Certain Welded Large Diameter Line Pipe from Japan

Investigation No. 731-TA-919 (Third Review)

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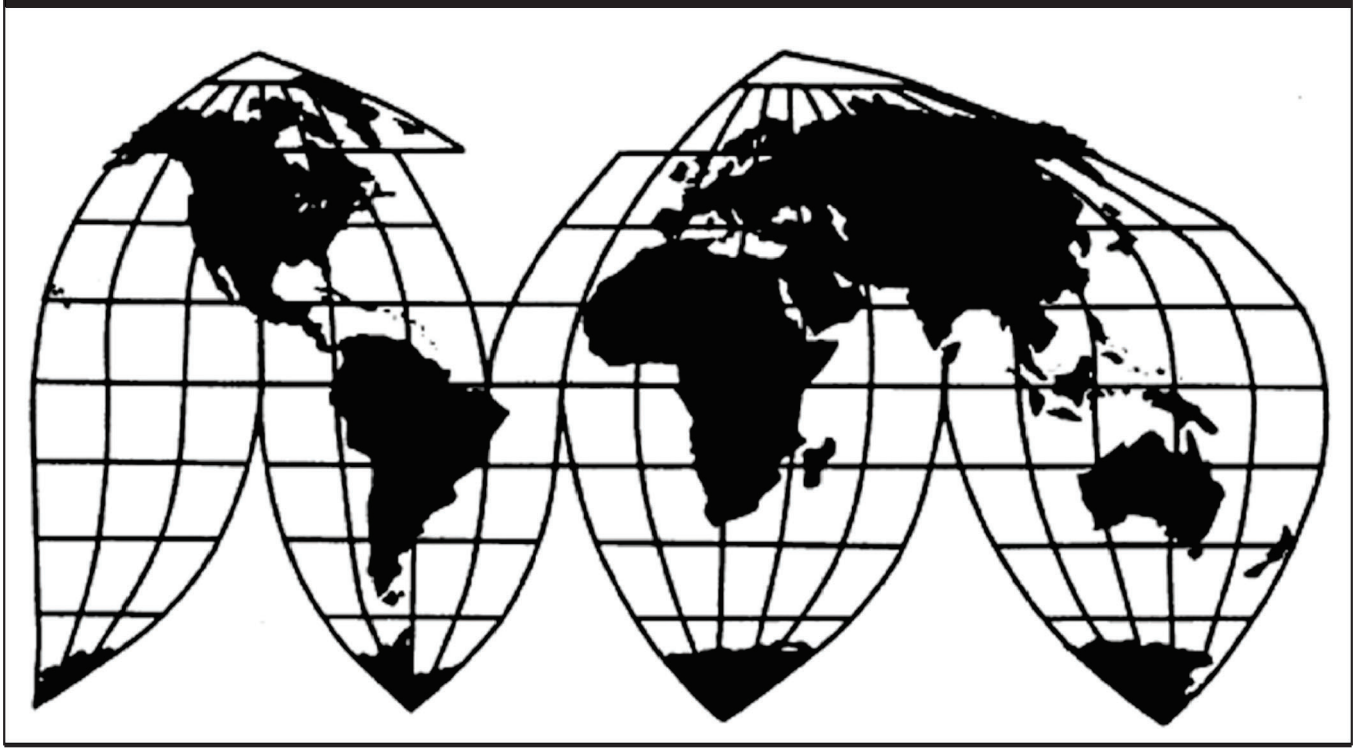
U.S. International Trade Commission



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CONTENTS

Page

Determination **1**
Views of the Commission **3**

Part I: Introduction **I-1**
Background I-1
The original investigations I-2
The first five-year reviews I-3
The second five-year review I-4
Previous and related investigations I-4
Summary data I-6
Statutory criteria and organization of the report I-9
Statutory criteria I-9
Organization of report I-10
Commerce's reviews I-11
Administrative reviews I-11
Sunset reviews I-11
The subject merchandise I-12
Commerce's scope I-12
Tariff treatment I-13
Sections 232 and 301 ..... I-14
The product I-15
Description and applications I-15
Manufacturing process I-17
SAW manufacturing I-18
ERW manufacturing I-22
Domestic like product issues I-24

CONTENTS

Page

Part I: Introduction ..... Continued

U.S. market participants I-25

U.S. producers I-25

U.S. importers I-27

U.S. purchasers I-28

Apparent U.S. consumption and market shares I-29

Part II: Conditions of competition in the U.S. market II-1

U.S. market characteristics II-1

Impact of Section 232 tariffs II-1

Impact of Section 301 tariffs on products from China II-2

Impact of antidumping/countervailing duty orders on cut-to-length plate II-3

Channels of distribution II-3

Geographic distribution II-4

Supply and demand considerations II-4

U.S. supply II-4

U.S. demand II-6

Substitutability issues II-10

Lead times II-10

Knowledge of country sources II-11

Factors affecting purchasing decisions II-11

Comparisons of domestic products, subject imports, and nonsubject imports II-13

Comparison of U.S.-produced and imported CWLDLP II-14

Elasticity estimates II-16

U.S. supply elasticity II-16

U.S. demand elasticity II-16

Substitution elasticity II-17

CONTENTS

Page

Part III: Condition of the U.S. industry III-1

Overview III-1

Changes experienced by the industry III-2

Anticipated changes in operations III-3

U.S. production, capacity, and capacity utilization III-3

Alternative products III-6

Constraints on capacity III-7

U.S. producers' U.S. shipments and exports III-8

U.S. producers' inventories III-10

U.S. producers' imports and purchases III-11

U.S. employment, wages, and productivity III-12

Financial experience of U.S. producers III-13

Background III-13

Operations on CWLDLP III-13

Net sales quantity and value III-22

Cost of goods sold and gross profit or (loss) III-23

SG&A expenses and operating income or (loss) III-24

Other expenses and net income or (loss) III-24

Variance analysis III-24

Capital expenditures and research and development expenses III-25

Assets and return on assets III-26

CONTENTS

Page

Part IV: U.S. imports and the foreign industries IV-1

U.S. imports IV-1

Overview IV-1

Imports from subject and nonsubject countries IV-1

U.S. importers' imports subsequent to March 31, 2019 ..... IV-6

U.S. importers' inventories IV-7

The industry in Japan IV-7

Overview IV-7

Changes in operations IV-8

Operations on CWLDLP IV-9

Alternative products IV-13

Exports IV-14

Antidumping or countervailing duty orders in third-country markets IV-16

Global market IV-17

Demand IV-17

Consumption IV-18

Production IV-22

Prices outside the United States IV-24

CONTENTS

Page

Part V: Pricing data V-1

Factors affecting prices V-1

Raw material costs V-1

U.S. inland transportation costs V-2

Pricing practices V-2

Pricing methods V-2

Sales terms and discounts V-3

Price leadership V-3

Price data V-4

Price trends V-6

Price comparisons V-6

Purchasers' perceptions of relative price trends V-6

Appendixes

A. *Federal Register* notices A-1

B. List of hearing witnesses B-1

C. Summary data compiled in current and prior proceedings C-1

D. Comment on effects of orders and likely effects of revocation D-1

E. Monthly import statistics E-1

Note.--Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets in confidential reports and is deleted and replaced with asterisks (***) in public reports.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-919 (Third Review)
Certain Welded Large Diameter Line Pipe from Japan

DETERMINATION

On the basis of the record[1] developed in the subject five-year review, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that revocation of the antidumping duty order on certain welded large diameter line pipe from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on September 4, 2018 (83 FR 44900) and determined on December 10, 2018 that it would conduct a full review (83 FR 65361, December 20, 2018). Notice of the scheduling of the Commission's full review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on April 22, 2019 (84 FR 16694). The hearing was held in Washington, DC, on July 30, 2019 and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commissioners Randolph J. Stayin and Amy A. Karpel did not participate.

Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the antidumping duty order on certain welded large diameter line pipe ("CWLDLP") from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1]

I. Background

***Original Investigations*:** The petition in the original investigations concerned CWLDLP from Japan and Mexico. On October 26, 2001, the Commission unanimously determined that an industry in the United States was materially injured by reason of less than fair value ("LTFV") imports of CWLDLP from Japan,[2] and Commerce imposed an antidumping duty order on subject imports from Japan on December 6, 2001.[3] On February 19, 2002, the Commission unanimously determined that an industry in the United States was materially injured by reason of LTFV imports of CWLDLP from Mexico, and Commerce imposed an antidumping duty order on subject imports from Mexico on February 27, 2002.[4]

First Reviews: The Commission instituted its first five-year reviews of the antidumping orders on November 1, 2006.[5] In October 2007, after conducting full reviews, the Commission determined that revocation of the order on CWLDLP from Japan would be likely to lead to continuation or recurrence of material injury to the domestic industry.[6] The Commission further determined that revocation of the order on CWLDLP from Mexico would not be likely to lead to continuation or recurrence of material injury to the domestic industry.[7] On November

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[1] Commissioners Randolph J. Stayin and Amy A. Karpel did not participate in this review.

[2] *Certain Welded Large Diameter Line Pipe from Japan*, Inv. No. 731-TA-919 (Final), USITC Pub. 3464 (Nov. 2001) ("*Original Investigations*"). Since Commerce had not yet reached its final determination with respect to imports from Mexico, the Commission made its final determination only with respect to imports from Japan but cumulated the subject imports from Japan and Mexico for its material injury determination. *Id.* at 11-13.

[3] *See Certain Welded Large Diameter Line Pipe from Japan*, 66 Fed. Reg. 55204 (Nov. 1, 2001); *Antidumping Duty Order: Welded Large Diameter Line Pipe from Japan*, 66 Fed. Reg. 63368 (Dec. 6, 2001).

[4] *See Certain Welded Large Diameter Line Pipe from Mexico*, Inv. No. 731-TA-920 (Final), USITC Pub. 3487 (Feb. 2002); *Antidumping Duty Order: Welded Large Diameter Line Pipe from Mexico*, 67 Fed. Reg. 8937 (Feb. 27, 2002).

[5] *Welded Large Diameter Line Pipe from Japan and Mexico*, 71 Fed. Reg. 64294 (Nov. 1, 2006).

[6] *Certain Welded Large Diameter Line Pipe from Japan and Mexico*, Inv. Nos. 731-TA-919 and 920 (Review), USITC Pub. 3953 (Oct. 2007) ("*First Reviews*") at 3.

[7] *First Reviews*, USITC Pub. 3953 at 3.

5, 2007, Commerce published a continuation of the order on CWLDLP from Japan and a revocation of the order on CWLDLP from Mexico.[8] [9]

Second Review: The Commission instituted its second review of the order covering CWLDLP from Japan in October 2012.[10] In September 2013, after conducting a full review, the Commission determined that revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry.[11] Commerce continued the order on October 29, 2013.[12]

Third Review: The Commission instituted this review on September 4, 2018.[13] It received responses to the notice of institution from domestic producers American Cast Iron Pipe Company; Berg Steel Pipe Corp. and Berg Spiral Pipe Corp. (collectively "Berg"); Dura-Bond Industries; JSW Steel (USA) Inc. ("JSW"); and Stupp Corporation ("Stupp"), both individually and as members of the American Line Pipe Producers Association, which is itself a domestic interested party (collectively "Domestic Producers"); and from JFE Steel Corporation ("JFE") and Nippon Steel & Sumitomo Metal Corporation ("Nippon Steel") (collectively "Japanese Producers"), producers of subject merchandise. On December 10, 2018, the Commission

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[8] *Continuation of Antidumping Duty Order on Certain Welded Large Diameter Line Pipe from Japan*, 72 Fed. Reg. 62435 (Nov. 5, 2007); *Revocation Pursuant to Five-year ("Sunset") Review of Antidumping Duty Order: Certain Large Diameter Line Pipe from Mexico*, 72 Fed. Reg. 62436 (Nov. 5, 2007).

[9] On November 1, 2007, domestic producer U.S. Steel Corporation requested that a binational panel review the Commission's negative five-year review determination with respect to the order on CWLDLP from Mexico under Article 1904 of the North American Free Trade Agreement ("NAFTA"). On January 18, 2011, the NAFTA Panel issued a decision in the matter, affirming in part, and remanding the determination so that the Commission could consider new information filed by Mexican producer Procarsa. Upon reconsideration, the Commission determined that revocation of the order would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See Certain Welded Large Diameter Line Pipe from Japan*, Inv. No. 731-TA-920 (Review) (Remand), USITC Pub. 4227 (May 2011) at 1; and CR at I-4, PR at I-3. On August 29, 2011, the NAFTA Panel affirmed the Commission's determination on remand. *In the Matter of Certain Welded Large Diameter Line Pipe from Mexico: Decision of the Panel Reviewing the Determination of the International Trade Commission on Remand*, Secretariat File No. USA-USA-MEX-2007-1904-03, NAFTA Binational Panel Review, Aug. 29, 2011.

[10] *Certain Welded Large Diameter Line Pipe From Japan; Institution of a Five-Year Review Concerning the Antidumping Duty Order on Certain Welded Large Diameter Line Pipe From Japan*, 77 Fed. Reg. 59973 (Oct. 1, 2012).

[11] *Certain Welded Large Diameter Line Pipe from Japan*, Inv. No. 731-TA-919 (Second Review), USITC Pub. 4427 (Sep. 2013) ("*Second Review*") at 3.

[12] *Welded Large Diameter Line Pipe from Japan: Continuation of Antidumping Duty Order*, 78 Fed. Reg. 64477 (Oct. 29, 2013).

[13] *Certain Welded Large Diameter Line Pipe from Japan; Institution of a Five-Year Review*, 83 Fed. Reg. 44900 (Sep. 4, 2018).

determined that the group responses submitted by the domestic interested parties and the respondent interested parties were adequate, and determined that it would conduct a full review.[14] Domestic Producers and Japanese Producers filed prehearing and posthearing briefs, final comments, and appeared at the Commission's hearing accompanied by counsel.

The Commission issued questionnaires to U.S. producers, importers, purchasers, and Japanese producers, seeking data for the calendar years 2016-18, along with interim periods January-March 2018 and January-March 2019 (the "period of review" or "POR").[15] U.S. industry data are based on the questionnaire responses of nine U.S. producers of CWLDLP that are believed to have accounted for all known U.S. production of CWLDLP during the POR. U.S. import data and related information are based on official import statistics, proprietary U.S. Customs and Border Protection records, and questionnaire data from 22 importers that are believed to have accounted for 94.1 percent of total subject imports during 2018. Foreign industry data and related information are based on the questionnaire responses of two producers of CWLDLP in Japan which accounted for all known production.[16]

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the "domestic like product" and the "industry."[17] The Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[18] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original

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[14] *Certain Welded Large Diameter Line Pipe from Japan; Notice of Commission Determination to Conduct a Full Five-Year Review*, 83 Fed. Reg. 65361 (Dec. 20, 2018); *see also* Explanation of Commission Determination on Adequacy, EDIS Doc. 664512 (Dec. 12, 2018).

[15] Confidential Report, Memorandum INV-RR-082, EDIS Doc. 686669 (Aug. 28, 2019, as amended by Memorandum INV-RR-088, EDIS Doc. 687179 (Sep. 4, 2019) ("CR") at I-13, Public Report, *Certain Welded Large Diameter Line Pipe from Japan*, Inv. No. 731-TA-919 (Third Review), USITC Pub. 4973 ("PR") at I-10. This five-year review encompasses calendar years 2013 through 2018. The Commission also collected and examined data covering this period.

[16] CR at I-13, PR at I-10.

[17] 19 U.S.C. § 1677(4)(A).

[18] 19 U.S.C. § 1677(10); *see*, *e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

investigation and consider whether the record indicates any reason to revisit the prior findings.[19]

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

> certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute ("API") specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications.[20]

As was the case in the prior proceedings, Commerce specifically excluded American Water Works Association ("AWWA") specification water and sewage pipe from the scope of the order, in addition to line pipe products with the following specifications:

- Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.
- Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X42, with wall thickness measuring greater than 1.000 inches in grades X52 through X56, and with wall thickness measuring greater than 0.875 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X42, with wall thickness measuring greater than 1.250 inches in grades X52 through X56, and with wall thickness measuring greater than 1.125 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with a wall thickness measuring greater than 1.500 inches in grades A, B, and X42, with wall thickness measuring

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

[20] *Welded Large Diameter Line Pipe from Japan: Final Results of the Expedited Third Sunset Review of the Antidumping Duty Order*, 84 Fed. Reg. 1059 (Feb. 1, 2019).

greater than 1.375 inches in grades X52 through X56, and with wall thickness measuring greater than 1.250 inches in grades X60 or greater.

- Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X80 or greater.
- In API grades X80 or above, having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.90 inch or more.
- In API grades X100 or above, having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.54 inch or more.
- An API grade X80 having an outside diameter of 21 inches and wall thickness of 0.625 inch or more.[21]

Line pipe is used for conveyance of gas, oil, or water, generally in a pipeline or utility distribution system. It is produced to API certification. CWLDLP within the scope is line pipe with an outside diameter greater than 16 inches but less than 64 inches, excluding water pipe as specified by the AWWA and certain size/grade combinations of line pipe, including very thick walled line pipe that can be used in Arctic or offshore deep water environments, or to convey highly corrosive ("sour") gases.[22]

CWLDLP is produced by one of two major manufacturing methods. One method, submerged arc welding, encompasses both helical (or spiral) welding ("HSAW") and longitudinal welding ("LSAW") means of production. A second production method is electric resistance welding ("ERW"). HSAW and ERW pipe are both made from steel coils whereas LSAW pipe is made from steel plates. Because of the helical wrap of the steel, HSAW pipe size is not limited by the coil width and generally is used for larger diameter pipe projects. ERW is limited by the coil width and accordingly is suitable for thinner walled and smaller diameter pipe. HSAW and ERW production are continuous forming processes versus the piece-by-piece production of LSAW. HSAW and ERW pipe generally are used in less demanding applications, whereas LSAW pipe is preferred for use in more demanding applications. Technological advances allowing for wider and thicker coil production have made the HSAW production method more common.[23]

Typically, LSAW is the more expensive production method, and ERW is the least expensive. The API 5L specification allows for a number of line pipe production processes, and permits ERW and SAW in all grades and classes of large diameter line pipe. During the original investigations, domestic producers produced either LSAW or ERW pipe; several domestic producers now employ multiple production methods.[24]

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[21] *Welded Large Diameter Line Pipe from Japan: Final Results of the Expedited Third Sunset Review of the Antidumping Duty Order*, 84 Fed. Reg. 1059 (Feb. 1, 2019).

[22] CR at I-18 – I-19, PR at I-15.

[23] CR at I-20, PR at I-16.

[24] CR at I-21 – I-22, PR at I-17 – I-18; and CR/PR at Table I-6.

a. The Prior Proceedings

In each of the prior proceedings, the Commission defined a single domestic like product comprised of CWLDLP, coextensive with Commerce's scope.[25]

b. The Current Review

In this review, Domestic Producers agreed with the Commission's definition of the domestic like product from the prior proceedings.[26] Japanese Producers did not propose an alternative definition.[27] The record contains no information suggesting that the characteristics and uses of domestically produced CWLDLP have changed since the prior reviews.[28] We therefore find a single domestic like product that includes all CWLDLP, coextensive with Commerce's scope definition.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[29] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the prior proceedings, the Commission defined the domestic industry to include all U.S. producers of CWLDLP. There were no related party issues in any of the prior proceedings.[30]

This review involves the issue of whether a producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This

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[25] *Original Investigations*, USITC Pub. 3464 at 9-10; *First Reviews*, USITC Pub. 3953 at 6-8; *Second Review*, USITC Pub. 4427 at 7.

[26] Domestic Producers' Response to the Notice of Institution, EDIS Docs. 657961 (Oct. 4, 2018) and 658099 (Oct. 5, 2018) at 19; Domestic Producers' Prehearing Brief, EDIS Docs. 682795 and 682798 (July 23, 2019) at 5.

[27] Japanese Producers' Prehearing Brief, EDIS Docs. 682839 (July 23, 2019), 683049 (July 24, 2019), and 683051 (July 24, 2019) at 5 n.4; Japanese Producers' Answers to Supplemental Questions, EDIS Docs. 684598 and 684630 (Aug. 7, 2019) at 4. Moreover, no party requested that the Commission collect data concerning other possible domestic like products in the comments on the Commission's draft questionnaires. CR at I-30 – I-31, PR at I-24.

[28] *See generally* CR at I-18 – I-21, PR at I-15 – I-17.

[29] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

[30] *Original Investigations*, USITC Pub. 3464 at 10; *First Reviews*, USITC Pub. 3953 at 8; *Second Review*, USITC Pub. 4427 at 7.

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.[31] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[32]

The record indicates that domestic producer *** is a related party as it is *** by ***, a producer and exporter of subject merchandise.[33] *** accounted for *** percent of domestic production during 2018 and *** continuation of the order.[34] *** did not import or purchase subject merchandise during the POR. Its U.S. production during the POR far exceeded ***'s exports of subject merchandise to the United States.[35] Moreover, there is nothing in the record indicating that *** affiliation with *** has caused it to behave differently from other domestic producers. In our view, the record indicates that *** principal interest lies in domestic production. No party has advocated that *** be excluded from the domestic industry. In light of the record and the lack of any contrary argument, we find that appropriate circumstances do not exist to exclude *** under the related parties provision of the statute.

In light of the foregoing, we define the domestic industry to include all domestic producers of CWLDLP.

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[31] *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).

[32] 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.

[33] CR/PR at Table I-8. *See also* *** Producer Questionnaire Response, EDIS Doc. ***, responses to questions I-4 and I-6; *** Foreign Producer Questionnaire, EDIS Doc. ***, response to question II-11.

[34] CR/PR at Table I-7.

[35] ***'s annual domestic production was *** short tons in 2016, *** short tons in 2017, and *** short tons in 2018. *** Producer Questionnaire, response to question II-4a. By contrast, *** exports to the United States were *** short tons in 2016, *** short tons in 2017, and *** short tons in 2018. *** Foreign Producer Questionnaire, response to question II-11.

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

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[36] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[37] Thus, the likelihood standard is prospective in nature.[38] The U.S. Court of International Trade has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[39]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[40] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but

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[36] 19 U.S.C. § 1675a(a).

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

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

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

[40] 19 U.S.C. § 1675a(a)(5).

normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[41]

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[42] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[43] The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[44]

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[45] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[46]

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the

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

[42] 19 U.S.C. § 1675a(a)(1).

[43] 19 U.S.C. § 1675a(a)(1). Commerce issued no duty absorption findings with respect to CWLDLP. CR at I-13, PR at I-11.

[44] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[45] 19 U.S.C. § 1675a(a)(2).

[46] 19 U.S.C. § 1675a(a)(2)(A-D).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[47]

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[48] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.[49]

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[50] The following conditions of competition inform our determination.

1. Demand Conditions

In each of the prior proceedings, the Commission found that CWLDLP was purchased by end users for use in pipeline projects, and by distributors, which resold the pipe to customers for use in the repair and maintenance of existing pipelines and for structural applications. The Commission also found that demand for CWLDLP depended upon oil and gas prices and activity

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

[48] 19 U.S.C. § 1675a(a)(4).

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

[50] 19 U.S.C. § 1675a(a)(4).

in the energy sector, as CWLDLP was primarily used in the transmission of oil and gas.[51] Information in the record of this review likewise indicates that demand for CWLDLP remains tied to oil and gas prices and production.[52]

The Commission found that, during the original period of investigation ("POI"), U.S. CWLDLP demand fell sharply between 1998 and 2000, from *** to *** short tons, due to the completion of the major Alliance pipeline project in early 1999 and the consolidation of CWLDLP end users. It also observed that similar declines in CWLDLP demand occurred globally.[53]

In the first reviews, the Commission found that, while demand in the repair and maintenance market fluctuated over the period, the project market collapsed between 2001 and 2003, resulting in a *** percent decline in apparent U.S. consumption of CWLDLP, from *** short tons in 2001 to *** short tons in 2003. Apparent U.S. consumption remained depressed through 2005, but recovered in 2006 to *** short tons and continued to strengthen in interim 2007.[54]

In the second review, the Commission found that the volume of CWLDLP sold in the repair and maintenance market decreased by about 50 percent, and that a shift within the project market, from large-scale oil and gas projects towards smaller, more localized shale deposit extraction projects, resulted in apparent U.S. consumption of CWLDLP becoming concentrated in smaller diameter product over the period reviewed. Apparent U.S. consumption decreased by 38.3 percent during this period, from 2.6 million short tons in 2007 to 1.6 million short tons in 2012.[55]

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[51] *Original Investigations*, USITC Pub. 3464 at 14; *First Reviews*, USITC Pub. 3958 at 17; *Second Review*, USITC Pub. 4427 at 10. In the original investigations, the Commission found that each channel of distribution possessed distinctive characteristics. With respect to pipeline projects, oil and gas transmission companies formulated a technical plan, invited bids from qualified manufacturers, and selected suppliers based on compliance with technical specifications, price, and ability to meet project deadlines, with CWLDLP deliveries occurring six to twelve months later. By contrast, CWLDLP sales to distributors typically involved spot sales. *Original Investigations*, USITC Pub. 3464 at 14. The Commission found a divergence between CWLDLP demand and oil and gas production during the second review period; oil and gas production increased by 28 and 25 percent, respectively, while apparent U.S. consumption of CWLDLP fell by 38 percent. *Second Review*, USITC Pub. 4427 at 21.

[52] CR at II-19, PR at II-13. Moreover, because there are no substitutes for CWLDLP, demand for it is inelastic. CR at II-14 and II-23, PR at II-10 and II-16.

[53] Confidential Original Determination (Nov. 6, 2001), EDIS Doc. 661456 ("*Confidential Original Determination*") at 21-22, *Original Investigations*, USITC Pub. 3464 at 15. The domestic industry's export shipments fell from 315,797 short tons in 1998 to 10,085 short tons in 2000, Japanese producers' exports to non-U.S. markets declined from 775,443 short tons in 1998 to 293,335 short tons in 2000, and Mexican producers' exports to non-U.S. markets declined from *** short tons in 1998 to *** short tons in 2000. *Id*. at 22.

[54] Confidential First Review Determination, EDIS Doc. 661447 (Nov. 9, 2018) at 18, *First Reviews*, USITC Pub. 3953 at 18.

[55] *Second Review*, USITC Pub. 4427 at 13-14.

In this review, demand for CWLDLP continues to be driven by pipeline construction projects, and repair and maintenance of existing pipelines. Key indicators of demand, including oil and gas prices and rig count, fluctuated over the POR.[56] Apparent U.S. consumption also fluctuated, rising to a peak of 2.9 million short tons in 2015 before returning to a level of 1.9 million short tons in 2016.[57] It then grew steadily to 2.0 million short tons in 2017, and to 2.3 million short tons in 2018; apparent U.S. consumption was higher in January-March (interim) 2019 (807,261 short tons) than in interim 2018 (346,716 short tons).[58] A plurality of market participants indicated that they expect future demand for CWLDLP both within and outside the United States to fluctuate.[59] As noted in prior proceedings, demand is particularly difficult to predict in this industry. Based on both the perception of marketplace participants and recent and projected trends in oil and gas price and production, we find that continued growth in CWLDLP demand in the United States as observed since 2016 is unlikely.

2. Supply Conditions

In the original investigations, the Commission found that the domestic industry supplied between *** and *** percent of the U.S. market by quantity over the 1998-2000 period. Cumulated subject imports from Japan and Mexico supplied between *** and *** percent of the market over this period, whereas nonsubject imports supplied between *** and *** percent.[60] The Commission also found that the domestic industry's production capacity declined by 2.3 percent over the POI, whereas total production declined by 73.5 percent.[61]

In the first reviews, the domestic industry's share of supply of the U.S. market declined irregularly, from *** percent in 2001 to *** percent in 2006. The share of subject imports from Japan also declined, from *** percent in 2001 to *** percent in 2006, whereas imports from sources other than Japan increased their share of supply from *** percent in 2001 to *** percent in 2006.[62] The Commission found that growing CWLDLP demand toward the end of the period resulted in increased order backlogs and longer order lead times at domestic mills, and

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[56] CR at II-9 – II-12, PR at II-6 – II-9; and CR/PR at Figures II-1 (actual and predicted short term WTI spot prices for oil), II-2 (actual and predicted monthly Henry Hub spot prices for natural gas), and III-3 (Hughes Incorporated oil and rotary rig count data). WTI and Henry Hub both forecast flattening or fluctuating prices after 2019, whereas rig count has already begun to decline in 2019. *Id*.

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

[58] CR/PR at Tables I-3 and I-10.

[59] Half of domestic producers and importers (five of ten and ten of twenty, respectively), reported that U.S. demand for CWLDLP fluctuated during the POR. CR/PR at Table II-6.

[60] *Original Investigations*, USITC Pub. 3464 at 15 and Table IV-7; *Confidential Original Determination* at 22-23; Original Determination Commission Report, Memorandum INV-Y-214 (Oct. 17, 2001), EDIS Doc. 661452 ("*Original Determination CR*") at Table IV-7.

[61] *Original Investigations*, USITC Pub. 3464 at 15.

[62] First Review Determination Commission Report, Memorandum INV-EE-129 (Sep. 14, 2007), EDIS Doc. 661448 ("*First Review Determination CR*") at Table I-11, *First Reviews*, USITC Pub. 3953 at Table I-11.

that the increasing market acceptance of HSAW CWLDLP in applications formerly reserved for LSAW products resulted in the construction and planned expansion of HSAW capacity in the United States. The Commission attributed the increase in volume of imports from sources other than Japan to strong demand and increasing market acceptance of HSAW CWLDLP.[63]

In the second review, the Commission found that the domestic industry, which supplied between 32.3 to 37.5 percent of apparent U.S. consumption from 2007 to 2009, became the largest supplier during 2010 to 2012, with market shares ranging from 57.2 to 67.2 percent. The share of supply held by nonsubject imports, the largest source of supply in the earlier half of the period reviewed, declined irregularly from *** percent in 2007 to *** percent in 2012, whereas subject imports accounted for *** of apparent U.S. consumption throughout the period.[64] The Commission found that the domestic industry had added over 900,000 short tons of HSAW capacity in the second review period, and that shipments of all large diameter line pipe from Japan to the U.S. market, including CWLDLP and products excluded from the scope of review, almost tripled from 2010 to 2012.[65]

In this review, the domestic industry supplied the majority of the U.S. market during the POR, although its share of apparent U.S. consumption declined irregularly from 70.3 percent in 2016 to 58.2 percent in 2018, and was 56.2 percent in interim 2019, compared to 54.1 percent in interim 2018.[66] During the POR, the domestic industry experienced the construction of multiple production facilities and the entry of a new producer, CSI, which commenced production with an annual rated capacity of 400,000 short tons of ERW large diameter line pipe.[67] The industry's reported capacity increased modestly.[68]

Nonsubject imports supplied nearly all of the balance of the U.S. market during the POR.[69] The largest nonsubject import sources in the period reviewed were Canada, Greece, Korea, Turkey, and Germany.[70] As of May 2019, large diameter line pipe from Canada, China, Greece, India, Korea, and Turkey have been subject to antidumping and/or countervailing duty

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[63] *First Reviews*, USITC Pub. 3953 at 20-21.

[64] Confidential Second Review Determination, EDIS Doc. 661445 (Nov. 9, 2018) ("*Confidential Second Review Determination*") at 22-23, *Second Review*, USITC Pub. 4427 at 15.

[65] *Second Review*, USITC Pub. 4427 at 15.

[66] CR/PR at Table I-10.

[67] CR/PR at Table III-1. Additionally, all domestic producers reported that they experienced changes to their operations in the form of plant openings, relocations, expansions, acquisitions, consolidations, closures, prolonged shutdowns, or other curtailments of production during the POR. CR/PR at Table III-2a. Three producers reported anticipated changes to their CWLDLP operations, including the ***. CR/PR at Table III-2b.

[68] Reported capacity increased irregularly from 3.48 million short tons in 2016 to 3.52 million short tons in 2018. Capacity was higher in interim 2019, at 981,310 short tons, than in interim 2018, at 847,923 short tons. CR/PR at Table III-3.

[69] CR/PR at Table I-10.

[70] CR/PR at Table IV-2. Imports from these nonsubject sources accounted for a combined 87.4 percent of the quantity of nonsubject U.S. imports in 2018. CR at II-8, PR at II-6.

orders.[71] The volume of imports from these six sources, which accounted for a combined 77.8 percent of the quantity of all U.S. imports in 2018, has subsequently declined.[72]

Subject imports supplied a minute share of the market during the POR, accounting for *** of apparent U.S. consumption during each year and interim period.[73] Nevertheless, subject producers continued to ship out-of-scope and exempt products to the United States in substantial quantities in the period reviewed; exports from Japan to the United States of all large diameter line pipe, which includes CWLDLP, out-of-scope, and exempt line pipe products, were 102,025 short tons in 2016, 40,204 short tons in 2017, and 73,512 short tons in 2018.[74] Additionally, three U.S. importers reported that they had arranged for future deliveries of *** short tons of excluded line pipe from Japan through ***.[75]

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[71] See *Large Diameter Welded Pipe from the People's Republic of China: Countervailing Duty Order*, 84 Fed. Reg. 8075 (Mar. 6, 2019); *Large Diameter Welded Pipe from India: Antidumping Duty Order*, 84 FR 8079 (Mar. 6, 2019); *Large Diameter Welded Pipe from the People's Republic of China: Antidumping Duty Order*, 84 Fed. Reg. 8083 (Mar. 6, 2019); *Large Diameter Welded Pipe from India: Countervailing Duty Order*, 84 Fed. Reg. 8085 (Mar. 6, 2019); *Large Diameter Welded Pipe from the Republic of Korea: Amended Final Affirmative Antidumping Determination and Antidumping Duty Order*, 84 Fed. Reg. 18767 (May 2, 2019); *Large Diameter Welded Pipe from Greece: Amended Final Affirmative Antidumping Determination and Antidumping Duty Order*, 84 Fed. Reg. 18769 (May 2, 2019); *Large Diameter Welded Pipe from the Republic of Turkey: Countervailing Duty Order*, 84 Fed. Reg. 18771 (May 2, 2019); *Large Diameter Welded Pipe from the Republic of Korea: Countervailing Duty Order*, 84 Fed. Reg. 18773 (May 2, 2019); *Large Diameter Welded Pipe from Canada: Antidumping Duty Order*, 84 Fed. Reg. 18775 (May 2, 2019); *Large Diameter Welded Pipe from the Republic of Turkey: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order*, 84 Fed. Reg. 18799 (May 2, 2019). These orders were issued after the Commission made affirmative determinations in *Large Diameter Welded Pipe from China and India*, Inv. Nos. 701-TA-593-594 and 731-TA-1402 and 1404 (Final), USITC Pub. 4859 (Jan. 2019) ("*Original LDLP Investigations*"); and *Large Diameter Welded Pipe from Canada, Greece, Korea, and Turkey*, Inv. Nos. 701-TA-595-596 and 731-TA-1401, 1403, and 1405-1406 (Final), USITC Pub. 4883 (April 2019). *See also generally* CR/PR at Table I-1. Preliminary duties on these nonsubject sources took effect on June 29, 2018 and August 27, 2018. *See Original LDLP Investigations* at App. A.

[72] CR/PR at Table IV-2. Monthly U.S. import data indicate that the volume of large diameter line pipe imports from these six countries declined after February 2019. CR/PR at Table E-1.

[73] CR/PR at Table I-10.

[74] CR/PR at Table IV-13. The United States was Japan's fourth largest export destination for large diameter line pipe in 2018, accounting for 12.2 percent of total Japanese exports that year. CR/PR at Table IV-13.

[75] CR at IV-10 n.6, PR at IV-7 n.6.

3. Substitutability

In each of the prior proceedings, the Commission found that subject imports and the domestic like product were generally substitutable when made to the same specifications.[76] Moreover, in each of the prior reviews, the Commission found that price was an important factor in purchasing decisions.[77]

We find a high degree of substitutability between subject and domestically produced CWLDLP. All domestic producers, all purchasers, and most importers reported that the domestic like product and subject imports are always or frequently interchangeable.[78] Most purchasers indicated that subject and domestically produced CWLDLP were comparable with respect to 14 of 17 specified characteristics.[79] Moreover, purchasers identified price, followed by quality and availability, as the top three factors in their purchasing decisions.[80] The record of this review thus establishes that price remains an important factor in purchasing decisions.

4. Other Conditions

CWLDLP is primarily made to order.[81] In addition, most responding purchasers reported that they require suppliers to become certified or qualified in order to sell them CWLDLP.[82] Domestic producers fulfilled made-to-order CWLDLP shipments within an average lead time of 103 days in 2018, versus 206 days for importers.[83]

Depending on the production method used, the primary raw material used to manufacture CWLDLP is either hot-rolled coil ("HRC") or cut-to-length plate ("CTLP").[84] There

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[76] *Original Investigations*, USITC Pub. 3464 at 17; *First Reviews*, USITC Pub. 3953 at 28; *Second Review*, USITC Pub. 4427 at 16.

[77] *First Reviews*, USITC Pub. 3953 at 28; *Second Review*, USITC Pub. 4427 at 22-23.

[78] CR/PR at Table II-12

[79] CR/PR at Table II-11. Product range (domestic product inferior), delivery times (half rated the domestic product superior), and exposure to tariffs issued pursuant to Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862, as amended) ("Section 232 tariffs") and/or Section 301 of the Trade Act of 1974 (19 U.S.C. § 2411, as amended) ("Section 301 tariffs") (domestic product superior) were the exceptions. *Id*.

[80] CR/PR at Table II-8. Additionally, 13 of 14 responding purchasers identified price as a very important purchasing factor. CR/PR at Table II-9.

[81] CR at II-15, PR at II-10. Domestic producers reported that 93.2 percent of their commercial shipments were made to order in 2018, while the remaining 6.8 percent came from inventory. *Id*. Most purchasers (seven of 11) reported that their CWLDLP purchasing frequency depended on project needs. CR at V-5, PR at V-3.

[82] Purchasers did not elaborate on certification requirements, whereas the time to qualify a new supplier ranged from 30 to 300 days. CR at II-18, PR at II-12. Most domestic producers appear to satisfy applicable certification requirements. *Id*.

[83] CR at II-15, PR at II-10.

[84] CR at V-1, PR at V-1.

are existing orders on HRC and CTLP from numerous sources.[85] Most importers and purchasers, and half of responding producers, reported that these orders increased or caused fluctuations in raw material costs.[86]

Imported HRC, CTLP, and CWLDLP from numerous sources, including Japan, have also been subject to additional Section 232 tariffs, of 25 percent *ad valorem*, since March 2018.[87] Most producers, importers, and purchasers reported increased raw material costs and prices due to the Section 232 tariffs.[88]

C. Likely Volume of Subject Imports

1. The Prior Proceedings

In the original investigations, the Commission found that cumulated subject imports from Japan and Mexico increased significantly between 1999 and 2000, with cumulated subject import volume increasing from 173,525 short tons in 1999, or *** percent of apparent U.S. consumption, to 200,689 short tons in 2000, or *** percent of apparent U.S. consumption.[89] Acknowledging that subject import volume and market share had declined between 1998 and 1999, and that absolute subject import volume in 2000 remained below 1998 levels, the Commission found the increase in cumulated subject import volume and market share in 2000

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[85] *See Certain Hot-Rolled Steel Flat Products from Brazil and the Republic of Korea: Amended Final Affirmative Countervailing Duty Determinations and Countervailing Duty Orders*, 81 Fed. Reg. 67960 (Oct. 3, 2016); *Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, the Republic of Korea, the Netherlands, the Republic of Turkey, and the United Kingdom: Amended Final Affirmative Antidumping Determinations for Australia, the Republic of Korea, and the Republic of Turkey and Antidumping Duty Orders*, 81 Fed. Reg. 67962 (Oct. 3, 2016); *Certain Carbon and Alloy Steel Cut-to-Length Plate from the People's Republic of China: Countervailing Duty Order*, 82 Fed. Reg. 14346 (Mar. 20, 2017); *Certain Carbon and Alloy Steel Cut-to-Length Plate from the People's Republic of China: Antidumping Duty Order*, 82 Fed. Reg. 14349 (Mar. 20, 2017); *Certain Carbon and Alloy Steel Cut-To-Length Plate from Austria, Belgium, France, the Federal Republic of Germany, Italy, Japan, the Republic of Korea, and Taiwan: Amended Final Affirmative Antidumping Determinations for France, the Federal Republic of Germany, the Republic of Korea and Taiwan, and Antidumping Duty Orders*, 82 Fed. Reg. 24096 (May 25, 2017); and *Certain Carbon and Alloy Steel Cut-to-Length Plate from the Republic of Korea: Countervailing Duty Order*, 82 Fed. Reg. 24103 (May 25, 2017).

[86] CR at II-3 – II-4, PR at II-2 – II-3.

[87] CR at II-2, PR at II-1. These goods are also subject to Section 301 tariffs on steel articles if they originate from China. CR at I-17 – I-18, PR at I-14 – I-15. The subject product is not subject to Section 301 tariffs. *Id*.

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

[89] Confidential Original Determination at 23, *Original Investigations*, USITC Pub. 3464 at 16.

significant because much of the increase had come at the expense of domestic shipments to distributors, which were needed to compensate for a steep decline in sales to end users.[90]

In the first reviews, the Commission found that subject imports from Japan maintained a presence in the U.S. market over the period of review, indicating that Japanese producers maintained both an interest in, and the ability to serve, U.S. customers. Further, subject Japanese producers had affiliations with U.S. importers, and were able to maintain their relationships with U.S. pipeline operators by exporting a significant quantity of excluded line pipe products. The Commission found that subject Japanese producers could increase their production of CWLDLP notwithstanding their reported high capacity utilization rate, as reported capacity fluctuated in tandem with production. It also cited a sharp decline in subject producers' exports to China, which suggested that Japanese CWLDLP producers likely possessed the capacity to shift lost exports to China to other markets, such as the large and attractive U.S. market. Trends in reported downtime for Japanese CWLDLP mills over the first review period corroborated that subject producers had the ability significantly to increase CWLDLP production at the end of the period. The Commission further explained that two of the three Japanese CWLDLP producers reported the ability to switch production between CWLDLP and other products at very little cost, in response to changes in the relative price of CWLDLP and other products. The Commission thus concluded that the likely subject import volume would be significant either in absolute terms or relative to U.S. production or consumption, were the order revoked.[91]

In the second review, the Commission found that reported Japanese production and capacity were significant throughout the period of review; there was excess capacity because Japanese producers' shipments of line pipe declined during the period. The subject producers produced CWLDLP and several other pipe products on the same equipment and with the same employees, and the Commission found that their declining shipments of products other than CWLDLP made at the same facilities indicated that product shifting was likely should the order be revoked. That the Japanese producers were actively selling excluded line pipe in the United States supported this finding; Japanese exports of large diameter line pipe products to the United States grew from 61,222 short tons in 2010 to 177,497 short tons in 2012. The Commission also found the Japanese CWLDLP industry to be export oriented, with virtually no home market; Japanese producers' home market shipments ranged from *** percent to *** percent of their total CWLDLP shipments during the second review period.[92] During this time, the Japanese industry faced increasing competition in its export markets, with large diameter line pipe exports declining from 1.5 million short tons in 2007 to 1.2 million short tons in 2012. Furthermore, the U.S. market remained attractive for exporters, accounting for 35.8 percent of global large diameter gas pipeline construction and 26.9 percent of large diameter pipeline

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[90] *Original Investigations*, USITC Pub 3464 at 16. The Commission discounted the significance of the decline in subject import volume and market share in interim 2001 as partly resulting from the filing of the petitions. *Id*.

[91] *First Reviews*, USITC Pub. 3953 at 22-25.

[92] *Confidential Second Review Determination* at 25-28, *Second Review*, USITC Pub. 4427 at 17-19.

construction for crude oil; even with the order in place, the United States was the third largest export market for Japanese producers due primarily to their exports of excluded line pipe products. For the foregoing reasons, the Commission concluded that the likely subject import volume from Japan would be significant either in absolute terms or relative to U.S. production or consumption, were the order revoked.[93]

2. The Current Review

In this review, subject imports entered the U.S. in small quantities. Subject import volume was *** short tons in 2016, *** short tons in 2017, *** short tons in 2018, *** short tons in interim 2018, and *** short tons in interim 2019.[94] Subject imports accounted for less than *** percent of apparent U.S. consumption in each year and interim period.[95]

Despite the limited presence of subject imports over the POR, we find that several factors indicate that the subject producers have the ability and incentive to increase significantly exports of CWLDLP if the order is revoked. Initially, the subject industry reported substantial production and capacity.[96] Reported capacity fluctuated in conjunction with production.[97] Capacity also fluctuated based on the producers' product mix, as CWLDLP's percentage of overall mill production varied on an annual basis; this percentage ranged from *** to *** percent of total Japanese facility production during the 2016-18 period, and was *** percent of total production in 2018.[98] Out-of-scope production declined over the 2016-18

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[93] *Second Review*, USITC Pub. 4427 at 19-22.

[94] CR/PR at Table IV-1.

[95] CR/PR at Table I-10.

[96] Subject producers' production of CWLDLP was *** short tons in 2016, *** short tons in 2017, *** short tons in 2018, *** short tons in interim 2018, and *** short tons in interim 2019. Their capacity was *** short tons in 2016, *** short tons in 2017, *** short tons in 2018, *** short tons in interim 2018, and *** short tons in interim 2019. Their capacity utilization declined over the POR, from *** percent in 2016 to *** percent in 2018. CR/PR at Table IV-8.

Inventories of CWLDLP as a share of total subject producers' shipments declined throughout the POR. CR/PR at Table IV-8. U.S. importers reported no inventories of the subject merchandise since 2016. CR at IV-11, PR at IV-7.

[97] *See* CR/PR at Table IV-8 (also explaining capacity allocation methodology). As in prior proceedings, we have relied upon data for the Japanese industry's total capacity for the production of CWLDLP and other steel pipe products that they produce on the same equipment and with the same employees. The subject producers reported using the same equipment and employees to produce line pipe specifically excluded from the scope of the order, structural pipe, oil country tubular goods, piling, and standard pipes. CR at IV-25, PR at IV-13; and CR/PR at Table IV-11. Japanese production of all steel pipe products on the equipment used to produce CWLDLP was *** short tons in 2016, *** short tons in 2017, and *** short tons in 2018, and was *** higher in interim 2019 (at *** short tons) than in interim 2018 (at *** short tons). Overall capacity was *** short tons in 2016, *** short tons in 2017, *** short tons in 2018, *** short tons in interim 2018, and *** short tons in interim 2019. CR/PR at Table IV-11.

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

period, from *** short tons in 2016 to *** short tons in 2018.[99] Despite Japanese Producers' assertion that commitments to their existing non-U.S. customers, which are locked into long-term contracts, would prevent a shift in product mix to supply the U.S. market upon revocation,[100] the record demonstrates that subject producers switched capacity between in-scope products and excluded and other out-of-scope products throughout the POR, and consequently maintain considerable flexibility in adjusting the amount of mill capacity devoted to CWLDLP.[101]

Between 2012 and 2018, the subject industry's aggregate theoretical capacity for ERW and LSAW production[102] declined from *** short tons to *** short tons, while the subject producers' overall average capacity in the facilities that they use for CWLDLP production, which reflects product mix, fell from *** short tons in 2016 to *** short tons in 2018.[103] Inasmuch as the subject producers' theoretical capacity exceeded actual mill capacity by a wide margin throughout the period reviewed,[104] even average mill capacity figures reported by subject producers do not represent a hard limit on production quantities.[105] We find that the Japanese industry has sufficient excess capacity to supply a significant share of the U.S. market, even if we were to rely solely on the reported mill capacity and production data; excess mill capacity was *** short tons in 2018, equivalent to *** percent of apparent U.S. consumption of CWLDLP that year.[106]

Japanese Producers argue that the subject industry's overall capacity utilization figures will improve following the planned closure of Nippon Steel's Kashima Works mill by October

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[99] CR/PR at Table IV-11. Out-of-scope production was higher in interim 2019 than in interim 2018. *Id*.

[100] Japanese Producers' Prehearing Brief at 44-50.

[101] Moreover, they have the incentive to do so. API 5L CWLDLP commands higher prices than several of the other products produced at the same mills, such as standard and structural pipe. *See* Domestic Producers' Final Comments, EDIS Docs. 687769 and 687772 (Sep. 10, 2019) at 5, *citing Original LDLP Investigations*, USITC Pub. 4859 at 101. Further, Japanese Producers increased production of CWLDLP during the POR. CR/PR at Table IV-11.

[102] Theoretical maximal capacity figures ***. CR at IV-27 n.21, PR at IV-13 n.21.

[103] *Confidential Second Review Determination* at 26; CR/PR at Tables IV-10 and IV-11.

[104] CR/PR at Tables IV-10 and IV-11. Subject producers' theoretical capacity for ERW production, further, exceeded reported ERW production figures during the POR. *Id*. Japanese Producers argue that ERW CWLDLP is the type of pipe most likely to see increased U.S. demand due to its suitability for onshore shale extraction. Japanese Producers' Prehearing Brief at 31-32. Nevertheless, the larger theoretical capacity for ERW undercuts Japanese Producers' contention that "the Japanese Producers will not have any meaningful excess capacity of any sort going forward – ERW or otherwise." Japanese Producers' Prehearing Brief at 41.

[105] For instance, in the second review, the Japanese industry operated at *** in 2007, yet was *** of CWLDLP by *** short tons in 2008 relative to 2007. *Confidential Second Review Determination* at 26, *Second Review*, USITC Pub. 4427 at 17-18.

[106] CR/PR at Tables I-10 and IV-11.

2019.[107] Domestic Producers contend that Japanese Producers have not provided sufficient evidence that the mill will close.[108] Assuming that this closure takes place as scheduled, information on the record indicates that the Al Gharbia Pipe Company, an Abu Dhabi-based mill formed as a joint venture between JFE, Marubeni-Itochu Steel Inc., and Senaat GHC, will supply the Japanese producers' customer base in the Middle East and neighboring markets with an annual production capacity of 240,000 short tons of line pipe, once fully operational.[109] This facility is likely to displace Japanese line pipe export shipments to the Middle East, thereby freeing up capacity that could be diverted to the United States in the event of revocation.[110] The record indicates that the subject industry will have added over *** short tons of capacity that can be used to produce CWLDLP.[111] We thus find that excess capacity will likely persist in the reasonably foreseeable future.

In addition, the Japanese industry is export-oriented, with small home market sales of CWLDLP. As a percentage of total shipments, subject producers' home market shipments of CWLDLP declined from *** percent in 2016 to *** percent in 2018.[112] By contrast, subject producers' total exports of CWLDLP increased from *** short tons in 2016 to *** short tons in 2018, although they were lower in interim 2019 than interim 2018.[113] We find that the subject industry's declining production, excess capacity, and export orientation indicate that it would

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[107] *See* Japanese Producers' Answers to Supplemental Questions at 6; and Japanese Producers' Prehearing Economic Report, EDIS Docs. 683324 and 683325 (July 26, 2019) at Attachment J-1. Nippon Steel reported that this mill's average production capacity for LSAW pipe was *** short tons in 2018, and that it produced *** short tons of LSAW pipe that year. CR/PR at Table IV-11 at n.1. Domestic Producers contend that the mill *** as of the third quarter of 2019. Domestic Producers' Final Comments at 5.

[108] Japanese Producers argued that Nippon Steel publicly announced the mill's closure to investors, ***. *See* Japanese Producers' Posthearing Brief, EDIS Docs. 684929 and 684931 (Aug. 9, 2019) at 8-9; and Japanese Producers' Answers to Supplemental Questions at 14-15 and Attachment D (containing contemporaneous documentation of the closure, including a sample customer notification letter). Domestic Producers argued that Japanese Producers' assertion, that machinery at the facility *** suggests that no specific decision has been made to permanently shutter the mill, and added that the explanations and documentation provided by Nippon Steel were at times incomplete, unsupported, and contradictory; the sample customer notification letter, in particular, was unsigned and incorrectly dated. *See* Domestic Producers' Posthearing Brief at 4-5 and Exh. 1 at 20-24.

[109] Domestic Producers' Prehearing Brief at Exh. 8. The mill reportedly plans to export 40 percent of its output to neighboring markets in the Gulf, the Middle East, and North and East Africa. *Id*.

[110] We note that Japanese producers exported 171,360 short tons of large diameter line pipe to Middle Eastern markets (Saudi Arabia, United Arab Emirates, Iran, and Kuwait) in 2018, some of which may be displaced by the mill. CR/PR at Table IV-13.

[111] Derived from CR/PR at Table IV-11 at n.1 and Domestic Producers' Prehearing Brief at Exh. 8.

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

[113] CR at IV-19, PR at IV-11; and CR/PR at Table IV-8. Japanese large diameter line pipe global exports declined overall from 768,709 short tons in 2016 to 601,866 short tons in 2018, a 21.7 percent decline. CR/PR at Table IV-13.

have the ability to increase significantly exports of CWLDLP to the U.S. market if the order were revoked.

The record further indicates that subject producers would have the incentive to increase their exports of CWLDLP to the U.S. market if the order were revoked. The United States remains a large and attractive market for exporters; information on the record indicates that the United States became the world's largest crude oil producer in 2018, and U.S. rig counts exceed those of other oil and gas producing regions.[114] [115]

Additionally, domestic producers and importers generally reported that U.S. prices were higher than prices outside the United States.[116] [117] We find that domestic producers' U.S. shipment AUVs were significantly higher than Japanese export AUVs throughout the POR.[118] We recognize the limited utility of AUV data when analyzing CWLDLP, as these data can vary by region due to product mix issues and processing costs. Accordingly, we limit our analysis to the AUVs for exports to the Middle East, which Japanese Producers characterized as a growing

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[114] Domestic Producers' Prehearing Brief at Exhs. 1-2.

[115] Most responding firms indicated that they expected demand outside the U.S. market to fluctuate, due to project delays or abandonment, oil price decreases, the general energy industry, general construction activity, global demand for oil and gas, and economic and political and economic factors. CR at IV-35, PR at IV-18; and CR/PR at Table II-6. *See also* Domestic Producers' Posthearing Brief at Exh. 2 (Nippon Steel's F-4 filing contrasts the U.S. market's "stable growth" and "steady economic recovery against a backdrop of robust personal consumption and an improvement in labor market conditions" with other regions); and Domestic Producers' Prehearing Brief at Exh. 9, which contains a U.S. Department of State press statement, dated July 20, 2019, addressing instability for oil and gas projects in the South China Sea, and Exhs. 10, 11, which contain press reports on instability in the Middle East threatening oil prices and supply. Inasmuch as Japanese Producers contend that existing customer commitments, which are locked into long-term contracts, would prevent them from seeking out speculative opportunities in the U.S. market, further, the record indicates that subject producers have tended to bid on major projects worldwide, and are not focused on repeat customers or on particular regional markets. Japanese Producers' Prehearing Brief at 44-50; *see also* CR/PR at Table IV-9.

[116] CR at IV-42 – IV-43, PR at IV-24. Domestic producers attributed this to higher demand in the United States; importers attributed this to the size of the market, its better price structure, sourcing options, and higher demand. *** however reported that there was generally no difference in price between the U.S. and other markets it supplied overseas. *Id*. However, see Tr. at 130 (Doi), where a JFE executive conceded at the hearing that "on the average, I realize that the U.S. prices are higher."

[117] Japanese Producers base their argument that sales to their non-U.S. customers were more profitable than sales to the United States on a comparison between Japanese export AUVs to the United States and other regions they supplied during the POR. *See, e.g.,* Japanese Producers' Answers to Supplemental Questions at 8-11. Given the limited number of U.S. sales of CWLDLP made by Japanese Producers during the POR, however, we do not find U.S. export AUVs to be a reliable measure of likely subject import prices in the U.S. market upon revocation.

[118] CR/PR at Tables III-6, IV-8, and IV-13.

market requiring "new capacity, particularly at the high end."[119] U.S. shipment unit values of CWLDLP throughout the POR exceeded the highest Middle Eastern export unit value of large diameter line pipe from Japan to Kuwait in 2018.[120] Moreover, Japanese Producers project that U.S. prices will continue to rise due to the discipline of recent orders on nonsubject large diameter line pipe import sources.[121] We find that U.S. prices, which the record indicates have risen since imposition of these orders,[122] will heighten the attractiveness of the United States to subject producers. That the subject producers actively supplied the U.S. market with a substantial volume of out-of-scope and excluded line pipe throughout the POR indicates both that the U.S. market is an overall attractive one to the subject producers and that these producers have maintained distribution networks in the United States.[123]

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[119] *See* Japanese Producers' Answers to Questions, EDIS Doc. 684932 and 684933 (Aug. 9, 2019) at 11-13. We understand that Japanese producers' sales to the Middle East are shipped for consumption, unlike sales to Malaysia and Indonesia, which are shipped for further processing (including coating) and subsequently reshipped to other destinations; we note in this regard that the ultimate destination for some of this processed pipe is the ***. Japanese Producers' Answers to Supplemental Questions at 7; *see also* CR/PR at Table IV-8, n.3.

[120] CR/PR at Tables III-6 and IV-13. During the POR, U.S. shipment unit values of CWLDLP were $1,038 per short ton in 2016, $1,070 per short ton in 2017, $1,217 in 2018, $1,130 per short ton in interim 2018, and $1,547 per short ton in interim 2019, versus Kuwaiti large diameter line pipe export unit values of $709 per short ton in 2016-17, and $1,033 per short ton in 2018 (data were unavailable for the interim periods). Kuwaiti export unit values were lower than U.S. shipment unit values throughout the 2016-18 period, at differentials of $329 per short ton in 2016, $361 per short ton in 2017, and $184 per short ton in 2018. Moreover, there is a differential of $514 per short ton between the U.S shipment unit value reported in interim 2019, and the Kuwaiti export unit value in 2018. *Id*. These differentials, which we find significant, contradict Japanese Producers' argument that Section 232 tariffs, whether alone or in combination with local procurement measures (so-called "Buy American" measures), and comparatively higher U.S. inland transportation costs, render the U.S. market unattractive. *See, e.g.*, Japanese Producers' Prehearing Brief at 61; Japanese Producers' Answers to Supplemental Questions at 13; and Japanese Producers' Answers to Questions at 35-36. Moreover, Section 232 measures affect imports from all major nonsubject sources of large diameter line pipe, save for Canada. CR at I-17, PR at I-14; and CR/PR at Table IV-2. We find that Japanese imports will not be disadvantaged relative to imports from most nonsubject sources, which have supplied a substantial portion of the U.S. market through the life of the order. *See, e.g.*, CR/PR at Tables I-2 and I-3. We recall, further, that HRC and CTLP, the principal raw material inputs for CWLDLP, are similarly covered by the Section 232 tariffs, putting pressure on the prices of principal raw materials in an industry where raw material costs constitute three-quarters or more of the cost of goods sold. CR at I-17 and III-33, PR at I-14 and III-23; and CR/PR at Table III-11. The Section 232 tariffs have thus put price pressures on CWLDLP from all sources of supply.

[121] Japanese Producers' Posthearing Brief at 13.

[122] *See* Tr. at 172 (Kaplan).

[123] While exports of Japanese large diameter line pipe to the United States (which includes excluded and other out-of-scope items) declined by 27.9 percent from 2016 to 2018, exports of such line pipe to the United States increased by 82.8 percent from 2017 to 2018. CR/PR at Table IV-13. U.S. import data for the first half of 2019 and U.N. Comtrade data for January through February 2019 also

Further, Canada and the European Union have imposed import restraints on large diameter line pipe from Japan.[124] These import restraints, coupled with the increased competition that subject producers will likely face in other export markets from large diameter line pipe exporters in Canada, China, Greece, India, Korea, and Turkey now subject to orders in the United States,[125] provide added incentive for the subject industry to direct exports to the United States if the order were revoked.

In light of the foregoing, we conclude that subject imports from Japan are likely to increase to significant levels if the order were revoked. Accordingly, based on the record in this review, we conclude that the volume of subject imports from Japan, both in absolute terms and relative to production and consumption in the United States, would likely be significant in the reasonably foreseeable future absent the restraining effect of the order.

D. Likely Price Effects

1. The Prior Proceedings

In the original investigations, the Commission found that subject imports pervasively undersold the domestic like product and depressed domestic prices to a significant degree. Cumulated subject imports undersold the domestic like product in 30 of 46 quarterly comparisons at generally significant margins.[126] Trends in the AUVs of subject imports and the domestic like product were consistent with the trends observed in pricing product data, and the record contained evidence of significant confirmed lost sales and revenues.[127]

In the each of the prior reviews, the Commission found that subject imports from Japan and the domestic like product were highly substitutable and that price was an important factor in purchasing decisions. The Commission observed that subject imports from Japan undersold domestic CWLDLP in most of the limited price comparisons available in each review.[128] The

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demonstrate increases of, respectively, 82 percent and 85 percent relative to the same periods in 2018. Domestic Producers' Posthearing Brief, Exh. 1 at 15, and Exhs. 5 and 11. We find that the increase in imports of large diameter line pipe in 2018 and interim 2019 relative to 2017 and interim 2018, respectively, indicates that any effect of the Section 232 tariffs has been to some extent limited.

[124] CR at IV-33 – IV-34, PR at IV-16 – IV-17 (discussing a Canadian antidumping duty on large diameter line pipe and an E.U. safeguard measure on steel articles, including large welded tubes).

[125] *See* Tr. at 44-45 (Kaplan).

[126] Underselling occurred in *** of *** comparisons for subject imports from Japan at margins ranging from *** to *** percent. Second Review Determination Commission Report, Memorandum INV-LL-067 (Aug. 28, 2013), EDIS Doc. 661443 ("*Second Review Determination CR*") at Table V-15, *Second Review*, USITC Pub. 4427 at Table V-15.

[127] *Original Investigations*, USITC Pub. 3464 at 17-18.

[128] In the first reviews, subject imports undersold the domestic like product in 26 of 31 price comparisons at margins ranging from *** to *** percent. *First Reviews*, USITC Pub. 3953 at 28; *Second Review Determination CR* at Table V-15, *Second Review*, USITC Pub. 4427 at Table V-15. The Commission recognized that the probative value of the pricing comparisons was limited by the fact that most U.S. sales were to end users, while most subject import sales were to distributors. USITC Pub. 3953 at 29,

Commission found that Japanese producers had significant incentives to increase their exports to the United States and their only means of doing so was to underbid domestic and nonsubject CWLDLP producers. The Commission thus concluded in each review that the likely underselling of a significant volume of subject imports from Japan, at significant margins, would likely depress or suppress domestic CWLDLP prices to a significant degree.[129]

2. The Current Review

As previously stated, we have found that price is an important purchasing factor, and there is a high degree of substitutability between subject and domestic CWLDLP.[130]

The Commission collected pricing data for five CWLDLP products.[131] Pricing data accounted for approximately 16.4 percent of domestic producers' shipments of CWLDLP in 2018.[132] Limited pricing data were reported for subject imports for two quarters of 2016, two quarters of 2017, and one quarter of 2018.[133] Given the small number of price comparisons and small quantities of subject imports present in the U.S. market during the POR, we give limited weight to these price comparisons in our analysis of likely price effects.[134]

However, the consistent pattern of underselling in the prior proceedings is probative of the likely pricing of the subject imports upon revocation. Given the continued attractiveness of the U.S. market, and the importance of price in purchasing decisions, we find that subject producers would be likely to resume the behavior observed in the original investigations of

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n.206. In the second reviews, subject imports undersold the domestic like product in 23 of 26 price comparisons at margins ranging from 3.7 to 38.9 percent. *Second Review Determination CR* at V-30, *Second Review*, USITC Pub. 4427 at V-7. The Commission found that prices for domestically produced CWLDLP generally increased, notwithstanding continued underselling by subject imports. The Commission noted Japanese producers' challenge to the probative value of the pricing comparisons on the basis that they were made at different levels of trade, and indicated in response that it had followed its normal practice of collecting price information for the first available U.S. arms-length transaction, and that the Japanese producers had not proffered an alternative method for collecting price data. *Second Review*, USITC Pub. 4427 at 23-24, n.151.

[129] *First Reviews*, USITC Pub. 3953, at 27-29; *Second Review*, USITC Pub. 4427 at 22-24. In the first reviews, the Commission also found that pervasive underselling that restrained necessary price increases in the bidding processes for major projects would likely place domestic producers in a cost-price squeeze if the order were revoked. *First Reviews*, USITC Pub. 3953 at 29.

[130] *See* Part III.C.2 above.

[131] CR at V-6, PR at V-4. The Commission initially requested pricing data for six products. No domestic producer reported price data for product 3. CR at V-7 n.4, PR at V-4 n.4.

[132] CR at V-7, PR at V-4 – V-5.

[133] CR/PR at Tables V-4 and V-8.

[134] The available data indicate that subject imports undersold the domestic like product in four of six quarterly comparisons at margins ranging from *** to *** percent. CR/PR at Table V-10. In the remaining two instances, subject imports oversold the domestic like product at margins ranging from *** percent. *Id*.

exporting subject CWLDLP at low prices to gain market share.[135] Consequently, there would likely be significant underselling by subject imports. If the order were revoked, the likely significant volume of low-priced subject imports, which would undersell the domestic like product, would likely force the domestic industry to lower prices or lose sales. Sustained underselling in the U.S. market, by even a relatively moderate amount of subject imports, would be likely to have significant price-suppressing and -depressing effects. In light of these considerations, we conclude that subject imports would likely have significant price effects upon revocation of the order.

E. Likely Impact

1. The Prior Proceedings

In the original investigations, the Commission found that the domestic industry's condition deteriorated between 1999 and 2000 according to virtually every indicator, with some modest improvements in the post-petition period. In considering alternative explanations for these trends, the Commission found that declining exports were a contributing factor, but one largely confined to the 1998-99 period, and that nonsubject imports, though significant, had not targeted the distributor market where domestic producers lost the most sales, and were sold at relatively higher prices than subject imports. Thus, the Commission concluded that subject imports were having a significant impact on the domestic industry, based on their significant volume and significant price effects.[136]

In each of the prior reviews, the Commission found that the domestic industry was not vulnerable to the recurrence of material injury.[137] In the first reviews, the Commission found that, while the domestic industry performed poorly throughout much of the period due to the Enron-related collapse in CWLDLP demand, its performance rebounded in 2006 owing to a strong recovery in demand. Most indicators were positive toward the end of the period, including net sales and operating income, which initially declined before recovering at the end of the period. The domestic industry's capacity and production generally declined and capacity utilization fluctuated in a narrow range, whereas employment indicators increased overall. The Commission also found that the domestic industry benefitted significantly from the order on

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[135] The current section 232 tariffs do not appear to affect this analysis. As explained above in the discussion of likely subject import volume, the differences between U.S. shipment AUVs and Japanese producers' AUVs to export markets, including those that purportedly consume "higher end" line pipe products, indicates that subject producers have the ability to offer low prices in the U.S. market notwithstanding the Section 232 tariffs.

We additionally note that prices for the domestic like product generally rose during the POR, with price increases ranging from 0.9 to 105.1 percent for individual pricing products. CR/PR at Table V-9. Rising price levels in the U.S. market would also facilitate subject producers' ability to undersell upon revocation.

[136] *Original Investigations*, USITC Pub. 3464, at 19-22.

[137] *First Reviews*, USITC Pub. 3953 at 30; *Second Review*, USITC Pub. 4427 at 24.

CWLDLP from Japan, as the pendency of the investigation and the imposition of the order in 2001 had an immediate effect on the volume and market share of subject imports from Japan, which declined. The Commission concluded that if the order were revoked, the likely significant increase in the volume of subject imports, coupled with their likely adverse price effects, would likely have a significant negative impact on the domestic industry. While the Commission acknowledged the significant presence of nonsubject imports, it found that subject imports would be a distinct cause of likely material injury since their likely underselling would take market share away from the domestic industry. Nonsubject import volume, on the other hand, consisted of HSAW CWDLP, which would not compete directly with either ERW CWLDLP, the dominant domestic production method, or the LSAW CWLDLP produced by subject Japanese producers.[138]

In the second review, the Commission found that U.S. demand for the subject merchandise, particularly HSAW CWLDLP, had not met the domestic industry's expectations (despite its increases in capacity) due to a shift toward local pipeline development driven by new shale gas field discoveries and increased reliance on rail transportation. Moreover, approval of the fourth stage of the Keystone XL project remained pending, depressing demand and adding to uncertainty in the project market. Although the industry increased its market share, production, and shipments over the period reviewed, economic and regulatory uncertainty made demand for CWLDLP in pipeline projects less predictable. The domestic industry also held substantial volumes of CWLDLP in inventory, including substantial quantities of CWLDLP purchased for the Keystone XL pipeline. In addition, the financial performance of the domestic industry fluctuated during the review period and was worse in 2012 than in 2007, although net sales and a number of employment indicators improved. The Commission found that the likely increase in subject import volume would likely outpace any increase in likely demand, given that demand trends were uncertain and apparent U.S. consumption declined during the period of review. In light of this, the likely increase in low-priced subject imports would likely lead to declines in the domestic industry's production, shipments, market share, employment, and financial performance. Therefore, the Commission concluded that revocation of the order would likely have a significant impact on the domestic industry.[139]

In its non-attribution analysis, the Commission acknowledged that nonsubject imports were present in the market, albeit at declining levels, during the period of review. It found that due to the substitutability of CWLDLP from different sources, the continued presence of nonsubject imports in the U.S. market would not preclude subject imports from taking market share from the domestic industry or eliminate the need for domestic producers to face the consequences of likely underselling by subject imports. The Commission also found that any likely increases in demand would be insufficient to insulate the domestic industry from likely injury.[140]

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[138] *First Reviews*, USITC Pub. 3953 at 30-33.
[139] *Second Review*, USITC Pub. 4427 at 24-27.
[140] *Second Review*, USITC Pub. 4427 at 27.

2. The Current Review

During the POR, the domestic industry made or reported planned investments in order to produce a broader range of products, and to improve production quality and efficiency.[141] As previously stated, capacity increased modestly during this period.[142] Much of this capacity remains unused, however, and the industry's capacity utilization was below 40 percent through 2018.[143] The industry did, however, increase its production[144] and shipments[145] over the period reviewed.[146] Inventories fluctuated during the POR.[147] Employment-related factors generally increased.[148]

The domestic industry's financial performance generally improved during the POR, as sales increased, and revenues rose more rapidly than costs.[149] The domestic industry reported operating and net losses in 2016, but showed improved and profitable performance thereafter.[150] Operating income improved from a $46.8 million loss to $93.0 million in 2018,

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[141] CR/PR at Tables III-2a – II-2b; Domestic Producers' Posthearing Brief, Exh. 1, at 27-28.

[142] CR/PR at Table III-3. Total capacity was 3.48 million short tons in 2016, 3.24 million short tons in 2017, 3.52 million short tons in 2018, 847,923 short tons in interim 2018, and 981.310 short tons in interim 2019. *Id*.

[143] CR/PR at Table III-3. Average capacity utilization was 35.4 percent in 2016, 32.7 percent in 2017, and 39.7 percent in 2018, and was higher in interim 2019, at 48.9 percent, than in interim 2018, at 24.2 percent. *Id*. Moreover, *** producers reported at least one year where capacity utilization fell below 25 percent. CR/PR at Table III-3.

[144] The domestic industry's production was 1.2 million short tons in 2016, 1.1 million short tons in 2017, 1.4 million short tons in 2018, 205,143 short tons in interim 2018, and 479,394 short tons in interim 2019. CR/PR at Table III-3.

[145] The domestic industry's U.S. shipments were 1.329 million short tons in 2016, 1.1 million short tons in 2017, 1.331 million short tons in 2018, 197,185 short tons in interim 2018, and 453,796 short tons interim 2019. CR/PR at Table I-10.

[146] We note, in this respect, that apparent U.S. consumption only exceeded the domestic industry's excess capacity in 2018. CR/PR at Tables I-10 and III-3.

[147] End of period inventories were 136,543 short tons in 2016, accounting for *** percent of total annual shipments, 94,175 short tons in 2017, accounting for *** percent of total annual shipments, and were 161,723 short tons in 2018, accounting for *** percent of total annual shipments. They were 102,004 short tons in interim 2018 (accounting for *** percent of total shipments), and 187,322 short tons (accounting for *** percent of total shipments) in interim 2019. CR/PR at Table III-8.

[148] The number of production and related employees, hours worked, wages paid, and productivity all rose from 2016 to 2018 and were all higher in interim 2019 than interim 2018. CR/PR at Table III-10. By contrast, hours worked per worker and hourly wages both declined from 2016 to 2018. *Id*.

[149] CR/PR at Table III-11. *** of the nine domestic producers reported gross losses during the reporting period, while *** producers were profitable in each reporting period; ***. *Id*.

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

and was higher in interim 2019 (at $58.2 million) than in interim 2018 ($14.1 million).[151] By contrast, capital[152] and research and development ("R&D")[153] expenditures declined from 2016 to 2018. Total net assets decreased irregularly, from $2.1 billion in 2016 to $2.0 billion in 2018, with *** producers reporting decreasing assets during this period.[154]

On the basis of the foregoing, we do not find the domestic industry to be in a vulnerable condition. Production, employment, and financial performance all improved during the POR. We acknowledge, however, that the industry's capacity utilization remains low and its operating performance, while improved, was still modest during 2018.

We have found that the volume of subject imports would likely be significant in the reasonably foreseeable future if the order were revoked. Any such increase in volume would likely outpace any increase in likely demand, given that demand in the reasonably foreseeable future is unlikely to increase at the same rate as it did during the POR. In light of this, and the high substitutability between subject imports and domestic CWLDLP, as noted above, if the order were revoked, the likely significant volume of subject imports would likely undersell the domestic like product and likely force the domestic industry to lower prices or lose sales. Thus, any increase in subject import volume would likely lead to declines in the domestic industry's production, shipments, market share, and employment indicators.

We have also found that subject imports would be priced in a manner that would likely have significant price-suppressing and -depressing effects. Consequently, to compete with the likely additional volume of subject imports, the domestic industry would need to cut prices, forego needed price increases, or lose sales, as it did in the original investigations. The resulting loss of revenues would likely have a direct adverse impact on the domestic industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments. Therefore, we find that revocation of the order would likely have a significant impact on the domestic industry.

We have also considered the role of factors other than subject imports so as not to attribute likely injury from other factors to the subject imports. While nonsubject imports were a sizable presence in the U.S. market during the POR, supplying *** percent of apparent U.S. consumption by quantity in 2018,[155] the record indicates that orders on large diameter line pipe for major nonsubject import sources have limited nonsubject import volume.[156] Given the

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[151] CR/PR at Table III-11. The domestic industry's operating income as a ratio of net sales was negative 3.2 percent in 2016, 2.3 percent in 2017, 5.2 percent in 2018, 5.7 percent in interim 2018, and 8.3 percent in interim 2019. *Id*.

[152] Capital expenditures were $29.0 million in 2016, $14.8 million in 2017, $20.1 million in 2018, and were higher in interim 2019 (at $6.1 million) than in interim 2018 (at $2.6 million). CR/PR at Table III-15.

[153] R&D expenditures were $*** in 2016, $*** in 2017, $*** in 2018, and were higher in interim 2019 (at $***) than in interim 2018 (at $***). CR/PR at Table III-15.

[154] CR at III-40, PR at III-26; and CR/PR at Table III-16.

[155] CR/PR at Table I-10.

[156] *See* CR/PR at Table E-1 (nonsubject import volume from Canada, Greece, and Turkey declined after February 2019, and no nonsubject imports from China or India entered the U.S. market).

substitutability of CWLDLP from different sources, if the order were revoked the likely significant volume of subject imports would likely compete with both the domestic like product and a more limited volume of nonsubject imports in the market. The continued presence of nonsubject imports in the U.S. market under these conditions would not preclude subject imports from taking market share from the domestic industry, or obviate the need for the domestic industry to lower prices in order to compete against the subject imports.

We also do not agree with Japanese Producers' arguments that several factors insulated the domestic industry from the effects of subject imports. Any argument that there is attenuated competition between subject and domestic CWLDLP because subject producers specialize in "high end" line pipe,[157] as opposed to more commodity-like products supplied by the domestic industry, is unsupported by the record. Japanese Producers failed in these proceedings to identify specifically what constitutes "high-end" CWLDLP.[158] Nor does the record support Japanese Producers' claim of specialization. First, Domestic Producers contend that some of the pipe products proffered by Japanese Producers as examples of "high end" line pipe supplied to the U.S. and E.U. markets are in-scope products that they produce.[159] Second, notwithstanding that Japanese Producers contend that they are not looking to compete in the areas where high volumes of sales typically occur in the U.S. market (*i.e.*, in-scope CWLDLP), these are the same products that the subject industry has exported elsewhere during the POR.[160] As discussed above in Section III.C.2, the excess and available capacity of the subject producers, as well as the attractiveness of the U.S. market, makes further exports of such "commodity" CWLDLP likely upon revocation. Third, Domestic Producers provided evidence that they competed head-to-head with Japanese producers for projects to supply line pipe that

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[157] *See, e.g.,* Japanese Producers' Answers to Questions at 35-36; and Japanese Producers' Posthearing Brief at 14-15.

[158] Japanese Producers conceded that they were unable to proffer an exact definition. Japanese Producers' Answers to Supplemental Questions at 4. We note that Japanese Producers' similar argument in the second review failed for similar reasons. *Second Review*, USITC Pub. 4427 at 20-21.

[159] *See* Japanese Producers' Answers to Supplemental Questions at 13-14 (citing examples of pipe at grade ***, which Domestic Producers contend is in-scope, depending on the ***. Domestic Producers' Posthearing Brief, Exh. 1 at 40.

[160] *See* Japanese Producers' Answers to Questions at 20-21; Tr. at 130 (Doi) ("the vast majority of demand in the U.S. are for those line pipe that are used for the simple or commodity type line pipe that is used on the ground, not the underground. So the competition of course is more severe or harsh when you're dealing with commodity type line pipe. . . we focus on those pipe that are capable of handling harsher environments"); and CR/PR at Table IV-11. Moreover, in-scope production in 2017 accounted for almost *** of Japanese producers' total pipe production. *Id*. This, coupled with record evidence suggesting that some out-of-scope product varied in only minor respects from in-scope products, suggests that the Japanese industry may have dedicated a substantial proportion of its line to the production of "simple or commodity type" pipe during the POR, and therefore could do so post-revocation. *See* Tr. at 75 (Stupp).

Japanese Producers would characterize as "commodity-type" during the POR.[161] Fourth, the Japanese industry's export AUVs, which purport to reflect shipments of high value pipe, even if upwardly adjusted for coating costs,[162] are substantially lower than U.S. shipment AUVs.[163] In sum, the record supports a substantial overlap in CWLDLP production between the subject and domestic industries.

Finally, Japanese Producers' argument that Buy American measures, namely the *Presidential Memorandum Regarding Construction of American Pipelines*[164] and the *Executive Order on Maximizing Use of American-Made Goods, Products, and Materials*,[165] insulate the domestic industry from injury disregards that the *Presidential Memorandum* expresses a hortatory objective, and the *Executive Order* affects only government projects, whereas most pipeline projects are private matters.[166]

IV. Conclusion

For the reasons above, we determine that revocation of the antidumping duty order on imports of CWLDLP from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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[161] Domestic Producers' Posthearing Brief at 11, Exh. 1, at 36-42, and Exhs. 6 (containing a list of projects lost by ***) and 15 (containing information on the ***). Japanese Producers characterized "commodity-grade" line pipe as pipe produced to standard specifications, such as API specifications, in exact form or with only minor variations, for use in ordinary drilling or in terrestrial pipeline projects, as distinct from pipe that deviate from standard specifications in order to meet severe environmental factors, such as the conveyance of sour (corrosive) gases. Japanese Producers' Answers to Supplemental Questions at 1-4. We note that Domestic Producers disagree with Japanese Producers' characterization of "commodity-grade" line pipe, and submit that, in the U.S. market, only a small portion of the market is for sales of standard, API-grade pipe with no additional specifications, and that these are typically sold to distributors and held in inventory. Domestic Producers' Posthearing Brief at 38, *citing* the *** Declaration in *id*. at Exh. 13.

[162] Which the record suggests amounts to some ***. Domestic Producers' Posthearing Brief, Exh. 1 at 41-42.

[163] CR/PR at Tables III-6 and IV-13.

[164] *Memorandum for the Sec'y Commerce: Presidential Memorandum Regarding Construction of American Pipelines*, 82 Fed. Reg. 8659 (Jan. 30, 2017).

[165] *E.O. 13881: Maximizing Use of American-Made Goods, Products, and Materials*, 84 Fed. Reg. 34257 (July 15, 2019).

[166] *See, e.g.,* Domestic Producers' Posthearing Brief, Exh. 1 at 44, *citing* Tr. at 81 (Clark).

PART I: INTRODUCTION

BACKGROUND

On September 4, 2018, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted a review to determine whether revocation of the antidumping duty order on certain welded large diameter line pipe ("CWLDLP") from Japan would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On December 10, 2018, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.[4] The following tabulation presents information relating to the background and schedule of this proceeding:[5]

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

[2] *Certain Welded Large Diameter Line Pipe; Institution of a Five-Year Review*, 83 FR 44900, September 4, 2018. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") also published a notice of initiation of a five-year review of the subject antidumping order. *Initiation of Five-Year ("Sunset") Review,* 83 FR 45887*,* September 11, 2018.

[4] *Certain Welded Large Diameter Line Pipe from Japan; Notice of Commission Determination To Conduct a Full Five-Year Review,* 83 FR 65361, December 20, 2018. The Commission decided to conduct a full review after it determined that the group responses to the notice of institution it received from the domestic interested parties and the respondent interested parties were both adequate, based on the substantial shares of production accounted for by each group.

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

Effective date	Action
December 6, 2001	Commerce's antidumping duty order on welded large diameter line pipe from Japan (66 FR 63368)
September 1, 2018	Commerce's initiation of a five-year ("Sunset") review (83 FR 45587, September 11, 2018)
September 4, 2018	Commission's institution of a five-year review (83 FR 44900)
December 10, 2018	Commission's determination to conduct a full five-year review (83 FR 65361, December 20, 2018)
February 1, 2019	Commerce's final results of the expedited sunset review of the antidumping duty order (84 FR 1059)
April 16, 2019	Commission's scheduling of a full five-year review (84 FR 16694, April 22, 2019)
July 30, 2019	Commission's hearing
September 13, 2019	Commission's vote
September 30, 2019	Commission's determination and views

The original investigations

The original investigations resulted from petitions filed by Berg Steel Pipe Corp. ("Berg"), Panama City, Florida; American Steel Pipe Division of American Cast Iron Pipe Co. ("American"), Birmingham, Alabama; and Stupp Corp. ("Stupp"), Baton Rouge, Louisiana, on January 10, 2001, alleging that an industry in the United States is materially injured and threatened with material injury by reason of sales at less-than-fair-value ("LTFV") imports of welded large diameter line pipe from Japan. Following notification of a final determination by Commerce that imports of welded large diameter line pipe from Japan were being sold at LTFV, the Commission determined on October 25, 2001 that a domestic industry was materially injured by reason of LTFV imports of welded large diameter line pipe from Japan.[6] Commerce published the antidumping duty order on welded large diameter line pipe from Japan on December 6, 2001.[7]

The original petitions also included the allegation that an industry in the United States was materially injured and threatened with material injury by reason of LTFV imports of CWLDLP from Mexico.[8] Following notification of a final determination by Commerce that imports of CWLDLP from Mexico were being sold at LTFV, the Commission determined on February 19, 2002 that a domestic industry was materially injured by reason of LTFV imports of

[6] *Certain Welded Large Diameter Line Pipe from Japan, Determination*, 66 FR 55204, November 1, 2001.

[7] *Antidumping Duty Order: Welded Large Diameter Line Pipe from Japan*, 66 FR 63368, December 6, 2001.

[8] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final)*, USITC Publication 3464, November 2001, p. 1.

CWLDLP from Mexico.[9] Commerce published the antidumping duty order on CWLDLP from Mexico on February 27, 2002.[10]

The first five-year reviews

In October 2007, the Commission completed a full five-year review of the subject order and determined that revocation of the antidumping duty order on CWLDLP from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[11] Following affirmative determinations in the first five-year reviews by Commerce and the Commission,[12] Commerce issued a continuation of the antidumping duty order on imports of CWLDLP from Japan, effective November 5, 2007.[13]

In October 2007, the Commission also completed a full five-year review of the antidumping duty order on CWLDLP from Mexico and determined that revocation of the order would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[14] Commerce revoked the antidumping duty order on imports of CWLDLP from Mexico, effective February 27, 2007.[15]

On November 21, 2007, U.S. Steel requested a binational panel review of the Commission's negative five-year review determination with respect to the antidumping duty order on CWLDLP from Mexico. On January 18, 2011, the Panel issued its decision, affirming in part and remanding in part the Commission's determination. The Panel remanded the determination so that the Commission could consider new information from Mexican producer Procarsa. Upon consideration of the remand order and evidence submitted into the record, the Commission majority determined upon remand that revocation of the antidumping duty order covering CWLDLP from Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[16]

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[9] *Certain Welded Large Diameter Line Pipe from Mexico, Inv. No. 731-TA-920 (Final)*, USITC Publication 3487, February 2002, p. 1.

[10] *Antidumping Duty Order: Welded Large Diameter Line Pipe from Mexico*, 67 FR 8937, February 27, 2002.

[11] *Certain Welded Large Diameter Line Pipe from Japan and Mexico*, *Inv. Nos. 731-TA-919 and 920 (Review),* USITC Publication 3953, October 2007.

[12] *Certain Welded Large Diameter Line Pipe from Japan and Mexico; Notice of Final Results of Five-Year ("Sunset") Reviews of Antidumping Duty Orders*, 72 FR 10498, March 8, 2007; *Certain Welded Large Diameter Line Pipe from Japan and Mexico*, 72 FR 59551, October 22, 2007.

[13] *Continuation of Antidumping Duty Order on Certain Welded Large Diameter Line Pipe from Japan*, 72 FR 62435, November 5, 2007.

[14] *Certain Welded Large Diameter Line Pipe From Japan and Mexico, Inv. Nos. 731-TA-919 and 920 (Review)*, USITC Publication 3953, October 2007, p. 1.

[15] *Revocation Pursuant to Five-year ("Sunset") Review of Antidumping Duty Order: Certain Large Diameter Line Pipe from Mexico*, 72 FR 62436, November 5, 2007.

[16] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, pp. I-3—I-4.

The second five-year review

In September 2013, the Commission completed a full five-year review of the subject order and determined that revocation of the antidumping duty order on CWLDLP from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[17] Following affirmative determinations in the second five-year reviews by Commerce and the Commission,[18] Commerce issued a continuation of the antidumping duty order on imports of CWLDLP from Japan, effective October 29, 2013.[19]

PREVIOUS AND RELATED INVESTIGATIONS

CWLDLP and related tubular products have been the subject of several prior related Commission proceedings. Table I-1 presents a listing of these proceedings.

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[17] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Second Review),* USITC Publication 4427, September 2013, p. 1.

[18] *Certain Welded Large Diameter Line Pipe from Japan*, 78 FR 60897, October 2, 2013; and *Welded Large Diameter Line Pipe From Japan: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order*, 78 FR 10134, February 13, 2013.

[19] *Welded Large Diameter Line Pipe from Japan: Continuation of Antidumping Duty Order*, 78 FR 64477, October 29, 2013.

Table I-1
CWLDLP: Related Commission investigations, large diameter 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
TA-201-73	Steel	June 2001	December 2001	Commission affirmative determination and recommendation to President[1]
731-TA-920	Certain Welded Large Diameter Line Pipe from Mexico	January 2001	February 2002	Commission affirmative determination[2]
731-TA-920 (Review)	Certain Welded Large Diameter Line Pipe from Mexico	November 2006	October 2007	Commission negative determination[2]
701-TA-525 and 731-TA-1260-1261 (Final)	Certain Welded Line Pipe from Korea and Turkey	October 2014	December 2015	Commission affirmative determination[3]
701-TA-593-596 and 731-TA-1401-1406 (Final)	Large Diameter Pipe from Canada, China, Greece, India, Korea, and Turkey	January 2018	January 2019; April 2019	Commission affirmative determinations[4]

[1] The Commission determined that certain carbon and alloy steel welded tubular products other than oil country tubular goods (including circular welded large diameter line pipe as defined in the current proceeding) were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing such articles, and recommended a tariff rate quota decreasing from 20 percent to 11 percent over 4 years. On March 5, 2002, President Bush announced the implementation of steel safeguard measures. Import relief relating to welded large diameter line pipe consisted of an additional tariff for a period of three years and one day (15 percent *ad valorem* on imports in the first year, 12 percent in the second year, and 9 percent in the third year). Following receipt of the Commission's mid-term monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, President Bush determined that the effectiveness of the action taken had been impaired by changed circumstances. The U.S. measure with respect to increased tariffs was terminated on December 4, 2003.
[2] The antidumping duty order with respect to Mexico was published on December 6, 2001 (66 FR 63368). The revocation of the order was published following the first five-year review on November 5, 2007 (72 FR 62436).
[3] The antidumping duty orders concerning Korea and Turkey and the countervailing duty order concerning Turkey were published on December 1, 2015 (80 FR 75054 and 75056). These orders covered welded line pipe not more than 24 inches in nominal outside diameter.
[4] In the first of two determinations, the Commission determined that an industry in the United States was materially injured by reason of dumped and subsidized imports of large diameter welded line pipe from India. The Commission also determined that an industry in the United States was threatened with material injury by reason of dumped imports of large diameter welded line pipe from China. Further, the Commission terminated the countervailing duty investigation on large diameter welded line pipe from China (84 FR 1785, February 5, 2019). In the second of two determinations, the Commission determined that an industry in the United States was materially injured by reason of dumped (and with respect to Korea, subsidized) imports of large diameter welded line pipe from Canada, Korea, and Turkey. The Commission also determined that an industry in the United States was threatened with material injury by reason of dumped imports of large diameter welded line pipe from Greece. Further, the Commission terminated the countervailing duty investigation on large diameter welded line pipe from Turkey (84 FR 16533, April 19, 2019).

Source: Various Commission publications and Federal Register notices.

SUMMARY DATA

Table I-2 presents a summary of comparative data from the original investigations, prior reviews, as well as the current review. Apparent U.S. consumption increased from 2000 and 2018, nearly tripling in terms of quantity. U.S. producers' share of U.S. consumption, based on quantity, increased by *** percentage points from 2000 to 2018. The domestic industry's production and employment increased more than fourfold during this timeframe and its financial performance transformed from an operating loss to an operating profit.

Table I-2
CWLDLP: Summary data from the current and prior proceedings, 2000, 2006, 2012, and 2018

Item	Original investigation	First review	Second review	Third review
	2000	2006	2012	2018
	Quantity (short tons)			
U.S. consumption quantity	***	***	1,588,332	2,287,916
	Share of quantity (percent)			
Share of U.S. consumption: U.S. producers' share	***	***	57.2	58.2
U.S. importers' share: Japan	***	***	***	***
Nonsubject sources	***	***	***	***
All import sources	***	***	42.8	41.8
	Value (1,000 dollars)			
U.S. consumption value	***	***	2,268,623	2,794,923
	Share of value (percent)			
Share of U.S. consumption: U.S. producers' share	***	***	55.3	57.9
U.S. importers' share: Japan	***	***	***	***
Nonsubject sources	***	***	***	***
All import sources	***	***	44.7	42.1
	Quantity (short tons); Value (1,000 dollars); and Unit Value (dollars per short ton)			
U.S. imports.-- Japan Quantity	173,062	13,198	***	***
Value	78,065	13,693	***	***
Unit value	$451	$1,038	***	***
Nonsubject sources: Quantity	***	729,700	***	***
Value	***	753,756	***	***
Unit value	***	$1,033	***	***
All import sources: Quantity	***	742,898	680,039	957,375
Value	***	767,449	1,013,639	1,176,110
Unit value	***	$1,033	$1,491	$1,228

Table continued on next page.

Table I-2 -- Continued
CWLDLP: Summary data from the current and prior proceedings, 2000, 2006, 2012, and 2018

Item	Original investigation	First review	Second review	Third review
	2000	2006	2012	2018
	Quantity (short tons); Value (1,000 dollars); and Unit Value (dollars per short ton)			
U.S. industry:				
Capacity (quantity)	2,317,620	***	3,286,271	3,522,604
Production (quantity)	320,425	***	1,215,399	1,398,252
Capacity utilization (percent)	13.8	***	37.0	39.7
U.S. shipments:				
Quantity	312,593	***	908,293	1,330,541
Value	176,889	***	1,254,984	1,618,813
Unit value	$566	***	$1,382	$1,217
Ending inventory	54,331	***	344,249	161,723
Inventories/total shipments	16.8	***	***	***
Production workers	520	***	1,668	2,580
Hours worked (1,000)	899	***	3,403	4,899
Wages paid (1,000 dollars)	17,047	***	87,156	140,251
Hourly wages	18.96	***	25.61	28.63
Productivity (short tons per 1,000 hour)	356.4	***	357.2	285.4
Financial data:				
Net sales:				
Quantity	323,850	***	1,182,305	1,404,261
Value	189,647	***	1,648,784	1,783,024
Unit value	$586	***	$1,395	$1,270
Cost of goods sold	192,182	***	1,420,466	1,572,711
Gross profit or (loss)	(2,535)	***	228,318	210,313
SG&A expense	19,663	***	115,694	117,275
Operating income or (loss)	(22,198)	***	112,624	93,038
Unit COGS	$593	***	$1,201	$1,120
Unit operating income	$(69)	***	$95	$66
COGS/Sales (percent)	101.3	***	86.2	88.2
Operating income or (loss)/Sales (percent)	(11.7)	***	6.8	5.2

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

Source: Office of Investigations memorandum INV-Y-214 (October 17, 2001), memorandum INV-EE-129 (September 14, 2007), memorandum INV-LL-067 (August 28, 2013), official U.S. import statistics, and compiled from data submitted in response to Commission questionnaires in this review.

Table I-3 presents information on U.S. producers' historical shipments, as well as imports from subject and nonsubject sources from 2013-18. U.S. producers' aggregate U.S. shipments increased by 53.1 percent from 2013 to 2018. U.S. imports from Japan decreased from 2013 to 2018 by *** percent. U.S. producers' U.S. shipments fluctuated, but increased from 2013 to 2015 and declined from 2015 to 2017, but further increased in 2018. U.S. producers' U.S. shipments, based on share of quantity, increased by 5.4 percentage points from 2013 to 2018. U.S. imports from Japan, based on share of quantity, were less than *** percent from 2013 to 2018.

Table I-3
CWLDLP: U.S. producers' and U.S. importers' U.S. shipments, 2013-18

Item	Calendar year					
	2013	2014	2015	2016	2017	2018
	Quantity (short tons)					
U.S. producers' U.S. shipments	868,902	948,360	1,674,670	1,329,479	1,080,133	1,330,541
U.S. imports from.-- Japan	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	775,359	708,737	1,219,134	561,549	928,309	957,375
Total	1,644,261	1,657,097	2,893,804	1,891,028	2,008,442	2,287,916
	Share of quantity (percent)					
U.S. producers' U.S. shipments	52.8	57.2	57.9	70.3	53.8	58.2
U.S. imports from.-- Japan	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	47.2	42.8	42.1	29.7	46.2	41.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

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

Source: Compiled from data submitted in response to Commission questionnaires, official U.S. import statistics, and from proprietary Customs records 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, and 7305.19.5000, accessed May 23, 2019.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

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

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

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

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

> *(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,*
> *(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and*
> *(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

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

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

Organization of report

Information obtained during the course of the review that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for CWLDLP as collected in this review is presented in appendix C. U.S. industry data are based on the questionnaire responses of nine U.S. producers of CWLDLP that are believed to have accounted for all known domestic production of CWLDLP in 2018 and throughout January 2016 to March 2019. U.S. import data and related information are based on proprietary records and the questionnaire responses of 22 U.S. importers of CWLDLP that are believed to have accounted for 94.1 percent of U.S. imports of CWLDLP from Japan (both subject and excluded line pipe) during 2018. Foreign industry data and related information are based on the questionnaire responses of two producers of CWLDLP in Japan that accounted for all known production. Responses by U.S. producers, importers, purchasers, and foreign producers of CWLDLP to a

series of questions concerning the significance of the existing antidumping duty orders and the likely effects of revocation of such orders are presented in appendix D.

COMMERCE'S REVIEWS

Administrative reviews

Commerce has completed no administrative reviews of the subject order and has issued no duty absorption findings with respect to CWLDLP from Japan since the original investigations.

Changed circumstances reviews

Commerce completed two changed circumstances reviews on the antidumping duty order on subject imports from Japan, which were both filed by U.S. importer BP America, Inc. ("BP America"). In the first changed circumstances review, BP America requested that Commerce revoke in part the antidumping duty order with respect to imports meeting the following specifications: American Petroleum Institute ("API") grades X-80 or above, having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.90 inch or more; and, in API grades X-100 or above, having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.54 inch or more. Having received no comments from domestic parties opposing the partial revocation of the order, Commerce made an affirmative determination that the order on imports from Japan be revoked with respect to imports meeting the above-mentioned specifications.[20]

In the second changed circumstances review, BP America requested an exclusion involving large diameter line pipe with an API grade X-80 having an outside diameter of 21 inches and wall thickness of 0.625 inch or more and the domestic interested parties (American, Berg, and Stupp) consented to the request. Commerce made an affirmative determination, that large diameter line pipe with the above-mentioned specifications be excluded from the order on Japan.[21]

Sunset reviews

Commerce has issued the final results of its expedited reviews with respect to Japan.[22] Table I-4 presents the dumping margins calculated by Commerce in its original investigations and prior reviews.

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[20] *Certain Welded Large Diameter Line Pipe from Japan: Final Results of Changed Circumstances Review*, 67 FR 64870, October 22, 2002.

[21] *Final Results of Changed Circumstances Review: Certain Welded Large Diameter Line Pipe from Japan*, 71 FR 62584, October 26, 2006.

[22] *Welded Large Diameter Line Pipe From Japan: Final Results of the Expedited Third Sunset Review of the Antidumping Duty Order*, 84 FR 1059, February 1, 2019.

Table I-4
CWLDLP: Commerce's original, first, second, and third five-year dumping margins for producers/exporters in Japan

Producer/exporter	Original margin (percent)	First five-year review margin (percent)	Second five-year review margin (percent)	Third five-year review margin (percent)
Nippon Steel Corp.	30.80	30.80	30.80	30.80
Kawasaki Steel Corp.	30.80	30.80	30.80	30.80
All others	30.80	30.80	30.80	30.80

Source: *Notice of Final Determination of Sales at Less than Fair Value: Welded Large Diameter Line Pipe from Japan*, 66 FR 47172, September 11, 2001; *Certain Welded Large Diameter Line Pipe from Japan and Mexico: Notice of Final Results of Five-year ("Sunset") Reviews of Antidumping Duty Orders*, 72 FR 10498, March 8, 2007; and *Welded Large Diameter Line Pipe From Japan: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order*, 78 FR 10134, February 13, 2013; *Welded Large Diameter Line Pipe From Japan: Final Results of the Expedited Third Sunset Review of the Antidumping Duty Order*, 84 FR 1059, February 1, 2019.

THE SUBJECT MERCHANDISE

Commerce's scope

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

> The product covered by this order is certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute (API) specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. The product currently is classified under U.S. Harmonized Tariff Schedule (HTSUS) item numbers 7305.11.10.30, 7305.11.10.60, 7305.11.50.00, 7305.12.10.30, 7305.12.10.60, 7305.12.50.00, 7305.19.10.30, 7305.19.10.60, and 7305.19.50.00. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope is dispositive. Specifically not included within the scope of this investigation is American Water Works Association (AWWA) specification water and sewage pipe and the following size/grade combinations; of line pipe:
>
> – Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.
> – Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater.
> – Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and

X42, with wall thickness measuring greater than 1.000 inches in grades X52 through X56, and with wall thickness measuring greater than 0.875 inches in grades X60 or greater.

- Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X42, with wall thickness measuring greater than 1.250 inches in grades X52 through X56, and with wall thickness measuring greater than 1.125 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with a wall thickness measuring greater than 1.500 inches in grades A, B, and X42, with wall thickness measuring greater than 1.375 inches in grades X52 through X56, and with wall thickness measuring greater than 1.250 inches in grades X60 or greater.
- Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X-80 or greater.
- In API grades X80 or above, having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.90 inch or more.
- In API grades XI00 or above, having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.54 inch or more.
- An API grade X-80 having an outside diameter of 21 inches and wall thickness of 0.625 inch or more.[23]

Tariff treatment

In general, the subject CWLDLP is currently covered by 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, and 7305.19.5000 of the *Harmonized Tariff Schedule of the United States* ("*HTSUS*" or "HTS"). CWLDLP enters the United States under column 1-general duty rate of "Free."[24] Decisions on the tariff classification and treatment of imported goods are within the authority of Customs.

[23] *Welded Large Diameter Line Pipe from Japan: Final Results of the Expedited Third Sunset Review of the Antidumping Duty Order*, 84 FR 1059, February 1, 2019.

[24] *HTSUS (2019) Revision 3,* USITC Publication 4890, April 2019, pp. 73-15.

Sections 232 and 301[25]

HTS subheading 7305 was included in the enumeration of iron and steel articles subject to the additional 25-percent *ad valorem* duties issued pursuant to Section 232 of the *Trade Expansion Act of 1962*, as amended.[26] Section 232 import duties cover all products classified in heading 7305 originating in all countries of origin except Argentina, Australia, Brazil, Canada, Mexico, and South Korea. Section 232 absolute quotas cover imports from Argentina, Brazil, and South Korea.[27] Steel articles covered by the Section 232 remedy that are the product of the Republic of Turkey were subject to 50 percent *ad valorem* duty rate from August 13, 2018, through May 20, 2019, under HTS 9903.80.02.[28]

Goods classified in HTS heading 7305 originating in any country other than China are not subject to the additional duties on products of China, initially set at 10 percent *ad valorem* and subsequently raised to 15 percent *ad valorem* (annexes A and C of 83 FR 47974), under Section 301 of the *Trade Act of 1974*.[29]

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[25] The raw materials for line pipe are included in the enumeration of iron and steel product articles subject to the additional 25-percent *ad valorem* duties issued pursuant to Section 232 of the Trade Expansion Act of 1962, as amended. "Hot rolled coils" and "steel plates" are broadly classified in HTS headings 7208, 7210, and 7211. Similarly, under Tranche 4, List 1 of the Section 301 trade remedy, raw material inputs involved in the manufacturing of line pipe (i.e. hot rolled coils and steel plates) are now subject to a 15 percent *ad valorem* duty effective September 1, 2019.

[26] *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9705, March 8, 2018, 83 FR 11625, March 15, 2018.

[27] U.S. Customs and Border Protection, Section 232 Tariffs on Aluminum and Steel, https://www.cbp.gov/trade/remedies/232-tariffs-aluminum-and-steel, retrieved June 21, 2019. Australia, Canada, and Mexico were exempted from duties and quotas.

[28] U.S. Customs and Border Protection, Section 232 Tariffs on Aluminum and Steel, https://www.cbp.gov/trade/remedies/232-tariffs-aluminum-and-steel retrieved August 20, 2019.

[29] *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 47974, September 21, 2018.

Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 83 FR 65199, December 19, 2018.

Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 84 FR 20459, May 9, 2019.

Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 84 FR 43304, August 20, 2019.

Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 84 FR 45821, August 30, 2019.

THE PRODUCT

Description and applications

Line pipe is used for conveyance of gas, oil, or water, generally in a pipeline or utility distribution system. It is produced to API specifications.[30] CWLDLP is line pipe with an outside diameter greater than 16 inches but less than 64 inches, excluding water pipe as specified by the American Water Works Association and certain size/grade combinations of line pipe. Very thick-walled line pipe used in Arctic[31] or offshore deep-water environments, or to convey highly corrosive ("sour") gases,[32] are among the size/grade combinations excluded from the antidumping duty order.[33]

Line pipe can be produced from certain carbon or alloy steel. Carbon steel contains controlled amounts of carbon and manganese. Alloy steels contain measured amounts of alloying elements, typically including nickel, chromium, and molybdenum, and also provide physical properties not feasible with carbon steels. Line pipe is typically produced domestically

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[30] API specification 5L provides standards for "pipe suitable for use in conveying gas, water, and oil in both the oil and natural gas industries." The specification covers seamless and welded steel line pipe. Specifications for Line Pipe, API Specification 5L, 43rd edition, March 2004, p. 1. Seamless pipe, although covered by the 5L specification, is outside the scope of this review. Although line pipe can be used to convey water, line pipe certified to American Water Works Association specifications is likewise outside the scope of this review.

[31] External arctic conditions can subject pipelines to very low temperatures. Low temperatures require the steel to be able to demonstrate resistance to fracture initiation and propagation at these extremities of service. LSAW pipes made of nickel alloys and nickel based alloys have excellent strength and toughness at low temperatures and so are used in cryogenic environments. However, some pipelines have used X100 grades or higher manufactured using the Thermo-Mechanical Control Process, which produces microstructures and mechanical properties that give the steel higher strength and toughness. See EEW Group, Line and Process Pipes: For safe and reliable energy flow, p. 10. Retrieved August 7, 2019.

[32] Sour gas line pipe is usually produced to the National Association of Corrosion Engineers ("NACE") standards, MR0175, of material requirements for H2S containing oil and gas production and equipment. For carbon and alloy steel pipes, NACE MR0175 has content limits of Sulfur (S ≤ 0.002 percent), Phosphorus (P ≤ 0.020 percent), and Carbon (C ≤ 0.10 percent). Mechanical properties of tensile strength, and yield strength are generally the same as general line pipes referred to in the standards. Line pipe steels used in sour service are prone to hydrogen-induced cracking ("HIC") depending on metallurgical and environmental factors and Sulfide Stress Cracking ("SSC"). HIC testing is a mandatory test for NACE pipe and fittings while SSC testing is specific to alloy steel, which puts the test material in a corrosion environment plus a constant pulling force. "The price for NACE pipe itself is not too much higher than general steel pipe, especially for API 5L pipe or ASTM A106 pipe, the hard and expensive part is HIC and SSC test fees." See Octal Steel, What is NACE MR0175/ISO 15156 Pipe and Fittings, https://www.octalsteel.com/nace-mr0175-pipe, retrieved August 7, 2019.

[33] Specifications for these excluded products vary from project to project and customer to customer. Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, p. 2.

in lengths of 40 feet or greater with a bare finish or a lacquered finish to protect the pipe from rusting, which is vital for storage in humid regions or for waterborne transportation.

The subject line pipe generally bears an API line pipe stencil and is normally produced in conformance with API 5L specifications. The API 5L specification for line pipe indicates the marking and class A-25, A, B, and grades from X-42 through X-80; process of manufacture (seamless pipe, electric resistance welded pipe, or continuous welded pipe); product specification levels (PSL 1 and PSL 2); and heat treatment and test pressure. The API 5L grades define the strength level of the pipe and of the steel used to make the pipe. For grade A25 and X42 to X80, the last two digits reflect the yield strength of the steel. For example, X42 has 42000 psi of yield strength. Lower grades of line pipe, specifically A25, grades A and B, have lower strength but have other desirable properties. For example, grade A line pipe is more malleable and weldable than pipes of higher grade. Line pipe can have multiple stencils, signifying compliance with more than one certifications such as grade B/X42, as well as standard pipe, piling, or structural pipe certifications.

CWLDLP is produced by one of two major manufacturing methods. The first method, submerged arc welding ("SAW"), encompasses both helical (or spiral) welding ("HSAW") and longitudinal welding ("LSAW"). The second method is electric resistance welding ("ERW"). HSAW and ERW pipe are both made from steel coils whereas LSAW pipe is made from steel plates. 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 projects in the United States. ERW is limited by the coil width and is suitable for thinner walled and smaller diameter pipes. The manufacturing of HSAW and ERW is a continuous forming process versus the piece-by-piece production of LSAW. HSAW and ERW pipe are generally used in less demanding applications, while LSAW is preferred in more demanding applications. The HSAW method of pipe production has become more common due to technological advances such as the ability to produce wider and thicker hot-rolled coils and improvements in welding technology.[34] Pipe is usually furnished in nominal lengths and within the certain length tolerances.[35] Nominal lengths typically range between minimum of 20 feet to a maximum of 80 feet. However, tolerance lengths widen the minimum range from 9 feet to a maximum length to 85 feet depending on the pipe is threaded-and-coupled or plain-end. Table I-5 presents this information.

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[34] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. I-20.

[35] Unless otherwise agreed between the manufacturer and the purchaser.

Table I-5
CWLDLP: Maximum and minimum length specifications

Nominal length	Minimum length	Minimum average length for each order item	Maximum length
Threaded-and-coupled pipe			
20 ft	16 ft	17.5 ft	22.5 ft
40 ft	22 ft	35 ft	45 ft
Plain-end pipe			
20 ft	9 ft	17.5 ft	22.5 ft
40 ft	14 ft	35 ft	45 ft
50 ft	17.5 ft	43.8 ft	55 ft
60 ft	21 ft	52.5 ft	65 ft
80 ft	28 ft	70 ft	85 ft

Source: Specification for Line Pipe, API Specification 5L, 43rd edition, March 2004, pp. 11, 69.

Typically, LSAW is the more expensive form of CWLDLP. A summary of the cost differences among ERW, LSAW, and HSAW pipe produced in the United States is presented in table I-6.[36]

Table I-6
CWLDLP: Cost differences by manufacturing process

Manufacturing method	Maximum outside diameter (*inches*)	Maximum length (*feet*)	Cost	Maximum pipe wall thickness (*inches*)
ERW	24	80	Least expensive production method	0.63
LSAW	48	40	Most expensive production method	1.25
HSAW	64	80		1.03

Source: *Large Diameter Welded Pipe from China and India, Investigation Nos. 731-TA-593-594 and 731-TA-1402 and 1404 (Final)*, USITC Publication 4859, January 2019, p. I-21.

[36] *Large Diameter Welded Pipe from China and India, Investigation Nos. 731-TA-593-594 and 731-TA-1402 and 1404 (Final)*, USITC Publication 4859, January 2019, p. I-21.

Manufacturing process[37]

The API 5L specification allows for a number of line pipe manufacturing processes and permits both ERW and SAW processes in all grades and classes of large diameter line pipe. During the original investigations, domestic producers made CWLDLP using only one production method, either the LSAW or the ERW process. Currently, several domestic producers reportedly employ multiple production methods. All CWLDLP production includes forming, welding, and finishing operations but the details of these steps differ by production method as described below.

SAW manufacturing

HSAW pipe is produced by spiral welding in which coiled steel strip is loaded on the decoiler of the spiral pipe machine. The strip is straightened and edges are trimmed to the desired size. The strip is guided into a forming station to produce a cylindrical hollow body, at a predetermined forming angle, ensuring a proper welding gap between the abutting edges. Inside, and later, outside welding is performed by an automatic submerged arc process. Pipe produced by the HSAW process has some advantages compared to pipe produced by the ERW and LSAW processes. ERW and LSAW pipe diameters are limited by the maximum width of the available coil or plate. By contrast, HSAW pipe diameter is determined by the forming angle, during the formation of the cylindrical hollow body, allowing a pipe's diameter to be much larger than the width of the coiled steel input. In addition, HSAW pipe can be produced in 80-foot lengths while LSAW pipe is limited to 40-foot lengths in most mills.

LSAW pipe is produced from cut-to-length steel plate. Each individual plate moves through various steps including (a) shearing and edge planning 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, (b) crimping or bending of the plate edges in order 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 and the U-O-E methods. 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 counterpressure, 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. In some cases, second welding seam is welded along the axis also known as double submerged arc welded. Double submerged arc welded ("DSAW") steel pipe is available in straight and spiral-welded formats and used in a variety of applications. The submerged welding process protects the

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[37] Unless otherwise noted, this information is based on *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, pp. I-18—I-24; *Certain Welded Line Pipe from Korea and Turkey, Inv. Nos. 701-TA-525 and 731-TA-1260-1261 (Final)*, USITC Publication 4580, November 2015, pp. I-19—I-24; and *Large Diameter Welded Pipe from China and India, Inv. Nos. 701-TA-593-594 and 731-TA-1402 and 1404 (Final)*, USITC Publication 4859, January 2019, pp. I-20—I-26.

steel from contamination of impurities in the air. Both inside and outside welds are performed. DSAW pipe can be specified in very large diameter and to exact inside or outside dimensions. Spiral-welded steel pipe is distinguished by the manufacturing process that results in a spiral DSAW seam that lengthens the pipe by up to 155 feet. The most popular process for large diameter pipe uses a longitudinal seam weld. DSAW pipe is welded pipe whose longitudinal butt joint is welded in at least two passes, one of which is on the inside of the pipe; the welds are made by heating with an electric arc between the bare metal electrode. Pressure is not used. Filler metal for the welds is obtained from the electrodes. For diameters above 36 inches, double seam welded pipe is specified as an alternative in API 5L. This has two longitudinal seams 180° apart, formed by the SAW process. Finished pipes are normally 40 feet (12 m) and occasionally 60 feet (18 m) long, depending on the capacity of the pipe mill and the ease of transport to the pipeline.[38] 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 pipe. Pressure is applied on the top roll to exert a force on the pipe as it passes between the rolls.

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" are forced together, resulting in an "O" shaped pipe. The pipe is then welded along the joint axis. To round the pipe and 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 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 the metal edges heated with an electric arc between the 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 inside of the same seam. Following the welding process, the left over scaly flux deposit is scraped away and the pipe is 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.

Subsequent to the welding stage, the final diameter for the pipe is obtained by means of a hydraulic press that forces the pipe shell against an outside retaining jacket. Alternatively, expansion can also be achieved mechanically by inserting a mandrel inside the pipe. Following this stage, the pipe may be subject to various tests including hydrostatic testing and X-ray examination of the weld to detect any defects and, if necessary, would undergo finishing of the pipe ends including beveling. Figures I-1 and I-2 illustrate the LSAW and HSAW manufacturing processes.

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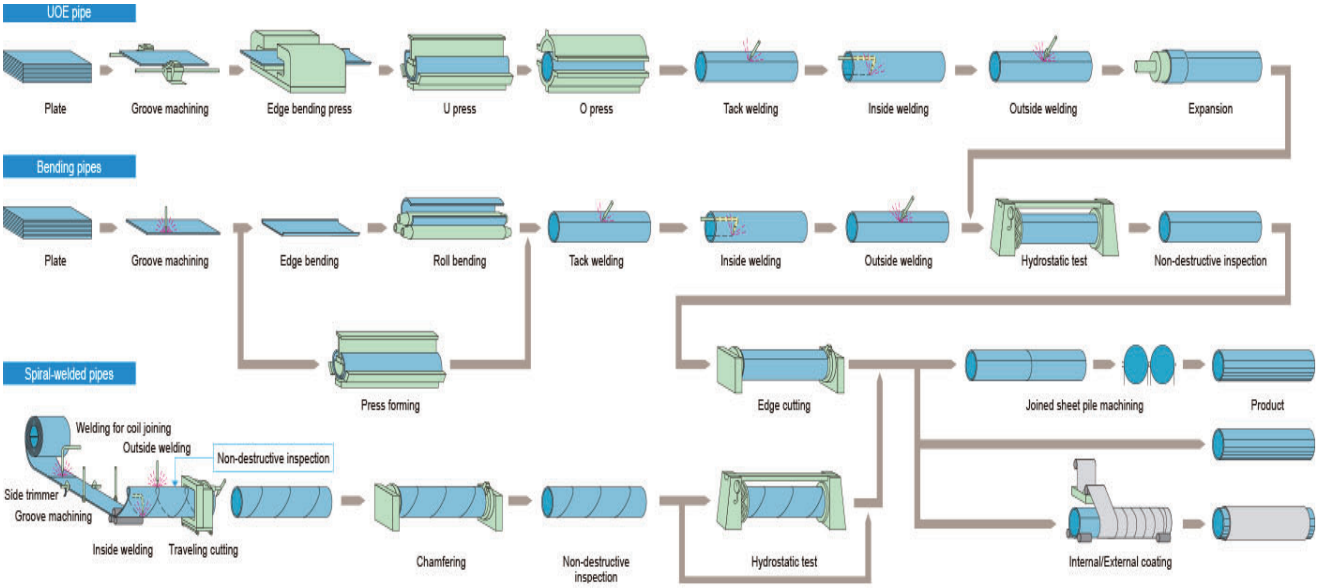
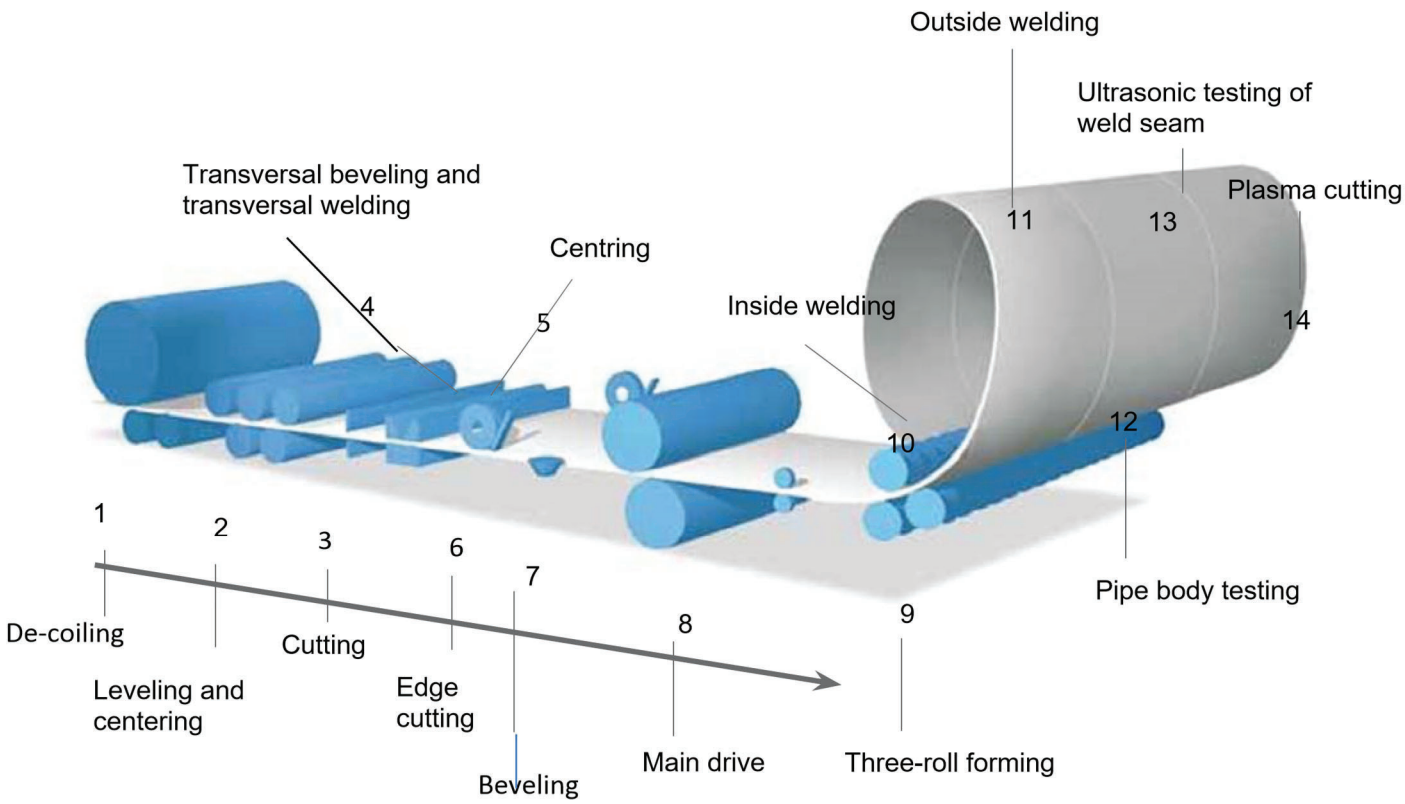
[38] *Certain Welded Large Diameter Line Pipe from Japan and Mexico, Investigation Nos. 731-TA-919 and 920, (Review),* USITC Publication 3953, October 2007, p. E-28.

Figure I-1
CWLDLP: LSAW and HSAW manufacturing processes



Source: Nippon Steel & Sumitomo Metal Corp., *Pipes and Tubes of Nippon Steel & Sumitomo Metal*, pp. 26-27, found at http://www.nssmc.com/en/product/pipe/index.html/, retrieved on September 24, 2018.

Figure I-2
CWLDLP: HSAW manufacturing process

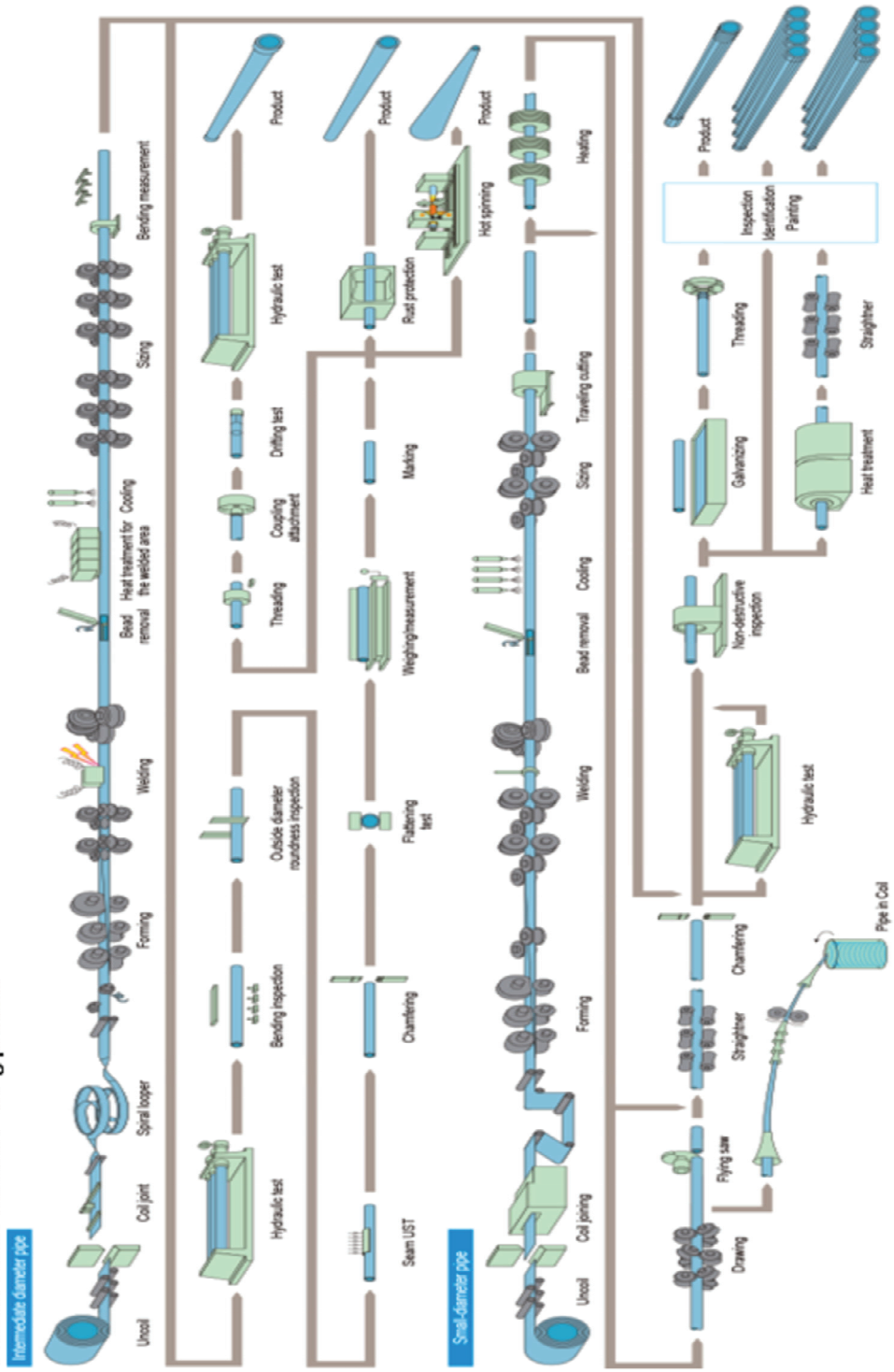


Source: ArcelorMittal, Projects Europe: *Spirally Welded Steel Pipe*, p. 7, found at: http://sheetpiling.arcelormittal.com/uploads/files/AMP_Spirally%20welded%20steel%20pipes%202010.pdf retrieved September 24, 2018.

ERW manufacturing

ERW is the dominant manufacturing method for producing welded line pipe with an outside diameter ("O.D.") up to 24 inches; and virtually all U.S. producers manufacturing such line pipe use the ERW or HSAW method. ERW pipe is formed from hot-rolled coil produced on a hot-strip mill. The forming stage of ERW pipe begins with a single-width strip, sometimes referred to as "skelp." The width of the strip is equal to the perimeter of the pipe to be welded but the edges may be sheared to pre-specified widths. The lead end of each coil is squared for threading into the mill. The cold strip is continuously formed into a circular shape by shaped rolls. In the welding stage, the unwelded pipe is heated by electric resistance or electric induction to the desired temperature, then the formed edges are mechanically pressed together to form a seam. This welding process does not need a filler metal. Instead, the welding pressure causes some of the metal to be squeezed from the joint, forming a bead of metal on the inside and the outside of the tube. This bead, or welding flash, is usually trimmed from both the inside and the outside surfaces. The pipe is then cut to length and final testing and finishing are highly similar to those of the SAW production process. Figure I-3 illustrates the ERW manufacturing process.

Figure I-3
CWLDLP: ERW manufacturing process



Source: Nippon Steel & Sumitomo Metal Corp., *Pipes and Tubes* found at http://www.nssmc.com/en/product/pipe/process/, retrieved on September 24, 2018.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations and its full first and second five-year review determinations, the Commission defined a single domestic like product consisting of CWLDLP, coextensive with Commerce's scope.[39] In its original determinations and its prior five-year review determinations, the Commission defined a single domestic industry consisting of all U.S. producers of the domestic like product.[40]

In its notice of institution in the current proceeding, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry definitions.[41] The domestic interested parties indicated that they agree with the domestic like product definition used by the Commission in the prior proceedings.[42] In its prehearing brief, the domestic interested parties agreed with the definition of the domestic like product, as well as the domestic industry set forth in the original investigations and prior reviews.[43] The respondent interested parties indicated that they would evaluate issues relating to the domestic like product definition, as well as the domestic industry definition and possibly address them at a later date.[44] The respondent interested parties did not comment on the domestic industry definition in their prehearing or posthearing briefs. However, concerning the domestic like product definition, the respondent interested parties stated in their prehearing briefs, as well as in their response to supplemental questions posed from the Commission that they are not arguing that the product should be treated as anything other than a single like product under relevant ITC precedent.[45]

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[39] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final)*, USITC Publication 3464, November 2001, p. 6; *Certain Welded Large Diameter Line Pipe from Japan and Mexico, Inv. No. 731-TA-919 and 920 (Review)*, USITC Publication 3953, October 2007, p. 6; and *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. 7.

[40] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final),* USITC Publication 3464, November 2001, p. 6; *Certain Welded Large Diameter Line Pipe from Japan and Mexico, Inv. No. 731-TA-919 and 920 (Review)*, USITC Publication 3953, October 2007, p. 6; and *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. 7.

[41] *Certain Welded Large Diameter Line Pipe From Japan: Notice of Commission Determination To Conduct a Full Five-Year Review*, 83 FR 65361, December 10, 2018.

[42] *Substantive Response of the Domestic Interested Parties*, October 4, 2018, p. 19.

[43] Domestic interested parties' prehearing brief, p. 5.

[44] *Substantive Response of the Respondent Interested Parties*, October 4, 2018, p. 12.

[45] Respondent interested parities' prehearing brief, p. 5, and Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, p. 4.

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigations, seven firms supplied the Commission with information on their U.S. operations with respect to CWLDLP. These firms accounted for all known production of CWLDLP in 2001.[46] During the first full five-year reviews, eight firms, representing all known production of CWLDLP in the United States in 2006, provided the Commission with at least partial information on their line pipe operations.[47] During the second full five-year review, 10 firms, representing all known production of CWLDLP in United States in 2012, provided the Commission with information on their line pipe operations.[48] There were no related party issues in the prior proceedings.[49]

In the current proceeding, the Commission issued U.S. producers questionnaires to nine firms, all of which provided the Commission with information on their CWLDLP operations. These nine firms are believed to account for all known production of CWLDLP in 2018. Presented in table I-7 is a list of current domestic producers of CWLDLP and each company's position on continuation of the orders, production locations, and share of reported production of CWLDLP in 2018. Table I-8 presents information pertaining to U.S. producers' ownership and related and/or affiliated firms involving CWLDLP.

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[46] The seven U.S. producers that supplied the Commission with usable questionnaire information during the original investigations were: American, Berg, Stupp, Bethlehem, Napa Pipes, SAW Pipes, and U.S. Steel. *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final)*, USITC Publication 3464, November 2001, table III-1.

[47] The eight U.S. producers that supplied the Commission with usable questionnaire information during the first five-year reviews were: American, Berg, Camp-Hill (toll processor for U.S. Steel), Dura-Bond Pipe, Evraz Oregon Steel Mills, SAW Pipes, Stupp, and U.S. Steel. *Certain Welded Large Diameter Line Pipe from Japan and Mexico, Inv. Nos. 731-TA-919 and 920 (Review),* USITC Publication 3953, October 2007, table I-8.

[48] The 10 U.S. producers that supplied the Commission with usable questionnaire information during the second five-year review were: American, Berg, Dura-Bond, Evraz Oregon Steel Tubular, JSW Steel, PSL North America, Stupp, United Spiral Pipe, U.S. Steel, and Welspun. *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, table I-5.

[49] *Certain Welded Large Diameter Line Pipe From Japan and Mexico, Inv. Nos. 731-TA-919 and 920 (Review),* USITC Publication 3953, October 2007, p. 8; *Certain Welded Large Diameter Line Pipe From Japan, Inv. No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. 7.

Table I-7
CWLDLP: U.S. producers, their position on the continuation of order, location of production, and share of reported production, 2018

Firm	Position on continuation of order	Production location(s)	Share of production (percent)
American	***	Birmingham, AL Birmingham, AL	***
Berg	***	Panama City, FL Mobile, AL	***
CSI	***	Fontana, CA	***
Dura-Bond	***	Steelton, PA McKeesport, PA	***
Evraz	***	Portland, Oregon	***
Jindal	***	Bay Saint Louis, MS	***
JSW	***	Baytown, TX	***
Stupp	***	Baton Rouge, LA Baton Rouge, LA	***
Welspun	***	Little Rock, AR	***
Total			100.0

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

Table I-8
CWLDLP: U.S. producers' ownership, related and/or affiliated firms

Item / Firm	Firm Name	Affiliated/Ownership
Ownership:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
Related importers/exporters:		
***	***	***
***	***	***
Related producers:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

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

As indicated in table I-8, five U.S. producers are related to foreign producers of CWLDLP and two are related to U.S. importers of CWLDLP. In addition, as discussed in greater detail in Part III, three U.S. producers directly import CWLDLP and three purchase CWLDLP from U.S. importers. However, only *** is related to a producer of CWLDLP in Japan and no U.S. producer reported importing or purchasing imports of subject CWLDLP from Japan.

U.S. importers

In the original investigations, 22 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of CWLDLP, accounting for essentially all subject exports from Japan between January 1998 and June 2001.[50] In the first five-year review, the Commission received usable data from 21 importing firms.[51] In the second five-year review, the Commission received usable data from 15 importing firms.[52]

In this review, the Commission issued importer questionnaires to 48 firms believed to be importers of CWLDLP, as well as to all U.S. producers of CWLDLP. Usable questionnaire responses were received from 22 firms, representing 94.1 percent of total U.S. imports from Japan (both subject and excluded line pipe) during 2018 and 80.8 of total U.S. imports from all nonsubject countries during 2018.[53] Table I-9 lists all responding U.S. importers of CWLDLP from Japan and other sources, their locations, and their shares of U.S. imports in 2018.

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[50] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final)*, USITC Publication 3464, November 2001, p. IV-1.

[51] *Certain Welded Large Diameter Line Pipe from Japan and Mexico, Inv. Nos. 731-TA-919 and 920 (Review),* USITC Publication 3953, October 2007, p. I-28.

[52] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Second Review),* USITC Publication 4427, September 2013, p. I-28.

[53] Coverage estimates were calculated based on the responding firms' share of total U.S. imports as compiled by proprietary Customs records under applicable 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, and 7305.19.5000.

Table I-9
CWLDLP: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2018

Firm	Headquarters	Share of imports by source (percent)		
		Japan	Nonsubject sources	All import sources
ACE	Englewood Cliffs, NJ	***	***	***
Berg	Panama City, FL	***	***	***
Borusan	Istanbul, Turkey	***	***	***
BP	Houston, TX	***	***	***
Champions	Houston, TX	***	***	***
CPW	Houston, TX	***	***	***
Dril-Quip	Houston, TX	***	***	***
Edgen	Baton Rouge, LA	***	***	***
Evraz	Chicago, IL	***	***	***
Husteel	Houston, TX	***	***	***
JFE	Long Beach, CA	***	***	***
Kiewit	Ingleside, TX	***	***	***
Marubeni	Houston, TX	***	***	***
MC	Houston, TX	***	***	***
Metal One	Rosemont, IL	***	***	***
Procarsa	The Woodlands, TX	***	***	***
Salzgitter	Houston, TX	***	***	***
Sumitomo	Houston, TX	***	***	***
Tata	Schaumburg, IL	***	***	***
TransCanada	Houston, TX	***	***	***
Welspun	Little Rock, AR	***	***	***
XL Systems	Houston, TX	***	***	***
Total		***	***	***

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

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

U.S. purchasers

The Commission received 14 usable questionnaire responses from firms that purchased CWLDLP since January 1, 2013.[54] Firms were asked to describe their firm as a purchaser of CWLDLP to best fit the following categories: end user (oil and gas), end user (other), distributor, or other. Eight responding purchasers are oil and gas end users, five are distributors, and one is other (options were considered “not applicable”). Fourteen purchasers reported buying domestically produced CWLDLP during 2018. Additionally, no firms purchased imported CWLDLP from Japan and four purchased CWLDLP imported from other sources. The responding purchasers primarily represented firms in domestic industries in the energy sector. Large purchasers of CWLDLP include ***. In general, responding U.S. purchasers were located in the southern United States.

[54] Of the 14 responding purchasers, nine purchased the domestic CWLDLP; none purchased imports of the subject merchandise from Japan, and four purchased imports of CWLDLP from other sources.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-10 presents data concerning apparent U.S. consumption and market shares of CWLDLP from 2016-18, January-March 2018, and January-March 2019. Additionally, figure I-4 presents information concerning apparent U.S. consumption during 2016-18, January-March 2018, and January-March 2019.

Table I-10
CWLDLP: Apparent U.S. consumption and market shares, 2016-18, January-March 2018, and January-March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (short tons)				
U.S. producers' U.S. shipments	1,329,479	1,080,133	1,330,541	197,185	453,796
U.S. imports from.-- Japan	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	561,549	928,309	957,375	167,531	353,485
Apparent consumption	1,891,028	2,008,442	2,287,916	364,716	807,281
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	1,380,216	1,155,946	1,618,813	222,833	702,078
U.S. imports from.-- Japan	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	522,952	793,222	1,176,110	172,559	475,212
Apparent consumption	1,903,168	1,949,168	2,794,923	395,392	1,177,290
	Share of quantity (percent)				
U.S. producers' U.S. shipments	70.3	53.8	58.2	54.1	56.2
U.S. imports from.-- Japan	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	29.7	46.2	41.8	45.9	43.8
Apparent consumption	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. producers' U.S. shipments	72.5	59.3	57.9	56.4	59.6
U.S. imports from.-- Japan	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	27.5	40.7	42.1	43.6	40.4
Apparent consumption	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.

Source: Compiled from data submitted in response to Commission questionnaires, official U.S. import statistics, and from proprietary Customs records 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, and 7305.19.5000, accessed May 23, 2019.

Figure I-4
CWLDLP: Apparent U.S. consumption, 2016-18, January-March 2018, and January-March 2019

* * * * * * *

Figure I-5 presents market data by mill type and source from 2016-18, January-March 2018, and January-March 2019. Figure I-6 presents market data by outside diameter and source from 2016-18, January-March 2018, and January-March 2019.

Figure I-5
CWLDLP: Market data by mill type and source, 2016-18, January-March 2018, and January-March 2019

* * * * * * *

Figure I-6
CWLDLP: Market data by outside diameter and source, 2016-18, January-March 2018, and January-March 2019

* * * * * * *

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

U.S. MARKET CHARACTERISTICS

The U.S. market for CWLDLP includes a repair and maintenance sector and a project sector. The maintenance and repair sector is typically sold through distributors, and has relatively stable demand. The project sector for new pipeline projects is typically sold directly to end users and has greater demand volatility.[1]

Producers, importers, and purchasers generally described an increase in project sales for pipelines in the United States, broadly consistent with oil and gas market trends and prices. In 2018, purchases were concentrated in X-70 to X-79 product range.

In January 2017, a "Presidential Memorandum Regarding Construction of American Pipelines" was issued which directed the Secretary of Commerce to develop a plan for all new pipelines to use materials and equipment produced in the United States.[2] However, while the quantity of apparent U.S. consumption increased during 2016-18 by 21.0 percent, U.S. producers' U.S. shipments experienced virtually no net growth and declined as a share of apparent U.S. consumption by 12.1 percentage points during the same period.

During 2016-18, several trade remedy and other actions covering raw materials for CWLDLP entered into effect in the United States. During 2018-19, trade remedy and other actions covering CWLDLP entered into effect.

Impact of Section 232 tariffs[3]

Table II-1 presents the assessments of U.S. producers, importers, and purchasers of the impact of Section 232 tariffs that cover both the raw material inputs and CWLDLP itself. Most U.S. producers reported no change to overall demand and supply as a result of these tariffs, but reported increased raw material costs and prices. Most U.S. importers and purchasers reported no change (or fluctuating) demand, but most reported decreasing supply as a result of the tariffs. Most U.S. importers and purchasers, like U.S. producers, reported increased raw material costs and prices.

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[1] *Certain Welded Large Diameter Line Pipe From Japan, Inv. No. 731-TA-919 (Final)*, USITC Publication 3464, November 2001.

[2] President Donald J. Trump to Secretary of Commerce Wilbur Ross. "Presidential Memorandum Regarding Construction of American Pipelines." January 24, 2017. https://www.whitehouse.gov/presidential-actions/presidential-memorandum-regarding-construction-american-pipelines/

[3] For additional information on Section 232 of the *Trade Expansion Act of 1962*, please refer to Part I.

Table II-1
CWLDLP: Firms' assessment of impact of the Section 232 tariffs, by number of responding firms

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
U.S. producers.--				
Overall demand	1	6	---	2
Supply	2	4	1	1
Prices	9	---	1	---
Raw materials costs	8	1	1	---
U.S. importers.--				
Overall demand	2	8	2	5
Supply	1	5	7	4
Prices	13	2	---	2
Raw materials costs	7	5	---	5
U.S. purchasers.--				
Overall demand	2	4	2	4
Supply	2	3	5	2
Prices	11	---	---	1
Raw materials costs	8	---	---	3

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

Impact of Section 301 tariffs on products from China[4]

Table II-2 presents the assessments of U.S. producers, importers, and purchasers of the impact of Section 301 tariffs that cover Chinese-origin raw material inputs of CWLDLP. Most U.S. producers, importers, and purchasers reported no change to overall demand supply, raw material costs, or prices as a result of these tariffs.

[4] For additional information on Section 301 of the *Trade Act of 1974*, please refer to Part I.

Table II-2
CWLDLP: Firms' assessment of impact of the Section 301 tariffs, by number of responding firms

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
U.S. producers.--				
Overall demand	---	6	---	1
Supply	---	6	---	1
Prices	1	4	---	1
Raw materials costs	1	4	---	1
U.S. importers.--				
Overall demand	---	7	---	4
Supply	---	6	1	4
Prices	2	5	---	4
Raw materials costs	1	6	---	4
U.S. purchasers.--				
Overall demand	1	4	---	2
Supply	---	5	---	2
Prices	2	3	---	2
Raw materials costs	1	3	---	2

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

Impact of antidumping/countervailing duty orders on cut-to-length plate[5]

U.S. producers, importers, and purchasers were asked to assess the impact of AD/CVD orders that cover the raw material inputs of CWLDLP (CTL plate and hot-rolled steel). U.S. producers reported no change to CWLDLP demand, supply, and prices, but were evenly divided (three firms each) regarding no change or increased raw material costs. Most U.S. importers also reported no change to CWLDLP demand and supply, but reported increased or fluctuating raw material costs and CWLDLP prices. U.S. purchasers reported changes (often fluctuations) to CWLDLP demand and supply, and reported increased or fluctuating raw material costs and CWLDLP prices.

CHANNELS OF DISTRIBUTION

U.S. producers sold mainly to oil and gas end users (e.g. oil and gas transmission companies). Importers of CWLDLP from Japan sold to ***. Importers of CWLDLP from nonsubject sources sold mainly to oil and gas end users in during 2016-18 and in January-March 2019, as shown in table II-3.

[5] For additional information on antidumping/countervailing duty orders on cut-to-length plate, please refer to Part I.

Table II-3
CWLDLP: U.S. producers' and importers' share of reported U.S. shipments, by sources and channels of distribution, 2016-18, January-March 2018, and January-March 2019

* * * * * * *

GEOGRAPHIC DISTRIBUTION

Most responding U.S. producers reported selling CWLDLP in all regions of the continental United States while responding importers reported selling to the Central Southwest region (table II-4). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers of CWLDLP from Japan did not report commercial shipments.

Table II-4
CWLDLP: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers
Northeast	9	1
Midwest	9	---
Southeast	8	1
Central Southwest	9	7
Mountain	7	---
Pacific Coast	8	1
Other[1]	1	---
All regions (except Other)	6	---
Reporting firms	9	7

[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

Table II-5 provides a summary of the supply factors regarding CWLDLP from U.S. producers and from Japan.

Table II-5
CWLDLP: Supply factors that affect the ability to increase shipments to the U.S. market

	Capacity (1,000 short tons)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2018 (percent)		Able to shift to alternate products
Country	2016	2018	2016	2018	2016	2018	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	3,485	3,523	35.4	39.7	***	***	***	***	6 of 9
Japan	***	***	***	***	***	***	***	***	1 of 2

Note.--Responding U.S. producers accounted for all known U.S. production of CWLDLP in 2018. Responding foreign producer/exporter firms accounted for essentially all known U.S. imports of CWLDLP from Japan during 2018. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

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

Domestic production

Based on available information, U.S. producers of CWLDLP have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced CWLDLP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and inventories, and the ability to produce alternate products. U.S. producers' capacity utilization increased during 2016-18, as capacity and production increased. However, capacity utilization remained low during the period. Other products that producers reportedly can produce on the same equipment as CWLDLP are: structural, casing, water, slurry, less than 16 inch diameter, 12-16-inch diameter ERW, and 8-16-inch API line pipe. Factors affecting U.S. producers' ability to shift production include time changeovers, relatively higher cost, idle skilled workforce, and specialized equipment.

Subject imports from Japan

Two foreign producers of CWLDLP responded to the Commission's questionnaire. Based on available information, Japanese producers of CWLDLP have the ability to respond to changes in demand with moderate changes in the quantity of shipments of CWLDLP to the U.S. market. The main contributing factors to the responsiveness of supply are the ability to shift shipments from alternate markets, the availability of inventories, and the ability to produce alternate products.

Japanese producers' capacity and production increased overall between 2016 and 2018, but increased between 2017 and 2018. ***. Other products that responding Japanese producers reportedly can produce on the same equipment as CWLDLP are gas distribution pipe, plant piping, and structural pipe. Factors affecting foreign producers' ability to shift production include product specifications, qualification tests, input availability, labor specialization, and need to service existing customer bases despite prices for CWLDLP.

Imports from nonsubject sources

Nonsubject imports accounted for almost all of total U.S. imports in 2018. The largest sources of nonsubject imports during 2016-18 were Canada, Greece, Korea, Turkey, and Germany. Together, imports from these countries accounted for 87.4 percent of the quantity of nonsubject U.S. imports in 2018. Imports from each of these countries other than Germany have been under antidumping and/or countervailing duty orders as of May 2019.

Supply constraints

Two of nine responding U.S. producers reported that they had experienced supply constraints since January 1, 2013. One U.S. producer (***), provided quotations, but reported not being able to supply pipe in the requested timeframe. Another U.S. producer (***) reported supply constraints due to a spiral mill curtailment in ***.[6]

Most responding importers reported that they had not experienced supply constraints while two reported that they had since January 1, 2013. Importer *** reported not selling CWLDLP because of inability to withstand tariffs on the product.

Four of fourteen responding purchasers reported experiencing supply constraints. Purchasers *** reported supply constraints due to Section 232 quota restrictions on Korea. Purchaser *** reported domestic supply constraints due to increased demand for domestic steel coil from suppliers ***, which declined to bid on less profitable or smaller quantities. Purchaser *** reported it experienced mills' inability to meet a delivery schedule for some projects.

New suppliers

Four of fourteen purchasers indicated that new suppliers had entered the U.S. market since January 1, 2013, and two of thirteen expect additional entrants. All four purchasers reported the following new suppliers: Liberty Steel (United Kingdom) ***, ArcelorMittal (Italy), Axis Pipe and Tube (United States), and California Steel (United States) ***.

U.S. demand

Based on available information, the overall demand for CWLDLP is likely to experience small changes in response to changes in price. The main contributing factors are the lack of practical substitute products and the manner in which pipeline operators account for the cost of pipeline construction.

CWLDLP is an intermediate product and demand for CWLDLP depends on the price and productivity of the downstream product for which it is used. Since most CWLDLP is used in the transmission of oil and gas), demand for CWLDLP is sensitive to changes in oil and gas prices.

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[6] ***.

The WTI spot price for oil fell sharply in November 2018 (a 19.5 percent decrease), but has increased by 83.6 percent overall between January 2016 and March 2019. The Henry Hub spot price of natural gas increased by 29.4 percent between January 2016 and March 2019. The STEO price forecast predicts that the price of natural gas should fluctuate after February 2020 and then increase again at the end of 2020, while the price of oil should increase slightly in 2019 but remain relatively constant in 2020 (figures II-1 and II-2).

Figure II-1
Oil: Short term actual and predicted monthly West Texas crude oil prices, January 2016-December 2020

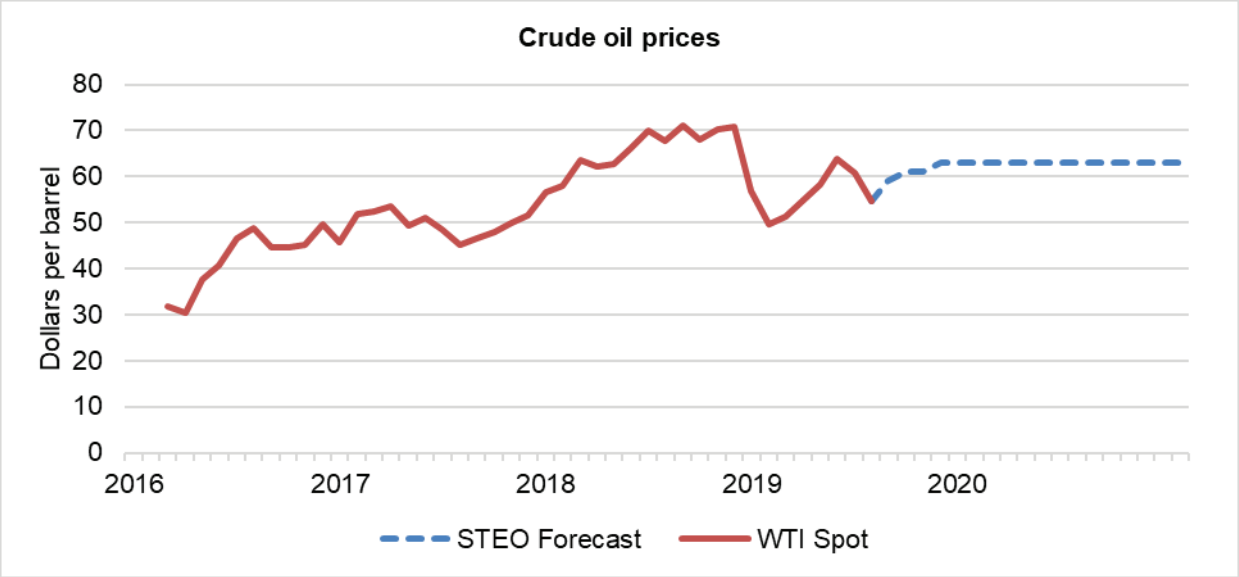
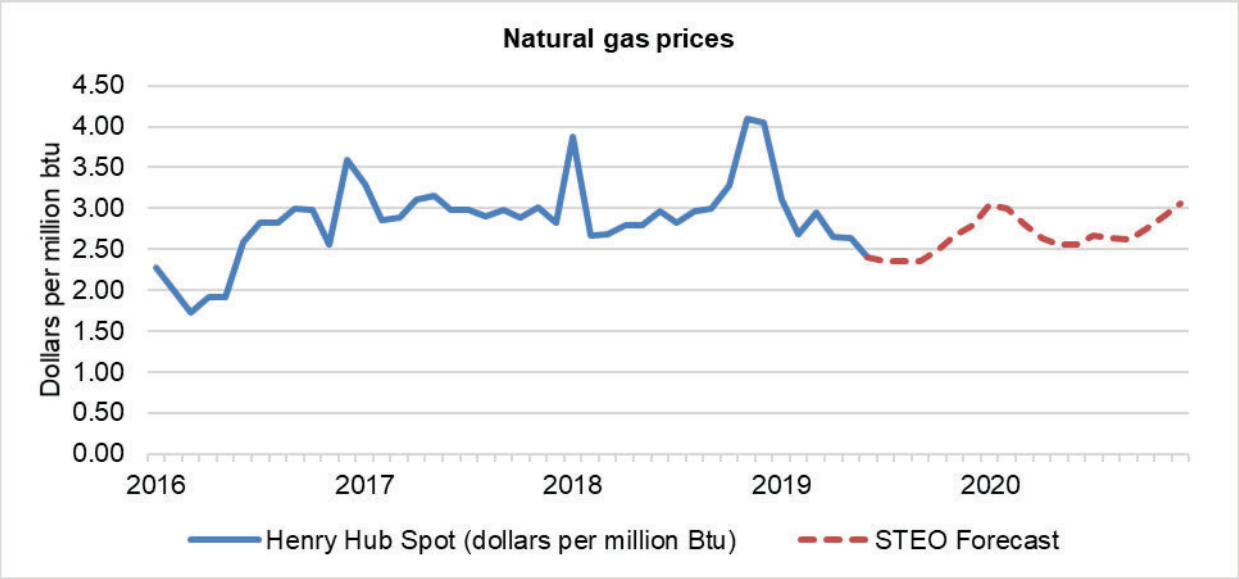


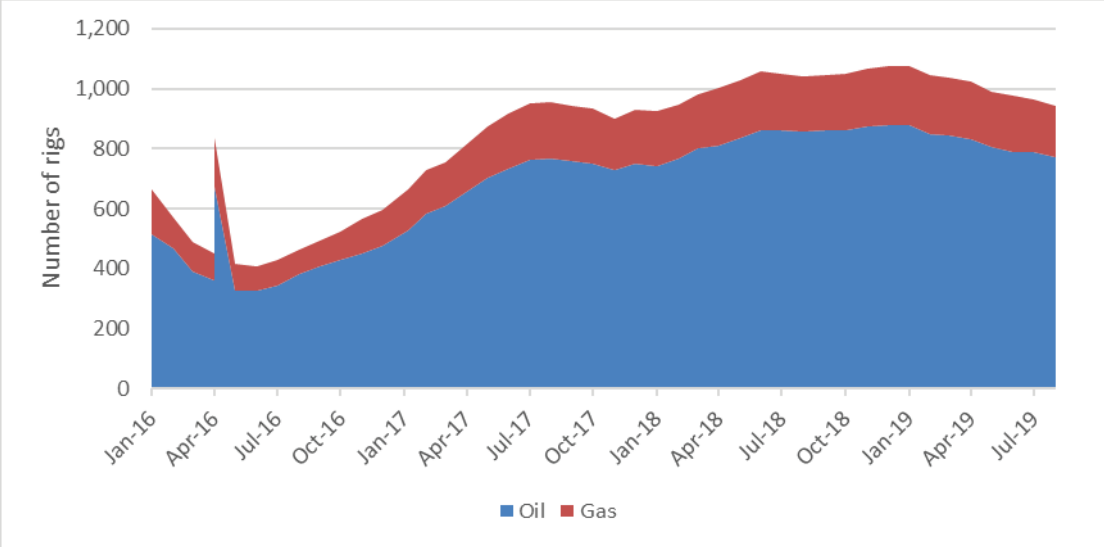
Figure II-2
Natural gas: Short term actual and predicted monthly Henry Hub spot prices of natural gas, January 2016-December 2020



Source: U.S. EIA, https://www.eia.gov/outlooks/steo/, https://www.eia.gov/dnav/ng/hist/rngwhhdA.htm, retrieved July 16, 2019.

Production of oil and gas can affect demand conditions for CWLDLP, and rig count is a leading indicator of oil and gas sector activity. U.S. rig count increased during January 2016-December 2018 (figure II-3). Both the number of oil rigs and rotary rigs used for natural gas steadily increased with the exception of a spike between March-May 2016 (19.5 percent change), with an overall increase from 516 rigs and 148 rigs, respectively, in the first week of January 2016 to 770 rigs and 165 rigs, respectively, in mid-August 2019.

Figure II-3
Rotary rig count: Average weekly rig counts, January 2016-August 2019



Source: Hughes Incorporated, http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-reportsother, retrieved July 16, 2019.

Crude petroleum production levels increased by 29.9 percent between January 2016 and March 2019.[7] Natural gas production achieved the largest annual increase in production on record in 2018. Between May 2018-19, natural gas production increased by 9.9 percent.[8]

End uses and cost share

CWLDLP is used in oil and gas pipeline construction and exploration. All nine responding U.S. producers, 19 of 21 responding importers, and all nine responding purchasers reported no changes in end uses since January 1, 2013.

Business cycles

All U.S. producers, 8 of 20 importers, and 5 of 14 purchasers indicated that the market was subject to business cycles or conditions of competition. Most firms indicated that the oil and gas market, and some indicated that the general economy, created business cycles or were the distinctive condition of competition in the CWLDLP market. Six of eight producers, six of eleven importers, and four of six purchasers indicated that these business cycles or conditions

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[7] U.S. EIA, U.S. Field Production of Crude Oil, released July 31, 2019. https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRFPUS2&f=M.

[8] U.S. EIA, Today in Energy, March 14, 2019, https://www.eia.gov/todayinenergy/detail.php?id=38692, and Monthly Crude Oil and Natural Gas Production, https://www.eia.gov/petroleum/production/#ng-tab

of competition have changed since January 1, 2013. Firms cited a variety of changes including oil prices, removal of pipeline regulations, section 232 tariffs, and increased competition.

Demand trends

Half of U.S. producers and importers (five of ten and ten of twenty, respectively), reported that U.S. demand for CWLDLP fluctuated since January 1, 2013 (table II-6). While *** noted U.S. demand grew at a moderate rate, and should continue to do so. *** reported a decrease demand trend between 2016 and 2017 and an increase between 2018 and 2019.

Table II-6
CWLDLP: Firms' responses regarding U.S. demand

* * * * * * *

Substitute products

No firms described practical substitutes for CWLDLP. U.S. producer *** reported that the technology (HSAW, LSAW) can be substituted, but that the product could not be. Most U.S. producers, importers, and purchasers reported that there were no substitutes and did not anticipate any future changes in substitutes. Some firms also cited product specifications as reasons substitutes did not exist.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported CWLDLP 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 CWLDLP and subject CWLDLP imported from Japan.

Lead times

CWLDLP is primarily produced-to-order. In 2018, U.S. producers reported that 93.2 percent of their commercial shipments were produced-to-order, with an average lead time of 103 days. The remaining 6.8 percent of their commercial shipments came from inventories. Importers' reported average lead time for produced-to-order CWLDLP was 206 days.[9]

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[9] Shares of commercial shipments were not calculated for importers as there were limited imports from Japan in 2018.

Knowledge of country sources

Thirteen purchasers indicated they had marketing/pricing knowledge of domestic product, six of Japanese product, and nine of product from nonsubject countries.

As shown in table II-7, most purchasers always or usually make purchasing decisions based on the producer and never make purchasing decisions based on country of origin. Among the purchasers that reported that they always make decisions based the manufacturer, purchaser *** reported engineering specifications, purchaser *** quality and schedule requirements, and purchasers *** reported approved manufacturing lists as reasons.

Table II-7
CWLDLP: Purchasing decisions based on producer and country of origin

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	7	2	4	1
Purchaser's customers make decision based on producer	1	2	3	5
Purchaser makes decision based on country	4	3	2	5
Purchaser's customers make decision based on country	1	2	2	5

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for CWLDLP were price (eleven firms), quality (seven firms), and availability/supply (six firms) as shown in table II-8. Quality was the most frequently cited first-most important factor (cited by seven firms), followed by price (four firms); availability/supply was the most frequently reported second-most important factor (five firms); and price was the most frequently reported third-most important factor (eight firms).

Table II-8
CWLDLP: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Price/Pricing/Cost	4	1	8	13
Quality	7	1	1	9
Availability/Supply	1	5	1	7

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

Importance of specified purchase factors

Purchasers were asked to rate the importance of 17 factors in their purchasing decisions (table II-9). The factors rated as very important by more than half of responding purchasers were delivery time (14 purchasers), price (13), product consistency (13), reliability of supply (12), availability (11), quality meets industry standards (13), quality exceeds industry standards (9), and delivery terms (8).

Table II-9
CWLDLP: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	11	3	---
Delivery terms	8	5	1
Delivery time	14	---	---
Discounts offered	3	7	4
Minimum quantity requirements	5	5	4
Packaging	2	7	5
Payment terms	4	9	1
Price	13	1	---
Product consistency	13	1	---
Product covered or not 232 or 301 duties	5	8	---
Product range	3	9	2
Quality meets industry standards	13	1	---
Quality exceeds industry standards	9	5	---
Reliability of supply	12	2	---
Technical support/service	7	5	2
Type of manufacture: ERW, LSAW, HSAW	6	6	2
U.S. transportation costs	6	6	2

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

Supplier certification

Nine of thirteen responding purchasers require their suppliers to become certified or qualified to sell CWLDLP to their firm. Purchasers reported that the time to qualify a new supplier ranged from 30 to 300 days. Five purchasers *** reported that domestic supplier *** and foreign suppliers *** had failed in their attempts to qualify product, or had lost their approved status since January 1, 2013. Purchaser *** stated that Hyundai, which was listed as one of the largest suppliers by purchasers, lost its API certification.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since January 1, 2013 (table II-10); reasons reported for changing sourcing included project demand, level of construction activity (meeting schedule requirements), commercial terms, schedule requirements, specifications, cost, purchase volume, and product availability. Five of thirteen responding purchasers reported that they had changed suppliers since January 1, 2013. Specifically, firms reported that there was no availability of CWLDLP from Japan because of antidumping duties. Consistent with the low level of subject imports from Japan, nine responding purchasers indicated they did not purchase CWLDLP imported from Japan. One firm (***) reported both increased purchases from the United States as well as decreased purchases from nonsubject countries; it cited trade restrictions/tariffs as its reason.

Table II-10
CWLDLP: Changes in purchase patterns from U.S., Japan, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	2	---	2	4	6
Japan	9	---	---	3	---
Other	---	1	1	2	7
Sources unknown	5	---	---	4	2

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

Importance of purchasing domestic product

All responding purchasers reported that most or all of their purchases did not require purchasing U.S.-produced product. Six reported that domestic product was required by law (for 0.1 to 2.0 percent of their purchases), three reported it was required by their customers (for 9 to 20 percent of their purchases), and one reported other preferences for domestic product.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing CWLDLP produced in the United States, Japan, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 17 factors (table II-11) for which they were asked to rate the importance. Most purchasers reported that U.S.-produced and Japanese product were comparable on all factors except product range, delivery time, and product being subject to Section 232 or 301 duties. Five purchasers rated the domestically produced product as inferior on product range compared to CWLDLP from Japan. Compared to U.S.-produced product, the majority of purchasers generally reported that product imported from Japan was comparable for the top six “very important” factors in table II-9. Purchasers were evenly divided regarding delivery time, with four finding U.S. producers to be superior.

Table II-11
CWLDLP: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. Japan			U.S. vs. nonsubject			Japan vs. nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	3	5	---	3	7	1	1	4	1
Delivery terms	2	5	---	1	7	1	---	5	1
Delivery time	4	4	---	5	4	2	1	4	1
Discounts offered	1	5	1	---	9	2	---	6	---
Minimum quantity requirements	---	5	2	1	8	1	1	5	---
Packaging	---	7	---	1	9	---	1	5	---
Payment terms	---	6	1	---	10	---	---	6	---
Price[1]	1	3	2	---	6	5	1	4	1
Product consistency	---	7	---	1	9	---	---	6	---
Product is/not subject to section 232/section 301 duties	3	2	---	3	5	---	---	4	---
Product range	---	2	5	1	7	2	3	3	---
Quality meets industry standards	---	7	---	---	10	---	---	6	---
Quality exceeds industry standards	---	6	1	---	10	---	1	5	---
Reliability of supply	---	6	1	2	7	1	---	4	2
Technical support/service	1	6	---	---	10	---	---	6	---
Type of manufacture (ERW, LSAW, HSAW)	---	7	---	---	10	1	---	6	---
U.S. transportation costs[1]	2	6	---	1	10	---	---	6	---

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

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

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

Comparison of U.S.-produced and imported CWLDLP

In order to determine whether U.S.-produced CWLDLP can generally be used in the same applications as imports from Japan, U.S. producers, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. U.S. producers and importers reported that domestically produced CWLDLP and CWLDLP imported from all sources are "always" interchangeable, while the majority of purchasers reported that CWLDLP produced in the United States and imported from Japan are "frequently" interchangeable (table II-12). One U.S. importer (***) stated that some project specification requirements effectively require CWLDLP only available from Japan, Germany, and Austria. Another importer (***) reported that customer specifications and country origin/manufacturer approval limit interchangeability and that certain types of line pipe are unsuitable for certain applications.

Table II-12
CWLDLP: Interchangeability between CWLDLP produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Japan	9	---	---	---	8	1	4	---	2	7	---	---
Nonsubject countries comparisons:												
U.S. vs. nonsubject	9	---	---	---	6	6	3	---	---	7	2	---
Japan vs. nonsubject	8	---	---	---	4	3	6	---	---	5	---	---

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

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

As presented in table II-13, most responding purchasers reported that domestically produced CWLDLP and CWLDLP imported from Japan usually met minimum quality specifications.

Table II-13
CWLDLP: Ability to meet minimum quality specifications, by source[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	3	10	1	---
Japan	1	6	---	---
Other	2	6	1	---

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

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of CWLDLP from the United States, Japan, or nonsubject countries. Most responding producers reported that there were "sometimes" or "never" differences other than price between CWLDLP produced in the United States and in Japan (table II-14). However, most responding importers (seven of twelve) and purchasers (six of ten) reported that differences other than price between CWLDLP produced in the United States and Japan were "always" or "frequently" significant. Importers tended to identify quality and technical characteristics specific to certain import sources ("Germany produces welded pipe that cannot be produced in the United States in ERW mills" (***); quality (***); and business proprietary specification quality requirements *** (***).

Table II-14
CWLDLP: Significance of differences other than price between CWLDLP produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Japan	1	---	3	5	5	2	2	3	3	3	2	2
Nonsubject countries comparisons:												
U.S. vs. nonsubject	1	---	3	5	---	3	8	4	2	3	5	1
Japan vs. nonsubject	1	---	3	4	3	4	3	2	1	3	1	2

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

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

ELASTICITY ESTIMATES

Parties did not comment on elasticity estimates in the prehearing report.

U.S. supply elasticity

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

U.S. demand elasticity

The U.S. demand elasticity for CWLDLP measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of CWLDLP. This estimate depends on factors such as the existence, availability, and commercial viability of substitute products, as well as the component share of the CWLDLP in the production of any downstream products. Based on the available information, the aggregate demand for CWLDLP is likely to be inelastic; a range of -0.25 to -0.50 is suggested.

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

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[11] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced CWLDLP and imported CWLDLP is likely to be in the range of 3 to 5.

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

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The information in this section of the report was compiled from responses to the Commission's questionnaires. Nine firms, which accounted for all known U.S. production of CWLDLP in 2018 and throughout the period for which data were collected, supplied information on their operations involving CWLDLP.

Table III-1 summarizes important industry events that have occurred since 2013. These events include the construction of multiple production facilities in various parts of the United States. In 2013, Welspun launched operations at a Little Rock, Arkansas, facility, which produces ERW pipe. CSI commenced operations in 2014 at a new facility in Fontana, California, with an annual rated capacity of 400,000 short tons. The new mill produces ERW pipe with an outside diameter up to 24 inches. In 2017, Dura-Bond acquired from U.S. Steel – and restarted – an ERW pipe mill with API 5L and ASTM certifications in McKeesport, Pennsylvania. The mill has an annual capacity of 315,000 short tons.[1]

As discussed in Part I, imports of large diameter welded pipe, including CWLDLP, are now subject to 25-percent *ad valorem* duties pursuant to Section 232 of the Trade Expansion Act of 1962 outlined in Presidential Proclamation 9705 (March 2018). Certain countries were exempted from the duties, although not Japan. Additionally, in March and May 2019 antidumping and/or countervailing duty orders covering large diameter welded carbon and alloy steel line pipe from Canada, China, Greece, India, Korea, and Turkey entered into effect in the United States.[2]

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[1] None of these three companies submitted a business plan, market or economic study (whether internal or by a third party), or any internal documents describing, discussing, or analyzing expected market conditions for certain welded large diameter line pipe.

[2] See tables' I-1 and IV-2 for citations to the Commission's determinations and Commerce's orders.

Table III-1
CWLDLP: Important industry events since 2013

Year	Company	Event
2013	Welspun	Welspun announces plans to begin operation, in 2013, of a new ERW pipe mill in Little Rock, Arkansas with a capacity of 175,000-225,000 tons.
	American	American expanded its steel pipe operations, adding a processing facility to its North Mill. The facility cost $55 million. The North Mill produces ERW 16 to 24 inches in diameter.
2014	CSI	CSI produced its first pipe at its new mill start-up in Fontana, California. The new mill will produce ERW pipe with an outside diameter of up to 24 inches at an annual capacity of 400,000 short tons.
	U.S. Steel	U.S. Steel closed its McKeesport, Pennsylvania mill that produced line pipe. The mill had an annual production capacity of 315,000 short tons.
2015	American	2013 expansion of a new processing facility was completed and increased American's processing capacity to 700,000 short tons.
	Evraz	Evraz North America acquired the assets of United Spiral Pipe LLC for an undisclosed amount.
2016	Evraz	Evraz North America closed its Portland steel pipe plant indefinitely and laid off 230 employees. The company cited regulatory challenges and adverse market conditions for the closure.
	Stupp	Stupp Corporation announced 114 temporary layoffs citing deteriorated oil and gas markets.
2017	Dura-Bond	Dura-Bond Industries temporarily laid off 180 employees at its Steelton, Pennsylvania, pipe steel mill.
	Dura-Bond	Dura-bond acquired from U.S. Steel and restarted the ERW steel pipe mill, which is API 5L and ASTM certified, in McKeesport, Pennsylvania.
2018	U.S. Government	25-percent *ad valorem* duties were issued for certain enumerated articles of steel, including CWLDLP, pursuant to Section to 232 of the Trade Expansion Act of 1962 in Presidential Proclamation 9705.
2019	U.S. Government	The International Trade Administration issued antidumping and/or countervailing duty orders on large diameter welded carbon and alloy steel line pipe from Canada, China, Greece, India, Korea, and Turkey.
2019	Stupp	Stupp Corp. will invest $22 million to upgrade its two steel pipe manufacturing plants in Baton Rouge, Louisiana.

Source: American Metals Market news articles, news articles from other sources, and company websites.

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of CWLDLP since 2013. All of the domestic producers responded that they had experienced some of these changes; their responses are presented in table III-2a.

Table III-2a
CWLDLP: U.S. producers' reported changes in operations

* * * * * * *

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of CWLDLP. Their responses appear in table III-2b. Three of the nine domestic producers indicated that they anticipated specific changes in their CWLDLP operations. U.S. producer *** indicated that there will be ***. *** indicated that there will be ***. Additionally, *** indicated that it will be ***.[3] Moreover, this specific project is expected to ***.

Table III-2b
CWLDLP: U.S. producers' reported anticipated changes in operations

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-3 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Aggregate U.S. producers' capacity decreased by 7.1 percent from 3.5 million short tons to 3.2 million short tons in 2016 to 2017, but recovered from 2017 to 2018 with an increase of 8.8 percent to 3.5 million short tons. Capacity reported in January-March 2019 was 15.7 percent higher than what was reported in January-March 2018. *** and *** accounted for *** percent of the domestic industry's total capacity during 2018.

Domestic production decreased from 2016 to 2017 by 14.4 percent from 1.2 million short tons to 1.1 million short tons, then increased by 32.3 percent to 1.4 million short tons in 2018. During 2018, *** and ***, accounted for *** percent of total CWLDLP output. Domestic production in January-March 2019 was 133.7 percent higher compared to January-March 2018, with U.S. producer *** accounting for *** percent of January-March 2019 CWLDLP output.

Average capacity utilization decreased by 2.7 percentage points from 2016 to 2017 and then recovered by 7.0 percentage points from 2017 to 2018, for a net increase of 4.3 percentage points between 2016 to 2018. Capacity utilization was 24.7 percentage points higher in January-March 2019 compared to January-March 2018.

[3] U.S. producer ***.

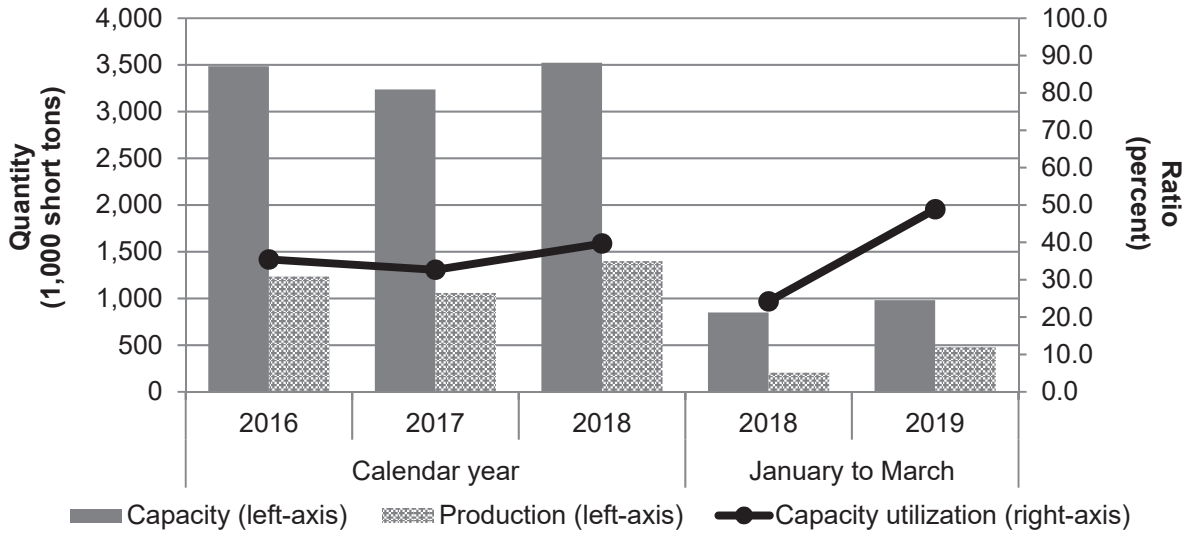
Table III-3
CWLDLP: U.S. producers' production, capacity, and capacity utilization, 2016-18, January-March 2018, and January-March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Capacity (short tons)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total capacity	3,484,986	3,236,506	3,522,604	847,923	981,310
	Production (short tons)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total production	1,234,945	1,057,031	1,398,252	205,103	479,394
	Capacity utilization (percent)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average capacity utilization	35.4	32.7	39.7	24.2	48.9

Note.--Staff adjusted capacity for *** and *** to conform with those firms' reported experiences during the data collection period (i.e., ***). Staff also modestly adjusted capacity for *** and ***, subtracting out the limited actual production of tubular products other than CWLDLP.

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

Figure III-1
CWLDLP: U.S. producers' capacity, production, and capacity utilization, 2016-18, January-March 2018, and January-March 2019



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

Table III-4 presents U.S. producers' theoretical capacity and production characteristics by type for 2018.

Table III-4
CWLDLP: U.S. producers' theoretical capacity and production characteristics by type, 2018

Firm	Theoretical Capacity	Minimum size (O.D. in inches)	Maximum size (O.D. in inches)	Minimum wall thickness (in inches)	Maximum wall thickness (in inches)	Minimum pipe length (in feet)	Maximum pipe length (in feet)
ERW.--American	***	***	***	***	***	***	***
Dura-Bond	***	***	***	***	***	***	***
Stupp	***	***	***	***	***	***	***
Welspun	***	***	***	***	***	***	***
CSI	***	***	***	***	***	***	***
HSAW.--Berg	***	***	***	***	***	***	***
Stupp	***	***	***	***	***	***	***
Welspun	***	***	***	***	***	***	***
Jindal	***	***	***	***	***	***	***
Evraz	***	***	***	***	***	***	***
LSAW.--Berg	***	***	***	***	***	***	***
Dura-Bond	***	***	***	***	***	***	***
JSW	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***

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

Alternative products

Table III-5 presents U.S. producers' production, capacity, and capacity utilization by product type. Five of the domestic firms utilize only one type of production method to produce line pipe: American and CSI use ERW, JSW uses LSAW, and Evraz and Jindal use HSAW. One firm, Berg, produces both HSAW and LSAW line pipe, another firm, Dura-Bond produces both ERW and LSAW line pipe and two firms, Stupp and Welspun, produce both ERW and HSAW line pipe. ERW production increased markedly (*** percent) during 2016-18. As presented in table III-5, during 2018, *** percent of U.S. production was ERW line pipe followed by *** percent for HSAW and *** percent for LSAW, while *** percent of annual production was out-of-scope merchandise.[4] As a share of total production, in-scope production was *** percentage points higher in January-March 2019 than January-March 2018.

Alternative products produced on the same equipment as CWLDLP consist of line pipe excluded from the scope due to dimension (i.e. welded line pipe 64 inches and greater in O.D.) or other characteristics (i.e., particular wall thickness/grade/size combinations); welded large diameter structural pipe; and other tubular products (i.e., AWWA water pipe, casing for bomb ordnance, slurry pipe, small-diameter pipe, and mill crop ends). Specifically excluded line pipe production increased in each annual period during 2016-18. However, as a share of total production, specifically excluded line pipe accounted for only *** percent during 2016-18, respectively. Total out-of-scope merchandise fluctuated, increasing from 2016 to 2017 by *** percent and then decreasing by *** percent from 2017 to 2018. Total production of out-of-scope merchandise was *** percentage points lower in January-March 2019 than in January-March 2018.

[4] HSAW production decreased by *** percent from 2016 to 2017 and then increased by *** percent from 2017 to 2018. This fluctuation with regard to 2017 is principally attributed to ***.

Table III-5
CWLDLP: U.S. producers' overall capacity and production of products on the same machinery, 2016-18, January-March 2018, and January-March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (short tons)				
Overall capacity	***	***	***	***	***
Production:					
ERW	***	***	***	***	***
HSAW	***	***	***	***	***
LSAW	***	***	***	***	***
Total WLD line pipe production	1,234,945	1,057,031	1,398,252	205,103	479,394
Specifically excluded line pipe	***	***	***	***	***
Out-of-scope WLD structural pipe	***	***	***	***	***
Other products	***	***	***	***	***
Total out-of-scope merchandise	156,111	296,891	221,584	86,987	44,479
Total production	1,391,056	1,353,922	1,619,836	292,090	523,873
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Production:					
ERW	***	***	***	***	***
HSAW	***	***	***	***	***
LSAW	***	***	***	***	***
Total WLD line pipe production	88.8	78.1	86.3	70.2	91.5
Specifically excluded line pipe	***	***	***	***	***
Out-of-scope WLD structural pipe	***	***	***	***	***
Other products	***	***	***	***	***
Total out-of-scope merchandise	11.2	21.9	13.7	29.8	8.5
Total production	100.0	100.0	100.0	100.0	100.0
	Share of in-scope production (percent)				
ERW	***	***	***	***	***
HSAW	***	***	***	***	***
LSAW	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

Note.--Staff adjusted capacity for *** and *** to conform with those firms' reported experiences during the data collection period (i.e., ***).

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

Constraints on capacity

All responding U.S. producers reported constraints in their manufacturing processes. Five U.S. producers, ***, contend that production/capacity constraints were principally due to lack of orders caused from import competition. Three U.S. producers, ***, attribute constraints to facility and equipment maintenance and access to capable and skilled labor. One U.S. producer, ***, indicated that production constraints are attributed to equipment and facility efficiency with respect to manufacturing pipe and their associated dimensions and specifications.

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

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments of CWLDLP. None of the U.S. producers reported internal consumption or transfers to related firms during the period for which data was collected. U.S. producers' U.S. shipments decreased by 18.8 percent from 1.3 million short tons in 2016 to 1.1 million short tons in 2017, then increased by 23.2 percent to 1.3 million short tons in 2018. U.S. shipments during January-March 2019 were 130 percent higher than those reported in the comparable period in 2018. U.S. shipments, by quantity, accounted for more than *** percent of total shipments throughout the period for which data were collected. U.S. producers *** accounted for *** percent of exports in 2017, the peak year for such shipments. In general, based on questionnaire responses, the principal export destination for U.S. producers' export shipments was Canada.[5]

The average unit values of U.S. producers' U.S. shipments increased in each annual period from 2016 to 2018. Similarly, the average unit values of U.S. producers' export shipments, as well as total shipments, experienced increases each annual period from 2016 to 2018. On balance, the average unit values of U.S. producers' U.S. shipments increased by 17.2 percent during 2016-18. The average unit values of U.S. producers' U.S. shipments was 36.9 percent higher in January-March 2019 compared to January-March 2018.

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[5] On May 31, 2018, the Government of Canada imposed countermeasures (surtaxes) against $16.6 billion Canadian dollars in imports of steel, aluminum, and other products from the United States. Two categories were of 25 and 10 percent were established. "Line pipe of a kind used for oil and gas pipelines: longitudinally submerged arc welded; Other, longitudinally welded; and Other" were included in HTS subheadings 7305.11, 7305.12, and 7305.19, which fell in the 25-percent surtax category. The surtaxes became enforceable on July 1, 2018. On May 17, 2019, the United States and Canada announced an agreement to lift Section 232 tariffs on Canadian steel and aluminum, as well as Canada's countermeasures. *Department of Finance Canada, "Updated-Countermeasures in Response to Unjustified Tariffs on Canadian Steel and Aluminum Products,"* https://www.fin.gc.ca/access/tt-it/cacsap-cmpcaa-1-eng.asp, retrieved July 16, 2019.

Table III-6
CWLDLP: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2016-18, January-March 2018, and January-March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (short tons)				
U.S. shipments	1,329,479	1,080,133	1,330,541	197,185	453,796
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Value (1,000 dollars)				
U.S. shipments	1,380,216	1,155,946	1,618,813	222,833	702,078
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Unit value (dollars per short ton)				
U.S. shipments	1,038	1,070	1,217	1,130	1,547
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of quantity (percent)				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	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.

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

Table III-7 presents data on U.S. producers' U.S. shipments by product type and size for 2018. The most common types shipped during 2018 were ERW above 16 to 24 inches in O.D., followed by HSAW above 24 to 48 inches in O.D., followed by LSAW above 24 to 48 inches in O.D. There were no shipments of CWLDLP above 48 inches in O.D.

Table III-7
CWLDLP: U.S. producers' U.S. shipments by size and type, 2018

Source: Outer diameter range	Production method			
	ERW	HSAW	LSAW	All production methods
	Quantity (short tons)			
United States: >16 in. OD =< 24 in. OD	***	***	***	***
United States: >24 in. OD =< 48 in. OD	***	***	***	***
United States: >48 in. OD =< 64 in. OD	***	***	***	***
United States: All in-scope outer diameter ranges	***	***	***	***
	Share across (percent)			
United States: >16 in. OD =< 24 in. OD	***	***	***	***
United States: >24 in. OD =< 48 in. OD	***	***	***	***
United States: >48 in. OD =< 64 in. OD	***	***	***	***
United States: All in-scope outer diameter ranges	***	***	***	***
	Share down (percent)			
United States: >16 in. OD =< 24 in. OD	***	***	***	***
United States: >24 in. OD =< 48 in. OD	***	***	***	***
United States: >48 in. OD =< 64 in. OD	***	***	***	***
United States: All in-scope outer diameter ranges	100.0	100.0	100.0	100.0

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

U.S. PRODUCERS' INVENTORIES

Table III-8 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 during 2016-18, January-March 2018, and January-March 2019. Eight of the nine domestic producers reported end-of-period inventories at some point during this period. The aggregate domestic producer inventory data show that U.S. producers' inventories of CWLDLP at year-end 2018 were 18.4 percent higher than inventories held at year-end 2016. The ratio of inventories to production and the ratio of inventories to shipments increased during 2016-18, despite dipping in 2017. Five U.S. producers (***) experienced end-of-period inventory increases from year-end 2016 to year-end 2018. Of these five, (***) represented the largest increase in end-of-period inventories from 2016 to 2018 with an increase of approximately *** percent.[6] ***, in contrast, reported a decline of year-end inventories from 2016 to 2018 with a decrease by *** percent. Only two U.S. producers (***) accrued increased year-end inventories each annual period from 2016 to 2018.

[6] U.S. producer *** indicated that expanding business opportunities (in the context of increased inventories during the period for which data was collected) were solely attributed to certain import relief measures that went into effect in mid-2018 (i.e. Section 232 duties covering steel commodities, as well as certain AD/CVD proceedings pertaining to line pipe).

Table III-8
CWLDLP: U.S. producers' inventories, 2016-18, January-March 2018, and January-March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (short tons)				
U.S. producers' end-of-period inventories	136,543	94,175	161,723	102,004	187,322
	Ratio (percent)				
Ratio of inventories to.--					
U.S. production	11.1	8.9	11.6	12.4	9.8
U.S. shipments	10.3	8.7	12.2	12.9	10.3
Total shipments	***	***	***	***	***

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

Data concerning U.S. producers' imports of CWLDLP and purchases of imported CWLDLP are presented in table III-9. Although three of the nine U.S. producers (***) directly imported CWLDLP from nonsubject countries (***), none of the domestic producers' directly imported subject CWLDLP from Japan.

Table III-9
CWLDLP: U.S. producers' U.S. production, imports, and import ratios to U.S. production, 2016-18, January-March 2018, and January-March 2019

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 presents U.S. producers' employment-related data during 2016-18, January-March 2018, and January-March 2019. The number of production and related workers ("PRWs") employed by U.S. CWLDLP producers increased from 2016 to 2018 by 15.4 percent. The number of PRWs employed during January-March 2019 was 74.5 percent higher than January-March 2018. Hourly wages began to slip in 2018 and were 6.2 percent lower in January-March 2019 compared to January-March 2018. Productivity decreased by 1.7 percent from 2016 to 2017, but increased by 9.3 percent from 2017 to 2018. Productivity in January-March 2019 was 7.5 percent higher than in January-March 2018. Unit labor costs in January-March 2019 were 12.8 percent lower than in January-March 2018.

Table III-10
CWLDLP: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2016-18, January-March 2018, January-March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
Production and related workers (PRWs) (number)	2,235	2,026	2,580	1,637	2,857
Total hours worked (1,000 hours)	4,649	4,048	4,899	805	1,751
Hours worked per PRW (hours)	2,080	1,998	1,899	492	613
Wages paid ($1,000)	139,388	119,913	140,251	24,136	49,220
Hourly wages (dollars per hour)	$29.98	$29.62	$28.63	$29.98	$28.11
Productivity (short tons per 1,000 hours)	265.6	261.1	285.4	254.8	273.8
Unit labor costs (dollars per short tons)	$112.87	$113.44	$100.30	$117.68	$102.67

Note.--Concerning PRWs of January-March 2018, U.S. producer ***.

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

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Nine U.S. firms provided financial data for their operations on CWLDLP.[7] These data are believed to account for all known U.S. production of CWLDLP during the period for which data were collected. No U.S. producer reported internal consumption or transfers to related firms. *** firms reported their financial data on a calendar year basis, while *** firms reported based on a fiscal year end of March 31.[8] [9]

Operations on CWLDLP

Table III-11 presents aggregated data on U.S. producers' CWLDLP operations. Table III-12 presents changes in average unit value data between periods while table III-13 presents selected company-specific financial data.[10]

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[7] The U.S. producers are American, Berg, Dura-Bond, Stupp, Welspun, Jindal, JSW, Evraz, and CSI.

[8] ***.

[9] All responding firms provided financial data on the basis of generally accepted accounting principles ("GAAP"). *** also reported international financial reporting standards ("IFRS") in addition to GAAP. The explanation given for this dual reporting was ***. The financial information was based on ***. Email from ***, June 18 and July 12, 2019.

[10] ***.

Table III-11
CWLDLP: Results of operations of U.S. producers, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
	Quantity (short tons)				
Total net sales	1,331,127	1,099,399	1,404,261	203,056	453,796
	Value (1,000 dollars)				
Total net sales	1,441,194	1,208,398	1,783,024	246,108	702,078
Cost of goods sold.-- Raw materials	1,038,982	820,998	1,190,639	159,155	467,641
Direct labor	151,323	123,831	151,003	29,773	51,010
Other factory costs	154,172	159,977	231,069	22,785	82,323
Total COGS	1,344,477	1,104,806	1,572,711	211,713	600,974
Gross profit	96,717	103,592	210,313	34,395	101,104
SG&A expense	143,554	75,726	117,275	20,292	42,920
Operating income or (loss)	(46,837)	27,866	93,038	14,103	58,184
Interest expense	***	***	***	***	***
All other expenses	***	***	***	***	***
All other income	***	***	***	***	***
Net income or (loss)	(54,144)	17,940	76,726	10,596	52,255
Depreciation/amortization	70,494	65,112	70,261	14,433	22,984
Cash flow	16,350	83,052	146,987	25,029	75,239
	Unit value (dollars per short ton)				
Total net sales	1,083	1,099	1,270	1,212	1,547
Cost of goods sold.-- Raw materials	781	747	848	784	1,031
Direct labor	114	113	108	147	112
Other factory costs	116	146	165	112	181
Average COGS	1,010	1,005	1,120	1,043	1,324
Gross profit	73	94	150	169	223
SG&A expense	108	69	84	100	95
Operating income or (loss)	(35)	25	66	69	128
Net income or (loss)	(41)	16	55	52	115

Table continued on next page.

Table III-11 -- Continued
CWLDLP: Results of operations of U.S. producers, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
	Ratio to COGS (percent)				
Cost of goods sold.-- Raw materials	77.3	74.3	75.7	75.2	77.8
Direct labor	11.3	11.2	9.6	14.1	8.5
Other factory costs	11.5	14.5	14.7	10.8	13.7
Total COGS	100.0	100.0	100.0	100.0	100.0
	Ratio to net sales (percent)				
Cost of goods sold.-- Raw materials	72.1	67.9	66.8	64.7	66.6
Direct labor	10.5	10.2	8.5	12.1	7.3
Other factory costs	10.7	13.2	13.0	9.3	11.7
Total COGS	93.3	91.4	88.2	86.0	85.6
Gross profit	6.7	8.6	11.8	14.0	14.4
SG&A expense	10.0	6.3	6.6	8.2	6.1
Operating income or (loss)	(3.2)	2.3	5.2	5.7	8.3
Net income or (loss)	(3.8)	1.5	4.3	4.3	7.4
	Number of firms reporting				
Operating losses	6	5	6	3	2
Net losses	6	5	6	4	2
Data	9	8	9	8	9

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

Table III-12
CWLDLP: Changes in average unit values, between fiscal years and between partial year periods

Item	Between fiscal years			January to March
	2016-18	2016-17	2017-18	2018-19
	Changes in unit values (dollars per short ton)			
Total net sales	187	16	171	335
Cost of goods sold.-- Raw materials	67	(34)	101	247
Direct labor	(6)	(1)	(5)	(34)
Other factory costs	49	30	19	69
Average COGS	110	(5)	115	282
Gross profit	77	22	56	53
SG&A expense	(24)	(39)	15	(5)
Operating income or (loss)	101	61	41	59
Net income or (loss)	95	57	38	63

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

Table III-13
CWLDLP: Select results of operations of U.S. producers, by company, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
	Net sales quantity (short tons)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total net sales quantity	1,331,127	1,099,399	1,404,261	203,056	453,796
	Net sales value (1,000 dollars)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total net sales value	1,441,194	1,208,398	1,783,024	246,108	702,078
	COGS (1,000 dollars)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total COGS	1,344,477	1,104,806	1,572,711	211,713	600,974

Table continued on next page.

Table III-13 -- Continued
CWLDLP: Select results of operations of U.S. producers, by company, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
Gross profit or (loss) (1,000 dollars)					
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total gross profit or (loss)	96,717	103,592	210,313	34,395	101,104
SG&A expenses (1,000 dollars)					
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total SG&A expenses	143,554	75,726	117,275	20,292	42,920
Operating income or (loss) (1,000 dollars)					
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total operating income or (loss)	(46,837)	27,866	93,038	14,103	58,184

Table continued on next page.

Table III-13 -- Continued
CWLDLP: Select results of operations of U.S. producers, by company, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
	Net income or (loss) (1,000 dollars)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total net income or (loss)	(54,144)	17,940	76,726	10,596	52,255
	COGS to net sales value (percent)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average COGS to sales	93.3	91.4	88.2	86.0	85.6
	Gross profit or (loss) to net sales value (percent)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average gross profit or (loss) to sales	6.7	8.6	11.8	14.0	14.4

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Table III-13 -- Continued
CWLDLP: Select results of operations of U.S. producers, by company, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
	SG&A expenses to net sales value (percent)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average SG&A expenses to sales	10.0	6.3	6.6	8.2	6.1
	Operating income or (loss) to net sales value (percent)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average operating income or (loss) to sales	(3.2)	2.3	5.2	5.7	8.3
	Net income or (loss) to net sales value (percent)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average net income or (loss) to sales	(3.8)	1.5	4.3	4.3	7.4

Table continued on next page.

Table III-13 -- Continued
CWLDLP: Select results of operations of U.S. producers, by company, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
	Unit net sales value (dollars per short ton)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average unit net sales value	1,083	1,099	1,270	1,212	1,547
	Unit raw materials (dollars per short ton)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average unit raw materials	781	747	848	784	1,031
	Unit direct labor (dollars per short ton)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average unit direct labor	114	113	108	147	112

Table continued on next page.

Table III-13 -- Continued
CWLDLP: Select results of operations of U.S. producers, by company, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
	Unit other factory costs (dollars per short ton)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average unit other factory costs	116	146	165	112	181
	Unit COGS (dollars per short ton)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average unit COGS	1,010	1,005	1,120	1,043	1,324
	Unit gross profit or (loss) (dollars per short ton)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average unit gross profit or (loss)	73	94	150	169	223

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Table III-13 -- Continued
CWLDLP: Select results of operations of U.S. producers, by company, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
	Unit SG&A expense (dollars per short ton)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average unit SG&A expense	108	69	84	100	95
	Unit operating income or (loss) (dollars per short ton)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average unit operating income or (loss)	(35)	25	66	69	128
	Unit net income or (loss) (dollars per short ton)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Average unit net income or (loss)	(41)	16	55	52	115

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

Net sales quantity and value

As shown in table III-11, aggregate net sales, by quantity, decreased by 17.4 percent from 2016 to 2017, and increased in 2018 by 27.7 percent, with an overall increase of 5.5 percent. Net sales quantities in January to March 2019 were substantially higher than in January to March 2018. Net sales, by value, decreased from 2016 to 2017 by 16.2 percent, but increased from 2017 to 2018 by 47.6 percent, and were likewise higher in January to March

2019 than in January to March 2018. The net sales unit value (dollars per short ton) increased from $1,083 in 2016 to $1,270 in 2018, and reached $1,547 in January to March 2019.

The directional trends of the individual firms' net sales unit values were mostly uniform, with *** companies reporting increasing unit values from 2016 to 2018, and higher unit values in January to March 2019 than the same period in 2018.[11]

Cost of goods sold and gross profit or (loss)

Raw material costs represent the largest component of overall COGS. The total cost of raw materials as a share of COGS ranged from 74.3 percent in 2017 to 77.8 percent in January to March 2019.[12] On a unit basis (dollars per short ton), raw material costs decreased from $781 in 2016 to $747 in 2017 and increased to $848 in 2018, for an overall increase of 8.6 percent, and were 31.5 percent higher in January to March 2019 ($1,031) than in January to March 2018 ($784). With respect to their U.S. operations, *** producers reported that they purchase inputs from related parties.[13] In 2018, steel sheet/plate in coils accounted for the largest share of raw material costs (*** percent, reported by *** producers), followed by cut-to-length plate (*** percent, reported by *** producers), and steel slab (*** percent, reported by *** producers).[14] [15]

Other factory costs was the second largest component of COGS. These costs increased throughout the reporting period on an absolute basis, on a per-unit basis, and as a share of total COGS.[16] The total cost of other factory costs as a share of COGS ranged from 10.8 percent in January to March 2018, to 14.7 percent in 2018. On a unit basis (dollars per short ton), costs increased from $116 in 2016 to $146 in 2017 and to $165 in 2018, and were higher in January to March 2019 at $181 than in January to March 2018 at $112.[17]

The smallest component, direct labor, decreased throughout the reporting period on a per-unit basis, and as a share of total COGS. The total cost of direct labor as a share of COGS ranged from 8.5 percent in January to March 2019, to 14.1 percent in January to March 2018. On a unit basis (dollars per short ton), costs decreased from $114 in 2016 to $113 in 2017 and to $108 in 2018, and were lower in January to March 2019 at $112 than in January to March 2018 at $147.

The aggregate gross profit of the industry increased throughout the period, with increases of 7.1 and 103.0 percent in 2017 and 2018, respectively. Gross profit was higher in January to March 2019 than in January to March 2018. *** of the nine U.S. producers reported gross losses during the reporting period, while *** producers were profitable in each reporting period.[18] ***.

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[11] ***.
[12] ***.
[13] *** producers reported that they purchase inputs from related firms: ***. ***.
[14] ***.
[15] ***.
[16] ***.
[17] During the 2016-18, ***; and only ***.
[18] ***.

SG&A expenses and operating income or (loss)

As shown in table III-11, the industry's SG&A expense ratios (i.e., total SG&A expenses divided by total revenue) declined from 10.0 percent in 2016 to 6.6 percent in 2018, and was lower in January to March 2019 than in January to March 2018.[19]

On an overall basis, operating income notably improved from a loss of $46.8 million in 2016 to a profit of $93.0 million in 2018, and was higher in January to March 2019 than in January to March 2018. *** of the U.S. producers reported operating income throughout the reporting period: ***. *** had the largest operating income in 2018 at $***. Both *** had higher operating income in January to March 2019 than in January to March 2018.

Other expenses and net income or (loss)

Classified below the operating income level are interest expense, other expense, and other income, which are usually allocated to the product line from high levels in the corporation. As shown in table III-11, interest expense decreased from 2016 ($***) to 2018 ($***), and other income ($*** to $***) and other expenses ($*** to $***) decreased during this time as well.[20] Interest expense was higher in January to March 2019 ($***) when compared to January to March 2018 ($***). Both other income ($*** to $***) and other expenses ($*** to $***) were lower in January to March 2019 when compared to January to March 2018.

Overall, net income increased, from a loss of $54.1 million in 2016 to a profit of $76.7 million in 2018. Net income was also higher in January to March 2019 at $52.3 million than January to March 2018 at $10.6 million.

Variance analysis

A variance analysis for the operations of U.S. producers of CWLDLP is presented in table III-14.[21] The information for this variance analysis is derived from table III-11. The analysis illustrates that from 2016 to 2018, as well as between the comparable January to March 2018-2019 periods, the increase in operating income is primarily attributable to a higher favorable

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[19] ***.

[20] ***.

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

price variance despite an unfavorable net cost/expense variance (i.e., prices increased more than costs and expenses).

Table III-14
CWLDLP: Variance analysis for U.S. producers, between fiscal years and between partial year periods

Item	Between fiscal years			January to March
	2016-18	2016-17	2017-18	2018-19
Net sales:				
Price variance	262,649	18,093	239,539	152,068
Volume variance	79,181	(250,889)	335,087	303,902
Net sales variance	341,830	(232,796)	574,626	455,970
Cost of sales:				
Cost/expense variance	(154,367)	5,619	(161,544)	(127,831)
Volume variance	(73,867)	234,052	(306,361)	(261,430)
Total cost of sales variance	(228,234)	239,671	(467,905)	(389,261)
Gross profit variance	113,596	6,875	106,721	66,709
SG&A expenses:				
Cost/expense variance	34,166	42,838	(20,550)	2,429
Volume variance	(7,887)	24,990	(20,999)	(25,057)
Total SG&A expense variance	26,279	67,828	(41,549)	(22,628)
Operating income variance	139,875	74,703	65,172	44,081
Summarized as:				
Price variance	262,649	18,093	239,539	152,068
Net cost/expense variance	(120,200)	48,457	(182,094)	(125,402)
Net volume variance	(2,573)	8,154	7,727	17,415

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

Capital expenditures and research and development expenses

Table III-15 presents capital expenditures, and research and development ("R&D") expenses by firm. *** firms provided capital expenditure data, and *** firms provided data on R&D expenses. *** accounted for the large majority of capital expenditures reported during the period for which data were collected.[22] Capital expenditures decreased from $29.0 million in 2016 to $20.1 million in 2018. They were higher in January to March 2019 ($6.1 million) than January to March 2018 ($2.6 million). R&D expenses decreased from $*** in 2016 to $*** in 2018, and were somewhat higher in January to March 2019 ($***) than January to March 2018 ($***).

[22] ***.

Table III-15
CWLDLP: Capital expenditures and research and development expenses for U.S. producers, by firm, 2016-18, January to March 2018, and January to March 2019

Item	Fiscal year			January to March	
	2016	2017	2018	2018	2019
	Capital expenditures (1,000 dollars)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total capital expenditures	28,933	14,791	20,102	2,586	6,077
	Research and development expenses (1,000 dollars)				
American	***	***	***	***	***
Berg	***	***	***	***	***
CSI	***	***	***	***	***
Dura-Bond	***	***	***	***	***
Evraz	***	***	***	***	***
Jindal	***	***	***	***	***
JSW	***	***	***	***	***
Stupp	***	***	***	***	***
Welspun	***	***	***	***	***
Total R&D expenses	***	***	***	***	***

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

Assets and return on assets

Table III-16 presents data on the U.S. producers' total assets and the ratio of operating income or (loss) to assets.[23] When examining the industry as a whole, total net assets decreased irregularly from $2.1 billion in 2016 to $2.0 billion in 2018. *** firms reported decreasing assets from 2016 to 2018.[24] [25] The return on assets consistently increased from negative 2.2 percent in 2016 to a positive 4.6 percent in 2018.

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[23] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets, which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for CWLDLP.

[24] ***.

[25] From the *** firms with increase in assets, *** had the largest increase with $*** from 2016 to 2018. When asked what caused the significant increases, *** responded, "***." Email response from ***.

Table III-16
CWLDLP: Value of assets used in production, warehousing, and sales, and return on investment for U.S. producers by firm, fiscal years 2016-18

Firm	Fiscal year		
	2016	2017	2018
	Total net assets (1,000 dollars)		
American	***	***	***
Berg	***	***	***
CSI	***	***	***
Dura-Bond	***	***	***
Evraz	***	***	***
Jindal	***	***	***
JSW	***	***	***
Stupp	***	***	***
Welspun	***	***	***
Total net assets	2,096,336	1,903,574	2,016,498
	Operating return on assets (percent)		
American	***	***	***
Berg	***	***	***
CSI	***	***	***
Dura-Bond	***	***	***
Evraz	***	***	***
Jindal	***	***	***
JSW	***	***	***
Stupp	***	***	***
Welspun	***	***	***
Average operating return on assets	(2.2)	1.5	4.6

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

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

U.S. IMPORTS

Overview

The Commission issued questionnaires to 48 firms believed to have imported CWLDLP or other large diameter line pipe provided for in the relevant HTS statistical reporting numbers (discussed below) since January 2013, as well as to all U.S. producers of CWLDLP. Twenty-two firms provided data and information in response to the questionnaires, while six firms indicated that they had not imported such products since January 2013. Based on proprietary Customs records for U.S. imports of welded line pipe, responding importers accounted for 94.1 percent of total U.S. imports from Japan (both subject and excluded welded line pipe)[1] during 2018 and 80.8 of total U.S. imports from all nonsubject countries combined during 2018.[2] Compared to subject exports to the United States provided by Japanese producers in their questionnaire responses, U.S. importers responding to the Commission's questionnaire accounted for essentially all subject exports from Japan in 2018, as well as between January 2016 and March 2019.

In light of the data coverage by the Commission's questionnaires, U.S. import data presented in this report are based on "dutied" imports[3] reported in proprietary Customs records for subject imports from Japan and official Commerce statistics for imports of line pipe from nonsubject sources, as adjusted using questionnaire responses for product exclusions.[4]

Imports from subject and nonsubject countries

Table IV-1 and figure IV-1 present information on U.S. imports of CWLDLP from Japan and all other sources.[5] During this period, CWLDLP entered the United States from Japan and

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[1] Seven U.S. importers (***) indicated in their questionnaire responses that all of their imported welded line pipe from Japan is product that is specifically excluded by the scope. Three additional U.S. importers (***) indicated in their questionnaire responses that they imported welded line pipe from Japan that is both included and specifically excluded by the scope.

[2] Coverage estimates were calculated based on the responding firms' share of total U.S. imports as compiled by proprietary Customs records under applicable 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, and 7305.19.5000. Substantial U.S. importers from nonsubject sources that did not provide a response to the Commission's importer questionnaire as identified by proprietary Customs records are as follows: ***.

[3] U.S. imports for which trade remedy duties are assessed by Customs.

[4] Official import statistics of Commerce for CWLDLP imports consist of entries 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, and 7305.19.5000.

[5] Monthly U.S. import data are presented separately in appendix E.

more than two dozen other countries. The leading sources of CWLDLP to the United States are shown in table IV-2.

Subject U.S. imports from Japan, which accounted for *** percent or less of total U.S. imports of CWLDLP since 2016, declined from *** short tons in 2016 to *** short tons in 2018. Subject U.S. imports from Japan were lower at *** short tons in January-March 2019 than *** short tons in January-March 2018. In contrast, the quantity of CWLDLP imports from all nonsubject sources was *** percent higher in 2018 than in 2016, and *** percent higher in January-March 2019 than in January-March 2018. The largest sources of CWLDLP imports in 2018 were Canada, Greece, Korea, Turkey, and Germany. As summarized in Part I of this report, imports of CWLDLP from each of these sources other than Germany became subject to antidumping and/or countervailing duty orders by the second quarter of 2019.

Table IV-1
CWLDLP: U.S. imports, by source, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (short tons)				
U.S. imports from.--					
Japan	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	561,549	928,309	957,375	167,531	353,485
	Value (1,000 dollars)				
U.S. imports from.--					
Japan	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	522,952	793,222	1,176,110	172,559	475,212
	Unit value (dollars per short ton)				
U.S. imports from.--					
Japan[1]	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	931	854	1,228	1,030	1,344
	Share of quantity (percent)				
U.S. imports from.--					
Japan	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.--					
Japan	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production (percent)				
U.S. imports from.--					
Japan	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	45.5	87.8	68.5	81.7	73.7

Table footnotes continued on next page.

Table IV-1 -- Continued
CWLDLP: U.S. imports, by source, 2016-18, January to March 2018, and January to March 2019

[1] The unit values of “dutied” imports from Japan in 2016 were reported as follows: ***. The unit values of “dutied” imports from Japan in 2017 were reported as follows: ***. The unit values of “dutied” imports from Japan in 2018 were reported as follows: ***. The unit value of “dutied” imports from Japan in January-March 2019 was reported by ***.

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

Note.--Excluded U.S. imports of line pipe from Japan were reported in response to the Commission’s questionnaire as follows: ***. See table IV-2 for the quantity of excluded U.S. imports from nonsubject sources reported in response to the Commission’s questionnaire.

Source: Compiled from data submitted in response to Commission questionnaires, official U.S. import statistics, and from proprietary Customs records 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, and 7305.19.5000, accessed May 23, 2019.

Figure IV-1
CWLDLP: U.S. import volumes and prices, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Table IV-2
CWLDLP: Nonsubject U.S. imports by source, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (short tons)				
Canada	57,112	161,169	262,036	55,252	169,850
Greece	90,802	13,811	244,042	44,187	30,135
Korea	168,859	182,757	136,090	39,066	36,794
Turkey	116,392	45,720	124,362	---	46,896
Germany	63,867	109,175	102,436	18,146	30,031
United Kingdom	2,821	5,533	31,275	880	12,294
India	32,693	391,976	1,493	477	7
China	12,263	14,442	5,756	3,085	---
All other sources	16,575	4,221	87,127	7,748	29,134
Nonsubject sources	561,384	928,803	994,615	168,841	355,140
of which, subject to recent AD/CVD investigations[1]	478,121	809,874	773,778	142,067	283,682
of which, not subject to recent AD/CVD investigations	83,263	118,929	220,837	26,774	71,458
Questionnaire adjustment for excluded imports	***	***	***	***	***
Adjusted nonsubject sources	***	***	***	***	***
	Value (1,000 dollars)				
Canada	58,762	171,292	360,486	70,349	237,121
Greece	74,072	11,377	234,141	42,169	32,335
Korea	129,928	145,442	118,873	30,904	39,180
Turkey	127,760	45,787	188,496	---	74,357
Germany	80,746	100,909	138,218	19,090	47,356
United Kingdom	3,314	7,968	41,205	1,196	15,529
India	26,663	295,220	1,298	354	8
China	7,595	11,940	4,624	2,715	---
All other sources	14,088	3,735	118,614	7,363	32,584
Nonsubject sources	522,929	793,671	1,205,956	174,140	478,471
of which, subject to recent AD/CVD investigations[1]	424,780	681,059	907,918	146,491	383,001
of which, not subject to recent AD/CVD investigations	98,149	112,612	298,038	27,648	95,469
Questionnaire adjustment for excluded imports	***	***	***	***	***
Adjusted nonsubject sources	***	***	***	***	***

Table continued on next page.

Table IV-2 -- Continued
CWLDLP: Nonsubject U.S. imports by source, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Unit value (dollars per short ton)				
Canada	1,029	1,063	1,376	1,273	1,396
Greece	816	824	959	954	1,073
Korea	769	796	873	791	1,065
Turkey	1,098	1,001	1,516	---	1,586
Germany	1,264	924	1,349	1,052	1,577
United Kingdom	1,175	1,440	1,318	1,359	1,263
India	816	753	869	743	1,120
China	619	827	803	880	---
All other sources	850	885	1,361	950	1,118
Nonsubject sources	931	855	1,212	1,031	1,347
of which, subject to recent AD/CVD investigations[1]	888	841	1,173	1,031	1,350
of which, not subject to recent AD/CVD investigations	1,179	947	1,350	1,033	1,336
Questionnaire adjustment for excluded imports[2]	***	***	***	***	***
Adjusted nonsubject sources	***	***	***	***	***
	Share of quantity prior to adjustment (percent)				
Canada	10.2	17.4	26.3	32.7	47.8
Greece	16.2	1.5	24.5	26.2	8.5
Korea	30.1	19.7	13.7	23.1	10.4
Turkey	20.7	4.9	12.5	---	13.2
Germany	11.4	11.8	10.3	10.7	8.5
United Kingdom	0.5	0.6	3.1	0.5	3.5
India	5.8	42.2	0.2	0.3	0.0
China	2.2	1.6	0.6	1.8	---
All other sources	3.0	0.5	8.8	4.6	8.2
Nonsubject sources	100.0	100.0	100.0	100.0	100.0
of which, subject to recent AD/CVD investigations[1]	85.2	87.2	77.8	84.1	79.9
of which, not subject to recent AD/CVD investigations	14.8	12.8	22.2	15.9	20.1

Table continued on next page.

Table IV-2 -- Continued
CWLDLP: Nonsubject U.S. imports by source, 2016-18, January to March 2018, and January to March 2019

[1] Imports subject to recent AD/CVD investigations include U.S. imports from Canada, China, Greece, India, Korea, and Turkey. The antidumping duty orders concerning Korea and Turkey and the countervailing duty order concerning Turkey on certain welded line pipe (i.e., 24 inches or less in diameter) were published on December 1, 2015 (80 FR 75054 and 75056). Commerce's preliminary determinations concerning the countervailing duty orders on imports of large diameter welded pipe from China, India, Korea, and Turkey were published on June 29, 2018 (83 FR 30690, 30693, 30695, and 30697) and Commerce's preliminary determinations concerning the antidumping duty orders on imports of large diameter welded pipe from Canada, China, Greece, India, Korea, and Turkey were published on August 27, 2018 (83 FR 43640, 43639, 43644, 43646, 43651, and 43653). The antidumping and countervailing duty orders on imports of large diameter welded pipe from China and India were published on March 6, 2019 (84 FR 8075, 8079, 8083, and 8085) and the antidumping and countervailing duty orders on imports of large diameter welded pipe from Korea and Turkey and the antidumping duty orders on imports of large diameter welded pipe from Canada and Greece were published on May 2, 2019 (84 FR 18767, 18769, 18771, 18773, 18775, and 18799).
[2] Excluded U.S. imports from nonsubject countries for which data adjustments were made in this table were reported in questionnaire responses as follows: ***.

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

Source: Compiled from data submitted in response to Commission questionnaires and from 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, and 7305.19.5000, accessed May 23, 2019.

Table IV-3 presents data on 2018 U.S. shipments of imports of CWLDLP from Japan and all nonsubject sources combined, by outside diameter (O.D.) size and production method. These data show that all subject CWLDLP from Japan were LSAW pipe in O.D. sizes between 16 and 24 inches, whereas the majority of CWLDLP from nonsubject sources were ERW and HSAW pipe in O.D. sizes between 16 and 48 inches. There were no reported U.S. shipments of imports of CWLDLP from any source in the larger O.D. sizes greater than 48 inches.

Table IV-3
CWLDLP: U.S. importers' U.S. shipments by size, type, and source, 2018

* * * * * * *

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO MARCH 31, 2019

The Commission requested importers to indicate whether they had imported or arranged for the importation of CWLDLP from Japan and all other sources for delivery after March 31, 2019. None of the responding U.S. importers indicated that they had arranged for

the importation of subject imports of CWLDLP from Japan for delivery after March 31, 2019.[6] Eight U.S. importers of CWLDLP from nonsubject sources indicated that they had arranged for future deliveries of imported CWLDLP of *** short tons during April-June 2019, *** short tons during July-September 2019, *** short tons during October-December 2019, and *** during January-March 2020.

U.S. IMPORTERS' INVENTORIES

Table IV-4 presents data for U.S. inventories of U.S. imports of CWLDLP from Japan and all other sources. No U.S. inventories were reported by U.S. importers of the subject merchandise from Japan since 2016. Five firms (***) reported maintaining end-of-period inventories of CWLDLP imported from nonsubject countries at some point since 2016, although such inventories declined by *** percent from 2016 to 2018, and were *** percent lower in March 2019 than in March 2018. End-of-period inventories of CWLDLP imported from nonsubject countries were equivalent to *** percent or less of such U.S. imports since 2016.

Table IV-4
CWLDLP: U.S. importers' end-of-period inventories of imports by source, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

THE INDUSTRY IN JAPAN

Overview

In the original investigation, four producers in Japan provided the Commission with complete data: Kawasaki Steel Corp. ("Kawasaki"), Nippon Steel Corp. ("Nippon"), NKK Corp. ("NKK"), and Sumitomo Metal Industries, Ltd. ("Sumitomo").[7] In 2003, JFE Steel Corp. ("JFE") was created as a result of the merger of Kawasaki and NKK and JFE subsequently operated the CWLDLP production facilities of the former Kawasaki and NKK. In the first five-year review, three producers in Japan provided responses to the Commission's questionnaire: JFE, Nippon, and Sumitomo. In October 2012, Nippon and Sumitomo integrated their businesses to become Nippon Steel & Sumitomo Metal Corp. ("NSSMC"). In the second five-year review, two known producers of CWLDLP in Japan (JFE and NSSMC) provided complete responses to the Commission's questionnaire.[8]

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[6] Three U.S. importers (***) reported that they had arranged for future deliveries of excluded line pipe from Japan, specifically, of ***.

[7] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final)*, USITC Publication 3464, November 2001, p. VII-2.

[8] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. IV-8.

In their responses to the Commission's notice of institution in the current third five-year review, counsel on behalf of respondent interested parties identified two known producers of CWLDLP in Japan: JFE and Nippon Steel Corp. ("Nippon").[9] The Commission issued questionnaires to both companies and both firms provided complete responses. Accordingly, the data presented in this section of the report are for JFE and Nippon and are believed to represent the entire known CWLDLP industry in Japan. JFE, ***, accounted for *** of total CWLDLP production in Japan in that year. JFE also accounted for *** exports of CWLDLP from Japan to the United States during 2016-18. *** reported exports of CWLDLP to the United States during January-March 2019.

Table IV-5 presents information on the CWLDLP operations of JFE and Nippon.

Table IV-5
CWLDLP: Summary data on producers in Japan, 2018

* * * * * * *

Table IV-6 presents comparative information available from the current and prior proceedings. Capacity, production, and capacity utilization in Japan were lower in 2018 than reported in 2000, 2006, and 2012. Export shipments continue to account for nearly all shipments by producers of CWLDLP.

Table IV-6
CWLDLP: Comparison of selected aggregate Japanese producer data, 2000, 2006, 2012, and 2018

Item	2000	2006	2012	2018
Capacity (short tons)	616,248	1,086,984	***	***
Production (short tons)	536,677	1,077,702	***	***
Capacity utilization (percent)	87.1	99.1	***	***
Exports/shipments (percent)	***	98.4	***	***
Inventories/shipments (percent)	***	11.8	***	***

Note.—ERW line pipe production in Japan amounted to *** short tons in 2000, *** short tons in 2006, *** short tons in 2012, and *** short tons in 2018. LSAW line pipe production in Japan amounted to *** short tons in 2000, *** short tons in 2006, *** short tons in 2012, and *** short tons in 2018.

Source: *Investigation No. 731-TA-919 (Second Review): Certain Welded Large Diameter Line Pipe from Japan - Staff Report*, INV-LL-067, August 28, 2013, table IV-12; and compiled from data submitted in response to Commission questionnaires.

Changes in operations

As presented in table IV-7 producers in Japan reported several operational and organizational changes since January 1, 2016.

[9] Effective April 1, 2019, the trade name of NSSMC was changed to Nippon Steel Corporation. *Nippon webpage*, https://www.nst.nipponsteel.com/en/news/assets/pdf/385.pdf, retrieved July 2, 2019.

Table IV-7
CWLDLP: Reported and anticipated changes in operations by firms in Japan

* * * * * * *

Operations on CWLDLP

Data submitted by producers of CWLDLP in Japan on their total CWLDLP capacity, production, inventories, and shipments are presented in table IV-8. Between 2016 and 2018, Japanese CWLDLP capacity,[10] production, inventories, and total shipments fluctuated, increasing from 2016 to 2017, then declining in 2018. Reported capacity, production, inventories, and total shipments were lower during January-March 2019 than in January-March 2018. Inventories as a share of total shipments declined each period relative to the comparable prior period, ranging from a high of *** percent in 2016 to a low of *** percent in January-March 2019. Average unit values of total shipments increased from $*** per short ton in 2016 to $*** per short ton in 2018, and were higher at $*** per short ton during January-March 2019 than at $*** per short ton in January-March 2018.[11]

Table IV-8
CWLDLP: Data on industry in Japan, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

[10] As noted later in this part of the report, the Japanese producers of CWLDLP also reported that they use the same equipment and/or employees to produce a range of other steel products, including line pipe specifically excluded from the subject order, and structural, OCTG, piling, and standard pipes. Japanese producers' capacity data presented in this report for CWLDLP was allocated based on the share of overall plant production represented by CWLDLP in each period. Production of CWLDLP by Japanese producers accounted for *** percent of overall plant production in 2016, *** percent in 2017, *** percent in 2018, *** percent in January-March 2018, and *** percent in January-March 2019. The Japanese and domestic producers agree, however, that the overall capacity data for all line pipe are the most relevant data to consider in this review. Further, the domestic producers argue that, given the ability to shift between production of in-scope and out-of-scope pipe, "(I)t is critical that the Commission—as it did in the first and second sunset reviews—consider the total capacity of the Japanese industry, not just the reported capacity to produce subject pipe." Domestic producers' posthearing brief, p. 18; and Supplement to the JFE Steel and Nippon Steel Questionnaire Responses, August 23, 2019, pp. 2-3.

[11] The Japanese producers noted that the shipment values reported in the questionnaire responses are for "bare" forms of line pipe (i.e., uncoated line pipe) because the Japanese producers do not have the coating capability at their facilities in Japan. Hearing transcript, p. 63 (Riemer); and Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, p. 8. JFE reported in its questionnaire response that ***.

The largest share of reported production of CWLDLP in Japan *** is the production of LSAW pipe, although Nippon reported that it plans to close one of its Japanese LSAW pipe facilities (Kashima Works) in October 2019, which accounted for *** and *** percent of overall firm capacity and production (also including out-of-scope items), respectively, in Japan during January-March 2019.[12] [13] Reported capacity utilization for CWLDLP in Japan declined from *** percent in 2016 to *** percent in 2018, but was higher at *** percent during January-March 2019 than the level reported during the comparable period in 2018. The Japanese respondent interested parties argue that "the high capacity utilization of the Japanese Producers take away the ability of the Japanese to increase sales to the United States in any meaningful way."[14]

From 2016 to 2018, the Japanese industry's home market shipments of CWLDLP, *** of which were commercial shipments, declined from *** short tons in 2016 to *** short tons in 2018, but were higher in January-March 2019 at *** short tons than in January-March 2018 at *** short tons. As a share of total shipments, Japanese producers' home market shipments declined from *** percent in 2016 to *** percent during 2017-18, and were *** percent in January-March 2018, and *** percent in January-March 2019.

The Japanese producers' total exports of CWLDLP increased by *** percent from 2016 to 2017, then declined in 2018 to a level that was *** percent higher than reported in 2016. Total exports were lower during January-March 2019 than in the comparable period of 2018. Exports of CWLDLP from Japan to the United States, which accounted *** percent or less of

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[12] Nippon reported that it notified *** that it planned to close the Kashima mill ***. Nippon indicated that it *** plans to close the facility by October 2019 ***. Nippon noted that the facility housing the former Kashima mill is expected then to be used by Nippon as a warehouse. During January-March 2019, Nippon's Kashima mill accounted for *** and *** percent of Nippon's overall LSAW and ERW plant capacity and production (also including out-of-scope items), respectively, and *** and *** percent of Nippon's overall LSAW plant capacity and production (also including out-of-scope items), respectively. Hearing transcript, pp. 95 and 167 (Husisian); Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, pp. 14-16 and att. B.

[13] The domestic producers argue that the details of the proposed Kashima mill closing remain unclear and that even if the Kashima mill is closed, such a plant can be quickly reopened or equipment transferred to another facility. They argue that despite recent statements that ***, hearing testimony suggested that no specific decision had been made regarding the equipment in the Kashima mill. They argue that Nippon's explanations and documentation of the closure prove incomplete, unsupported, at times contradictory, and largely unverifiable as contemporaneous record evidence since the only document provided is ***. Regardless, the domestic producers argue that with or without the Kashima closure the Japanese producers have ample capacity and can easily ramp up shipments to the United States if the order is revoked. In addition, the domestic producers note that JFE broke ground on a 240,000-ton line pipe manufacturing joint venture in the UAE called Al Gharbia Pipe Company two years ago, and it recently started production. With the new JFE mill in the UAE built to serve the UAE market, as well as neighboring regional markets, the domestic producers argue that this line pipe is expected to displace pipe produced in Japan and will thereby free up capacity within Japan that would likely be used to produce line pipe for export to the United States if the order is revoked. Domestic producers' posthearing brief, exh. 1, pp. 20-24.

[14] Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, p. 3.

Japanese producers' total shipments during each reporting period, amounted to *** short tons in 2016, *** short tons in 2017, and *** short tons in 2018. JFE also accounted for *** exports of CWLDLP from Japan to the United States during 2016-18.[15] There were no reported exports of CWLDLP by the Japanese producers to the United States during January-March 2019.

The CWLDLP producers in Japan reported that, in addition to orders in place in the United States on line pipe, both Canada and the European Union ("EU") have put in place import measures that impact the trade of certain forms of line pipe. However, *** indicated in its questionnaire response that the orders in place in Canada and the EU *** since "***." Trade measures in third-country markets are discussed in greater detail later in this part of the report.

The Japanese producers' exports of CWLDLP to ***, which accounted for almost *** of the firms' total shipments during 2018, increased during 2016-18, but were lower in January-March 2019 as compared with January-March 2018. Average unit values of exports to ***, which were among the lowest average unit values of shipments reported by the Japanese producers, increased from $*** per short ton in 2016 to $*** per short ton in 2018, and were higher at $*** per short ton during January-March 2019 than at $*** per short ton in January-March 2018.[16] The firms' principal Asian export markets include Brunei, China, Hong Kong, Indonesia, Korea, Malaysia, Singapore, Thailand, and Vietnam. The producers in Japan reported that their principal EU export markets, which accounted for *** or less of total shipments of CWLDLP, were Belgium, France, Germany, Italy, Netherlands, and the United Kingdom.[17] The firms' principal other export markets include Australia, Canada, Saudi Arabia, and the United Arab Emirates.[18]

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[15] JFE reported that for the U.S. market, its sales of line pipe generally were of ***. It added that "these are high-end products that generally sell for high prices and that often cannot be made by the U.S. industry or, as testified to by Mr. Schelat of XL Systems, cannot be provided in the appropriate quantities by the U.S. industry or at a competitive price." Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, p. 13.

[16] As previously noted, shipment values reported by the Japanese producers in their questionnaire responses are for "bare" forms of line pipe (i.e., uncoated line pipe). Because the Japanese producers do not have coating capability at their facilities in Japan, they employ offshore coating facilities, such as in Malaysia and Indonesia, to provide the coating before the pipe is shipped to the final destination. The final destination for CWLDLP fabricated in Japan but coated in other Asian countries was almost all within Asia (approximately *** percent) in 2018, although a minor amount (*** short tons, or *** percent) in 2018 was shipped to *** after coating in Malaysia and/or Indonesia. Hearing transcript, p. 63 (Riemer); and Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, pp. 7-9.

[17] The Japanese CWLDLP sold for the EU market are primarily ***. Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, p. 13.

[18] The majority of the increase in exports to other markets during 2017 was attributable to ***; whereas *** accounted for the higher amount of exports to other markets in January-March 2019 compared to January-March 2018.

In describing the development of its export markets in Asia, Nippon noted that it "***." JFE noted that it has ***.[19]

JFE reported in its questionnaire response that it targets ***. Nippon noted that it has created a business plan to ***. It included in its questionnaire response its business plan that notes that ***.

Table IV-9 presents a list of the large diameter line pipe projects for which the Japanese producers anticipate bidding in 2019 and 2020. JFE and Nippon indicated that none of the anticipated bids they reported are in the United States, although JFE noted plans to "***." Nippon also indicated that it *** and that it anticipates that, with the closing of the Kashima production line, it will be operating at full capacity utilization going forward.

Table IV-9
Large diameter line pipe: Projects for which Japanese firms anticipate bidding in 2019 and 2020

* * * * * * *

Table IV-10 presents the theoretical capacity and production characteristics of CWLDLP produced in Japan, by firm, during 2018. In aggregate, the two Japanese producers reported theoretical capacity of nearly *** short tons in 2018. Both firms in Japan produce both ERW and LSAW line pipe, but neither firm reported the capacity to produce HSAW line pipe. JFE produces API ERW and LSAW line pipe in grade 5LB-X80, whereas Nippon produces API ERW line pipe in grade 5LB-X80 and API LSAW line pipe in grade 5LB-X120. For ERW line pipe produced in Japan, the O.D. ranged from *** to *** inches, the wall thickness ranged from *** to *** inches, and the length ranged from *** to *** feet. For LSAW line pipe produced in Japan, the O.D. ranged from *** to *** inches, the wall thickness ranged from *** to *** inches, and the length ranged from *** to *** feet.

Table IV-10
CWLDLP: Foreign producers' theoretical capacity and production characteristics by type, 2018

* * * * * * *

[19] The Japanese producers argue that "the proven development of non-U.S. customers by the Japanese Producers means there is no incentive to shift sales from other markets to the United States" and that "in light of the peculiar unattractiveness of the U.S. market, which has onerous Section 232 duties that make sales to the U.S. market generally unprofitable, it would be economically irrational to divert sales from other markets into the United States." Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, p. 3.

Alternative products

Producers in Japan reported in their questionnaire responses that their sales of CWLDLP accounted for a relatively small share of their firm's total sales in Japan. In their most recent fiscal year, sales of CWLDLP represented *** percent of JFE's total sales and *** percent of Nippon's total sales.

The Japanese producers of CWLDLP also reported using the same equipment and/or employees to produce a range of other steel products, including the specifically excluded line pipe, and structural, OCTG, piling, and standard pipes. Data regarding Japanese producers' total steel capacity and production of subject CWLDLP and other products are presented in table IV-11. These data show that aggregate in-scope production of CWLDLP by JFE and Nippon in Japan ranged from *** to *** percent of total facility production in Japan during 2016-18 and was *** percent of total production in 2018. In-scope production was lower at *** percent of total plant production during January-March 2019 compared to January-March 2018. Specifically excluded line pipe accounted for *** percent of the firm's total production in 2018, whereas out-of-scope welded large diameter structural pipe accounted for *** percent. Other products (e.g., OCTG, piling, and standard pipes, as well as other pipe produced according to CSA, ASME, ASTM standards) accounted for the remaining *** percent of the firms' total plant production during 2018.

Table IV-11
CWLDLP: Overall capacity and production on the same equipment as in-scope production for firms in Japan, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

As previously noted, both firms in Japan produce ERW and LSAW line pipe, but neither firm reported production of HSAW line pipe. Production of LSAW represented the *** majority of production at the producers' facilities in Japan, ranging from *** to *** percent of in-scope production during 2016-18. Both JFE and Nippon produce single seam LSAW and neither firm produces double seam LSAW.[20]

Aggregate overall average capacity reported by the Japanese producers[21] declined by *** percent from 2016 to 2018, and was lower in January-March 2019 than in January-March 2018. Overall capacity utilization also declined from *** percent in 2016 to *** percent in 2018, but was higher at *** percent in January-March 2019. Nippon's reported overall average capacity declined by *** percent from 2016 to 2018, and was *** percent lower in January-

[20] As described previously in Part I of this report, LSAW line pipe is produced from cut-to-length plate by the automatic SAW process. For purposes of this review, LSAW line pipe includes both single seam (i.e., one longitudinal seam) and double seam (i.e., two longitudinal seams) line pipe. For each seam, at least one pass shall be on the inside and at least one pass shall be on the outside.

[21] JFE and Nippon explain ***. JFE notes that the theoretical capacity figures "***" and Nippon adds that theoretical capacity "***." Supplement to the JFE Steel and Nippon Steel Questionnaire Responses, August 23, 2019, pp. 1 and 3.

March 2019 than in January-March 2018.[22] JFE's reported overall average capacity fluctuated ***, increasing from 2016 to 2017, but declining in 2018 to a level that was *** percent higher than in 2016. JFE's reported overall average capacity was *** percent higher in January-March 2019 than in January-March 2018.[23]

The Commission asked producers in Japan to describe the constraints that set the limits on capacity. JFE indicated ***. It also noted ***. Nippon reported that its production capacity is constrained by: ***.

The Commission also asked the producers in Japan to describe the factors that affect their ability to shift production capacity between products and the degree to which those factors enhance or constrain such shifts. Table IV-12 presents the responses of JFE and Nippon.

Table IV-12
CWLDLP: Reported factors affecting Japanese producers' ability to shift production capacity

* * * * * * *

Exports

According to the Global Trade Atlas, the leading export markets for large diameter line pipe from Japan, which includes line pipe excluded from the scope of this review, are Malaysia, Saudi Arabia, Indonesia, the United States, the United Arab Emirates, and Singapore (shown in order of largest destination) (table IV-13). These six export destinations accounted for 89.6 percent of total exports from Japan during 2018. The United States, which was the fourth largest export destination for Japanese large diameter line pipe during 2018, accounted for 12.2 percent of total exports. Exports of large diameter line pipe from Japan to the United States decreased from 102,025 short tons in 2016 to 40,204 short tons in 2017, before rising to 73,512 short tons in 2018. Exports to the United States were 27.9 percent lower in 2018 than in 2016.

[22] Nippon explained ***. Japanese Producers' Responses to the Commission's Supplemental Questions, August 7, 2019, att. B; and Supplement to the JFE Steel and Nippon Steel Questionnaire Responses, August 23, 2019, p. 2.

[23] JFE noted that it had "***." Supplement to the JFE Steel and Nippon Steel Questionnaire Responses, August 23, 2019, p. 2.

Table IV-13
Large diameter line pipe: Exports from Japan by destination market, 2016-18

Item	Calendar year		
	2016	2017	2018
	Quantity (short tons)		
Exports to the United States	102,025	40,204	73,512
Exports to other major destination markets.-- Malaysia	247,748	449,358	206,441
Saudi Arabia	68,005	82,263	112,366
Indonesia	118,046	118,438	77,238
United Arab Emirates	63,202	49,922	41,581
Singapore	12,068	21,147	28,320
Canada	52,321	15,635	17,170
Iran	---	---	11,649
Kuwait	31,277	3,468	5,764
All other destination markets	74,019	87,757	27,826
Total exports	768,709	868,192	601,866
	Value (1,000 dollars)		
Exports to the United States	70,902	32,508	65,078
Exports to other major destination markets.-- Malaysia	143,271	267,074	183,928
Saudi Arabia	46,353	60,963	85,776
Indonesia	61,622	79,674	58,749
United Arab Emirates	57,200	37,291	36,628
Singapore	8,471	16,121	23,423
Canada	33,703	16,291	16,876
Iran	---	---	11,241
Kuwait	22,168	2,459	5,954
All other destination markets	99,322	86,674	36,331
Total exports	543,011	599,055	523,985

Table continued on next page.

Table IV-13 -- Continued
Large diameter line pipe: Exports from Japan by destination market, 2016-18

Item	Calendar year		
	2016	2017	2018
	Unit value (dollars per short ton)		
Exports to the United States	695	809	885
Exports to other major destination markets.-- Malaysia	578	594	891
Saudi Arabia	682	741	763
Indonesia	522	673	761
United Arab Emirates	905	747	881
Singapore	702	762	827
Canada	644	1,042	983
Iran	---	---	965
Kuwait	709	709	1,033
All other destination markets	1,342	988	1,306
Total exports	706	690	871
	Share of quantity (percent)		
Exports to the United States	13.3	4.6	12.2
Exports to other major destination markets.-- Malaysia	32.2	51.8	34.3
Saudi Arabia	8.8	9.5	18.7
Indonesia	15.4	13.6	12.8
United Arab Emirates	8.2	5.8	6.9
Singapore	1.6	2.4	4.7
Canada	6.8	1.8	2.9
Iran	---	---	1.9
Kuwait	4.1	0.4	1.0
All other destination markets	9.6	10.1	4.6
Total exports	100.0	100.0	100.0

Note.--Exports include line pipe excluded from the scope of this review.

Source: Official exports statistics under HS subheading 7305, as reported by Japan's Ministry of Finance in the Global Trade Atlas database, accessed June 4, 2019.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are trade remedies in actions on large diameter carbon and alloy steel line pipe in multiple third-country markets. Canada issued antidumping duty orders on certain welded large diameter carbon and alloy steel line pipe originating in or exported from China and Japan. The Canadian International Trade Tribunal's ("CITT") final finding was issued on October 20, 2016. The dumping duties will remain in place for five years.[24] Canada's Border Service Agency made final determinations on goods under the following Harmonized System ("HS") classification

[24] *Antidumping Final Injury Injuries-Guide,* Tribunal's Final Injury Inquiry Section, January 26, 2017, http://www.citt-tcce.gc.ca/en/antidumping_inquiries_guide_e, retrieved September 27, 2018.

numbers at the 6-digit level: 7305.11, 7305.12, and 7305.19. Further, the CITT described the goods, in its final finding, as "outside diameter greater than 24 inches (609.6 mm), and less than or equal to 60 inches (1,524 mm), regardless of wall thickness, length, surface finish (coated or uncoated), end finish (plain end or beveled end), or stenciling and certification (including multiple-stenciled/multiple-certified line pipe for oil and gas transmission and other applications)."[25] Additionally, to remove ambiguity the subject goods included:

- line pipe produced to American Petroleum Institute ("API") specification 5L, in Grades A25, A, B and X up to and including X100, or equivalent specifications and grades, including specification CSA Z245.1 up to and including Grade 690;
- unfinished line pipe (including pipe that may or may not already be tested, inspected, and/or certified to line pipe specifications) originating in the People's Republic of China and Japan, and imported for use in the production or finishing of line pipe meeting final specifications, including outside diameter, grade, wall thickness, length, end finish or surface finish; and
- non-prime and secondary pipes ("limited service products").

Three Japanese exporters were issued a specific antidumping nominal value. For exporters not issued an antidumping nominal value, the antidumping duty rate was set at 95 percent of export price.

The European Commission ("EU") issued an implementing regulation on February 1, 2019, imposing definitive safeguard measures against imports of certain steel products. The EU placed tariff-rate quotas on various types of large welded tubes including HS subheadings 7305.11, 7305.12, and 7305.19. "Other countries" (including Japan) were allocated 34,011.86 net tons from February 2, 2019, to June 30, 2019; 87,483.52 net tons from July 1, 2019, to June 30, 2020; and 91,857.70 net tons from July 1, 2020 to June 30, 2021. An additional 25-percent duty rate applies to imports in excess of the aforementioned quantities.[26]

GLOBAL MARKET

Demand[27]

Market demand for large-diameter line pipe is mixed depending on the different global regions. In 2015, the Commonwealth of Independent States ("CIS") was the largest global market for consumption of CWLDLP and the largest for LSAW line pipe. However, from 2015 to 2017, demand declined by about 50 percent, from 4 million tons to 2 million tons, due to the completion of major pipeline projects. A major increase in European demand was driven by

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[25] *Large Line Pipe, Measures in Force*, https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev-eng.html, retrieved May 7, 2019.

[26] *Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products*. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0159&from=EN, retrieved April 19, 2019.

[27] This information was retrieved from Metal Market Magazine, "A more turbulent outlook for global large-diameter linepipe markets," Energy Tube & Pipe, October 2018 issue, p. 79.

projects such as the European Gas Pipeline Link, a 301 mile-long natural gas pipeline system, but a decline is expected in 2018 to 2019. The Middle East has seen a decline in consumption from 2010 to 2017 of 26 percent driven by Iran. Asia, other than China, has seen little activity for CWLDLP. However, Chinese demand is projected to rise due to the Chinese government's outline of 45-50 major projects that will connect the country's oil/gas network.

Half of responding U.S. producers, importers, purchasers, and foreign producers reported that demand outside the United States fluctuated (36 of 72), and a majority (21 of 37) reported that they anticipate future demand outside the United States to fluctuate (table IV-14). Firms reported project delays or abandonment, oil price decreases, the general energy industry, general construction activity, global demand for oil and gas, and economic and political and economic factors as reasons for fluctuating demand outside the United States.

Table IV-14
CWLDLP: Firms' responses regarding demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand outside the United States, 2013-15:				
U.S. producers	---	---	2	5
Importers	2	3	3	9
Purchasers	1	3	1	4
Foreign producers	2	---	---	---
Demand outside the United States, 2016-18:				
U.S. producers	1	---	2	4
Importers	3	3	3	10
Purchasers	2	2	1	4
Foreign producers	---	---	2	---
Anticipated future demand outside the United States:				
U.S. producers	---	---	1	6
Importers	2	4	3	9
Purchasers	1	3	---	6
Foreign producers	2	---	---	---

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

Consumption[28]

Although data on global CWLDLP consumption are not generally publically available, Metal Bulletin Research ("MBR") prepared information for the broader product group of large diameter line pipe during 2016-17.[29] MBR estimated global HSAW line pipe consumption in 2015 to be 6.0 million tonnes and 5.3 million tonnes in 2016, a decline of 11.6 percent (figure IV-2). The market in China accounted for more than 25 percent of HSAW line pipe consumption in 2016 (figure IV-3) followed by Asia (excluding China), the Middle East, and North America.

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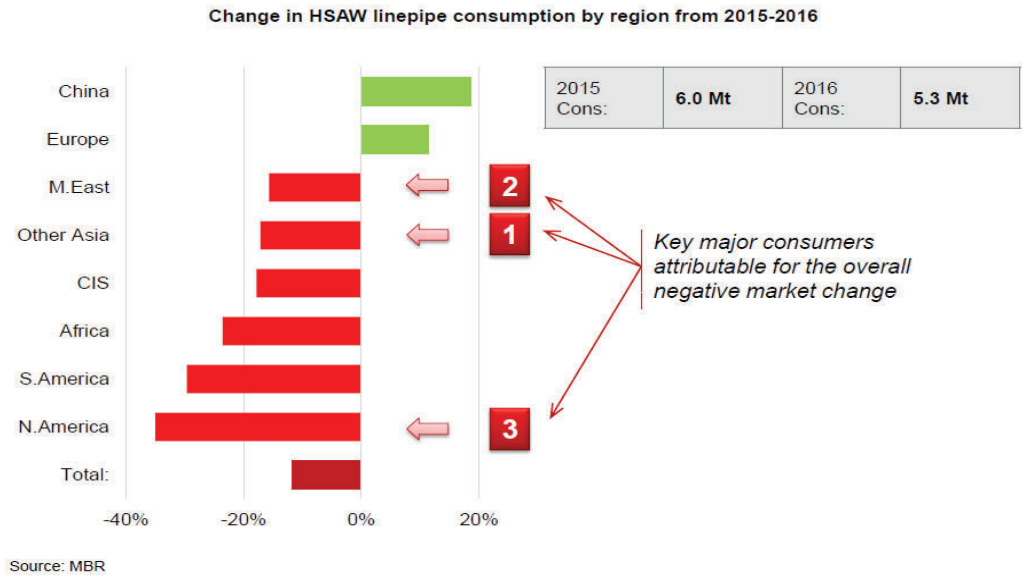
[28] Total global consumption of ERW line pipe is unknown.

[29] Metal Bulletin Research Tube & Pipe Group, "Global OCTG/Linepipe opportunities for US producers," presentation at the American Metal Market/Metal Bulletin Research 10th Steel Tube & Pipe Conference, March 9, 2017, in Houston, Texas, pp. 20-23.

Global LSAW line pipe consumption in 2015 was estimated at 8.3 million tonnes and 7.2 million tonnes in 2016, a decline of 13.2 percent (figure IV-4). The CIS accounted for more than 30 percent of global LSAW line pipe consumption (figure IV-2) followed by the Middle East, China, and North America.

North American apparent consumption of HSAW, LSAW, and ERW line pipe in 2016 totaled at more than 2.0 million tonnes while imports accounted for almost 40 percent of consumption (figure IV-5).[30] Consumption of both HSAW and LSAW line pipe was expected to increase in 2017 (figure IV-6).

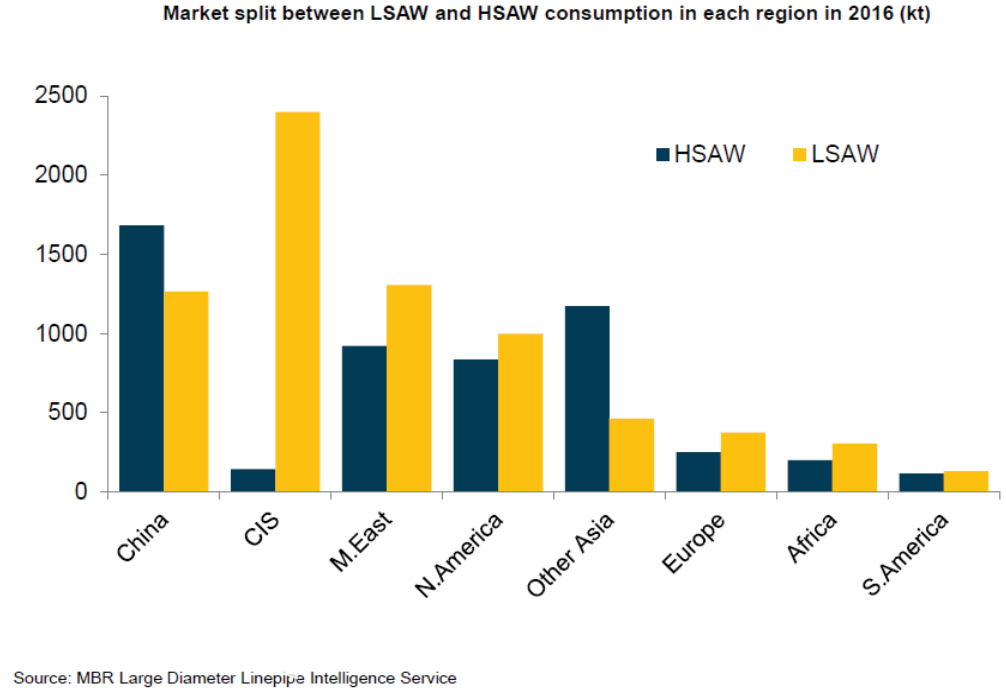
Figure IV-2
Change in consumption of HSAW large diameter line pipe from 2015 to 2016 by global region



Source: Metal Bulletin Research Tube & Pipe Group, "Global OCTG/Linepipe opportunities for US producers," presentation at the American Metal Market/Metal Bulletin Research 10th Steel Tube & Pipe Conference, March 9, 2017, in Houston, Texas, p. 21.

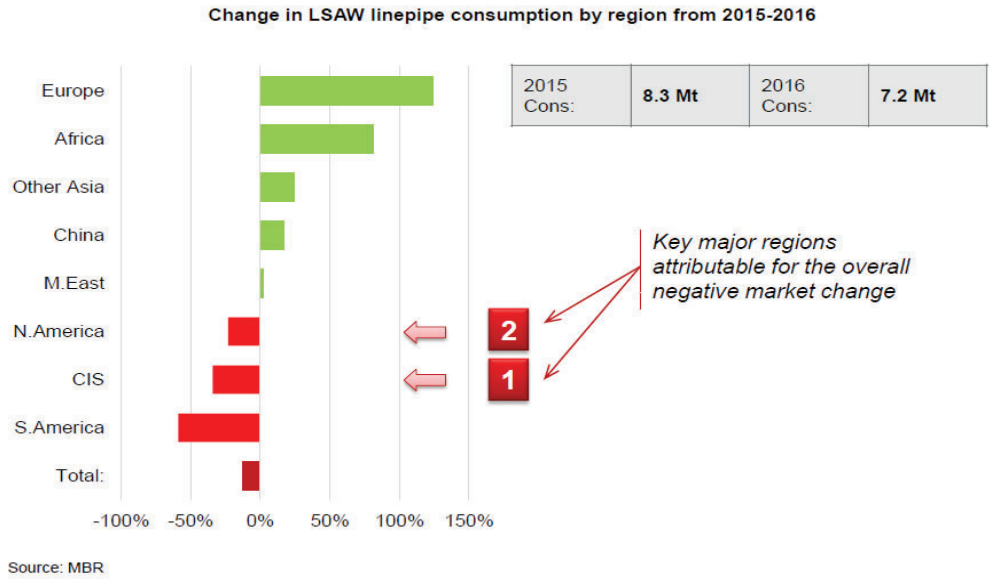
[30] Metal Bulletin Research Tube & Pipe Group, "State of the Steel Industry and the effect on the outlook for the Tube and Pipe Markets," presentation at the NASPD Fall Meeting, October 20, 2017, in Austin, Texas, pp. 37.

Figure IV-3
Consumption of LSAW and HSAW large diameter line pipe in 2016 by global region



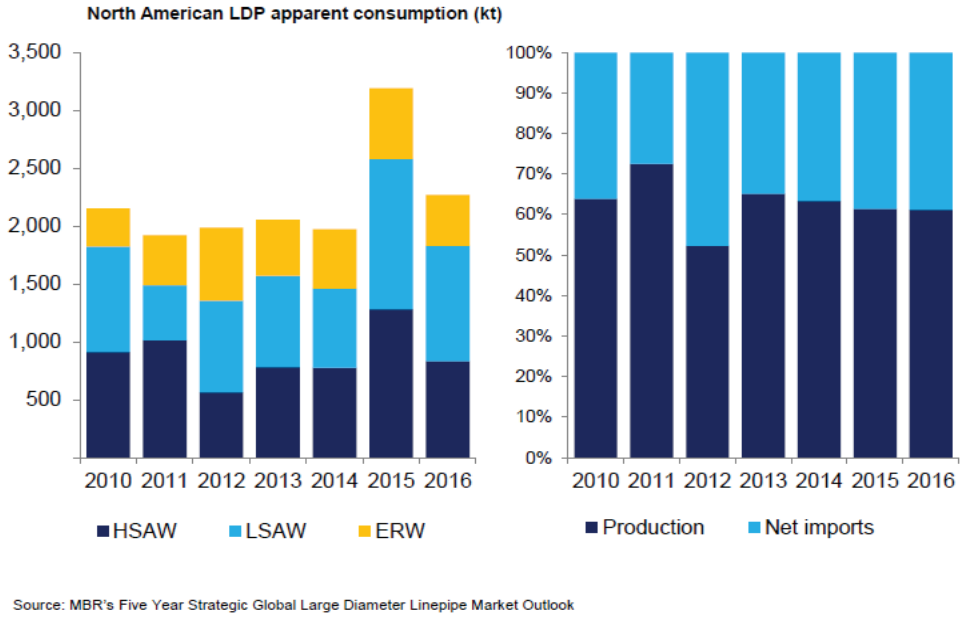
Source: Metal Bulletin Research Tube & Pipe Group, "Global OCTG/Linepipe opportunities for US producers," presentation at the American Metal Market/Metal Bulletin Research 10th Steel Tube & Pipe Conference, March 9, 2017, in Houston, Texas, p. 20.

Figure IV-4
Change in consumption of LSAW large diameter line pipe from 2015 to 2016 by global region



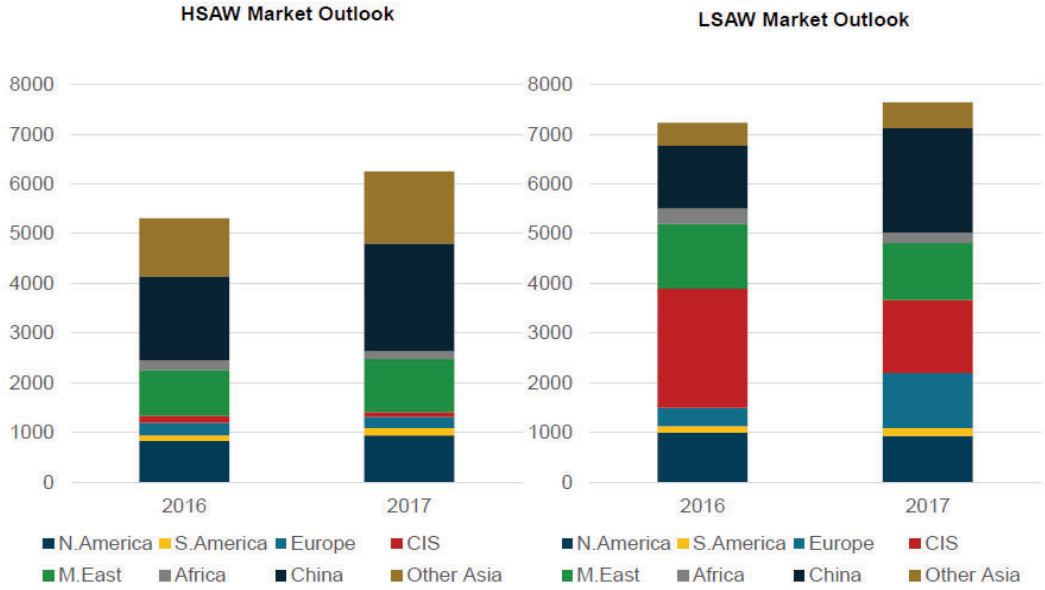
Source: Metal Bulletin Research Tube & Pipe Group, "Global OCTG/Linepipe opportunities for US producers," presentation at the American Metal Market/Metal Bulletin Research 10th Steel Tube & Pipe Conference, March 9, 2017, in Houston, Texas, p. 22.

Figure IV-5
Apparent consumption of HSAW, LSAW, and ERW large diameter line pipe and net production and net imports in North America from 2010 to 2016



Source: Metal Bulletin Research Tube & Pipe Group, "State of the Steel Industry and the effect on the outlook for the Tube and Pipe Markets," presentation at the NASPD Fall Meeting, October 20, 2017, in Austin, Texas, p. 37

Figure IV-6
Expected consumption of HSAW & LSAW large diameter line pipe from in 2017 by global region



Source: Metal Bulletin Research Tube & Pipe Group, "Global OCTG/Linepipe opportunities for US producers," presentation at the American Metal Market/Metal Bulletin Research 10th Steel Tube & Pipe Conference, March 9, 2017, in Houston, Texas, p. 23

Production

Japan is believed to be the fourth largest global producer of welded tubular products accounting for 4.5 percent of global production in 2015[31] and producing 200 percent more welded tubular products than the United States that year (see table IV-15). In 2017, Japan's industry produced 160 percent more welded pipe than the industry in the United States.

Table IV-15
Welded line pipe: Production of all welded pipe, 2013-17

Source	Quantity (thousand metric tons)				
	2013	2014	2015	2016	2017
World	84,032	90,832	99,426	([1])	([1])
Japan	5,318	5,437	4,504	4,774	4,832
United States	2,060	2,299	1,500	1,152	1,853

[1] Chinese data for 2016 and 2017 were not available.

Source: All data gathered from the World Steel Association, Steel Statistical Yearbook 2018, Economics Committee, Brussels 2018, p. 54.

MBR also compiled production information for API 5L applications product group of large diameter line pipe during 2012-16 by region. LSAW line pipe global production in 2016 was more than 7 million tonnes with North America accounting for less than 1 million tonnes. Global production capacity is about 29 million tonnes. The average global production capacity utilization rate was 25 percent in 2016. Since 2013, global production of LSAW line pipe remained relatively unchanged around 7.2 million tonnes. Producers in CIS countries lead the world in production of LSAW line pipe followed by China, and Asia (excluding China) in 2016.[32]

Similarly, HSAW line pipe global production in 2016 was about 5.5 million tonnes, which is an increase from the 2013 level (figures IV-7 and IV-8). North America accounted for less than 1 million tonnes of global HSAW line pipe production. Global production capacity is estimated at 23 million tonnes with an average global production capacity utilization rate of 24 percent in 2016.[33] Producers in China accounted for the highest market share followed by Asia (excluding China), the Middle East, and North America in 2016.

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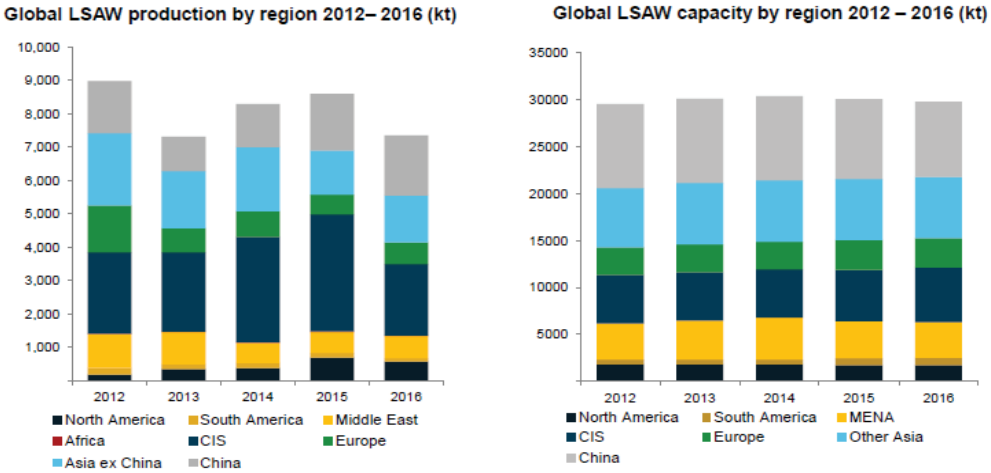
[31] The most recently and most narrowly defined category of products for which global production data are available is for 2015 and is for the broader category of welded tubular products.

[32] Metal Bulletin Research Tube & Pipe Group, "State of the Steel Industry and the effect on the outlook for the Tube and Pipe Markets," presentation at the NASPD Fall Meeting, October 20, 2017, in Austin, Texas, p. 35.

[33] Metal Bulletin Research Tube & Pipe Group, "State of the Steel Industry and the effect on the outlook for the Tube and Pipe Markets," presentation at the NASPD Fall Meeting October 20, 2017, in Austin, Texas, pp. 35-36.

Figure IV-7
Global production and capacity of LSAW large diameter line pipe from 2012 to 2016 by region



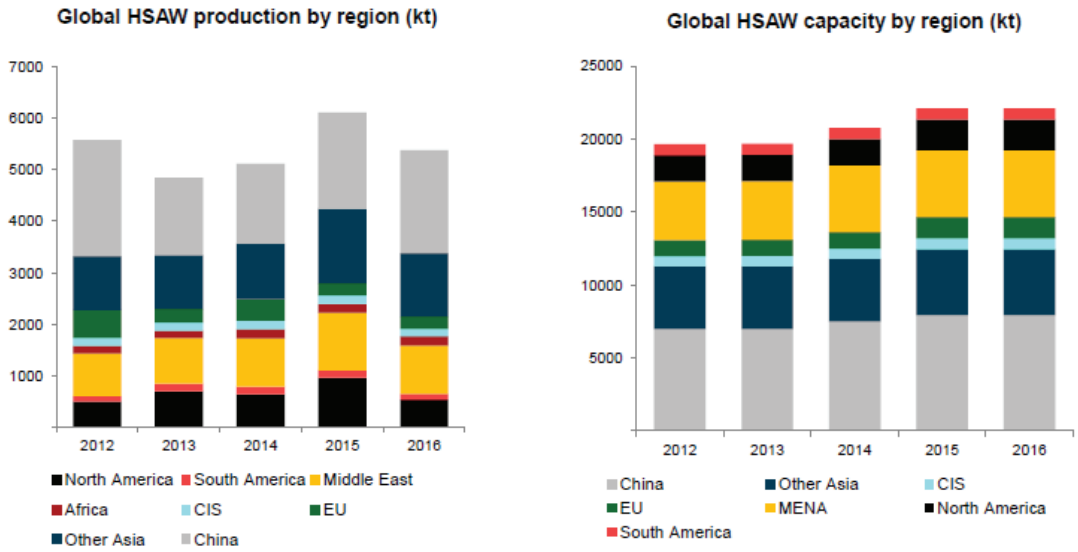
Average global capacity utilisation (%) *	2012	2014	2016
	32	29	25

Source: Company interviews and MBR estimates

*This is for API 5L grades and does not include API 2 – structural applications etc. Global capacity has been revised up significantly in China due to more detailed information being received to MBR in recent years.

Source: Metal Bulletin Research Tube & Pipe Group, "State of the Steel Industry and the effect on the outlook for the Tube and Pipe Markets," presentation at the NASPD Fall Meeting, October 20, 2017, in Austin, Texas, p. 35.

Figure IV-8
Global production and capacity of HSAW large diameter line pipe from 2012 to 2016 by region



Average global capacity utilisation (%)*	2012	2014	2016
	29	25	24

*Only includes production for the API 5L markets, and not for structural non-API certified applications

Source: Company interviews and MBR estimates

Source: Metal Bulletin Research Tube & Pipe Group, "State of the Steel Industry and the effect on the outlook for the Tube and Pipe Markets," presentation at the NASPD Fall Meeting, October 20, 2017, in Austin, Texas, p. 36.

Prices outside the United States[34]

Nine out of eleven purchasers responded that changes in supply impacted price. In general, purchasers reported traditional scarcity effects on price. Purchasers *** reported import restrictions affecting supply. Other purchasers *** reported bids and mill orders/capacity as a reason for changes in supply impacting price. Both producers (***) and importers (***) generally reported that U.S. prices are higher than prices outside the United States. Comparisons were made between U.S.-produced CWLDLP and product from Canada, Japan, Mexico, Europe, Southeast Asia, the Middle East, and Latin America. U.S. producers attributed this to such factors as higher demand in the United States, while importers reported such factors as a larger U.S. market and better price structure, sourcing options, and higher demand in the United States. However, foreign producer *** reported "Between the United States and other {than Japanese} overseas markets, there is generally no difference in price according to the country or area."

[34] Unless otherwise noted, this information is based on purchaser questionnaire responses.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The primary raw material used in the production of CWLDLP 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] The importance of raw material costs in the overall cost structure varies among U.S. producers, but such costs accounted for approximately three-quarters of the share of total cost of goods sold (COGS) throughout the period for which data were collected.

As shown in figure V-1, hot-rolled steel coil and plate prices fluctuated in 2016, increased in the beginning of 2017 and again in the beginning of 2018, and decreased throughout much of 2019 (somewhat earlier and more pronounced for hot-rolled coil) ***.

Figure V-1
Raw material costs: Average domestic prices, monthly, January 2016 to April 2019

* * * * * * *

Energy prices are also a cost factor for CWLDLP production. The industrial prices of electricity and U.S. natural gas peaked in 2014, decreased in 2015 and 2016, then rose in 2017 and 2018. Between 2013 and 2018, the industrial price of U.S. natural gas decreased by 9.5 percent, and the industrial price of electricity increased by 0.6 percent (table V-1).

Table V-1
U.S. natural gas and electricity, 2013 to 2018

Item	2013	2014	2015	2016	2017	2018
U.S. natural gas industrial price[1]	4.64	5.62	3.93	3.51	4.10	4.20
Electricity industrial price[2]	6.89	7.10	6.91	6.76	6.88	6.93

[1] Price to industrial users in dollars per thousand cubic feet.
[2] Price to industrial users in cents per kilowatt-hour.

Sources: Compiled from U.S. Energy Information Administration, https://www.eia.gov/dnav/ng/ng_pri_sum_dcu_nus_m.htm, https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_3.

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

U.S. producers frequently reported that the Section 232 tariffs increased both raw material costs (8 of 9) and prices (9 of 9). U.S. producers were less likely to report increased raw material costs and prices as a result of the antidumping and countervailing duty orders on CTL plate (3 of 7 and 2 of 7), the antidumping and countervailing duty orders on hot-rolled steel (2 of 5 and 1 of 5), and the Section 301 tariffs on imports from China (1 of 6 and 1 of 6).

U.S. importers often reported that the Section 232 tariffs increased both raw material costs (7 of 17) and prices (13 of 17). U.S. importers were somewhat less likely to report increased raw material costs and prices as a result of the antidumping and countervailing duty orders on CTL plate (2 of 9 and 4 of 9), the antidumping and countervailing duty orders on hot-rolled steel (3 of 8 and 3 of 8), and the Section 301 tariffs on imports from China (1 of 11 and 2 of 11).

U.S. purchasers frequently reported that the Section 232 tariffs increased both raw material costs (8 of 11) and prices (11 of 12). U.S. purchasers were less likely to report increased raw material costs and prices as a result of the antidumping and countervailing duty orders on CTL plate (1 of 4 and 3 of 4), the antidumping and countervailing duty orders on hot-rolled steel (2 of 4 and 2 of 4), and the Section 301 tariffs on imports from China (1 of 6 and 2 of 7).

U.S. inland transportation costs

Eight of nine responding producers and six of eleven responding U.S. importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 8 to 15 percent of total delivered costs, with 10 percent being the most frequently reported, while responding importers reported costs of 2 to 6 percent.

PRICING PRACTICES

Pricing methods

As presented in table V-2, U.S. producers and importers sell primarily on a transaction-by-transaction and contract basis. Seven of nine responding producers (***) and six of eighteen responding importers (***) reported selling on both a transaction-by-transaction and contract basis. U.S. producers reported selling the vast majority of their CWLDLP under short-term contracts and in the spot market (table V-3). The majority of U.S. producers reported 90 days and 180 days as an average short-term contract duration.

Table V-2
CWLDLP: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	9	16
Contract	7	6
Set price list	1	1
Other	---	---
Responding firms	9	18

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

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

Table V-3
CWLDLP: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2018

* * * * * * *

Short term contracts are typically fixed to both price an quantity but not indexed to raw material costs. Producer *** reported steel is booked on spot pricing and fixed for the duration of the contract.

Most (7 of 11) responding purchasers reported their purchasing frequency depends on project needs; no purchasers reported that they purchase product daily, one purchases weekly, four purchase quarterly, and two purchase annually. Ten of twelve responding purchasers reported that they did not expect their purchasing patterns to change in the next two years. Of the two purchasers expecting their purchasing patterns to change, one (***) reported "market conditions will dictate," and the other (***) reported pursuit of additional projects as a factor.

Sales terms and discounts

A majority of U.S. producers reported quoting prices on an f.o.b. basis, and most importers reported quoting prices on a delivered basis. The majority of U.S. producers and importers did not report having discount policies. However, U.S. producer *** reported rebates, producer *** reported a *** discount on bare pipe for competitive bidding, *** reported early invoice payment, importer *** reported a ***, importer *** reported transaction-by-transaction discounts, and U.S. producer *** reported volume discounts.

Price leadership

Purchasers reported that American Steel Pipe, Berg Steel, CSI, Dura-Bond, Nucor, Stupp Corp., U.S. Steel, and steel mill slab/coil producers were price leaders. Four purchasers indicated that they did not know if there are price leaders and four purchasers indicated that there are no price leaders. Purchasers also reported that raw material input costs and demand or backlog affect price leadership.

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 CWLDLP products shipped to unrelated U.S. customers during January 2016 to March 2019. The product definitions specify production method as prices for products can vary by production method.

Product 1.-- Line pipe, 18 - 24 in. OD, 0.375 – 0.500 in. wall, API 5 L X-42-X56, regardless of length produced using ERW technology.

Product 2.-- Line pipe, 18 - 24 in. OD, 0.375 – 0.625 in. wall, API 5 L X-70-X79, regardless of length produced using ERW technology.

Product 3.-- Line pipe, 26 - 36 in. OD, 0.625 – 1.000 in. wall, API 5 L X-42-X52, regardless of length produced using HSAW technology.

Product 4.-- Line pipe, 26 - 36 in. OD, 0.625 – 1.000 in. wall, API 5 L X-42-X52, regardless of length produced using LSAW technology.

Product 5.-- Line pipe, 30 - 42 in. OD, 0.625 – 1.000 in. wall, API 5 L X-60-X70, regardless of length produced using HSAW technology.

Product 6.-- Line pipe, 30 - 42 in. OD, 0.625 – 1.000 in. wall, API 5 L X-60-X70, regardless of length produced using LSAW technology.

Seven U.S. producers and one importer provided usable pricing data for sales of the requested products[2], although not all firms reported pricing for all products for all quarters.[3] [4] Pricing data reported by U.S. producers accounted for approximately 16.4 percent of U.S. producers' shipments of CWLDLP in 2018. There were no U.S. shipments of subject imports from Japan in 2018. Price data for products 1-6 are presented in tables V-4 to V-9 and figures V-2 to V-6.

Table V-4
CWLDLP: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, and margins of underselling/(overselling), by quarters, January 2016-March 2019

* * * * * * *

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[2] Staff removed several quarters of price data reported by U.S. importer***. This firm noted that***. Questionnaire response of***, question II-9.

[3] 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.

[4] No U.S. producers reported price data for product 3.

Table V-5
CWLDLP: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, and margins of underselling/(overselling), by quarters, January 2016-March 2019

* * * * * * *

Table V-6
CWLDLP: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, and margins of underselling/(overselling), by quarters, January 2016-March 2019

* * * * * * *

Table V-7
CWLDLP: Weighted-average f.o.b. prices and quantities of domestic and imported product 5, and margins of underselling/(overselling), by quarters, January 2016-March 2019

* * * * * * *

Table V-8
CWLDLP: Weighted-average f.o.b. prices and quantities of domestic and imported product 6, and margins of underselling/(overselling), by quarters, January 2016-March 2019

* * * * * * *

Figure V-2
CWLDLP: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2016-March 2019

* * * * * * *

Figure V-3
CWLDLP: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2016-March 2019

* * * * * * *

Figure V-4
CWLDLP: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2016-March 2019

* * * * * * *

Figure V-5
CWLDLP: Weighted-average prices and quantities of domestic and imported product 5, by quarter, January 2016-March 2019

* * * * * * *

Figure V-6
CWLDLP: Weighted-average prices and quantities of domestic and imported product 6, by quarter, January 2016-March 2019

* * * * * * *

Price trends

In general, prices increased during January 2016 through March 2019. Table V-9 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from *** percent during January 2016 through March 2019. Import price changes are not available due to insufficient quarterly price data.

Table V-9
CWLDLP: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and Japan, January 2016 through March 2019

* * * * * * *

Price comparisons

As shown in table V-10, prices for CWLDLP imported from Japan were below those for U.S.-produced product in *** of *** instances ***; margins of underselling ranged from *** to *** percent. In the remaining two instances *** prices for CWLDLP from Japan were between *** and *** percent above prices for the domestic product.

Table V-10
CWLDLP: Instances of underselling/overselling and the range and average of margins, January 2016-March 2019

* * * * * * *

Table V-12
CWLDLP: Instances of underselling/overselling and the range of margins, by prior proceeding

* * * * * * *

Purchasers' perceptions of relative price trends

Purchasers were asked how the prices of CWLDLP from the United States had changed relative to the prices of CWLDLP imported from Japan since January 1, 2013. Ten purchasers reported a U.S. price change, while five reported a Japanese price change. Four purchasers reported the prices for U.S.-produced CWLDLP are relatively higher compared to prices for CWLDLP imported from Japan, while one reported relatively lower prices. Five purchasers reported prices for CWLDLP imported from nonsubject countries were higher relative to prices of those produced in the U.S, while three purchasers reported that they were the same, and one reported they were lower. One purchaser reported relative price trends were due to tariffs.

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
84 FR 16694 April 22, 2019	*Certain Welded Large Diameter Line Pipe From Japan: Scheduling of a Full Five-Year Review*	https://www.govinfo.gov/content/pkg/FR-2019-04-22/pdf/2019-08054.pdf
84 FR 1059 February 1, 2019	*Welded Large Diameter Line Pipe From Japan: Final Results of the Expedited Third Sunset Review of the Antidumping Duty Order*	https://www.govinfo.gov/content/pkg/FR-2019-02-01/pdf/2019-00747.pdf
83 FR 65361 December 20, 2018	*Certain Welded Large Diameter Line Pipe From Japan; Notice of Commission Determination to Conduct a Full Five-Year Review*	https://www.govinfo.gov/content/pkg/FR-2018-12-20/pdf/2018-27567.pdf
83 FR 45887 September 11, 2018	*Initiation of Five-Year (Sunset) Reviews*	https://www.gpo.gov/fdsys/pkg/FR-2018-09-11/pdf/2018-19766.pdf
83 FR 44900 September 4, 2018	*Certain Welded Large Diameter Line Pipe from Japan; Institution of a Five Year Review*	https://www.gpo.gov/fdsys/pkg/FR-2018-09-04/pdf/2018-18861.pdf

Note.--The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at https://www.usitc.gov/certain_welded_large_diameter_line_pipe_japan.htm_0.

The Commission's explanation of its determinations can be found at https://www.usitc.gov/sites/default/files/trade_remedy/731_ad_701_cvd/investigations/explanation_of_adequecy_adq_determination.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Certain Welded Large Diameter Line Pipe from Japan

Inv. No.: 731-TA-919 (Third Review)

Date and Time: July 30, 2019 - 9:30 a.m.

Sessions were held in connection with this review in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

In Support of Continuation (**Laura El-Sabaawi**, Wiley Rein LLP)
In Opposition to Continuation (**Gregory Husisian**, Foley & Lardner LLP)

In Support of the Continuation of the Antidumping Duty Order:

Wiley Rein LLP
Washington, DC
on behalf of

American Cast Iron Pipe Company;
Berg Steel Pipe Corp.; Berg Spiral Pipe Corp.;
Dura-Bond Industries; JSW Steel (USA) Inc.;
Stupp Corporation; and Welspun Tubular LLC

Jon Noland, Division Sales Manager, American Cast Iron Pipe Company

Ingo Riemer, President and Chief Executive Officer, Berg Steel Pipe Corp.

Jonathan Kirkland, Vice President, Sales and Logistics, Berg Steel Pipe Corp.

Jason Norris, President, Dura-Bond Industries

Wesley Hendricks, Vice President of Commercial Pipe Sales, JSW Steel (USA) Inc.

John P. Stupp Jr., President and Chief Executive Officer, Stupp Bros.; and Chief Executive Officer, Stupp Corporation

John Clark, Chief Commercial Officer, Stupp Corporation

Rusty Fisher, Senior Vice President, Sales and Marketing, Welspun Global Trade

In Support of the Continuation of the
Antidumping Duty Order (continued):

Dr. Seth Kaplan, Economist, International Economic Research LLC

Timothy C. Brightbill)
Laura EI-Sabaawi) – OF COUNSEL
Tessa V. Capeloto)

In Opposition to the Continuation of the
Antidumping Duty Order:

Foley & Lardner LLP
Washington, DC
on behalf of

JFE Steel Corporation
Nippon Steel Corporation

Masaaki Doi, General Manager, JFE Steel Corporation

Satoshi Asukai, Export Planning & Coordination Sec., Sales Coordination & Operation Planning Dept., JFE Steel Corporation

Noriaki Yanohara, Senior Manager, Line Pipe Products Marketing Department, (Oil Country Tubular Goods & Line Pipe Division), Nippon Steel Corporation

Yukitoshi Yamazaki, Senior Manager Trade Administration Division, Nippon Steel Corporation

Don Schelat, Global Materials Manager, XL Systems, L.P.

Yuki Honda, Director of Mid & Downstream Unit, Tubular Products Group, Sumitomo Corporation of Americas

Asami Isomichi, Translator

Gregory Husisian)
) – OF COUNSEL
Jenlain Scott)

REBUTTAL/CLOSING REMARKS:

In Support of Continuation (**Timothy C. Brightbill**, Wiley Rein LLP; and **Dr. Seth Kaplan**, International Economic Research LLC)
In Opposition to Continuation (**Gregory Husisian**, Foley & Lardner LLP)

-END-

APPENDIX C

SUMMARY DATA COMPILED IN CURRENT AND PRIOR PROCEEDINGS

Table C-1
CWLDLP: Summary data concerning the U.S. market, 2016-18, January to March 2018, and January to March 2019

(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			January to March		Comparison years			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. consumption quantity:									
Amount	1,891,028	2,008,442	2,287,916	364,716	807,281	21.0	6.2	13.9	121.3
Producers' share (fn1)	70.3	53.8	58.2	54.1	56.2	(12.1)	(16.5)	4.4	2.1
Importers' share (fn1):									
Japan	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	29.7	46.2	41.8	45.9	43.8	12.1	16.5	(4.4)	(2.1)
U.S. consumption value:									
Amount	1,903,168	1,949,168	2,794,923	395,392	1,177,290	46.9	2.4	43.4	197.8
Producers' share (fn1)	72.5	59.3	57.9	56.4	59.6	(14.6)	(13.2)	(1.4)	3.3
Importers' share (fn1):									
Japan	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	27.5	40.7	42.1	43.6	40.4	14.6	13.2	1.4	(3.3)
U.S. imports from:									
Japan:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Nonsubject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	561,549	928,309	957,375	167,531	353,485	70.5	65.3	3.1	111.0
Value	522,952	793,222	1,176,110	172,559	475,212	124.9	51.7	48.3	175.4
Unit value	$931	$854	$1,228	$1,030	$1,344	31.9	(8.2)	43.8	30.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	3,484,986	3,236,506	3,522,604	847,923	981,310	1.1	(7.1)	8.8	15.7
Production quantity	1,234,945	1,057,031	1,398,252	205,103	479,394	13.2	(14.4)	32.3	133.7
Capacity utilization (fn1)	35.4	32.7	39.7	24.2	48.9	4.3	(2.8)	7.0	24.7
U.S. shipments:									
Quantity	1,329,479	1,080,133	1,330,541	197,185	453,796	0.1	(18.8)	23.2	130.1
Value	1,380,216	1,155,946	1,618,813	222,833	702,078	17.3	(16.2)	40.0	215.1
Unit value	$1,038	$1,070	$1,217	$1,130	$1,547	17.2	3.1	13.7	36.9
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	136,543	94,175	161,723	102,004	187,322	18.4	(31.0)	71.7	83.6
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	2,235	2,026	2,580	1,637	2,857	15.4	(9.4)	27.3	74.5
Hours worked (1,000s)	4,649	4,048	4,899	805	1,751	5.4	(12.9)	21.0	117.5
Wages paid ($1,000)	139,388	119,913	140,251	24,136	49,220	0.6	(14.0)	17.0	103.9
Hourly wages (dollars per hour)	$29.98	$29.62	$28.63	$29.98	$28.11	(4.5)	(1.2)	(3.4)	(6.2)
Productivity (short tons per 1,000 hours)	265.6	261.1	285.4	254.8	273.8	7.4	(1.7)	9.3	7.5
Unit labor costs (dollars per short ton)	$112.87	$113.44	$100.30	$117.68	$102.67	(11.1)	0.5	(11.6)	(12.8)

Table continued on next page.

Table C-1--Continued
CWLDLP: Summary data concerning the U.S. market, 2016-18, January to March 2018, and January to March 2019

(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			January to March		Comparison years			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. producers':--Continued									
Net sales:									
Quantity	1,331,127	1,099,399	1,404,261	203,056	453,796	5.5	(17.4)	27.7	123.5
Value	1,441,194	1,208,398	1,783,024	246,108	702,078	23.7	(16.2)	47.6	185.3
Unit value	$1,083	$1,099	$1,270	$1,212	$1,547	17.3	1.5	15.5	27.6
Cost of goods sold (COGS)	1,344,477	1,104,806	1,572,711	211,713	600,974	17.0	(17.8)	42.4	183.9
Gross profit of (loss)	96,717	103,592	210,313	34,395	101,104	117.5	7.1	103.0	193.9
SG&A expenses	143,554	75,726	117,275	20,292	42,920	(18.3)	(47.2)	54.9	111.5
Operating income or (loss)	(46,837)	27,866	93,038	14,103	58,184	fn2	fn2	233.9	312.6
Net income or (loss)	(54,144)	17,940	76,726	10,596	52,255	fn2	fn2	327.7	393.2
Capital expenditures	28,933	14,791	20,102	2,586	6,077	(30.5)	(48.9)	35.9	135.0
Unit COGS	$1,010	$1,005	$1,120	$1,043	$1,324	10.9	(0.5)	11.4	27.0
Unit SG&A expenses	$108	$69	$84	$100	$95	(22.6)	(36.1)	21.2	(5.4)
Unit operating income or (loss)	($35)	$25	$66	$69	$128	fn2	fn2	161.4	84.6
Unit net income or (loss)	($41)	$16	$55	$52	$115	fn2	fn2	fn2	120.7
COGS/sales (fn1)	93.3	91.4	88.2	86.0	85.6	(5.1)	(1.9)	(3.2)	(0.4)
Operating income or (loss)/sales (fn1)	(3.2)	2.3	5.2	5.7	8.3	8.5	5.6	2.9	2.6
Net income or (loss)/sales (fn1)	(3.8)	1.5	4.3	4.3	7.4	8.1	5.2	2.8	3.1

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

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, official U.S. import statistics, and from proprietary Customs records 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, and 7305.19.5000, accessed May 23, 2019.

HISTORIC DATA

Table C-2
CWLDLP: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	2000-2001
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Japan	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Japan	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports (adjusted) from:									
Japan:									
Quantity	217,138	141,955	173,062	103,769	37,410	-20.3	-34.6	21.9	-63.9
Value	152,754	67,209	78,065	45,214	18,143	-48.9	-56.0	16.2	-59.9
Unit value	$703.49	$473.45	$451.08	$435.72	$484.98	-35.9	-32.7	-4.7	11.3
Ending inventory quantity	14,497	10,139	14,447	10,013	8,610	-0.3	-30.1	42.5	-14.0
Mexico:									
Quantity	24,553	31,570	27,627	22,886	13,178	12.5	28.6	-12.5	-42.4
Value	13,063	14,193	12,615	10,553	6,583	-3.4	8.7	-11.1	-37.6
Unit value	$532.03	$449.57	$456.62	$461.11	$499.54	-14.2	-15.5	1.6	8.3
Ending inventory quantity	0	0	0	0	0	(2)	(2)	(2)	(2)
Subtotal:									
Quantity	241,691	173,525	200,689	126,655	50,588	-17.0	-28.2	15.7	-60.1
Value	165,817	81,402	90,680	55,767	24,726	-45.3	-50.9	11.4	-55.7
Unit value	$686.07	$469.11	$451.84	$440.31	$488.77	-34.1	-31.6	-3.7	11.0
Ending inventory quantity	14,497	10,139	14,447	10,013	8,610	-0.3	-30.1	42.5	-14.0
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-2 --Continued
CWLDLP: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
				January-June					Jan.-June
	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	2000-2001
U.S. producers':									
Average capacity quantity	2,371,246	2,333,217	2,317,620	1,157,984	1,173,603	-2.3	-1.6	-0.7	1.3
Production quantity	1,209,835	901,760	320,425	156,248	433,254	-73.5	-25.5	-64.5	177.3
Capacity utilization (1)	51.0	38.6	13.8	13.5	36.9	-37.2	-12.4	-24.8	23.4
U.S. shipments:									
Quantity	862,663	897,870	312,593	148,538	377,964	-63.8	4.1	-65.2	154.5
Value	568,660	575,557	176,889	85,892	201,182	-68.9	1.2	-69.3	134.2
Unit value	$659.19	$641.02	$565.88	$578.25	$532.28	-14.2	-2.8	-11.7	-8.0
Export shipments:									
Quantity	315,797	51,905	10,085		5,152	-96.8	-83.6	-80.8	
Value	211,720	32,845	8,757		3,086	-96.8	-84.5	-79.4	
Unit value	$670.43	$632.79	$670.00	$597.05	$598.99	-0.1	-5.6	5.9	0.3
Ending inventory quantity	97,803	53,862	54,331	60,899	104,469	-44.4	-45.1	1.2	71.5
Inventories/total shipments (1)	8.3	5.6	18.8		13.6	8.5	-2.6	11.2	
Production workers	1,318	979	520	518	789	-60.5	-25.7	-46.9	52.3
Hours worked (1,000s)	2,714	1,869	899	366	642	-68.9	-31.1	-51.9	75.6
Wages paid ($1,000s)	50,495	37,709	17,047	8,813	15,869	-66.2	-25.3	-54.8	80.1
Hourly wages	$18.60	$20.17	$18.98	$24.09	$24.71	1.9	8.4	-6.0	2.6
Productivity (tons/1,000 hours)	445.7	482.4	356.5	427.1	674.5	-20.0	8.2	-26.1	57.9
Unit labor costs	$41.74	$41.82	$53.20	$56.40	$36.83	27.5	0.2	27.2	-35.1
Net sales:									
Quantity	1,143,435	967,860	323,850	148,582	386,518	-71.7	-15.4	-66.5	160.1
Value	758,831	638,986	189,847	84,757	213,831	-75.0	-15.8	-70.3	152.3
Unit value	$663.64	$660.19	$585.60	$570.44	$553.23	-11.8	-0.5	-11.3	-3.0
Cost of goods sold (COGS)	676,419	540,980	192,162	87,267	191,141	-71.8	-20.0	-64.5	119.0
Gross profit or (loss)	82,412	98,006	(2,535)	(2,510)	22,690	(3)	18.9	(3)	(3)
SG&A expenses	25,662	35,852	19,663	10,309	15,381	-23.4	39.7	-45.2	49.2
Operating income or (loss)	56,750	62,154	(22,198)	(12,819)	7,309	(3)	9.5	(3)	(3)
Capital expenditures	13,685	12,614	4,073	1,758	1,840	-70.2	-7.8	-67.7	4.7
Unit COGS	$591.57	$558.93	$593.43	$587.33	$494.52	0.3	-5.5	6.2	-15.8
Unit SG&A expenses	$22.44	$37.04	$60.72	$69.38	$39.79	170.5	65.0	63.9	-42.8
Unit operating income or (loss)	$49.63	$64.22	($68.54)	($86.28)	$18.91	(3)	29.4	(3)	(3)
COGS/sales (1)	89.1	84.7	101.3	103.0	89.4	12.2	-4.5	16.7	-13.8
Operating income or (loss)/ sales (1)	7.5	9.7	-11.7	-15.1	3.4	-19.2	2.2	-21.4	18.5

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Undefined.
(3) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures. Import figures are official Commerce trade statistics adjusted for U.S. shipments of excluded ERW and SAW. Production and related ratios include toll production.

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

Table C-3
CWLDLP: Summary data concerning the U.S. market, 2001-06, January-June 2006, and January-June 2007

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data								Period changes						
							January-June								Jan.-June
Item	2001	2002	2003	2004	2005	2006	2006	2007	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Imports from:															
Japan:															
Quantity	29,795	3,986	3,376	7,594	25,232	13,198	10,483	7,356	-55.7	-86.6	-15.3	124.9	232.3	-47.7	-29.8
Value	16,549	1,969	1,710	5,030	28,323	13,693	10,880	14,661	-17.3	-88.1	-13.2	194.2	463.1	-51.7	34.8
Unit value	$555	$494	$507	$662	$1,123	$1,038	$1,038	$1,993	86.8	-11.1	2.5	30.8	69.5	-7.6	92.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico:															
Quantity	13,265	6,245	8,302	159	35	125	101	0	-99.1	-52.9	32.9	-98.1	-78.2	260.1	-100.0
Value	6,624	4,229	5,486	111	59	190	142	0	-97.1	-36.2	29.7	-98.0	-47.1	223.1	-100.0
Unit value	$499	$677	$661	$696	$1,692	$1,518	$1,415	(2)	203.9	35.6	-2.4	5.4	142.9	-10.3	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:															
Quantity	43,060	10,231	11,678	7,753	25,267	13,323	10,584	7,356	-69.1	-76.2	14.1	-33.6	225.9	-47.3	-30.5
Value	23,173	6,198	7,196	5,141	28,382	13,883	11,022	14,661	-40.1	-73.3	16.1	-28.6	452.1	-51.1	33.0
Unit value	$538	$606	$616	$663	$1,123	$1,042	$1,041	$1,993	93.6	12.6	1.7	7.6	69.4	-7.2	91.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:															
Quantity	***	***	***	***	422,023	729,575	262,679	827,728	***	***	***	***	***	72.9	215.1
Value	***	***	***	***	428,421	753,567	269,889	1,002,845	***	***	***	***	***	75.9	271.6
Unit value	***	***	***	***	$1,015	$1,033	$1,027	$1,212	***	***	***	***	***	1.7	17.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	***	***	***	***	447,289	742,898	273,262	835,084	***	***	***	***	***	66.1	205.6
Value	***	***	***	***	456,803	767,449	280,912	1,017,506	***	***	***	***	***	68.0	262.2
Unit value	***	***	***	***	$1,021	$1,033	$1,028	$1,218	***	***	***	***	***	1.2	18.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers':															
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Net sales:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-4
CWLDLP: Summary data concerning the U.S. market, 2007-12, January-March 2012, and January-March 2013
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data								Period changes						
	Calendar year						January to March		Calendar year						Jan-Mar
	2007	2008	2009	2010	2011	2012	2012	2013	2007-12	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
U.S. consumption quantity:															
Amount	2,575,655	2,798,201	1,532,985	1,763,724	1,504,156	1,588,332	484,758	357,193	(38.3)	8.6	(45.2)	15.1	(14.7)	5.6	(26.3)
Producers' share (1)	32.3	36.6	37.5	59.6	67.2	57.2	51.8	37.9	24.9	4.2	0.9	22.2	7.6	(10.1)	(13.9)
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	67.7	63.4	62.5	40.4	32.8	42.8	48.2	62.1	(24.9)	(4.2)	(0.9)	(22.2)	(7.6)	10.1	13.9
U.S. consumption value:															
Amount	3,249,990	3,932,145	2,373,233	2,624,954	2,044,810	2,268,623	715,385	464,159	(30.2)	21.0	(39.6)	10.6	(22.1)	10.9	(35.1)
Producers' share (1)	32.4	38.2	38.4	61.2	70.9	55.3	49.3	37.2	22.9	5.8	0.1	22.8	9.6	(15.5)	(12.2)
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	67.6	61.8	61.6	38.8	29.1	44.7	50.7	62.8	(22.9)	(5.8)	(0.1)	(22.8)	(9.6)	15.5	12.2
U.S. imports from:															
Japan:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports:															
Quantity	1,743,090	1,774,983	958,438	711,823	492,690	680,039	233,488	221,754	(61.0)	1.8	(46.0)	(25.7)	(30.8)	38.0	(5.0)
Value	2,197,032	2,429,639	1,462,880	1,018,372	596,045	1,013,639	362,551	291,706	(53.9)	10.6	(39.8)	(30.4)	(41.5)	70.1	(19.5)
Unit value	1,260	1,369	1,526	1,431	1,210	1,491	1,553	1,315	18.3	8.6	11.5	(6.3)	(15.4)	23.2	(15.3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers':															
Average capacity quantity	2,009,374	2,089,813	2,981,639	3,060,619	3,156,264	3,286,271	812,785	887,158	63.5	4.0	42.7	2.6	3.1	4.1	9.2
Production quantity	869,953	1,081,380	620,885	1,096,689	1,132,088	1,215,399	256,660	308,437	39.7	24.3	(42.6)	76.6	3.2	7.4	20.2
Capacity utilization (1)	43.3	51.7	20.8	35.8	35.9	37.0	31.6	34.8	(6.3)	8.5	(30.9)	15.0	0.0	1.1	3.2
U.S. shipments:															
Quantity	832,565	1,023,218	574,547	1,051,901	1,011,466	908,293	251,270	135,439	9.1	22.9	(43.8)	83.1	(3.8)	(10.2)	(46.1)
Value	1,052,958	1,502,506	910,353	1,606,582	1,448,765	1,254,984	352,834	172,453	19.2	42.7	(39.4)	76.5	(9.8)	(13.4)	(51.1)
Unit value	1,265	1,468	1,584	1,527	1,432	1,382	1,404	1,273	9.2	16.1	7.9	(3.6)	(6.2)	(3.5)	(9.3)
Export shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	86,523	54,816	107,668	152,176	256,553	344,249	261,943	427,987	297.9	(36.6)	96.4	41.3	68.6	34.2	63.4
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	1,044	1,701	1,504	1,575	1,389	1,668	1,407	1,361	59.8	62.9	(11.6)	4.7	(11.8)	20.1	(3.3)
Hours worked (1,000s)	2,129	3,685	3,029	3,567	3,044	3,403	796	757	59.8	73.1	(17.8)	17.8	(14.7)	11.8	(4.9)
Wages paid ($1,000)	60,488	113,421	76,606	85,540	67,305	87,156	20,645	18,142	44.1	87.5	(32.5)	11.7	(21.3)	29.5	(12.1)
Productivity (1,000 short tons per hou	408.8	305.5	205.0	309.0	374.6	357.2	324.5	407.4	(12.6)	(25.3)	(32.9)	50.8	21.2	(4.7)	25.6
Unit labor costs	69	102	123	77	59	72	79	59	3.8	47.1	21.4	(37.5)	(24.0)	22.5	(25.9)
Net Sales:															
Quantity	878,107	1,123,111	518,022	953,011	1,028,235	1,182,305	251,271	224,684	34.6	27.9	(53.9)	84.0	7.9	15.0	(10.6)
Value	1,126,816	1,676,641	784,297	1,439,109	1,487,041	1,648,784	352,834	288,917	46.3	48.8	(53.2)	83.5	3.3	10.9	(18.1)
Unit value	1,283	1,493	1,514	1,510	1,446	1,395	1,404	1,286	8.7	16.3	1.4	(0.3)	(4.2)	(3.6)	(8.4)
Cost of goods sold (COGS)	966,709	1,401,062	763,130	1,205,060	1,288,000	1,420,466	314,107	256,229	46.9	44.9	(45.5)	57.9	6.9	10.3	(18.4)
Gross profit of (loss)	160,107	275,579	21,167	234,049	199,041	228,318	38,727	32,688	42.6	72.1	(92.3)	1,005.7	(15.0)	14.7	(15.6)
SG&A expenses	31,626	55,458	72,878	79,501	96,385	115,694	39,223	41,090	265.8	75.4	31.4	9.1	21.2	20.0	4.8
Operating income or (loss)	128,481	220,121	(51,711)	154,548	102,656	112,624	(496)	(8,402)	(12.3)	71.3	(2)	(2)	(33.6)	9.7	(1,594.0)
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	1,101	1,247	1,473	1,264	1,253	1,201	1,250	1,140	9.1	13.3	18.1	(14.2)	(0.9)	(4.1)	(8.8)
Unit SG&A expenses	36	49	141	83	94	98	156	183	171.7	37.1	184.9	(40.7)	12.4	4.4	17.2
Unit operating income or (loss)	146	196	(100)	162	100	95	(2)	(37)	(34.9)	34.0	(2)	(2)	(38.4)	(4.6)	(1,794.4)
COGS/sales (1)	85.8	83.6	97.3	83.7	86.6	86.2	89.0	88.7	0.4	(2.2)	13.7	(13.6)	2.9	(0.5)	(0.3)
Operating income or (loss)/sales (fn1)	11.4	13.1	(6.6)	10.7	6.9	6.8	(0.1)	(2.9)	(4.6)	1.7	(2)	(2)	(3.8)	(0.1)	(2.8)

(1) Report data are in percent and period changes are in percentage points.
(2) Undefined.

Source: Compiled from responses to questionnaires and from official statistics of the U.S. Department of Commerce, adjusted for excluded line pipe.

APPENDIX D

COMMENT ON EFFECTS OF ORDERS AND LIKELY EFFECTS OF REVOCATION

The Commission asked U.S. producers, importers, purchasers, and foreign producers to describe the significance of the existing antidumping duty order covering imports of CWLDLP from Japan in terms of its effect on their firm's operations. The Commission also asked U.S. producers, importers, purchaser, and foreign producers whether they anticipate any changes in the character of their operations or organization in the future if the antidumping duty order on CWLDLP from Japan were to be revoked. The following are quotations from the responses of U.S. producers, importers, purchasers, and foreign producers to these questions.

Table D-1
CWLDLP: Firms' narratives on the impact of the order and the likely impact of revocation

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APPENDIX E

MONTHLY IMPORT STATISTICS

Table E-1
CWLDLP: Monthly U.S. imports, by source, January 2016 – June 2019

Month	Japan (dutied)	Subject to recent related AD/CVD investigations							All other sources	All sources[1]
		Canada	China	Greece	India	Korea	Turkey	Sources subject to recent AD/CVD		
	Quantity (short tons)									
2016.-- January	***	20,023	734	6,068	323	15,992	15,954	59,094	3	***
February	***	1,638	4,144	4,534	9,511	24,557	13,473	57,856	1,151	***
March	***	4,697	810	364	---	20,492	10,067	36,430	3,583	***
April	***	2,018	1,580	17,371	---	22,144	22,859	65,972	128	***
May	***	2,591	164	---	---	6,256	16,723	25,734	568	***
June	***	1,818	302	6,774	---	8,047	22,940	39,882	2,615	***
July	***	401	1,601	3,452	---	6,890	11,083	23,427	3,730	***
August	***	1,001	1,174	---	2	14,941	3,261	20,378	3,689	***
September	***	213	319	---	11,797	2,387	1	14,718	276	***
October	***	1,151	1,178	12,673	---	24,786	15	39,803	28	***
November	***	10,313	28	12,949	11,055	12,541	10	46,897	773	***
December	***	11,246	230	26,617	6	9,826	5	47,930	31	***
2017.-- January	***	2,986	3,425	---	13	6,980	14,298	27,702	142	***
February	***	8,148	2,628	---	56,835	15,140	8	82,760	33	***
March	***	18,349	478	---	63,469	11,390	4,701	98,387	1,109	***
April	***	6,541	1,617	2,054	16,218	10,791	---	37,221	53	***
May	***	23,790	1,467	---	42,453	17,610	---	85,320	140	***
June	***	12,032	88	---	21,305	11,720	12,193	57,338	321	***
July	***	11,520	157	---	41,438	15,274	13,045	81,434	132	***
August	***	18,786	1,078	---	39,942	15,343	---	75,149	1,667	***
September	***	19,076	1,405	---	64,308	20,518	---	105,307	481	***
October	***	12,406	525	---	45,989	20,462	---	79,382	4	***
November	***	12,459	352	11,754	---	9,689	1,474	35,728	---	***
December	***	15,076	1,221	3	7	27,841	---	44,147	138	***

Table continued on next page.

Table E-1--Continued
CWLDLP: Monthly U.S. imports, by source, January 2016 – June 2019

Month	Japan (dutied)	Subject to recent related AD/CVD investigations							All other sources	All sources[1]
		Canada	China	Greece	India	Korea	Turkey	Sources subject to recent AD/CVD		
	Quantity (short tons)									
2018.-- January	***	14,522	962	12,437	436	19,948	---	48,305	1,876	***
February	***	19,772	1,903	13,253	---	8,821	---	43,749	1,058	***
March	***	20,958	220	18,498	41	10,297	---	50,013	4,815	***
April	***	19,493	311	25,610	---	25,268	---	70,682	1,648	***
May	***	6,861	94	31,809	394	13,591	269	53,018	3,170	***
June	***	15,177	340	---	621	30,883	604	47,625	4,849	***
July	***	15,995	3	52,394	---	10,598	233	79,224	7,696	***
August	***	46,796	---	11,950	1	3,867	9,190	71,805	7,885	***
September	***	14,067	730	13,153	---	9,404	21,915	59,269	16,847	***
October	***	10,642	1,104	35,869	---	1,658	25,570	74,844	20,560	***
November	***	30,204	89	13,348	---	1,093	30,530	75,265	4,650	***
December	***	47,549	---	15,721	---	661	36,049	99,979	12,073	***
2019.-- January	***	36,045	---	30,135	7	25,124	30,813	122,124	15,157	***
February	***	100,886	---	---	---	5,554	15,891	122,331	2,319	***
March	***	32,919	---	---	---	6,116	192	39,227	11,658	***
April	***	4,397	---	---	---	12,847	226	17,470	27,008	***
May	***	82	---	---	---	18,334	5	18,422	11,577	***
June[2]	***	57	---	21,078	---	1,682	3	22,820	18,303	***

Notes.--
[1] Monthly U.S. imports from nonsubject sources were not adjusted for excluded imports. Please refer to table IV-2 for adjusted U.S. imports from nonsubject sources.
[2] Data for dutied U.S. imports from Japan in April 2019 are not available in proprietary Customs records. Data for overall U.S. imports from Japan in June 2019 are available in official U.S. import statistics.

Source: Compiled from data submitted in response to Commission questionnaires, official U.S. import statistics, and from proprietary Customs records 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, and 7305.19.5000, accessed August 20, 2019.