts ranged from 60 to 120 days. U.S. producers reported similar contract provisions for both long-term and short-term contracts. Most U.S. producers reported that their contracts did not allow for price renegotiations, fixed both price and quantity, and did not have meet-or-release provisions.

Most importers reported that their long-term contract averaged 2 years and their short-term contracts averaged 90 to 180 days. Importers also reported similar contract provisions for both long-term and short-term contracts. Most importers reported that that their contracts did

not allow for price renegotiations, fixed both price and quantity, and did not have meet-or-release provisions.

Purchasers provided a general description of their firms' method of purchase for LDWP. Nineteen of 22 purchasers reported using bids for at least some portion of their purchases of LDWP.[2] Several purchasers reported that bid packages specify the quantity and technical specifications. Two purchasers noted that they do not disclose bids, quotes, and pricing to other suppliers. Two purchasers reported that they use one-on-one negotiations

Sales terms and discounts

Five of 11 U.S. producers and most importers (12 of 18) typically quote prices on an f.o.b. basis. The majority of both U.S. producers and importers reported that they did not offer discounts. Most U.S. producers (9 of 11) and most importers (16 of 18) reported sales terms of net 30 days.

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 LDWP products shipped to unrelated U.S. customers during January 2015-December 2017.

Product 1.—Line pipe, 42" OD, 0.600"- 1.000" wall, API 5L X52-X70, regardless of length.

Product 2.—Line pipe, 32"- 36" OD, 0.350"- 0.800" wall, API 5L X52-X70, regardless of length.

Product 3.—Line pipe, 26"- 30" OD, 0.350"- 0.800" wall, API 5L X52-X70, regardless of length.

Product 4.—Structural pipe, 18"- 24" OD, 0.375"- 0.750" wall, ASTM A252, A1035, or similar, regardless of length.

Product 5.—Structural pipe, >24"- 32" OD, 0.500"- 1.000" wall, ASTM A252, A1035, or similar, regardless of length.

Product 6.—Line pipe, 20"- 24" OD, 0.300"- 0.500" wall, API 5L X60-X70, regardless of length.

[2] U.S. producers Berg Pipe, Dura-Bond, Skyline, and Stupp stated that bidding process typically involves multiple rounds and purchasers do not share suppliers bid prices with other suppliers. Conference transcript, pp. 95-97 (Riemer, Clark, Norris, and De Mey).

Ten U.S. producers and nine importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[3] [4] Pricing data reported by these firms accounted for approximately 85.1 percent of U.S. producers' shipments of product, 98.7 percent of U.S. shipments of subject imports from Canada, 68.5 percent of U.S. shipments of subject imports from China, 4.3 percent of U.S. shipments of subject imports from Greece, 45.2 percent of U.S. shipments of subject imports from India, 8.9 percent of U.S. shipments of subject imports from Korea, and 25.7 of U.S. shipments of subject imports from Turkey in 2017. Price data for products 1-6 are presented in tables V-3 to V-8 and figures V-2 to V-7.[5]

Table V-3
LDWP: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2015-December 2017

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Table V-4
LDWP: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2015-December 2017

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Table V-5
LDWP: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2015-December 2017

* * * * * * *

[3] One importer (***) reported price data for imports from Canada, one importer (***) provided price data for imports from China, one importer (***) provided price data for imports from Greece, one importer (***) provided price data for imports from India, four importers (***) provided price data for imports from Korea, and one importer (***) provided price data for imports from Turkey.

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

[5] Importer *** provided price data for LDWP from Korea ***. The unit values for some quarters were significantly higher than the average reported price. When contacted by staff, *** explained that the price included value-added services (e.g. cutting and beveling of the pipe) in some quarters. Staff excluded two quarters of data reported for Product 1 (quarter 1, 2015 and quarter 2, 2016) and one quarter of data for Product 2 (quarter 1, 2015) which all had unit values above $***. ***. Email ***.

Table V-6
LDWP: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2015-December 2017

Period	United States		Canada			China		
	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)
2015:								
Jan.-Mar.	961	12,076	---	***	---	***	***	***
Apr.-Jun.	994	13,096	---	***	---	***	***	***
Jul.-Sep.	918	12,868	---	***	---	***	***	***
Oct.-Dec.	831	14,200	---	***	---	***	***	***
2016:								
Jan.-Mar.	805	8,579	---	***	---	---	***	---
Apr.-Jun.	664	17,447	---	***	---	---	***	---
Jul.-Sep.	824	13,022	---	***	---	---	***	---
Oct.-Dec.	846	10,819	---	***	---	---	***	---
2017:								
Jan.-Mar.	833	8,940	---	***	---	***	***	***
Apr.-Jun.	880	12,362	---	***	---	***	***	***
Jul.-Sep.	926	20,699	---	***	---	***	***	***
Oct.-Dec.	906	13,011	---	***	---	***	***	***

Period	Greece			India		
	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2015:						
Jan.-Mar.	---	***	---	---	***	---
Apr.-Jun.	---	***	---	---	***	---
Jul.-Sep.	---	***	---	---	***	---
Oct.-Dec.	---	***	---	---	***	---
2016:						
Jan.-Mar.	---	***	---	---	***	---
Apr.-Jun.	---	***	---	---	***	---
Jul.-Sep.	---	***	---	---	***	---
Oct.-Dec.	---	***	---	---	***	---
2017:						
Jan.-Mar.	---	***	---	---	***	---
Apr.-Jun.	---	***	---	---	***	---
Jul.-Sep.	---	***	---	---	***	---
Oct.-Dec.	---	***	---	---	***	---

Table continued on next page.

Table V-6--Continued
LDWP: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2015-December 2017

Period	United States		Korea			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)
2015:								
Jan.-Mar.	961	12,076	---	***	---	---	***	---
Apr.-Jun.	994	13,096	---	***	---	---	***	---
Jul.-Sep.	918	12,868	---	***	---	---	***	---
Oct.-Dec.	831	14,200	---	***	---	---	***	---
2016:								
Jan.-Mar.	805	8,579	---	***	---	---	***	---
Apr.-Jun.	664	17,447	---	***	---	---	***	---
Jul.-Sep.	824	13,022	---	***	---	---	***	---
Oct.-Dec.	846	10,819	---	***	---	---	***	---
2017:								
Jan.-Mar.	833	8,940	---	***	---	---	***	---
Apr.-Jun.	880	12,362	---	***	---	---	***	---
Jul.-Sep.	926	20,699	---	***	---	---	***	---
Oct.-Dec.	906	13,011	---	***	---	---	***	---

[1] Product 4: Structural pipe, 18”- 24” OD, 0.375”- 0.750” wall, ASTM A252, A1035, or similar, regardless of length.

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

Table V-7
LDWP: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2015-December 2017

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Table V-8
LDWP: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2015-December 2017

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Figure V-2
LDWP: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2015-December 2017

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Figure V-3
LDWP: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2015-December 2017

* * * * * * *

Figure V-4
LDWP: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2015-December 2017

* * * * * * *

Figure V-5
LDWP: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2015-December 2017

* * * * * * *

Figure V-6
LDWP: Weighted-average prices and quantities of domestic and imported product 5, by quarters, January 2015-December 2017

* * * * * * *

Figure V-7
LDWP: Weighted-average prices and quantities of domestic and imported product 6, by quarters, January 2015-December 2017

* * * * * * *

Price trends

In general, prices decreased during January 2015-December 2017. Table V-9 summarizes the price trends, by country and by product. Domestic price decreases ranged from 5.8 to 16.7 percent during 2015-17 while import price decreases ranged from 0.3 to 21.0 percent.

Table V-9
LDWP: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and subject countries

Item	Number of quarters	Low price (dollars per short ton)	High price (dollars per short ton)	Change in price over period[1] (percent)
Product 1:				
United States	12	***	***	***
Canada	4	***	***	***
China	---	---	---	---
Greece	2	***	***	***
India	6	***	***	***
Korea	8	***	***	***
Turkey	---	---	---	---
Product 2:				
United States	12	***	***	***
Canada	11	***	***	***
China	---	---	---	---
Greece	3	***	***	***
India	1	***	***	***
Korea	12	***	***	***
Turkey	---	---	---	---
Product 3:				
United States	12	***	***	***
Canada	8	***	***	***
China	---	---	---	---
Greece	4	***	***	***
India	---	---	---	---
Korea	12	***	***	***
Turkey	1	***	***	***

Table continued on next page.

Table V-9--Continued
LDWP: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and subject countries

Item	Number of quarters	Low price (dollars per short ton)	High price (dollars per short ton)	Change in price over period[1] (percent)
Product 4:				
United States	12	***	***	***
Canada	---	---	---	---
China	8	***	***	***
Greece	---	---	---	---
India	---	---	---	---
Korea	---	---	---	---
Turkey	---	---	---	---
Product 5:				
United States	12	***	***	***
Canada	---	---	---	---
China	4	***	***	***
Greece	---	---	---	---
India	---	---	---	---
Korea	---	---	---	---
Turkey	2	***	***	***
Product 6:				
United States	12	***	***	***
Canada	11	***	***	***
China	2	***	***	***
Greece	6	***	***	***
India	---	---	---	---
Korea	4	***	***	***
Turkey	---	---	---	---

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

Price comparisons

Price comparisons are presented by subject country (table V-10) and by product (table V-11).[6] As shown in table V-10, prices for LDWP imported from all subject countries combined were below those for U.S.-produced product in 45 of 109 instances (*** short tons); margins of underselling ranged from 0.5 to 46.7 percent. In the remaining 64 instances (*** short tons), prices for LDWP imported from all subject countries combined were between 2.0 and 124.6 percent above prices for the domestic product. With the exception of Canada, the remaining five subject countries showed larger volumes of underselling than overselling. Volumes of underselling/overselling were split among price products. Product 1 (API line pipe with a diameter of 42 inches) and products 4 and 5 (structural pipe) showed larger volumes of underselling than overselling while products 2, 3, and 6 (all API line pipe products) showed larger volumes of overselling.

Table V-10
LDWP: Instances of underselling/overselling and the range and average of margins, by country, January 2015-December 2017

Source	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Canada	3	***	29.1	22.9	37.7
China	14	***	19.7	4.9	39.5
Greece	10	***	11.1	0.5	23.5
India	6	***	24.9	8.3	46.7
Korea	11	***	11.5	0.8	35.9
Turkey	1	***	36.9	36.9	36.9
Total, underselling	45	***	17.5	0.5	46.7
Source	(Overselling)				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Canada	31	***	(24.2)	(2.0)	(77.6)
China	0	***	---	---	---
Greece	5	***	(18.8)	(3.9)	(33.2)
India	1	***	(15.2)	(15.2)	(15.2)
Korea	25	***	(33.1)	(2.2)	(124.6)
Turkey	2	***	(34.8)	(2.0)	(67.6)
Total, overselling	67	***	(27.4)	(2.0)	(124.6)

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

[6] Petitioners and respondents Borusan and Welspun stated that the price data reflects shipments of LDWP with contract prices set at different dates. Borusan also contends that in addition to difference contract dates, the prices reflect different terms and conditions specific to the project in which the LDWP was sold. Petitioners' postconference brief, p. 29; Borusan's postconference brief, p. 21; Welspun's postconference brief, p. 12. U.S. producers and importers reported that their contracts fixed price for the duration of the contract and did not allow for price renegotiation.

Table V-11
LDWP: Instances of underselling/overselling and the range and average of margins, by product, January 2015-December 2017

Product	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	10	***	22.5	5.8	46.7
Product 2	7	***	9.7	0.5	21.7
Product 3	11	***	15.0	1.1	36.9
Product 4	8	***	12.6	4.9	20.5
Product 5	4	***	27.7	21.0	39.5
Product 6	5	***	23.7	7.5	36.8
Total, underselling	45	***	17.5	0.5	46.7
Product	**(Overselling)**				
	Number of quarters	**Quantity (short tons)**	**Average margin (percent)**	**Margin Range (percent)**	
				Min	**Max**
Product 1	10	***	(40.0)	(6.0)	(85.4)
Product 2	20	***	(29.3)	(2.8)	(77.6)
Product 3	14	***	(14.5)	(2.0)	(39.0)
Product 4	0	***	---	---	---
Product 5	2	***	(34.8)	(2.0)	(67.6)
Product 6	18	***	(27.6)	(7.1)	(124.6)
Total, overselling	64	***	(27.4)	(2.0)	(124.6)

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

LOST SALES AND LOST REVENUE

The Commission requested that U.S. producers of LDWP report purchasers where they experienced instances of lost sales or revenue due to competition from imports of LDWP from Canada, China, Greece, India, Korea, or Turkey during January 2015-December 2017. Nine U.S. producers reported that they had to reduce prices and four of seven responding U.S. producers reported that they had to roll back announced price increases. Nine U.S. producers reported that they had lost sales and submitted lost sales and lost revenue allegations. U.S. producers identified 63 firms where they lost sales or revenue (50 consisting lost sales allegations, 1 consisting of lost revenue allegations, and 26 consisting of both types of allegations).[7] Twenty-five allegations involved imports of LDWP from Canada; approximately 70 percent of these allegations involved LDWP with an overall diameter between 18 inches to 24 inches. Thirty-one allegations involved LDWP from China; the pipe diameters involved in these allegations were evenly distributed between 18 inches to 48 inches. Twelve allegations involved LDWP from

[7] Four U.S. producers reported 15 additional lost sales allegations that occurred prior to January 2015. These allegations were not included in the analysis.

Greece; 75 percent of these allegations involved pipe diameters of 20 inches to 24 inches. Eight allegations involved LDWP from India; pipe diameters ranged from 12 inches to 48 inches. Eighteen allegations involved LDWP from Korea; almost all of these allegations involved pipe diameters ranging between 20 inches and 24 inches. Eleven allegations involved LDWP from Turkey; more than half of these allegations involved pipe diameters between 30 inches and 42 inches. Allegations occurred throughout 2015-17, with the most number of allegations occurring in 2016.

Staff contacted 56 purchasers and received responses from 22 purchasers.[8] Responding purchasers reported purchasing and importing 1.2 million short tons of LDWP in 2017 (table V-12).[9]

[8] Purchaser contact information was not provided for all 63 lost sale or lost revenue allegations.

[9] Purchasing quantities fluctuated during 2015-17 and decreased overall. Purchasers reported purchasing and importing 1.4 million short tons in 2015 and 855,470 short tons in 2016.

Table V-12
LDWP: Purchasers' responses to purchasing patterns

Purchaser	Purchases and imports in 2017 (short tons)			Change in domestic share[2] (pp, 2015-17)	Change in subject country share[2] (pp, 2015-17)
	Domestic	Subject	All other[1]		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	517,855	603,002	75,276	(19.0)	18.1

[1] Includes all other sources and unknown sources.
[2] Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

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

During 2017, responding purchasers purchased and/or imported 43.3 percent from U.S. producers, 23.3 percent from Canada, 0.5 percent from China, 7.8 percent from Greece, 16.0 percent from India, 2.4 percent from Korea, 0.5 percent from Turkey, 2.3 percent from nonsubject countries, and 4.0 percent from "unknown source" countries (table V-13).

Table V-13
LDWP: U.S. purchasers' purchases and imports of LDWP, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Quantity (short tons)			Change in quantity (percent)		
Purchases and/or imports: United States	***	***	***	***	***	***
Canada	***	***	***	***	***	***
China	***	***	***	***	***	***
Greece	***	***	***	***	***	***
India	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Turkey	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
All known import sources	***	***	***	***	***	***
Unknown sources	***	***	***	***	***	***
All sources	***	***	***	(16.4)	(40.2)	39.8

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Share of quantity (percent)			Change in share of quantity (percentage point)		
Purchases and/or imports: United States	62.3	62.8	43.3	(19.0)	0.5	(19.5)
Canada	11.8	3.5	23.3	11.5	(8.3)	19.8
China	1.3	1.3	0.5	(0.8)	(0.0)	(0.8)
Greece	2.8	8.3	7.8	4.9	5.5	(0.6)
India	0.7	7.3	16.0	15.3	6.7	8.6
Korea	3.4	5.1	2.4	(1.0)	1.8	(2.8)
Turkey	12.4	0.7	0.5	(11.9)	(11.7)	(0.2)
Subject sources	32.3	26.3	50.4	18.1	(6.1)	24.1
All other sources	1.6	8.0	2.3	0.7	6.3	(5.6)
All known import sources	34.0	34.2	52.7	18.8	0.3	18.5
Unknown sources	3.7	3.0	4.0	0.2	(0.8)	1.0
All sources	100.0	100.0	100.0	---	---	---

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

The majority of responding purchasers reported that their purchases from domestic producers fluctuated since January 2015 (table V-14).[10] Explanations for fluctuating purchases of domestic product included price, product specifications and engineering requirements, mill capacity, and schedule requirements. Purchaser *** stated that "Mill direct orders are competitively bid, and award decisions are based on various factors, such as cost, schedule, adherence to PAA specs, etc." Explanations for increasing purchases of domestic product included faster delivery times and new or expanding business. Explanations for decreasing purchases of domestic product included quality issues and price. A plurality of purchasers reported that their purchases of LDWP from subject sources fluctuated since January 1, 2015. Explanations for fluctuating purchases of LDWP from subject countries included price fluctuations, lack of domestic capacity, and mill availability. Purchaser *** stated that it tried purchasing LDWP from China but because of quality issues, returned to purchasing LDWP from Korea. Purchaser *** stated that "U.S. distributors stock large quantities of Korean pipe resulting in higher availability of pipe physically located throughout the United States." Several purchasers indicated that purchases are bid on by suppliers and product source fluctuates from project to project based on product specifications, price, and schedule/delivery times. Explanations for increasing purchases of LDWP from subject countries included lower prices, customer approval of product source, ability to meet schedule requirements, and project did not require domestic product. Explanations for decreasing purchases of LDWP from subject countries included purchasing imported product only in 2015, did not meet schedule requirements, and one-off purchase due to shorter lead time.

Table V-14
LDWP: Changes in purchasing patterns since January 1, 2015

Source	Decreased	Increased	Constant	Fluctuated	Did not purchase
United States	2	2	1	10	4
Canada	0	4	1	5	8
China	1	3	0	4	11
Greece	2	2	0	4	10
India	1	0	0	1	15
Korea	4	1	1	7	4
Turkey	1	1	0	2	13
All other sources	2	1	0	6	9
Sources unknown	2	1	1	6	7

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

[10] Of the 22 responding purchasers, 10 purchasers indicated that they did not know the source of a portion of the LDWP they purchased. Purchases of LDWP from unknown sources accounted for less than 5 percent of total reported purchases in a year.

Of the 21 responding purchasers, 17 reported that, since 2015, they had purchased imported LDWP from subject countries instead of U.S.-produced product.[11] Fifteen of these purchasers reported that subject import prices were lower than U.S.-produced product,[12] and 13 of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Twelve purchasers estimated the quantity of LDWP from subject countries purchased instead of domestic product; quantities ranged from 385 short tons to 107,000 short tons (tables V-15 and V-16). Purchasers identified quality, availability, required product specifications, approved manufacturers list, project schedule, and extended payment terms as non-price reasons for purchasing imported rather than U.S.-produced product.

Table V-15
LDWP: Purchasers' responses to purchasing subject imports instead of domestic product

* * * * * * *

Table V-16
LDWP: Purchasers' responses to purchasing LDWP from subject countries instead of domestic

Source	Count of purchasers reporting subject instead of domestic	Count of purchasers reported that imports were priced lower	Count of purchasers reporting that price was a primary reason for shift	Quantity subject purchased (short tons)	Other reasons for shift
Canada	9	5	4	***	5
China	7	7	7	***	---
Greece	8	5	2	***	6
India	2	1	1	***	1
Korea	11	9	8	***	3
Turkey	3	3	1	***	3
All subject sources	17	15	13	***	3

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

[11] Nine of 19 responding purchasers reported that they had purchased imported LDWP from Canada instead of U.S.-produced product; 7 of 20 responding purchasers reported that they had purchased imported LDWP from China instead of U.S.-produced product; 8 of 20 responding purchasers reported that they had purchased imported LDWP from Greece instead of U.S.-produced product; 2 of 20 responding purchasers reported that they had purchased imported LDWP from India instead of U.S.-produced product; 11 of 20 responding purchasers reported that they had purchased imported LDWP from Korea instead of U.S.-produced product; and 3 of 19 responding purchasers reported that they had purchased imported LDWP from Turkey instead of U.S.-produced product.

[12] Half of responding purchasers reported that prices of LDWP from Canada (5 of 10 purchasers) and India (1 of 2 purchasers) were lower than U.S.-produced product. Most purchasers reported that prices of LDWP from the other subject countries were lower than U.S.-produced LDWP.

Of the 22 responding purchasers, 3 reported that U.S. producers had reduced prices in order to compete with lower-priced imports from Canada, Greece, and Korea (table V-17; 14 reported that they did not know). The reported estimated price reduction ranged from 3.2 to 10 percent for imports from Canada, 10 percent for imports from Greece, and 10 percent for imports from Korea (table V-18).

Table V-17
LDWP: Purchasers' responses to U.S. producer price reductions

* * * * * * *

Table V-18
LDWP: Purchasers' responses to U.S. producer price reductions, by country

Source	Count of purchasers reporting U.S. producers reduced prices	Simple average of estimated U.S. price reduction (percent)	Range of estimated U.S. price reductions (percent)
Canada	2	***	3.2 to 10.0
China	---	---	---
Greece	2	***	10.0 to 10.0
India	---	---	---
Korea	2	***	10.0 to 10.0
Turkey	---	---	---
All subject sources	3	***	3.2 to 10.0

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

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Eleven U.S. producers (***) provided financial data on their operations of LDWP.[1] [2] These data are believed to account for the vast majority of U.S. production of LDWP in 2017. No firms reported internal consumption or transfers to related firms. With respect to their U.S. operations, two producers *** reported purchasing inputs from related parties in 2017.[3] [4]

*** both expanded their LDWP operations in 2015 and *** invested in new equipment to *** in 2016 and 2017. In addition, ten firms reported prolonged shutdowns and reductions in shifts at various times in 2016 and 2017.[5] Stupp testified shutting down its HSAW mill indefinitely in December 2016 after partial idling of this plant in parts of 2016. In addition, Evraz idled its only U.S. LDWP facility (an HSAW mill) in Portland, Oregon in April 2016.[6] In December 2016, Dura-Bond purchased all of the pipe making assets, software, and spare parts of the former U.S. Steel's idled McKeesport, Pennsylvania ERW mill that manufactured DLWP in 4-20 inches.[7] ***.[8]

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[1] As discussed in greater detail in Part I, ***.

[2] Financial results were reported on the basis of generally accepted accounting principles (GAAP). ***.

[3] ***. U.S. producers' questionnaires, III-6 to III-8. Evraz testified that prior to idling in April 2016, its Portland LDWP facility sourced inputs such as slab or hot-rolled coil from related parties. Conference transcript, pp. 165-167 (Kristofic).

[4] The Commission's current practice requires that relevant cost information associated with input purchases from related suppliers correspond to the manner in which this information is reported in the U.S. producer's own accounting books and records.

[5] Three of the largest producers *** reduced operations or partially idled their facilities from 2016 and 2017. Berg and Stupp testified to idling their mills for several months in 2016 and/or 2017, with reduced shifts when these mills restarted. ***. *** is the only LDWP producer that did not report prolonged shutdowns or reductions in shift. LDWP represented less than *** percent of ***' production from 2015 to 2017 and *** percent of its shares of sales in 2017. Conference transcript, pp. 24-26 (Reimer), p. 29 (Stupp); ***'s U.S. producer questionnaire, II-2; and ***'s U.S. producer questionnaire, II-2, II-3a, and III-5.

[6] Evraz explained that "if demand would increase for new projects within reasonable geographic proximity of the mill, its {idled facility in Portland, Oregon} could be restarted." Conference transcript, p. 129 (Fisher) and p. 165 (Kristofic); ***, email response to USITC auditor, February 8, 2018.

[7] ***. The land and buildings of the McKeesport mill is owned by Regional Industrial Development Corp. ("RIDC"). RIDC is a not-for-profit, privately funded organization with the mission of "catalyz{ing} and support{ing} economic growth and high quality job creation through real estate development and finance of projects that advance the public interest." RIDC stated that "it's been redeveloping and remediating the National Tube site since 1990. U.S. Steel resumed operations there for three years, then announced in August 2014 it would idle the plant, citing the effect of imported products." Dura-Bond further explained that the ***. In addition, the ***. Dura-Bond is ***. RIDC, Dura-Bond, and TribLive websites, http://ridc.org/view-property/mckeesport/, http://ridc.org/about/, https://www.dura-

(*continued*...)

OPERATIONS ON LDWP

Table VI-1 presents aggregated financial data on U.S. producers' operations of LDWP, while table VI-2 presents the corresponding changes in average unit values. Table VI-3 presents selected company-specific financial data. The reported aggregate net sales quantity declined by 32.6 percent from 2015 to 2017, while the aggregate net sales value declined by 38.7 percent during this time. Aggregated cost of goods sold ("COGS") declined by 37.8 percent and selling, general, and administrative ("SG&A") expenses declined by 37.7 percent from 2015 to 2017. As a result of larger declines in revenue compared to COGS and SG&A expenses, aggregated gross profit and operating income declined by 44.9 percent and 51.8 percent, respectively. For each year-to-year period, operating income fluctuated, decreasing by 80 percent from 2015 to 2016 but increasing by 139 percent from 2016 to 2017. Net income increased by 165 percent from 2015 to 2017. The increase in net income for the aggregated U.S. industry in 2017 reflects, in part, the data of ***, as well as a ***.

(…*continued*)
bond.com/news/, and http://triblive.com/local/westmoreland/11767641-74/bond-company-dura, retrieved February 17, 2017, conference transcript, pp. 31 and 34 (Norris); and *** to ***, email response to USITC auditor, February 21, 2018.

[8] ***, email response to USITC auditor, February 5, 2018.

Table VI-1

LDWP: Results of operations of U.S. producers, 2015-17

Item	Calendar year		
	2015	**2016**	**2017**
	Quantity (short tons)		
Total net sales	1,845,710	1,473,332	1,243,614
	Value (1,000 dollars)		
Total net sales	2,131,057	1,540,138	1,306,735
Cost of goods sold.-- Raw materials	1,449,053	1,099,161	889,338
Direct labor	185,165	149,474	121,230
Other factory costs	227,244	160,507	147,639
Total COGS	1,861,462	1,409,142	1,158,207
Gross profit	269,595	130,996	148,528
SG&A expense	131,620	103,179	82,039
Operating income or (loss)	137,975	27,817	66,489
Interest expense	20,040	23,733	18,583
All other expenses	***	***	***
All other income	***	***	***
Net income or (loss)	***	***	***
Depreciation/amortization	49,453	49,466	45,758
Cash flow	***	***	***
	Ratio to net sales (percent)		
Cost of goods sold.-- Raw materials	68.0	71.4	68.1
Direct labor	8.7	9.7	9.3
Other factory costs	10.7	10.4	11.3
Average COGS	87.3	91.5	88.6
Gross profit	12.7	8.5	11.4
SG&A expense	6.2	6.7	6.3
Operating income or (loss)	6.5	1.8	5.1
Net income or (loss)	***	***	***
	Ratio to total COGS (percent)		
Cost of goods sold.-- Raw materials	77.8	78.0	76.8
Direct labor	9.9	10.6	10.5
Other factory costs	12.2	11.4	12.7
Average COGS	100.0	100.0	100.0

Table continued.

Table VI-1--Continued

LDWP: Results of operations of U.S. producers, 2015-17

Item	Calendar year		
	2015	2016	2017
	Unit value (dollars per short ton)		
Total net sales	1,155	1,045	1,051
Cost of goods sold.-- Raw materials	785	746	715
Direct labor	100	101	97
Other factory costs	123	109	119
Average COGS	1,009	956	931
Gross profit	146	89	119
SG&A expense	71	70	66
Operating income or (loss)	75	19	53
Net income or (loss)	***	***	***
	Number of firms reporting		
Operating losses	3	6	3
Net losses	4	7	5
Data	11	11	10

Note.--Data for 2017 excludes expenses reported by ***. ***, ***, email response to USITC auditor, February 8, 2018.

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

Table VI-2

LDWP: Changes in AUVs, between calendar years

Item	Between calendar years		
	2015-17	2015-16	2016-17
	Change in AUVs (dollars per short ton)		
Total net sales	(104)	(109)	5
Cost of goods sold.-- Raw materials	(70)	(39)	(31)
Direct labor	(3)	1	(4)
Other factory costs	(4)	(14)	10
Average COGS	(77)	(52)	(25)
Gross profit	(27)	(57)	31
SG&A expense	(5)	(1)	(4)
Operating income or (loss)	(21)	(56)	35
Net income or (loss)	***	***	***

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

Table VI-3

LDWP: Selected results of operations of U.S. producers, by firm, 2015-17

Item	Calendar year		
	2015	2016	2017
	Total net sales quantity (short tons)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total net sales quantity	1,845,710	1,473,332	1,243,614
	Total net sales value (1,000 dollars)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total net sales value	2,131,057	1,540,138	1,306,735
	Cost of goods sold (1,000 dollars)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total COGS	1,861,462	1,409,142	1,158,207
	SG&A expenses (1,000 dollars)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total SG&A expenses	131,620	103,179	82,039
	Operating income or (loss) (1,000 dollars)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total operating income or (loss)	137,975	27,817	66,489

Table continued.

Table VI-3--Continued

LDWP: Selected results of operations of U.S. producers, by firm, 2015-17

Item	Calendar year		
	2015	2016	2017
	Net income or (loss) (1,000 dollars)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total net income or (loss)	***	***	***
	COGS to net sales ratio (percent)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average COGS to net sales ratio	87.3	91.5	88.6
	SG&A expense to net sales ratio (percent)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average SG&A expense to net sales ratio	6.2	6.7	6.3
	Operating income or (loss) to net sales ratio (percent)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average operating income or (loss) to net sales ratio	6.5	1.8	5.1
	Net income or (loss) to net sales ratio (percent)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average net income or (loss) to net sales ratio	***	***	***

Table continued.

Table VI-3--Continued

LDWP: Selected results of operations of U.S. producers, by firm, 2015-17

Item	Calendar year		
	2015	2016	2017
	Unit net sales value (dollars per short ton)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average unit net sales value	1,155	1,045	1,051
	Unit raw materials (dollars per short ton)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average unit raw materials	785	746	715
	Unit COGS (dollars per short ton)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average unit COGS	1,009	956	931
	Unit SG&A expenses (dollars per short ton)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average unit SG&A expense	71	70	66
	Unit operating income or (loss) (dollars per short ton)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average unit operating income or (loss)	75	19	53

Table continued.

Table VI-3--Continued

LDWP: Selected results of operations of U.S. producers, by firm, 2015-17

Item	Calendar year		
	2015	2016	2017
	Unit net income or (loss) (dollars per short ton)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average unit net income or (loss)	***	***	***

Note.--Data for 2017 excludes expenses for ***. ***, ***, email response to USITC auditor, February 8, 2018.

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

Net sales quantity and revenue

As presented in tables VI-1 and VI-3, net sales quantity and value declined each year from 2015 to 2017. In 2015 and 2016, *** was the industry leader in net sales quantity *** and value *** but in 2017, *** declined to the *** largest producer in terms of net sales. As reported earlier, *** experienced shutdowns and reduced sales throughout the period examined.[9] In contrast, *** was the *** largest producer in terms of net sales of LDWP in 2015 but by 2017 had the highest net sales of *** and ***.[10]

On a per-short ton basis, revenue decreased from $*** in 2015 to $*** in 2016 before increasing slightly to $*** in 2017. Seven firms reported declining per-short ton net sales values from 2015 to 2017 while four firms *** reported increases in per-short ton net sales values.

[9] ***. ***'s U.S. producer questionnaire, II-11.

[10] ***. *** to ***, email response to USITC auditor, February 5, 2018.

COGS and expenses

As shown in table VI-1, raw material costs represent the single largest component of total COGS, at 77.8 percent in 2015, 78.0 percent in 2016, and 76.8 percent in 2017. As shown in table VI-3, average raw material costs, direct labor, and other factory costs varied from company to company.[11] These cost differences may reflect underlying differences in input costs (ERW and HSAW use hot-rolled steel coil and LSAW uses cut-to-length plate), OD, wall thickness, and length in the three manufacturing processes, as well as project-based customer requirements. Aggregated for responding producers, raw material costs decreased from 2015 to 2017, in both absolute value and per-short ton.[12]

Direct labor costs ranged from 9.9 percent to 10.6 percent of total COGS and decreased from 2015 to 2017 in both absolute value and on a per-short ton basis.[13] Similar to direct labor costs, other factory costs ranged from 11.4 percent to 12.7 percent of total COGS, and decreased in both absolute value and on a per-short ton basis from 2015 to 2017. As a ratio to net sales, per-short ton COGS increased from 87.3 percent in 2015, to 91.5 percent in 2016, then declined to 88.6 percent in 2017. As shown in tables VI-1 and VI-3, the industry's SG&A expense ratios (i.e., total SG&A expenses divided by net sales) were fairly constant, ranging from 6.2 percent to 6.7 percent from 2015 to 2017.

In 2015 and 2016, three firms *** reported very large other expenses, resulting in a substantial decrease in other expenses from 2015 to 2017.[14] In 2016, the majority of all other expenses *** were attributable to ***.[15] Five firms, ***, reported all other income from 2015 to 2017, with *** accounting for the majority of the all other income ***.[16] Overall, total other expenses (including interest expenses), decreased from 2015 to 2017 largely due to these non-recurring expenses reported in 2015 and 2016.

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[11] *** reported the greatest decrease in per-short ton raw material cost from 2015 to 2017, with unit raw materials decreasing by $*** per short-ton. As previously noted, *** had a fixed cost contract for raw materials in 2017. *** reported the lowest per-unit raw material costs of all eleven producers throughout the period examined. Laura El-Sabaawi, Counsel to ***, email response to USITC auditor, February 5, 2018 and ***'s U.S. producer questionnaire, II-3e-ii, II-9, and II-10.

[12] One firm, ***, reported non-recurring charges in raw materials from inventory valuation using LCM (lower-of-cost-or-market) adjustments of $*** in 2015 and $*** in 2016. ***'s U.S. producer questionnaire, III-10 and III-11.

[13] ***, reported non-recurring charges of $*** in 2015 and $*** in 2016 that were included in labor costs and SG&A expenses. ***'s reported labor cost per-short ton increasing by 63 percent from 2015 to 2016 due to shutdowns in both of its plants for parts of the year and retraining new and recalled employees. In 2017, ***. ***'s U.S. producer questionnaire, II-11, III-10, and III-11.

[14] *** reported non-recurring charges that were included in all other expenses of $*** for impairment of goodwill, $*** for impairment of fixed assets, and $*** for pipe mill costs in 2015; $*** for pipe mill costs and $*** in 2016; and $*** for pipe mill costs and $*** for coating mill costs in 2017. ***'s U.S. producer questionnaire, III-10 and III-11.

[15] *** reported non-recurring charges that were included in all other expenses of $*** in 2016 and $*** in 2017 for asset impairment. ***' U.S. producer questionnaire, III-10 and III-11.

[16] ***'s U.S. producer questionnaire, III-10 and III-11.

Profitability

Table VI-1 shows that producers' aggregate gross profit declined from $269.6 million in 2015 to $131.0 million in 2016 before increasing to $148.5 million in 2017. Operating income decreased sharply from $138.0 million in 2015 to $27.8 million in 2016, and increased to $66.5 million in 2017. Aggregated for the industry, operating margins (i.e. operating income divided by net sales) fluctuated, from 6.5 percent in 2015, down to 1.8 percent in 2016, and then up to 5.1 percent in 2017. Net income *** from $*** in 2015 to a net loss of $*** in 2016, before *** in 2017. The net losses in 2016 is primarily explained by *** and ***. Combined, net profit margins for U.S. producers of LDWP were *** percent in 2015, decreased to a net loss of *** percent in 2016, and improving to a net profit of *** percent in 2017.

Table VI-3 presents specific data on the top five U.S. producers. Individually, eight firms *** experienced operating losses in one or more years from 2015 to 2017. Out of all eleven U.S. producers *** reported the greatest improvements in operating profitability during the period examined, with operating margins of *** percent in 2015, *** percent in 2016, and *** percent in 2017. As noted earlier, *** explained its improved margins and net profits as the result of ***.[17] ***'s operating margins consistently declined, from *** percent in 2015 to *** percent in 2016 and declined to *** percent in 2017. ***'s operating margin also consistently declined but to a greater degree, from *** percent in 2015 to *** percent in 2016, and a further decline to a negative margin of *** percent in 2017. Two firms, *** experienced fluctuating operating margins, with 2016 being the worst year for operating margins. Firm-by-firm analysis reveals that unit direct labor, unit other factory costs, and unit SG&A expenses varied substantially among firms due to different cost accounting systems and firm-specific events, resulting in large fluctuations in per-unit operating income/loss among firms.[18] [19]

[17] *** to ***, email response to USITC auditor, February 5, 2018.

[18] Seven firms used standard cost accounting system while three firms *** used job order costing system. One firm, ***, used a batch order costing to report manufacturing costs to products at a predetermined overhead rate and expends the unabsorbed manufacturing costs as period costs {typically manufacturing costs are recorded as product costs}. These variations in the firms' accounting systems may contribute to the large variations in per-short ton operating income/loss, ranging from a loss of $*** per-short ton *** to an income of $*** per-short ton ***. U.S. producer questionnaires, III-3, III-4, and III-9a.

[19] The discussion of COGS, gross profit, SG&A expenses, and operating income, as shown in tables VI-1 and VI-2, mirrors the results of a variance analysis in these investigations. That is, the decline in operating income from 2015 to 2017, reflects a larger decline in average revenue compared to average operating costs and expenses, and volume declined. Firms also reported a variety of production, processes, and fluctuating operating status over the period examined, which make a variance analysis less meaningful.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-4 presents capital expenditures and research and development ("R&D") expenses. Aggregated capital expenditures declined sharply from 2015 to 2016 and declined again in 2017. From 2015 to 2016, three firms *** reported increases in capital expenditures, with ***. *** reported an increase in capital spending of almost $*** from 2015 to 2016 from the purchase of ***. *** also reported increases in capital spending from 2015 to 2016, explaining that its 2016 budgeted spending was $***. With the exception of ***, all producers reported declines in capital expenditures from 2015 to 2017; the vast majority of capital expenditure declines over the period is explained by *** which resulted in high capital spending in 2015.[20] ***.[21]

Aggregated R&D increased slightly from 2015 to 2017, with 2016 showing the highest R&D expenditure. Firms reported R&D expenses related to development and testing of LDWP products.

Table VI-4
LDWP: U.S. producers' capital expenditures and R&D expenses, by firm, 2015-17

Item	Calendar year		
	2015	2016	2017
	Capital expenditures (1,000 dollars)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total capital expenditures	102,962	41,472	19,425
	Research and development expenses (1,000 dollars)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total research and development expenses	***	***	***

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

[20] ***. *** to ***, email response to USITC auditor, February 20, 2018.

[21] ***. Dura-Bond's U.S. producer questionnaire, III-15; *** to ***, email response to USITC auditor, February 5, 2018; Petitioners' postconference brief, pp. 43 and 65; *** to ***, email response to USITC auditor, February 21, 2018.

ASSETS AND RETURN ON ASSETS

Table VI-5 presents data on the U.S. producers' total assets and their return on assets ("ROA"). ROA is calculated as the ratio of operating income (or loss) to total assets. Aggregated for producers of LDWP, ROA declined overall from 2015 to 2017, but increased from 2016 to 2017, reflecting the same trend as operating income. From 2015 to 2017, *** was the only firm to report an increase in total net assets while *** reported the largest decrease in total net assets by value, or by $***. *** and *** had the highest percentage decrease in total assets *** and ***, respectively).[22]

Table VI-5
LDWP: U.S. producers' total assets and return on assets, by firm, 2015-17

Firm	Calendar year		
	2015	2016	2017
	Total net assets (1,000 dollars)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Total net assets	1,885,731	1,452,951	1,249,613
	Operating return on assets (percent)		
American	***	***	***
Berg	***	***	***
Dura-Bond	***	***	***
Stupp	***	***	***
Welspun	***	***	***
All other firms	***	***	***
Average operating return on assets	7.3	1.9	5.3

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

[22] *** did not include ***. ***'s asset increase is a result of the ***. *** explained the decline in assets values was the result of decreasing inventories. *** asset values declined as a result of ***. ***'s U.S. producer questionnaires, III-12 and *** to ***, email response to USITC auditor, February 21, 2018.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of LDWP to describe any actual or potential negative effects of imports of LDWP from Canada, China, Greece, India, Korea, and Turkey on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-6 tabulates the responses of the eleven responding U.S. producers and table VI-7 presents the detailed narrative responses of U.S. producers regarding actual and anticipated negative effects of subject imports.[23]

Table VI-6

LDWP: Actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2015

Item	No	Yes
Negative effects on investment	1	7
Cancellation, postponement, or rejection of expansion projects		5
Denial or rejection of investment proposal		1
Reduction in the size of capital investments		5
Return on specific investments negatively impacted		6
Other negative effects on investments		4
Negative effects on growth and development	3	6
Rejection of bank loans		2
Lowering of credit rating		1
Problem related to the issue of stocks or bonds		0
Ability to service debt		3
Other impact on growth and development		4
Anticipated negative effects of imports	0	9

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

Table VI-7

LDWP: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2015

* * * * *

[23] *** did not provide responses on the negative effects of imports of LDWP. ***. ***'s U.S. producer questionnaire, III-18.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

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

---

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

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

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

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

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

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

THE INDUSTRY IN CANADA

The Commission issued foreign producers' or exporters' questionnaires to six firms believed to produce and/or export LDWP from Canada.[3] Usable response to the Commission's questionnaire was received from one firm: Evraz. This firm's exports to the United States accounted all or virtually all U.S. imports of LDWP from Canada in 2017. According to estimates requested of the responding Canadian producer, the production of LDWP in Canada reported in questionnaires accounts for approximately 15 percent of overall production of LDWP in Canada. Table VII- 1 presents information on Evraz's LDWP operations.

Table VII-1
LDWP: Summary data for Canadian producer, 2017

* * * * * * *

Changes in operations

As presented in table VII-2, Evraz reported several operational and organizational changes since January 1, 2015.

Table VII-2
LDWP Canadian producer Evraz's reported changes in operations, since January 1, 2015

* * * * * * *

Operations on LDWP

Table VII-3 presents information on the LDWP operations of the responding Canadian producer Evraz. Reported capacity decreased by *** percent from 2015 to 2016, but increased by *** percent from 2016 to 2017, and projected increased by *** percent from 2017 to 2018, and by *** percent from 2018 to 2019. Reported production decreased by *** percent from 2015 to 2016, decreased by *** percent from 2016 to 2017, but is projected to increase by *** from 2017 to 2018 and by *** from 2018 to 2019. Capacity utilization decreased by *** percentage points from 2015 to 2017 but is projected to increase by *** percentage points from 2017 to 2019. Reported exports to the United States decreased by *** percent from 2015 to 2016, but increased by *** percent from 2016 to 2017, and are projected to increase by *** percent from 2016 to 2017 before decreasing by *** percent from 2017 to 2018. Exports to the United States as a share of total shipments ranged between *** and *** percent from 2015 to 2017, and are projected to increase by less than *** percentage point by 2018.

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

Table VII-3
LDWP: Data for Canadian producer Evraz, 2015 – 17 and projection calendar years 2018 - 19

* * * * * * *

Alternative products

Table VII-4 presents data on Canadian producer Evraz's capacity and production of other products using the same equipment and machinery as LDWP. LDWP as a share of total production on this equipment and machinery ranged from *** percent to*** percent from 2015 to 2017.

Table VII-4
LDWP: Overall capacity and production on the same equipment as in-scope productions by Canadian producer Evraz, 2015-17

* * * * * * *

Exports

Table VII-5 presents GTA data for the leading export markets for LDWP from Canada. In 2016, United States, Mexico, and Australia, respectively were the top three export destination for LDWP from Canada. In 2016, exports to the United States accounted for 65.6 percent of all LDWP exports from Canada.

Table VII-5:
LDWP: Exports from Canada, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Canada exports to the United States	219,070	351,236	73,185
Canada exports to other major destination markets.--			
Mexico	7	1,748	36,221
Australia	---	511	714
Burkina Faso	135	76	228
Chile	106	149	179
South Africa	---	305	174
Finland	1	---	155
China	8	8	134
Morocco	56	151	122
All other destination markets	277	1,108	419
Total Canada exports	219,660	355,292	111,531

Table continued on the next page.

Table VII-5:--Continued
LDWP: Exports from Canada, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Value (1,000 dollars)		
Canada exports to the United States	298,556	423,552	69,797
Canada exports to other major destination markets.--			
Mexico	9	2,119	37,708
Australia	---	601	803
Burkina Faso	181	90	263
	Value (1,000 dollars)		
Chile	143	173	202
South Africa	---	351	193
Finland	1	---	175
China	11	15	153
Morocco	76	181	138
All other destination markets	380	1,293	480
Total Canada exports	299,359	428,375	109,911
	Unit value (dollars per short ton)		
Canada exports to the United States	1,363	1,206	954
Canada exports to other major destination markets.--			
Mexico	1,370	1,212	1,041
Australia	---	1,176	1,124
Burkina Faso	1,342	1,191	1,149
Chile	1,342	1,161	1,131
South Africa	---	1,151	1,111
Finland	1,322	---	1,130
China	1,359	1,815	1,142
Morocco	1,365	1,199	1,128
All other destination markets	1,375	1,167	1,147
Total Canada exports	1,363	1,206	985

Table continued on the next page.

Table VII-5:--Continued
LDWP: Exports from Canada, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Share of quantity (percent)		
Canada exports to the United States	99.7	98.9	65.6
Canada exports to other major destination markets.--			
Mexico	0.0	0.5	32.5
Australia	---	0.1	0.6
Burkina Faso	0.1	0.0	0.2
Chile	0.0	0.0	0.2
South Africa	---	0.1	0.2
Finland	0.0	---	0.1
China	0.0	0.0	0.1
Morocco	0.0	0.0	0.1
All other destination markets	0.1	0.3	0.4
Total Canada exports	100.0	100.0	100.0

Source: Official Canadian exports statistics under HS subheadings 730511, 730512,730519,730531, 730539 as reported by Statistics Canada in the IHS/GTA database, accessed Feburary 8, 2018.

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 156 firms believed to produce and/or export LDWP from China.[4] None of these firms responded to the Commission's questionnaire.

EXPORTS

Table VII-6 presents GTA data for the leading export markets for LDWP from China. In 2016, Egypt, Turkey, and Saudi Arabia, respectively were the top three export destination for LDWP from China. In 2016, exports to the United States accounted for 65.6 percent of all LDWP export from China.

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

Table VII-6:
LDWP: Exports from China 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
China exports to the United States	56,823	64,225	38,375
China exports to other major destination markets.--			
Egypt	1,474	12,819	268,032
Turkey	13,293	124,984	128,893
Saudi Arabia	83,216	54,279	111,491
Pakistan	11,997	133,096	77,101
Hong Kong	110,023	68,964	61,760
Canada	208,323	148,009	53,080
United Arab Emirates	29,256	51,458	42,366
Peru	13,528	122,256	37,442
All other destination markets	732,142	682,437	514,551
Total China exports	1,260,075	1,462,528	1,333,092
	Value (1,000 dollars)		
China exports to the United States	39,029	42,295	22,876
China exports to other major destination markets.--			
Egypt	1,081	6,715	101,242
Turkey	9,771	100,789	104,660
Saudi Arabia	63,706	30,693	65,051
Pakistan	9,335	81,643	49,672
Hong Kong	73,747	40,770	32,553
Canada	128,895	86,953	28,940
United Arab Emirates	19,344	30,211	21,092
Peru	9,399	100,127	30,206
All other destination markets	712,423	526,107	339,374
Total China exports	1,066,729	1,046,303	795,667
	Unit value (dollars per short ton)		
China exports to the United States	687	659	596
China exports to other major destination markets.--			
Egypt	733	524	378
Turkey	735	806	812
Saudi Arabia	766	565	583
Pakistan	778	613	644
Hong Kong	670	591	527
Canada	619	587	545
United Arab Emirates	661	587	498
Peru	695	819	807
All other destination markets	973	771	660
Total China exports	847	715	597

Table continued on the next page.

Table VII-6: --Continued
LDWP: Exports from China 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Share of quantity (percent)		
China exports to the United States	4.5	4.4	2.9
China exports to other major destination markets.--			
Egypt	0.1	0.9	20.1
Turkey	1.1	8.5	9.7
Saudi Arabia	6.6	3.7	8.4
Pakistan	1.0	9.1	5.8
Hong Kong	8.7	4.7	4.6
Canada	16.5	10.1	4.0
United Arab Emirates	2.3	3.5	3.2
Peru	1.1	8.4	2.8
All other destination markets	58.1	46.7	38.6
Total China exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official China exports statistics under HS subheadings 730511, 730512,730519,730531, 730539 as reported by China Customs in the IHS/GTA database, accessed February 8, 2018

THE INDUSTRY IN GREECE

The Commission issued foreign producers' or exporters' questionnaires to one firm believed to produce and/or export LDWP from Greece.[5] Usable responses to the Commission's questionnaire were received from one firm: Corinth. This firm's exports to the United States accounted for approximately 100 percent of U.S. imports of LDWP from Greece in 2017. According to estimates requested of the responding Greek producer, the production of LDWP in Greece reported in questionnaires accounts for approximately 100 percent of overall production of LDWP in Greece. Table VII-7 presents information on Corinth's LDWP operations.

Table VII-7
LDWP: Summary data for Greek producer Corinth, 2017

* * * * * * *

Changes in operations

As presented in table VII-8 the sole producer in Greece, Corinth reported one operational and organizational change since January 1, 2017.

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

Table VII-8
LDWP: Greek producer Corinth's reported changes in operations, since January 1, 2017

* * * * * * *

Operations on LDWP

Table VII-9 presents information on the LDWP operations of the responding Greek producer Corinth. Reported capacity remained constant, while production increased by *** percent from 2015 to 2017, and is projected to increase by *** from 2017 to 2019. Capacity utilization *** from 2015 to 2017 and is projected to increase by further from 2017 to 2019. Reported exports to the United States decreased by *** percent from 2015 to 2017, but will increase to *** short tons in 2018, before declining in 2019.

Table VII-9
LDWP: Data for Greek producer Corinth, 2015-17 and projection calendars years 2018-19

* * * * * * *

Alternative products

As shown in table VII-10, the responding Greek firm produced other products on the same equipment and machinery used to produce LDWP. LDWP as a share of total production on this equipment and machinery ranged from *** percent to *** percent from 2015 to 2017.

Table VII-10
LDWP: Greece producer Corinth's overall capacity and production on the same equipment as subject production, 2015-17

* * * * * * *

Exports

According to GTA, the leading export markets for LDWP from Greece are the United States, Poland, and the Netherlands, respectively in 2016 (table IV-11). During 2016, the United States was the top export market for LDWP from Greece, accounting for 61.6 percent, followed by the Netherlands, accounting for 21.8 percent.

Table VII-11
LDWP: Exports from Greece, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Greece exports to the United States	43,061	91,522	69,478
Greece exports to other major destination markets.--			
Poland	130	475	24,576
Netherlands	8,020	5,209	5,488
United Kingdom	6,723	3,358	4,453
Italy	18,326	2,517	3,580
Mexico	---	---	1,961
France	18,639	160	1,153
Spain	74	104	436
Romania	253	324	398
All other destination markets	30,228	58,131	1,281
Total Greece exports	125,455	161,799	112,804
	Value (1,000 dollars)		
Greece exports to the United States	41,761	89,788	54,224
Greece exports to other major destination markets.--			
Poland	118	331	17,100
Netherlands	5,288	3,237	2,792
United Kingdom	5,798	2,773	3,395
Italy	17,237	1,723	2,902
Mexico	---	---	1,821
France	20,272	109	1,332
Spain	74	80	324
Romania	233	233	263
All other destination markets	30,180	53,109	938
Total Greece exports	120,962	151,383	85,091

Table continued on the next page.

Table VII-11--Continued
LDWP: Exports from Greece, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per short ton)		
Greece exports to the United States	970	981	780
Greece exports to other major destination markets.--			
Poland	908	696	696
Netherlands	659	621	509
United Kingdom	862	826	762
Italy	941	684	811
Mexico	---	---	929
France	1,088	685	1,155
Spain	1,004	768	744
Romania	921	722	660
All other destination markets	998	914	732
Total Greece exports	964	936	754
	Share of quantity (percent)		
Greece exports to the United States	34.3	56.6	61.6
Greece exports to other major destination markets.--			
Poland	0.1	0.3	21.8
Netherlands	6.4	3.2	4.9
United Kingdom	5.4	2.1	3.9
Italy	14.6	1.6	3.2
Mexico	---	---	1.7
France	14.9	0.1	1.0
Spain	0.1	0.1	0.4
Romania	0.2	0.2	0.4
All other destination markets	24.1	35.9	1.1
Total Greece exports	100.0	100.0	100.0

Source: GTIS/GTA database.

THE INDUSTRY IN INDIA

The Commission issued foreign producers' or exporters' questionnaires to 26 firms believed to produce and/or export LDWP from India.[6] Usable responses to the Commission's questionnaire were received from one firm: Welspun. This firm did not provide an estimate of its exports to the United States or estimates of its production of LDWP in India. Table VII-11 presents information on the LDWP operations of the responding producer and exporter in India.

Table VII-11
LDWP: Summary data for Indian producer Welspun, 2017

* * * * * * *

Changes in operations

The responding Indian producer of LDWP, Welspun, did not report any operational and organizational changes since January 1, 2017.

Operations on LDWP

Table VII-12 presents information on the LDWP operations of the responding Indian producer Welpun. Reported capacity remained constant, while production increased by *** percent from 2015 to 2017, but is projected to decrease by *** from 2017 to 2019. Capacity utilization increased to *** percent in 2017 but is projected to be lower in 2018 and 2019. Reported exports to the United States increased by nearly *** between 2015 and 2017.

Table VII-12
LDWP: Data for Indian producer Welspun, 2015-17 and projection calendar years 2018-19

* * * * * * *

Alternative products

As shown in table VII-13, the responding Indian firm did not produce other products on the same equipment and machinery used to produce LDWP.

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

Table VII-13
LDWP: Indian producer Welspun's overall capacity and production on the same equipment as subject production, 2015-17

* * * * * * *

Exports

According to GTA, the leading export markets for LDWP from India are the United Arab Emirates, Oman, and the United States, respectively (table VII-14). During 2016 the United Arab Emirates was the largest export market for LDWP from India, accounting for 24.1 percent followed by Oman, accounting for 18.9 percent. During 2016, the United States was the third largest export market for LDWP from India, accounting for 10.4 percent, followed by Kuwait, accounting for 10.1 percent.

Table VII-14:
LDWP: Exports from India, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Exports from India to the United States	114,607	19,937	78,054
Exports from India to other major destination markets.--			
United Arab Emirates	34,290	71,146	181,327
Oman	1,462	5,084	142,235
Kuwait	288	1,038	76,270
Bangladesh	4	28,814	16,580
Canada	486	0	10,204
Nepal	609	409	3,000
Iraq	27,801	234,770	1,633
United Kingdom	332	---	1,294
All other destination markets	477,191	279,267	242,998
Total Exports from India	657,070	640,464	753,594
	Value (1,000 dollars)		
Exports from India to the United States	96,153	19,159	53,584
Exports from India to other major destination markets.--			
United Arab Emirates	30,181	60,283	136,769
Oman	1,096	4,335	113,259
Kuwait	447	873	50,176
Bangladesh	50	25,142	9,037
Canada	272	0	9,938
Nepal	450	139	1,028
Iraq	35,190	278,205	1,901
United Kingdom	411	---	991
All other destination markets	470,068	271,834	151,379
Total Exports from India	634,320	659,970	528,062

Table continued on next page.

Table VII-14--Continued
LDWP: Exports from India, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per short ton)		
India exports to the United States	839	961	686
India exports to other major destination markets.--			
United Arab Emirates	880	847	754
Oman	750	853	796
Kuwait	1,550	841	658
Bangladesh	11,941	873	545
Canada	560	1,633	974
Nepal	739	341	343
Iraq	1,266	1,185	1,165
United Kingdom	1,237	---	766
All other destination markets	985	973	623
Total India exports	965	1,030	701
	Share of quantity (percent)		
India exports to the United States	17.4	3.1	10.4
India exports to other major destination markets.--			
United Arab Emirates	5.2	11.1	24.1
Oman	0.2	0.8	18.9
Kuwait	0.0	0.2	10.1
Bangladesh	0.0	4.5	2.2
Canada	0.1	0.0	1.4
Nepal	0.1	0.1	0.4
Iraq	4.2	36.7	0.2
United Kingdom	0.1	---	0.2
All other destination markets	72.6	43.6	32.2
Total India exports	100.0	100.0	100.0

Source: GTIS/GTA database.

THE INDUSTRY IN KOREA

The Commission issued foreign producers' or exporters' questionnaires to 28 firms believed to produce and/or export LDWP from Korea.[7] Usable responses to the Commission's questionnaire were received from one firm: EEW Korea Co., Ltd. This firm's exports to the United States accounted for approximately *** percent of U.S. imports of LDWP from Korea in 2017. According to estimates requested of the responding Korean producer, the production of LDWP in Korea reported in questionnaires accounts for approximately *** percent of overall production of LDWP in Korea. Table VII- 15 presents information on the LDWP operations of the responding producers and exporters in Korea.

Table VII-15
LDWP: Summary data for Korean producer EEW, 2017

* * * * * * *

Changes in operations

The responding Korean producer of LDWP did not report any operational and organizational changes since January 1, 2017.

Operations on LDWP

Table VII-16 presents information on the LDWP operations of the responding Korean producer EEW. Reported capacity remained constant, while production increased by *** percent from 2015 to 2017, but is projected to decrease by *** from 2017 to 2019. Capacity utilization increased *** from 2015 to 2017 but is projected to decrease to *** percent from in 2018 and 2019. Reported exports to the United States fluctuated from 2015 to 2017 and are projected to decrease by *** percent from 2017 to 2019.

Table VII-16
LDWP: Data for Korean producer EEW, 2015 - 17 and projection calendar years 2018 - 19

* * * * * * *

Alternative products

As shown in table VII-17, the responding Korean producer EEW produced other products on the same equipment and machinery used to produce LDWP.

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

Table VII-17
LDWP: Korean producer EEW's overall capacity and production on the same equipment as subject production, 2015-17

* * * * * * *

Exports

According to GTA, the leading export markets for LDWP from Korea are the United States, Singapore, and Mexico, respectively (table VII-18). During 2016, the United States was the top export market for LDWP from Korea, accounting for 29.4 percent, followed by Singapore, accounting for 7.9 percent.

Table IV-18
LDWP: Exports from Korea, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Korea exports to the United States	248,492	224,347	155,961
Korea exports to other major destination markets.--			
Singapore	23,997	15,150	41,776
Mexico	10,035	25,384	32,986
Malaysia	24,174	21,874	29,522
Kuwait	1,336	11,799	27,926
United Arab Emirates	65,492	63,024	27,455
Russia	8,309	22,041	25,498
Saudi Arabia	17,566	17,245	21,852
China	26,083	11,466	17,239
All other destination markets	254,219	256,152	149,897
Total Korea exports	679,703	668,481	530,113
	Value (1,000 dollars)		
Korea exports to the United States	203,062	150,757	110,957
Korea exports to other major destination markets.--			
Singapore	20,275	15,149	23,527
Mexico	12,671	25,089	23,275
Malaysia	24,889	22,207	21,400
Kuwait	2,304	10,878	21,747
United Arab Emirates	68,616	59,150	22,524
Russia	8,638	17,646	18,548
Saudi Arabia	22,545	20,327	20,048
China	26,919	11,387	12,013
All other destination markets	268,744	236,483	125,533
Total Korea exports	658,662	569,074	399,572

Table continued on next page.

Table IV-18:--Continued
LDWP: Exports from Korea, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per short ton)		
Korea exports to the United States	817	672	711
Korea exports to other major destination markets.--			
Singapore	845	1,000	563
Mexico	1,263	988	706
Malaysia	1,030	1,015	725
Kuwait	1,725	922	779
United Arab Emirates	1,048	939	820
Russia	1,040	801	727
Saudi Arabia	1,283	1,179	917
China	1,032	993	697
All other destination markets	1,057	923	837
Total Korea exports	969	851	754
	Share of quantity (percent)		
Korea exports to the United States	36.6	33.6	29.4
Korea exports to other major destination markets.--			
Singapore	3.5	2.3	7.9
Mexico	1.5	3.8	6.2
Malaysia	3.6	3.3	5.6
Kuwait	0.2	1.8	5.3
United Arab Emirates	9.6	9.4	5.2
Russia	1.2	3.3	4.8
Saudi Arabia	2.6	2.6	4.1
China	3.8	1.7	3.3
All other destination markets	37.4	38.3	28.3
Total Korea exports	100.0	100.0	100.0

Source: GTIS/GTA database.

THE INDUSTRY IN TURKEY

The Commission issued foreign producers' or exporters' questionnaires to 12 firms believed to produce and/or export LDWP from Turkey.[8] Usable responses to the Commission's questionnaire were received from six firms: Borusan Mannesmann Boru Sanayi ve Ticaret Anonim Sirketi , HDM Celik Boru Sanayi Ve Ticaret A.S., Erciyas Celik Boru Sanayi A.S., Mazlum Mangtay, Ozbal Celik Boru San Tic Ve Taaah A.S, and Umran Celik Boru Sanayii A.S. These firms' exports to the United States accounted for virtually all of U.S. imports of LDWP from Turkey in 2017. According to estimates requested of the responding Turkish producers, the production of LDWP in Turkey reported in questionnaires accounts for virtually all percent of overall production of LDWP in Turkey. Table VII-19 presents information on the LDWP operations of the responding producers and exporters in Turkey.

Table VII-19
LDWP: Summary data for producers in Turkey, 2017

* * * * * * *

Changes in operations

As presented in table VII-20, producers in Turkey reported several operational and organizational changes since January 1, 2015.

Table VII-20
LDWP: Turkish producers' reported changes in operations, since January 1, 2015

* * * * * * *

Operations on LDWP

Table VII-21 presents information on the LDWP operations of the responding producers and exporters in Turkey. Capacity remained relatively stable between 2015 and 2017, while production and capacity utilization dropped *** in 2017. These trends are projected to reverse in 2018 and 2019. Exports to the United States likewise dropped *** in 2017, and are projected to fluctuate in 2018 and 2019.

Table VII-21
LDWP: Data for producers in Turkey, 2015-17 and projection calendar years 2018 - 19

* * * * * * *

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

Alternative products

As shown in table VII-22, responding Turkish firms produced other products on the same equipment and machinery used to produce LDWP.

Table VII-22
LDWP: Turkish producers' overall capacity and production on the same equipment as subject production, 2015-17

* * * * * * *

Exports

According to GTA, the top three leading export markets for LDWP from Turkey are United States, Singapore, and Mexico (table IV-23). During 2016, the United States was the top export market for LDWP from Turkey, accounting for 29 percent, followed by the Singapore, accounting for 7.9 percent.

Table IV-23
LDWP: Exports from Turkey, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Exports from Turkey to the United States	248,492	224,347	155,961
Exports from Turkey to other major destination markets.--			
Singapore	23,997	15,150	41,776
Mexico	10,035	25,384	32,986
Malaysia	24,174	21,874	29,522
Kuwait	1,336	11,799	27,926
United Arab Emirates	65,492	63,024	27,455
Russia	8,309	22,041	25,498
Saudi Arabia	17,566	17,245	21,852
China	26,083	11,466	17,239
All other destination markets	254,219	256,152	149,897
Total Exports from Turkey	679,703	668,481	530,113

Table continued on the next page.

Table IV-23--Continued
LDWP: Exports from Turkey, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Value (1,000 dollars)		
Exports from Turkey to the United States	203,062	150,757	110,957
Exports from Turkey to other major destination markets.--			
Singapore	20,275	15,149	23,527
Mexico	12,671	25,089	23,275
Malaysia	24,889	22,207	21,400
Kuwait	2,304	10,878	21,747
United Arab Emirates	68,616	59,150	22,524
Russia	8,638	17,646	18,548
Saudi Arabia	22,545	20,327	20,048
China	26,919	11,387	12,013
All other destination markets	268,744	236,483	125,533
Total Exports from Turkey	658,662	569,074	399,572
	Unit value (dollars per short ton)		
Exports from Turkey to the United States	817	672	711
Exports from Turkey to other major destination markets.--			
Singapore	845	1,000	563
Mexico	1,263	988	706
Malaysia	1,030	1,015	725
Kuwait	1,725	922	779
United Arab Emirates	1,048	939	820
Russia	1,040	801	727
Saudi Arabia	1,283	1,179	917
China	1,032	993	697
All other destination markets	1,057	923	837
Total Turkey exports	969	851	754

Table continued on the next page.

Table IV-23--Continued
LDWP: Exports from Turkey, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Share of quantity (percent)		
Exports from Turkey to the United States	36.6	33.6	29.4
Exports from Turkey to other major destination markets.--			
Singapore	3.5	2.3	7.9
Mexico	1.5	3.8	6.2
Malaysia	3.6	3.3	5.6
Kuwait	0.2	1.8	5.3
United Arab Emirates	9.6	9.4	5.2
Russia	1.2	3.3	4.8
Saudi Arabia	2.6	2.6	4.1
China	3.8	1.7	3.3
All other destination markets	37.4	38.3	28.3
Total Exports from Turkey	100.0	100.0	100.0

Source: GTIS/GTA database.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-24 presents data on U.S. importers' reported inventories of LDWP.

Table VII-24
LWDP: U.S. importers' inventories, 2015-17

* * * * * * *

SUBJECT COUNTRIES COMBINED

Table VII-25 present information on LDWP operation of the reporting producers and exporters in the subject countries and table VII-26 presents data on overall capacity and production for responding firms from subject countries.

Table VII-25
LWDP: Data on industry in subject countries, 2015-17 and projection calendar years 2018 and 2019

* * * * * * *

Table VII-26
LWDP: Data on industry in subject countries, 2015-17 and projection calendar years 2018 and 2019

* * * * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of LDWP from all subject countries after December 2017. Table

Table VII-27
LWDP: Arranged imports, January 2018 through December 2018

* * * * * * *

INFORMATION ON NONSUBJECT COUNTRIES

Welded pipe is produced in substantial quantities by pipe and tube producers throughout the world. The World Steel Association publishes data on the broader product grouping of all welded tubes. From 2011 to 2015, global welded tube production increased by 30.1 percent. In 2015, global welded tube production reached 110 million short tons. Most of the growth in welded tube production is attributable to China, which accounted for 70.1 percent of all global welded tube production in 2015.[9] According to Table VII-27, the five largest global exporters of welded tube products by quantity in 2016 were: Germany, Indian, Japan, South Korea, and Russia.

Table VII-28
Large diameter welded pipe: Global exports by exporter 2014-16

Exporter	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
United States	249,499	105,090	53,513
Canada	219,660	355,292	111,531
China	1,260,075	1,462,528	1,333,092
Greece	125,455	161,799	112,804
India	657,070	640,464	753,594
South Korea	679,703	668,481	530,113
Turkey	157,902	213,986	220,772
Subject sources	3,099,865	3,502,549	3,061,906
All other major reporting exporters.-- Germany	578,409	768,633	955,636
Japan	1,201,763	578,742	703,448
Russia	521,729	241,778	393,857
United Arab Emirates	1,337,932	279,242	354,059
Netherlands	135,356	250,061	251,118
All other exporters	2,107,681	2,215,280	899,370
Total global exports	9,232,235	7,941,376	6,672,907

Table continued on next page.

[9] World Steel Association, *Steel Statistical Yearbook,* November 2017, table 28. p. 52.

Table VII-28-- Continued
Large diameter welded pipe: Global exports by exporter 2014-16

Exporter	Calendar year		
	2014	2015	2016
	Value (1,000 dollars)		
United States	447,375	209,411	92,059
Canada	299,359	428,375	109,911
China	1,066,729	1,046,303	795,667
Greece	120,962	151,383	85,091
India	634,320	659,970	528,062
South Korea	658,662	569,074	399,572
Turkey	133,978	186,787	177,103
Subject sources	2,914,011	3,041,893	2,095,405
All other major reporting exporters.--Germany	845,213	1,426,214	1,145,906
Japan	1,319,865	746,085	487,119
Russia	609,985	201,511	328,011
United Arab Emirates	201,908	330,593	365,146
Netherlands	233,868	321,750	452,310
All other exporters	2,378,713	2,980,963	1,155,743
Total global exports	8,950,939	9,258,420	6,121,700
	Unit value (dollars per short ton)		
United States	1,793	1,993	1,720
Canada	1,363	1,206	985
China	847	715	597
Greece	964	936	754
India	965	1,030	701
South Korea	969	851	754
Turkey	848	873	802
Subject sources	940	868	684
All other major reporting exporters.--Germany	1,461	1,856	1,199
Japan	1,098	1,289	692
Russia	1,169	833	833
United Arab Emirates	151	1,184	1,031
Netherlands	1,728	1,287	1,801
All other exporters	1,129	1,346	1,285
Total global exports	970	1,166	917

Table continued on next page.

Table VII-28-- Continued
Large diameter welded pipe: Global exports by exporter 2014-16

Exporter	Calendar year		
	2014	2015	2016
	Share of quantity (percent)		
United States	2.7	1.3	0.8
Canada	2.4	4.5	1.7
China	13.6	18.4	20.0
Greece	1.4	2.0	1.7
India	7.1	8.1	11.3
South Korea	7.4	8.4	7.9
Turkey	1.7	2.7	3.3
Subject sources	33.6	44.1	45.9
All other major reporting exporters.--Germany	6.3	9.7	14.3
Japan	13.0	7.3	10.5
Russia	5.7	3.0	5.9
United Arab Emirates	14.5	3.5	5.3
Netherlands	1.5	3.1	3.8
All other exporters	22.8	27.9	13.5
Total global exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official exports statistics under HS subheadings 730511, 730512,730519,730531, 730539 in the IHS/GTA database, accessed February 8 2018.

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
83 FR 15 01/23/2018	*Large Diameter Welded Pipe From India, the People's Republic of China, the Republic of Korea, and the Republic of Turkey: Institution of Antidumping and Countervailing Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2018-01-23/pdf/2018-01157.pdf
83 FR 7154 02/20/2018	*Large Diameter Welded Pipe From India, the People's Republic of China, the Republic of Korea, and the Republic of Turkey: Initiation of Countervailing Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2018-02-20/pdf/2018-03304.pdf
83 FR 7148 02/20/2018	*Large Diameter Welded Pipe From India, the People's Republic of China, the Republic of Korea, and the Republic of Turkey: Initiation of Countervailing Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2018-02-20/pdf/2018-03304.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appear as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Large Diameter Welded Pipe from Canada, China, Greece, India, Korea, and Turkey

Inv. Nos.: 701-TA-593-596 and 731-TA-1401-1406 (Preliminary)

Date and Time: February 7, 2018 - 11:30 a.m.

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

OPENING REMARKS:

In Support of Imposition (**Laura El-Sabaawi**, Wiley Rein LLP)
In Opposition to Imposition (**Frank Morgan,** Trade Law Defense LLC)

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

Wiley Rein LLP
Washington, DC
on behalf of

Petitioners

Jason Norris, President, Dura-Bond Industries

John P. Stupp, Jr., President and Chief Executive Officer, Stupp Bros.; *and* Chief Executive Officer, Stupp Corporation

John Clark, Chief Commercial Officer, Stupp Corporation

Robert Griggs, President and Chief Executive Officer, Trinity Products

Laurent De Mey, President, Skyline Steel

Michael Chefren, Vice President of Operations, Skyline Steel

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

Ingo Riemer, President and Chief Executive Officer,
Berg Steel Pipe Corp.

Jonathan Kirkland, Vice President, Sales and Logistics,
Berg Steel Pipe Corp.

Wesley Hendricks, Director of Operations, Pipe Division,
JSW Steel (USA) Inc.

Burton Bluestone, President, Greens Bayou Pipe Mill, LP

Robert Y. Kopf, General Manager, Business Support,
United States Steel Corporation

Dr. Seth Kaplan, Senior Economic Advisor, Capital Trade, Inc.

Andrew Szamosszegi, Principal, Capital Trade, Inc.

Timothy C. Brightbill)
Tessa V. Capeloto) – OF COUNSEL
Laura El-Sabaawi)

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

Vorys, Sater, Seymour and Pease LLP
Washington, DC
on behalf of

Corinth Pipeworks Pipe Industry S.A.
CPW America Co.
(collectively "CPW")

Apostolos Papavasileiou, Chief Executive Officer, Corinth Pipeworks
Pipe Industry S.A.

Alexandra Tzanetopulou, Legal Advisor, Corinth Pipeworks
Pipe Industry S.A.

Dianne Burger, President, CPW America Co.

Frederick P. Waite)
) – OF COUNSEL
Kimberly R. Young)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Trade Law Defense LLC
Alexandria, VA
on behald of

Welspun Corp Limited
Welspun Tradings Ltd.
Welspun Global Trade LLC
Welspun Tubular LLC

Russell Fisher, Senior Vice President of Sales and Marketing,
Welspun Global Trade LLC

Frank Morgan) – OF COUNSEL

Arent Fox LLP
Washington, DC
on behalf of

The Turkish Steel Exporters Association and its members

Andrew Jaxa-Debicki) – OF COUNSEL

Cassidy Levy Kent (USA) LLP
Adduci, Mastriani & Schaumberg
Washington, DC
on behalf of

EVRAZ NA

Brian Kristofic, Director of Trade and Government Affairs,
EVRAZ NA

Alan Harapiak, Vice President of Operations for the Tubular
Division, EVRAZ NA

James R. Cannon)
Christopher Cochlin) – OF COUNSEL
Deanna Tanner Okun)

REBUTTAL/CLOSING REMARKS:)

In Support of Imposition (**Timothy C. Brightbill**, Wiley Rein LLP)
In Opposition to Imposition (**Frank Morgan,** Trade Law Defense LLC;
and **Frederick P. Waite**, Vorys Sater, Seymour and Pease LLP)

APPENDIX C

SUMMARY DATA

Table C-1
LDWP: Summary data concerning the U.S. market, 2015-17
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year				Calendar year	
	2015	2016	2017	2015-17	2015-16	2016-17
U.S. consumption quantity:						
Amount	3,128,873	2,222,532	2,299,645	(26.5)	(29.0)	3.5
Producers' share (fn1)	57.0	66.5	53.9	(3.1)	9.5	(12.6)
Importers' share (fn1):						
Canada	10.8	3.0	7.6	(3.2)	(7.8)	4.5
China	1.7	0.9	1.5	(0.2)	(0.7)	0.6
Greece	6.4	4.1	0.6	(5.8)	(2.3)	(3.5)
India	1.6	1.5	17.1	15.4	(0.2)	15.6
Korea	8.0	8.5	8.8	0.8	0.5	0.3
Turkey, subject	4.1	5.4	2.7	(1.3)	1.3	(2.7)
Subject sources	32.6	23.4	38.2	5.6	(9.2)	14.8
Subject sources less Greece	26.2	19.3	37.6	11.5	(6.8)	18.3
Nonsubject sources	10.4	10.1	7.9	(2.6)	(0.4)	(2.2)
Nonsubject sources plus Greece	16.9	14.2	8.5	(8.4)	(2.7)	(5.7)
All import sources	43.0	33.5	46.1	3.1	(9.5)	12.6
U.S. consumption value:						
Amount	3,409,324	2,153,006	2,178,065	(36.1)	(36.8)	1.2
Producers' share (fn1)	57.5	69.0	58.3	0.8	11.5	(10.7)
Importers' share (fn1):						
Canada	12.1	3.0	8.3	(3.8)	(9.1)	5.3
China	1.2	0.6	1.4	0.2	(0.5)	0.7
Greece	6.1	3.4	0.5	(5.6)	(2.7)	(2.9)
India	1.5	1.2	13.6	12.0	(0.3)	12.3
Korea	5.9	6.8	7.4	1.4	0.8	0.6
Turkey, subject	4.6	6.1	2.8	(1.8)	1.5	(3.2)
Subject sources	31.5	21.2	33.9	2.4	(10.3)	12.7
Subject sources less Greece	25.3	17.8	33.4	8.0	(7.6)	15.6
Nonsubject sources	11.0	9.8	7.8	(3.2)	(1.2)	(2.0)
Nonsubject sources plus Greece	17.1	13.2	8.3	(8.8)	(3.9)	(4.9)
All import sources	42.5	31.0	41.7	(0.8)	(11.5)	10.7
U.S. imports from:						
Canada:						
Quantity	338,068	67,538	174,179	(48.5)	(80.0)	157.9
Value	413,100	65,257	180,546	(56.3)	(84.2)	176.7
Unit value	$1,222	$966	$1,037	(15.2)	(20.9)	7.3
Ending inventory quantity	***	***	***	***	***	***
China:						
Quantity	52,301	20,890	34,938	(33.2)	(60.1)	67.3
Value	40,494	13,799	29,447	(27.3)	(65.9)	113.4
Unit value	$774	$661	$843	8.9	(14.7)	27.6
Ending inventory quantity	***	***	***	***	***	***
Greece:						
Quantity	201,344	90,802	13,854	(93.1)	(54.9)	(84.7)
Value	208,570	74,072	11,420	(94.5)	(64.5)	(84.6)
Unit value	$1,036	$816	$824	(20.4)	(21.3)	1.0
Ending inventory quantity	***	***	***	***	***	***
India:						
Quantity	51,083	32,719	392,096	667.6	(35.9)	1,098.4
Value	52,059	26,689	295,315	467.3	(48.7)	1,006.5
Unit value	$1,019	$816	$753	(26.1)	(20.0)	(7.7)
Ending inventory quantity	***	***	***	***	***	***
Korea:						
Quantity	250,799	189,322	201,875	(19.5)	(24.5)	6.6
Value	202,781	146,173	160,567	(20.8)	(27.9)	9.8
Unit value	$809	$772	$795	(1.6)	(4.5)	3.0
Ending inventory quantity	***	***	***	***	***	***
Turkey, subject:						
Quantity	127,166	119,568	62,490	(50.9)	(6.0)	(47.7)
Value	155,681	130,439	61,235	(60.7)	(16.2)	(53.1)
Unit value	$1,224	$1,091	$980	(20.0)	(10.9)	(10.2)
Ending inventory quantity	***	***	***	***	***	***
Subject sources:						
Quantity	1,020,762	520,840	879,433	(13.8)	(49.0)	68.8
Value	1,072,684	456,429	738,529	(31.2)	(57.4)	61.8
Unit value	$1,051	$876	$840	(20.1)	(16.6)	(4.2)
Ending inventory quantity	***	***	***	***	***	***

Table continued on next page..

Table C-1--Continued
LDWP: Summary data concerning the U.S. market, 2015-17
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year				Calendar year	
	2015	2016	2017	2015-17	2015-16	2016-17
Subject sources less Greece:						
Quantity	819,417	430,038	865,579	5.6	(47.5)	101.3
Value	864,114	382,357	727,109	(15.9)	(55.8)	90.2
Unit value	$1,055	$889	$840	(20.3)	(15.7)	(5.5)
Ending inventory quantity	***	***	***	***	***	***
Nonsubject sources:						
Quantity	325,904	223,719	180,801	(44.5)	(31.4)	(19.2)
Value	375,755	210,932	169,733	(54.8)	(43.9)	(19.5)
Unit value	$1,153	$943	$939	(18.6)	(18.2)	(0.4)
Ending inventory quantity	***	***	***	***	***	***
Nonsubject sources plus Greece:						
Quantity	527,249	314,521	194,655	(63.1)	(40.3)	(38.1)
Value	584,325	285,004	181,153	(69.0)	(51.2)	(36.4)
Unit value	$1,108	$906	$931	(16.0)	(18.2)	2.7
Ending inventory quantity	***	***	***	***	***	***
All import sources:						
Quantity	1,346,666	744,559	1,060,234	(21.3)	(44.7)	42.4
Value	1,448,439	667,361	908,262	(37.3)	(53.9)	36.1
Unit value	$1,076	$896	$857	(20.4)	(16.7)	(4.4)
Ending inventory quantity	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity	3,808,024	3,900,575	3,760,155	(1.3)	2.4	(3.6)
Production quantity	1,952,563	1,393,262	1,220,125	(37.5)	(28.6)	(12.4)
Capacity utilization (fn1)	51.3	35.7	32.4	(18.8)	(15.6)	(3.3)
U.S. shipments:						
Quantity	1,782,207	1,477,973	1,239,411	(30.5)	(17.1)	(16.1)
Value	1,960,885	1,485,645	1,269,803	(35.2)	(24.2)	(14.5)
Unit value	$1,100	$1,005	$1,025	(6.9)	(8.6)	1.9
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	262,489	176,042	137,593	(47.6)	(32.9)	(21.8)
Inventories/total shipments (fn1)	***	***	***	***	***	***
Production workers	2,938	2,310	2,049	(30.3)	(21.4)	(11.3)
Hours worked (1,000s)	6,293	4,680	4,020	(36.1)	(25.6)	(14.1)
Wages paid ($1,000)	181,694	136,501	118,071	(35.0)	(24.9)	(13.5)
Hourly wages (dollars per hour)	$28.87	$29.17	$29.37	1.7	1.0	0.7
Productivity (short tons per 1,000 hour)	310.3	297.7	303.5	(2.2)	(4.1)	2.0
Unit labor costs	$93.05	$97.97	$96.77	4.0	5.3	(1.2)
Net sales:						
Quantity	1,845,710	1,473,332	1,243,614	(32.6)	(20.2)	(15.6)
Value	2,131,057	1,540,138	1,306,735	(38.7)	(27.7)	(15.2)
Unit value	$1,155	$1,045	$1,051	(9.0)	(9.5)	0.5
Cost of goods sold (COGS)	1,861,462	1,409,142	1,158,207	(37.8)	(24.3)	(17.8)
Gross profit or (loss)	269,595	130,996	148,528	(44.9)	(51.4)	13.4
SG&A expenses	131,620	103,179	82,039	(37.7)	(21.6)	(20.5)
Operating income or (loss)	137,975	27,817	66,489	(51.8)	(79.8)	139.0
Net income or (loss)	***	***	***	***	***	***
Capital expenditures	102,962	41,472	19,425	(81.1)	(59.7)	(53.2)
Unit COGS	$1,009	$956	$931	(7.7)	(5.2)	(2.6)
Unit SG&A expenses	$71	$70	$66	(7.5)	(1.8)	(5.8)
Unit operating income or (loss)	$75	$19	$53	(28.5)	(74.7)	183.2
Unit net income or (loss)	***	***	***	***	***	***
COGS/sales (fn1)	87.3	91.5	88.6	1.3	4.1	(2.9)
Operating income or (loss)/sales (fn1)	6.5	1.8	5.1	(1.4)	(4.7)	3.3
Net income or (loss)/sales (fn1)	***	***	***	***	***	***

Notes:

Note--Turkey's reported subject imports ("Turkey, subject") excludes LDWP from 16" to 24" in outside diameter (O.D.) reported under HTS statistical reporting numbers 7305.11.1030, 7305.12.1030, and 7305.19.1030. Imports from Turkey of LDWP between 16" and 24" O.D. under those excluded HTS numbers are reported, however, as part of the "nonsubject sources" and "all import sources" aggregates.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using HTS statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000, and 7305.39.5000 accessed February 8, 2018

APPENDIX D

SHIPMENTS OF LDWP BY GRADE, SIZE AND METHOD OF MANUFACTURE

Table D-1
LDWP: U.S. producers' U.S. shipments and U.S. importers' U.S. imports by grade, 2015-17

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APPENDIX E

LINE PIPE AND STRUCTURAL PIPE

Table E-1
API and other line pipe: Select data on industry, 2015-17

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Table E-2
ASTM and other non-line pipe: Select data on industry, 2015-17

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