

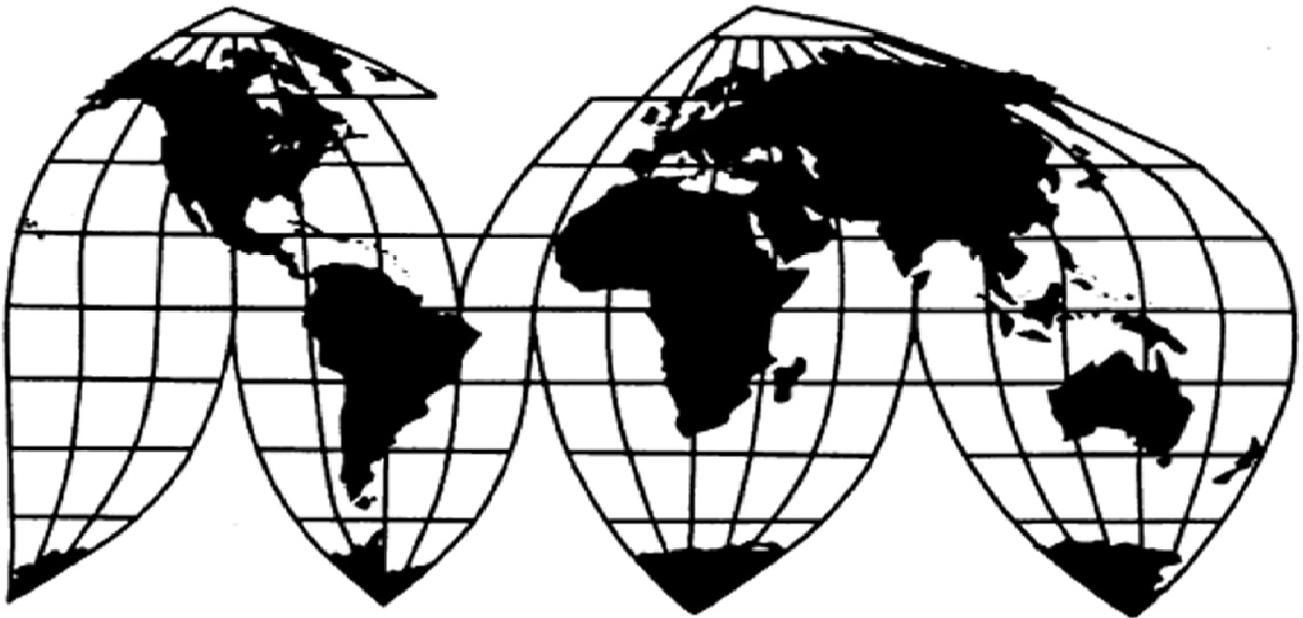
Oil Country Tubular Goods From Argentina, Italy, Japan, Korea, and Mexico

Investigation Nos. 731-TA-711 and 713-716 (Second Review)

Publication 3923

June 2007

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-711 and 713-716 (Second Review)

OIL COUNTRY TUBULAR GOODS FROM ARGENTINA, ITALY, JAPAN, KOREA, AND MEXICO

DETERMINATIONS

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on oil country tubular goods from Argentina, Italy, Japan, Korea, and Mexico would not be likely to lead to continuation or recurrence of material injury to the industries in the United States producing oil country tubular goods other than drill pipe (“casing and tubing”) and, with respect to Japan, drill pipe, within a reasonably foreseeable time.²

BACKGROUND

The Commission instituted these reviews on June 1, 2006 (71 F.R. 31207) and determined on September 5, 2006 that it would conduct full reviews (71 F.R. 54520, September 15, 2006). Notice of the scheduling of the Commission’s reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on September 29, 2006 (71 F.R. 57566). The hearing was held in Washington, DC, on April 12, 2007, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Commissioners Charlotte R. Lane dissenting with respect to casing and tubing from all countries and Commissioner Dean A. Pinkert dissenting with respect to casing and tubing from Japan and Korea.

VIEWS OF THE COMMISSION

Based on the record in these second five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty orders on oil country tubular goods (OCTG) from Argentina, Italy, Japan, Korea, and 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.¹

I. SUMMARY²

The conditions in the U.S. market for OCTG are very different now than during either the original investigations or the first reviews. Since the original investigations there have been important changes in the structure of the domestic industry. The domestic casing and tubing industry has consolidated with respect to the number of producers and has increased its capacity and production. Of particular significance in the current period of review is the purchase of Maverick Tube Corp., a large domestic producer of OCTG, by Tenaris, S.A., which controls essentially all subject OCTG production in Argentina, Italy, and Mexico.

Demand for OCTG depends on the level of oil and gas drilling, which in turn depends on such factors as the price of oil and gas. Demand and prices in the energy market have been very strong during the period of review. As a result, apparent consumption of OCTG in the United States has more than doubled since the original investigations. The record indicates that demand for oil and gas, and correspondingly OCTG, both in the U.S. market and globally, will remain quite strong in the reasonably foreseeable future. In light of strong demand in markets outside the United States, and information in the record indicating that prices in other markets are also at high levels, the U.S. market will not necessarily be the most attractive market for subject producers upon revocation.³

These conditions have contributed to the positive condition of the domestic casing and tubing industry. During the period of review the domestic industry’s production, shipments, sales, and prices have all increased significantly. For example, the domestic industry’s shipments and sales each increased by 33 percent. As a result, the domestic industry realized operating margins of more than 26 percent and realized returns on assets of 50 percent in 2005 and 2006.

¹ Commissioner Lane determines that revocation of the antidumping duty orders on OCTG from Argentina, Italy, Korea, and Mexico, and that revocation of the antidumping duty order on OCTG from Japan, as it pertains to casing and tubing, would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Dissenting Views of Commissioner Charlotte R. Lane. She also determines that revocation of the antidumping duty order on OCTG from Japan, as it pertains to drill pipe, 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. She joins sections II, III, IV.A.1.-3., IV.B.1.-2., and V of this opinion.

Commissioner Pinkert determines that revocation of the antidumping duty order on OCTG from Korea and revocation of the antidumping duty order on OCTG from Japan, as it pertains to casing and tubing, would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Dissenting Views of Commissioner Dean A. Pinkert. He also determines that revocation of the antidumping duty orders on OCTG from Argentina, Italy, and Mexico, and revocation of the antidumping duty order on OCTG from Japan, as it pertains to drill pipe, 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. He joins sections I-III, IV.A.1.-3., IV.A.4.a., IV.B.1.-4., and V of this opinion.

² Commissioner Lane does not join this section of the opinion.

³ Commissioner Pinkert notes that he finds that there are some price advantages to the U.S. market for producers in Japan and Korea, as set forth in his Dissenting Views.

The relationship between Maverick and the subject producers in Argentina, Italy, and Mexico, among other factors, indicates that subject imports from these countries are likely to compete in the U.S. market in a different manner than subject imports from Japan or Korea. Therefore, we decline to exercise our discretion to cumulate subject imports from Argentina, Italy, and Mexico with subject imports from Japan and Korea. We also decline to exercise our discretion to cumulate subject imports from Japan and Korea because imports from these two countries are likely to compete in the U.S. market under different competitive conditions.⁴

We find that the cumulated volume and price effects of subject imports from Argentina, Italy, and Mexico are not likely to be significant. Producers in these three subject countries are operating at nearly full capacity utilization and are benefitting from strong global demand. Therefore, the ability and incentive for these producers to ship significant volumes of casing and tubing to the U.S. market is limited. Moreover, the manner in which any imports from these subject countries will enter the U.S. market makes it unlikely that they will have a significant negative impact on the domestic industry. Given the relationship between these subject producers and the domestic producer Maverick, any imports from these subject countries will likely serve to complete Maverick's U.S. production and will not compete with U.S. production in a manner likely to disrupt prices in the U.S. market. Therefore, given the lack of likely significant volume or price effects of subject imports from these countries, we find that subject imports from Argentina, Italy, and Mexico are unlikely to have a significant adverse impact on the domestic industry if the orders are revoked.⁵

We find that the volume of subject casing and tubing imports from Japan is not likely to be significant if the order is revoked. We further find that subject imports from Japan are not likely to have significant negative price effects. The subject producers of casing and tubing in Japan are operating at high rates of capacity utilization and benefitting from strong global demand. Therefore, the casing and tubing industry in Japan has little ability or incentive to increase shipments to the U.S. market. During the original investigations subject imports from Japan predominately oversold the domestic like product. Thus, the Japanese industry's past practice and the impact of strong global demand on prices do not indicate that subject imports from Japan are likely to be priced in a manner that will have significant negative effects on prices in the U.S. market. Therefore, we find that revocation of the order on Japan is not likely to have a significant adverse impact on the domestic casing and tubing industry.

Despite the existence of the orders, subject imports from Korea have been present in the U.S. market throughout the period of review in increasing volumes. The Korean industry produces only welded OCTG and therefore the United States is its primary market for OCTG. Thus, the subject producers in Korea are already exporting an overwhelming majority of their OCTG to the U.S. market. As a result, subject producers in Korea have a limited ability to further increase exports to the U.S. market. Given that the domestic industry has achieved significant increases in production, shipments, sales, prices, and profitability even as subject import volume from Korea has increased, we find that any marginal increase in subject import volume from Korea would not be significant and would not be likely to have a significant adverse impact on prices in the U.S. market or on the condition of the U.S. industry.

II. BACKGROUND

In August 1995, the Commission determined that domestic industries were being materially injured or threatened with material injury by reason of subsidized imports of OCTG from Italy and by

⁴ Commissioner Pinkert cumulates subject imports from Japan and Korea.

⁵ Commissioner Pinkert does not join the remainder of section I.

reason of less than fair value imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico.⁶ The U.S. Department of Commerce published the antidumping duty orders on imports from Argentina, Italy, Japan, Korea, and Mexico on August 11, 1995,⁷ and the countervailing duty order on imports from Italy on August 10, 1995.⁸

On July 3, 2000, the Commission instituted its first reviews of the orders on OCTG from Argentina, Italy, Japan, Korea, and Mexico.⁹ It found that revocation of the orders on all five subject countries was likely to lead to continuation or recurrence of material injury to the domestic industry producing casing and tubing. It found that revocation of the order on Japan was likely to lead to continuation or recurrence of material injury to the domestic industry producing drill pipe.¹⁰ After ordering one remand,¹¹ the U.S. Court of International Trade affirmed the Commission's affirmative determinations in appeals brought by Argentine and Japanese producers.¹² A NAFTA panel upheld the affirmative determination on OCTG from Mexico.¹³ The WTO Appellate Body denied separate complaints by Argentina and Mexico that the Commission's affirmative determinations concerning OCTG from those countries violated Article 11.3 of the WTO Antidumping Agreement.¹⁴

The Commission instituted these second reviews on the outstanding orders on OCTG from Argentina, Italy, Japan, Korea, and Mexico on June 1, 2006.¹⁵ In light of the prior Commission determinations, the scope of the orders on imports from Argentina, Italy, Korea, and Mexico is limited to

⁶ The Commission found two domestic like products corresponding to subject OCTG: (1) casing and tubing and (2) drill pipe. It determined that the U.S. casing and tubing industry was materially injured by reason of subject imports from Argentina, Italy, Japan, Korea, and Mexico. It determined that the U.S. drill pipe industry was threatened with material injury by reason of subject imports from Argentina, Japan, and Mexico. It also made negative determinations with respect to drill pipe from Italy and Korea and with respect to all subject OCTG from Austria and Spain. Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain, Inv. Nos. 701-TA-363-364, 731-TA-711-717 (Final), USITC Pub. 2911 at I-3-4 (Aug. 1995) (“Original Determinations”).

⁷ 60 Fed. Reg. 41055-41059 (Aug. 11, 1995).

⁸ 60 Fed. Reg. 40822 (Aug. 10, 1995).

⁹ 65 Fed. Reg. 41088 (July 3, 2000).

¹⁰ Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico, Inv. Nos. 701-TA-364, 731-TA-711, 713-716 (Review), USITC Pub. 3434 at 1 (June 2001) (“First Review Determinations”). The Commission determined that revocation of the orders on OCTG from Argentina and Mexico was not likely to lead to continuation or recurrence of material injury to the domestic drill pipe industry. Id.

¹¹ The remand determination was limited to the question of whether the Commission in the June 2001 first review determinations had construed the statutory term “likely” in a manner consistent with prior decisions of the Court of International Trade. The Commission concluded that it had applied a “likely” standard consistent with CIT case law. It accordingly did not modify the original first review determinations. Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico, Inv. Nos. 701-TA-364, 731-TA-711 and 713-716 (Review) (Remand), USITC Pub. 3795 (Sept. 2005).

¹² Siderca S.A.I.C. v. United States, Slip Op. 05-108 (Ct. Int’l Trade Aug. 26, 2005). Plaintiffs’ appeal to the Federal Circuit was voluntarily dismissed.

¹³ Oil Country Tubular Goods from Mexico, No. USA-MEX-2001-1904-06 (Article 1904 Binational Panel March 22, 2007).

¹⁴ United States – Antidumping Measures on Oil Country Tubular Goods from Mexico, WT/DS282/AB/R (adopted Nov. 28, 2005); United States - Sunset Reviews of Anti-dumping Measures on Oil Country Tubular Goods from Argentina, WT/DS268/AB/R (adopted Dec. 17, 2004).

¹⁵ 71 Fed. Reg. 31207 (June 1, 2006). One of the reviews instituted concerned a countervailing duty order on casing and tubing from Italy. After Commerce made a negative determination on likely subsidization, the Commission terminated that review effective December 26, 2006. 72 Fed. Reg. 1340 (Jan. 11, 2007).

casing and tubing. Only the scope of the order on imports from Japan now encompasses both casing and tubing and drill pipe.¹⁶ Domestic producers of OCTG,¹⁷ Japanese Respondents,¹⁸ Korean Respondents,¹⁹ Tenaris Respondents,²⁰ and NKK²¹ each submitted responses to the notice of institution. On September 5, 2006, the Commission determined that both the domestic interested party group response and the respondent interested party group response were adequate for each order under review. Consequently, the Commission determined to conduct full reviews in each of the subject reviews.²²

In these reviews the data collected by the Commission are believed to represent all or virtually all casing, tubing, and drill pipe mill operations in the United States, as well as the large majority of toll and non-toll processors of these products.²³ Foreign industry coverage, based on 2006 production, is estimated to be *** percent for Argentina, 100 percent for Italy, and all or virtually all production for both Japanese subject industries.²⁴ All known subject producers in Korea and Mexico responded to the questionnaires.^{25 26}

¹⁶ 66 Fed. Reg. 38630, 38631-32 (July 25, 2001).

¹⁷ These include United States Steel Corp. (U.S. Steel), a domestic producer of casing and tubing and drill pipe, and “Domestic Casing and Tubing Producers.” At the time it filed briefs, the latter group consisted of IPSCO Tubulars, Inc., IPSCO/Koppel Tubulars Corp., IPSCO Tubulars (Kentucky) Inc., Lone Star Steel Co., Tubular Corp. of America (TCA), and V&M Star LP. U.S. Steel and Domestic Casing and Tubing Producers asserted the same or similar positions on issues in these reviews pertaining to casing and tubing. They will be referred to collectively as “Domestic Producers.” Another domestic producer of casing and tubing, Maverick Tube Corp. (Maverick), filed briefs and appeared at the hearing. Maverick is wholly owned by Tenaris, S.A.

¹⁸ Japanese Respondents are Sumitomo Metal Industries, Ltd. (SMI), JFE Steel Corp., and Nippon Steel Corp. Each of these firms produces subject merchandise in Japan.

¹⁹ Korean Respondents are Husteel Co., Ltd., and SeAH Steel Corp., each of which produces subject merchandise in Korea.

²⁰ “Tenaris Respondents” are Siderca, S.A.I.C., Dalmine, S.p.A., and Tubos de Acero de Mexico, S.A. (TAMSA). Siderca produces subject casing and tubing in Argentina, Dalmine produces subject casing and tubing in Italy, and TAMSA produces subject casing and tubing in Mexico. Each of these firms is wholly owned by Tenaris, S.A.

²¹ NKK produces subject merchandise in Japan. While Tenaris S.A. operates and is the majority owner of NKK, NKK did not join the briefs filed by the Tenaris Respondents.

²² See Confidential Report (CR) and Public Report (PR), Appendix A (reproducing Explanation of Commission Determinations on Adequacy).

²³ CR at III-3, PR at III-2.

²⁴ CR at IV-14, IV-20, IV-27, PR at IV-11, IV-14, IV-16. See also *** Foreign Producer Questionnaire.

²⁵ CR at IV-36-37, IV-42, IV-45, PR at IV-21-24. See also Korean Respondents Prehearing Brief at 2 & n.1; *** Foreign Producers Questionnaire.

²⁶ We have determined that two of the Final Comments contain new factual information, because they reference material in a submission that Tenaris Respondents attempted to file on May 21, 2007, but which the Secretary returned because it was improperly filed. See Letter from Marilyn R. Abbott to Gregory J. Spak (May 23, 2007). Accordingly, pursuant to 19 U.S.C. § 1677m(g) and 19 C.F.R. § 207.68(b), we have disregarded the following material:

Tenaris Respondents Final Comments: the fourth sentence of the first full paragraph and footnote 47 on page 9; all of the first full paragraph after the second sentence and footnote 59 on page 11. Domestic Casing and Tubing Producers Final Comments: The last paragraph on page 3 up to the phrase “the strong evidence” on the last line of the page; the second through fifth words in the carryover paragraph and footnote 2 on page 4; all of the carryover paragraph, except for the first word, on page 6, and all of the final paragraph on that page, carrying over to page 7, except for the first sentence.

III. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”²⁷ The Act defines the “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.”²⁸ The Commission’s practice in five-year reviews is to look to the like product definition from the original determination and any previous reviews and consider whether the record indicates any reason to revisit that definition.²⁹

The Department of Commerce has defined the scope of the order on subject imports from Japan as follows:

The products covered by this order consist of oil country tubular goods, hollow steel products of circular cross-section, including oil well casing, tubing, and drill pipe, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). This scope does not cover casing, tubing, or drill pipe containing 10.5 percent or more of chromium.³⁰

Commerce has defined the scope of the orders on subject imports from Argentina, Italy, Korea, and Mexico as follows:

The products covered by these orders are hollow steel products of circular cross-section, including oil well casing and tubing of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products).

This scope does not cover casing or tubing pipe containing 10.5 percent or more of chromium. Drill pipe was excluded from this order beginning August 11, 2001.³¹

²⁷ 19 U.S.C. § 1677(4)(A).

²⁸ 19 U.S.C. § 1677(10). See 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).

²⁹ See Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom, Inv. Nos. 701-TA-381-382 (Review) and 731-TA-797-804 (Review), USITC Pub. 3788 at 6 (July 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).

³⁰ Memorandum to File from Dana Mermelstein, Program Manager, Office VI, International Trade Administration (May 1, 2007). The scope is identical to that used in the original determinations. See Original Determinations, USITC Pub. 2911 at I-7-8.

³¹ Memorandum to File from Dana Mermelstein, Program Manager, Office VI, International Trade Administration (May 1, 2007) (Argentina, Italy, Korea); 72 Fed. Reg. 24563, 24564 (May 3, 2007) (Mexico). These differ from the scope definition in the original determinations only insofar as they exclude the drill pipe domestic

(continued...)

In the original determinations, the Commission determined that drill pipe should be a separate like product from casing and tubing. The Commission found several fundamental distinctions between casing and tubing, on the one hand, and drill pipe, on the other, in physical characteristics, end use, and customer and producer perceptions.³²

In the first reviews no party requested the Commission to change the like product definitions it adopted in the original investigations and the Commission indicated that nothing in the record supported departing from its prior definitions. Accordingly, the Commission again defined two domestic like products: (1) casing and tubing and (2) drill pipe.³³

The only parties to address the issue of domestic like product in these second reviews were Domestic Producers and Maverick.³⁴ Neither of these parties advocated any change in the like product definitions the Commission adopted during both the original investigations and the first reviews.³⁵ The other parties' briefs, although not addressing the issue, implicitly agreed with the Commission's prior treatment of casing and tubing and drill pipe as separate like products.

The record in these reviews indicates no material changes in pertinent product characteristics from the original investigations and first reviews.³⁶ In light of this, and absent any party argument for a different definition of the domestic like product, we again find two domestic like products -- (1) casing and tubing and (2) drill pipe -- corresponding to the antidumping duty order under review with the broadest scope.

B. Domestic Industry and Related Parties

Section 771(4)(A) of the Act defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."³⁷

In the original determinations, the Commission found that the domestic industries included processors, but did not include firms that perform only basic threading and coupling operations.³⁸ The Commission consequently defined two domestic industries: (1) all domestic producers of casing and tubing, including processors; (2) all domestic producers of drill pipe, including processors.³⁹ In the first

³¹ (...continued)

like product on which the Commission has made negative injury determinations.

³² Original Determinations, USITC Pub. 2911 at I-8-9.

³³ First Review Determinations, USITC Pub. 3434 at 4.

³⁴ None of the responses to the notice of institution objected to the like product definitions adopted in the original investigations or the first reviews. CR at I-29-30, PR at I-25-26.

³⁵ Maverick Prehearing Brief at 6; Domestic Casing and Tubing Producers Prehearing Brief at 1 n.1.

³⁶ CR at I-30-45, PR at I-25-39.

³⁷ 19 U.S.C. § 1677(4)(A). 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, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

³⁸ Original Determinations, USITC Pub. 2911 at I-12-14.

³⁹ The Commission found that none of the domestic producers was subject to exclusion subject to the related parties provision. Original Determinations, USITC Pub. 2911 at I-14 n.65.

reviews, the Commission defined the domestic industries in the same manner as it did in the original investigations.⁴⁰

In these second reviews, there are two sets of domestic industry issues. The first, concerning what constitutes sufficient activities to constitute domestic production, is applicable to both the casing and tubing and drill pipe industries. The second is a related party issue applicable solely to the casing and tubing industry.

No party in these second reviews has asserted any argument concerning whether processors and/or threaders perform sufficient activities to engage in domestic production. The record does not indicate that there have been any changes in the nature of the activities performed by processors and threaders.⁴¹ Accordingly, for the reasons stated in the original determinations and the first reviews, we include processors, but not threaders, in the pertinent domestic industries.

There is a question concerning whether appropriate circumstances exist to exclude Maverick from the domestic industry pursuant to section 771(4)(B) of the Act.⁴² Assuming arguendo that Maverick is a related party,⁴³ we do not believe that appropriate circumstances exist to exclude it from the domestic industry.⁴⁴

We consequently define two domestic industries. The first industry consists of all domestic producers of casing and tubing, including processors. The second industry consists of all domestic producers of drill pipe, including processors.

⁴⁰ First Review Determinations, USITC Pub. 3434 at 5. No producer in either domestic industry was subject to exclusion as a related party. Id. at 5 n.28.

⁴¹ Threaders offer end finishing (threading and coupling) as well as testing and measurement. Processors provide heat treatment for the length of the tube (normalizing) as well as for the ends of the tube (upsetting) as needed. Processors may also finish OCTG by threading and coupling (for casing and tubing) and tool joining (for drill pipe). See CR at I-41, PR at I-35-36.

⁴² 19 U.S.C. § 1677(4)(B). Maverick argues that, notwithstanding its recent acquisition by Tenaris, it should not be excluded from the domestic industry. While no other party briefed the issue, counsel for Domestic Producers stated at the hearing that they did not believe appropriate circumstances existed to warrant Maverick's exclusion. Tr. at 215 (Schagrin), 216 (Hecht).

⁴³ Tenaris S.A. wholly owns Maverick, Siderca, and Dalmine. Siderca and Dalmine account for essentially all production of subject merchandise in Argentina and Italy, respectively. CR at IV-14, IV-20, PR at IV-11, IV-13; Tenaris Respondents Prehearing Brief at 8. Consequently, it would appear that the modest amount of subject imports that have entered the United States from Argentina and Italy since 2002 would have been produced by these two mills, notwithstanding Tenaris Respondents' assertion that *** during the period of review. CR/PR, Tables IV-1, F-3, and I-13 (indicating that antidumping duties have been collected on subject imports from Argentina and Italy during period of review); see also CR at IV-15 n.21, IV-21 n.34, PR at IV-11 n.21, IV-14 n.34. We further note that Tenaris Respondents unequivocally state that the subject mills Tenaris owns in Argentina, Italy, and Mexico will export subject merchandise to the United States if the pertinent orders are revoked. Tenaris Respondents Prehearing Brief at 18.

⁴⁴ Tenaris acquired Maverick in October 2006. CR/PR, Table III-1. Consequently, only a small portion of the data collected for Maverick during the period of review pertain to a period when Maverick was under Tenaris's control. There is no indication that Tenaris's acquisition of Maverick late in the period of review affected Maverick's reported data. For most of 2006, Maverick was the *** largest U.S. producer of casing and tubing, as measured by quantity, and was the *** producer of welded casing and tubing. CR/PR, Tables III-15, I-16. See also CR/PR, Table III-1, Tr. at 83 (Shorter). Maverick's production of casing and tubing *** the modest amounts of subject imports from Argentina and Italy reported in the official import statistics. Compare CR/PR, Table III-15 with CR/PR, Table IV-1. Maverick supports continuation of the orders from Japan and Korea, although it does not support continuation of the orders from Argentina, Italy, and Mexico. Maverick Prehearing Brief at 3-4.

IV. ORDERS ON CASING AND TUBING

A. Cumulation⁴⁵

1. Overview

Section 752(a) of the Act provides that: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.⁴⁶

Cumulation is therefore discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(I) of the Act.⁴⁷ Because of the prospective nature of five-year reviews and the Commission's discretion with respect to cumulation, we consider significant conditions of competition that are likely to prevail with respect to each subject country if the orders under review are terminated.⁴⁸

The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.⁴⁹ Only a "reasonable overlap" of competition is

⁴⁵ Chairman Pearson and Commissioner Okun note that while they consider the same issues discussed in this section in determining whether to exercise their discretion to cumulate the subject imports, their analytical framework begins with whether imports from the subject countries are likely to face similar conditions of competition. For those subject imports that are likely to compete under similar conditions of competition, they next proceed to consider whether those imports are likely to compete with each other and with the domestic like product. Finally, if based on that analysis they intend to exercise their discretion to cumulate one or more subject countries, they analyze whether they are precluded from cumulating such imports because the imports from one or more subject countries, assessed individually, are likely to have no discernible adverse impact on the domestic industry. See Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Second Review), USITC Pub. 3895 (Dec. 2006) (Additional and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun).

⁴⁶ 19 U.S.C. § 1675a(a)(7).

⁴⁷ 19 U.S.C. § 1677(7)(G)(I).

⁴⁸ See, e.g., Allegheny Ludlum Corp. v. United States, Slip Op. 06-188 at 17 (Ct. Int'l Trade Dec. 22, 2006) (recognizing the wide latitude the Commission has in selecting the type of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews).

⁴⁹ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographic markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of
(continued...)

required.⁵⁰ In five-year reviews, the relevant inquiry is whether there likely would be competition after revocation of the orders, even if none currently exists.

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.⁵¹ We note that neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.⁵² With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.

In the original investigations and the first reviews, the Commission cumulated subject casing and tubing imports from Argentina, Italy, Japan, Korea, and Mexico.⁵³ The statutory threshold for cumulation is satisfied in these reviews, because all reviews were initiated on the same day: June 1, 2006.⁵⁴

2. Likelihood of No Discernible Adverse Impact

We do not find that subject imports of casing and tubing from Argentina, Italy, Japan, Korea, or Mexico would likely have no discernible adverse impact on the domestic industry if the antidumping duty orders were revoked.⁵⁵

In these second reviews, each subject country has the capacity to produce subject merchandise in appreciable volumes, although there is considerable disparity in the sizes of the industries in the five individual countries.⁵⁶ Each subject country exports the majority of its casing and tubing shipments.⁵⁷

⁴⁹ (...continued)

Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff’d, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int’l Trade 1988), aff’d, 859 F.2d 915 (Fed. Cir. 1988); Mukand Ltd. v. United States, 937 F. Supp. 910, 915 (Ct. Int’l Trade 1996).

⁵⁰ See Mukand, 937 F. Supp. at 916; Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (Ct. Int’l Trade 1989) (“Completely overlapping markets are not required.”); United States Steel Group, 873 F. Supp. at 685. We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Prelim.) and 731-TA-812-813 (Prelim.), USITC Pub. 3155 at 15 (Feb. 1999), aff’d, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353 (Ct. Int’l Trade 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

⁵¹ 19 U.S.C. § 1675a(a)(7).

⁵² SAA, H.R. Rep. No. 103-316, vol. I (1994).

⁵³ Original Determinations, USITC Pub. 2911 at I-22-24; First Review Determinations, USITC Pub. 3434 at 10-14.

⁵⁴ See 71 Fed. Reg. 31153 (June 1, 2006).

⁵⁵ As previously stated, Chairman Pearson and Commissioner Okun do not find it necessary to address this question for subject imports from Japan or Korea, because they do not exercise their discretion to cumulate subject imports from Japan or Korea.

⁵⁶ CR/PR, Tables IV-9 (2006 Argentina casing and tubing capacity *** short tons), IV-12 (2006 Italy casing and tubing capacity *** short tons), IV-16 (2006 Japan casing and tubing capacity 912,033 short tons), IV-20 (2006 Korea casing and tubing capacity *** short tons), IV-23 (2006 Mexico casing and tubing capacity *** short tons).

⁵⁷ CR/PR, Tables IV-9 (during period of review, percentage of Argentine shipments exported ranged from *** to *** percent), IV-12 (during period of review, percentage of Italian shipments exported ranged from *** to *** percent), IV-16, (during period of review, percentage of Japanese shipments exported ranged from 98.6 to 99.2

(continued...)

Producers in each subject country have ready access to the U.S. market. In Argentina, Italy, and Mexico, mills owned by Tenaris are responsible for all or essentially all casing and tubing production.⁵⁸ Tenaris owns a U.S. importer, Tenaris Global Services.⁵⁹ Tenaris also has access to the U.S. distribution network used by its domestic mill, Maverick.⁶⁰ Indeed, Tenaris Respondents have unequivocally stated that they will export subject casing and tubing from the Tenaris mills in Argentina, Italy, and Mexico in 2008 if the orders under review are revoked.⁶¹ In Japan, SMI, the *** producer of casing and tubing, is affiliated with Sumitomo Corp., which owns a U.S. importer and four U.S. distributors of casing and tubing.⁶² Subject imports from Korea were present in the U.S. market in appreciable quantities throughout the period of review.⁶³

Based on these considerations, we do not find that subject casing and tubing imports from Argentina, Italy, Japan, Korea, or Mexico would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

3. Likely Reasonable Overlap of Competition

With regard to likely overlap of competition, the relevant inquiry is whether there would likely be competition even if there are no current imports from a subject country.⁶⁴ Only a “reasonable overlap” of competition is required.⁶⁵ The Commission generally has considered whether subject imports will likely compete with each other and with the domestic like products with reference to four factors: (1) fungibility; (2) sales or offers in the same geographic markets; (3) common or similar channels of distribution; and (4) simultaneous presence.

Fungibility. Casing and tubing products, regardless of source, are generally produced in accordance with standards established by the American Petroleum Institute (API).⁶⁶ In their questionnaire responses, large majorities of market participants found at least frequent interchangeability in each comparison of the domestic like product and imports from individual subject countries, and comparisons among imports from different subject countries.^{67 68} With respect to casing and tubing imports from Japan -- the only imports asserted by any party not to satisfy the reasonable likely overlap of competition requirement-- 100 percent of U.S. producers, 92 percent of U.S. importers, 100 percent of U.S.

⁵⁷ (...continued)

percent), IV-20 (during period of review, percentage of Korean shipments exported ranged between *** and *** percent), IV-23 (during period of review, percentage of Mexican shipments exported ranged between *** and *** percent).

⁵⁸ CR at IV-14, IV-20, IV-42, PR at IV-11, IV-14, IV-23; Tenaris Respondents Prehearing Brief at 8.

⁵⁹ CR/PR, Table I-17.

⁶⁰ See Tr. at 257-58 (Altschuler).

⁶¹ Tenaris Respondents Posthearing Brief, Response to Question 2.

⁶² CR/PR, Table I-17, CR at IV-27, PR at IV-16; Japanese Respondents Prehearing Brief at 11.

⁶³ CR/PR, Table IV-1.

⁶⁴ See generally *Cheflene Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int’l Trade 2002).

⁶⁵ See *Mukand Ltd. v. United States*, 937 F. Supp. 910, 917 (Ct. Int’l Trade 1996).

⁶⁶ CR at I-36, PR at I-31.

⁶⁷ CR/PR, Table II-4.

⁶⁸ For the reasons stated above, Chairman Pearson and Commissioner Okun do not believe it is necessary to discuss the fungibility of the subject imports from Japan and Korea because they have declined to exercise their discretion to cumulate imports from either of these two subject countries with imports from any other subject country.

producer/importers, and 92 percent of purchasers found the U.S. and Japanese products to be at least frequently interchangeable. The lowest percentage of market participants to find at least “frequent” interchangeability of any comparison of Japanese casing and tubing imports and imports from another subject country was 82 percent by importers comparing product from Japan and Korea.⁶⁹

There are distinctions in the product range of the various subject industries which place some limitations on fungibility.⁷⁰ The Korean industry produces only welded casing and tubing of grade J-55, which is considered a commodity grade.⁷¹ The Korean producers lack the ability to perform finishing operations on their casing and tubing; consequently, finishing operations for product exported to the United States must be performed in the United States.⁷² By contrast, the Argentine, Italian, and Mexican industries currently produce finished seamless casing and tubing exclusively or *** exclusively.⁷³ The Japanese industry predominantly produces finished seamless casing and tubing, although it also produces some welded casing and tubing.⁷⁴ As explained in more detail in section IV.B.3. below, welded casing and tubing is typically used in less demanding applications and seamless casing and tubing is typically used in more demanding applications; there is, however, overlap in uses between the two forms.

The record indicates that there is sufficient fungibility between the domestic like product and imports from each of the subject countries and among imports from the individual subject countries to satisfy the “likely reasonable overlap of competition” standard. In particular, the record does not support the contention of the Japanese Respondents that the Japanese industry focuses entirely or largely on specialized products not produced by the domestic industry or by industries in other subject countries.⁷⁵

Geographic Overlap. All responding U.S. producers reported making sales to the Central Southwest, nine of 11 reported making sales to the Mountain region, and five of 11 reported making sales to all regions. Four responding importers reported making sales to the Central Southwest, and three reported making sales to the Mountain region.⁷⁶ During the period of review, there were reports of imports from each of the subject countries entering the United States through the Houston-Galveston customs district.⁷⁷

Channels of Distribution. The share of casing and tubing shipments sold to distributors was 99.9 percent for domestic mills, and at least 96.7 percent for the subject imports, for each calendar year during the period of review.⁷⁸

⁶⁹ CR/PR, Table II-4.

⁷⁰ Commissioner Pinkert does not join this paragraph. He recognizes that subject producers in Japan produce seamless and welded, subject producers in Korea produce welded, and that subject producers in Argentina, Italy and Mexico produce *** exclusively seamless casing and tubing.

⁷¹ Tr. at 248 (Lee), 253 (Lee), 367-68 (Lee); Korean Respondents Posthearing Brief, ex. 1 at 14; CR at V-9, PR at V-8.

⁷² Korean Producers Posthearing Brief at 11, ex. 1 at 14.

⁷³ CR at IV-14, IV-20, IV-45-46, PR at IV-11, IV-14, IV-23-24. See Tenaris Respondents Posthearing Brief at 7.

⁷⁴ CR/PR, Table IV-18; see Japanese Respondents Posthearing Brief, part II at 3.

⁷⁵ See Japanese Respondents Posthearing Brief, ex. 5 (***); Japanese Respondents Prehearing Brief, Ex. 4, “Outline of Capital Investments” at 18-19 (***).

⁷⁶ CR at II-1, PR at II-1.

⁷⁷ CR/PR, Table IV-4.

⁷⁸ CR/PR, Table I-15.

Simultaneous Presence in Market. The information available indicates that subject casing and tubing imports were present from each subject country for each year during the period of review except 2006.⁷⁹

Conclusion. Subject imports from all sources overwhelmingly use the same channels of distribution and are sold in the same geographic markets. There was also an overlap in temporal presence in the market during the period of review. Furthermore, notwithstanding some differences in product range, the domestic like product and imports from each subject country are sufficiently fungible to support a finding of likely reasonable overlap of competition. We consequently find that there is a likely reasonable overlap of competition between casing and tubing imports from each subject country and the domestic like product, and among casing and tubing imports from each subject country.

4. Other Considerations⁸⁰

a. *Argentina, Italy, and Mexico*

Based on our review of the record, we find that subject imports from Argentina, Italy, and Mexico would not be likely to compete under similar conditions of competition with subject imports from Japan and Korea. We consequently do not exercise our discretion to cumulate subject imports from Argentina, Italy, and Mexico with subject imports from Japan or Korea, although we do cumulate subject imports from Argentina, Italy, and Mexico with each other.

As previously stated, domestic casing and tubing producer Maverick is owned by Tenaris, S.A. Maverick is a very significant domestic producer, accounting for *** percent of 2006 U.S. casing and tubing production.⁸¹ Tenaris also owns subject producers Siderca, Dalmine, and TAMSA, which respectively account for essentially all production of subject merchandise in Argentina, Italy, and Mexico.⁸² There is no similar relationship between any combination of U.S. producers and subject producers that control all or essentially all production in Japan or Korea.⁸³

Moreover, Tenaris operates as a single worldwide entity. A witness who holds the dual titles of Maverick president and chief executive officer and managing director of Tenaris North America testified at the Commission hearing that “Tenaris operates as a one-only entity, and Maverick has become the U.S. base of Tenaris.”⁸⁴ The incorporation of a U.S. producer in a single entity that controls essentially all production of subject casing and tubing in Argentina, Italy, and Mexico will likely result in this enterprise competing in the U.S. market in a different manner than the Japanese or Korean industries, which in the aggregate lack any similar relationship with the domestic industry.

⁷⁹ CR/PR, Table IV-1.

⁸⁰ Commissioner Lane does not join this section of the opinion.

⁸¹ CR/PR, Table I-16.

⁸² CR at IV-14, IV-20, IV-42, PR at IV-11, IV-14, IV-23; Tenaris Respondents Prehearing Brief at 8.

⁸³ While Tenaris also operates Japanese producer NKK, NKK was responsible for only *** percent of Japanese casing and tubing production in 2006. CR at IV-27, PR at IV-16. Additionally, domestic casing and tubing producer V&M Star is *** percent owned by Sumitomo Corp., which exports the majority of the OCTG produced by Japanese producer SMI. See CR/PR, Table I-16; Japanese Respondents Prehearing Brief at 11. However, there is no indication that Sumitomo Corp. “controls” V&M Star. V&M Tubes of France owns the remaining *** percent interest in V&M Star and lists V&M Star as a subsidiary. CR/PR, Table I-16; see http://www.vallourec.com/uk/filiales/detail_filiale.asp?id=133 (EDIS Doc. 274641); see also Japanese Respondents Prehearing Brief at 22. There are no Korean and U.S. producers having common ownership.

⁸⁴ Tr. at 228 (Cura).

Several other considerations also support a conclusion that subject imports from Argentina, Italy, and Mexico will likely compete in the U.S. market under different conditions of competition than subject imports from Japan or Korea. While each subject country produces a sufficiently overlapping range of products to support our conclusion of a likely overlap of competition, there remain differences in product mix among the subject countries. *** all casing and tubing produced in Argentina, Italy, and Mexico is seamless.⁸⁵ By contrast, the Japanese industry produces both seamless and welded product, and all Korean production is of welded product.⁸⁶ Additionally, over the course of the period of review an appreciable share of shipments of the casing and tubing industries in Argentina, Italy, and Mexico, but not those in Japan and Korea, were made to the home market.⁸⁷

b. *Japan and Korea*⁸⁸

We next find that there are also distinctions in likely conditions of competition between subject casing and tubing imports from Japan and Korea. We therefore do not cumulate subject casing and tubing imports from Japan and Korea.

The industries in Japan and Korea have participated differently in the U.S. market since imposition of the orders. The Japanese casing and tubing industry has largely withdrawn from the U.S. market since imposition of the order. By contrast, although Korean participation in the market declined immediately after imposition of the order, subject imports from Korea have maintained a presence in the U.S. market. During the period of review, subject imports from Korea increased their participation in the U.S. market, and since 2002 the share of apparent U.S. consumption held by subject imports from Korea has exceeded the maximum share observed during the original period of investigation.⁸⁹ While Japanese exports to the United States were essentially non-existent during the period of review, the United States was Korea's largest export market.⁹⁰

The Japanese and Korean industries produce a different mix of products. As stated above, the Korean industry exclusively produces unfinished commodity grade welded casing and tubing.⁹¹ The Japanese industry produces both seamless and welded casing and tubing, but primarily seamless product, including appreciable quantities of high-grade or specialized products.⁹² Japanese casing and tubing producers, in contrast to the Korean producers, have the ability to produce and sell heat-treated and threaded products.⁹³

There are also differences in capacity trends. The capacity of the Japanese casing and tubing fluctuated in a relatively narrow range during the period of review, and was lower in 2006 than it was during the original period of investigation.⁹⁴ The capacity of the Korean industry, by contrast, grew by *** percent during the period of review and was *** percent larger in 2006 than it was in 1994 during the

⁸⁵ CR at IV-14, IV-20, IV-45-46, PR at IV-11, IV-14, IV-23-24.

⁸⁶ CR/PR, Tables IV-18, IV-21.

⁸⁷ CR/PR, Tables IV-9, IV-12, IV-16, IV-20, IV-23.

⁸⁸ Commissioner Pinkert does not join this section of the opinion.

⁸⁹ CR/PR, Table I-3.

⁹⁰ CR/PR, Tables IV-16, IV-20.

⁹¹ Korean Respondents Posthearing Brief, ex. 1 at 14; CR at V-9, PR at V-8.

⁹² CR at IV-27, IV-31-32, PR at IV-16-20; see Japanese Respondents Prehearing Brief, ex. 4.

⁹³ Japanese Respondents Posthearing Brief, part II at 3.

⁹⁴ CR/PR, Tables IV-14, IV-16.

original period of investigation.⁹⁵ Capacity utilization was higher in Japan than Korea during five of the six calendar years within the period of review; in 2006, capacity utilization was *** percentage points higher in Japan than in Korea.⁹⁶ Based on these differences, we find that subject imports from Japan and Korea are likely to compete in the U.S. market under different conditions of competition if the orders are revoked.

Accordingly, we have determined to exercise our discretion to cumulate subject imports from Argentina, Italy, and Mexico. We decline to exercise our discretion to cumulate subject imports from Japan or Korea with imports from any other subject country.

B. Likelihood of Continuation or Recurrence of Material Injury if the Antidumping Duty Orders Are Revoked

1. Legal Standards

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping 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 duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”⁹⁷ The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual 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.”⁹⁸ Thus, the likelihood standard is prospective in nature.⁹⁹ The U.S. Court of International Trade has found that “likely,” as used in the sunset review

⁹⁵ CR/PR, Tables IV-19, IV-20.

⁹⁶ CR/PR, Tables IV-16, IV-20.

⁹⁷ 19 U.S.C. § 1675a(a).

⁹⁸ SAA, H.R. Rep. No. 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.” SAA at 883.

⁹⁹ 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.

provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.^{100 101 102}

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.”¹⁰³ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”¹⁰⁴

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty 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.”¹⁰⁵ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).^{106 107 108}

¹⁰⁰ 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 without opinion, 05-1019 (Fed. Cir. Aug. 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 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, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

¹⁰¹ Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of International Trade’s interpretation of “likely,” but she will apply the Court’s standard in these reviews and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

¹⁰² For a complete statement of Commissioner Okun’s interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review) (Remand), USITC Pub. 3754 (Feb. 2005).

¹⁰³ 19 U.S.C. § 1675a(a)(5).

¹⁰⁴ 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.

¹⁰⁵ 19 U.S.C. § 1675a(a)(1).

¹⁰⁶ 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-19 n.19, PR at I-17 n.19. 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. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

¹⁰⁷ 19 U.S.C. § 1677e(a) authorizes the Commission to use the “facts otherwise available” in reaching a determination when: (1) necessary information is not on the record or (2) an interested party or other person withholds information requested by the agency, fails to provide such information in the time, form, or manner

(continued...)

In evaluating the likely volume of imports of subject merchandise if the antidumping duty orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.¹⁰⁹ 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.¹¹⁰

In evaluating the likely price effects of subject imports if the antidumping duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.¹¹¹

In evaluating the likely impact of imports of subject merchandise if the antidumping orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (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.¹¹² All relevant economic factors are to be considered within the context of the business cycle

¹⁰⁷ (...continued)

requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 781(i) of the Act. 19 U.S.C. § 1677e(a). The verification requirements in section 781(i) are applicable only to Commerce. 19 U.S.C. § 1677m(i). See Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 765 (Ct. Int'l Trade 2002) (“the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of Commission investigations.”)

¹⁰⁸ Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” SAA at 869.

¹⁰⁹ 19 U.S.C. § 1675a(a)(2).

¹¹⁰ 19 U.S.C. § 1675a(a)(2)(A-D).

¹¹¹ 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.

¹¹² 19 U.S.C. § 1675a(a)(4).

and the conditions of competition that are distinctive to the industry.¹¹³ As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.¹¹⁴

In these reviews, the parties have devoted extensive argument to the amount of likely change in impact factors such as shipments, employment, and profitability pertaining to the domestic industry's condition that is necessary to constitute "likelihood of continuation or recurrence of material injury."¹¹⁵ Our examination of the amount and type of likely impact necessary to justify our determinations has been guided by the provisions of the statute, legislative history, and case law.¹¹⁶

We find that, within certain general legal parameters, the issue is one of fact that is within our discretion to weigh. The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."¹¹⁷ The SAA for the URAA, the source of the five-year review provisions of the Act, does not specifically address the question of the amount of change in industry conditions necessary to support an affirmative determination. It indicates that in certain circumstances, such as when the industry is in very poor condition, very little change in condition may be necessary.¹¹⁸ It also expressly states that "a separate determination regarding current material injury is not necessary."¹¹⁹ Similarly, the legislative history of the "material injury" standard applicable to original investigations indicates that the Commission must evaluate impact in the context of overall market conditions, rather than by reference to fixed quantitative standards:

It is expected that in its investigation the Commission will continue to focus on the conditions of trade, competition, and development regarding the industry concerned. For

¹¹³ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

Commerce conducted expedited second sunset reviews of the antidumping duty orders on subject imports from Argentina, Italy, Japan, and Korea. With respect to the antidumping duty order on subject imports from Argentina, Commerce found likely margins of 1.36 percent for Siderca and all others, and of 60.73 percent for Acindar. 71 Fed. Reg. 59074 (Oct. 6, 2006). With respect to the antidumping duty order on subject imports from Italy, Commerce found likely margins of 49.78 percent for three named exporters and all others. *Id.* With respect to the antidumping duty order on subject imports from Japan, Commerce found likely margins of 44.20 percent for two named exporters and all others. *Id.* With respect to the antidumping duty order on subject imports from Korea, Commerce found likely margins of 12.17 percent for one named exporter and all others. *Id.* Commerce conducted a full review for the antidumping duty order on subject imports from Mexico, and found likely margins of 0.62 percent for Hylsa and 21.70 percent for TAMSA and all others. 72 Fed. Reg. 24563, 24564 (May 3, 2007).

¹¹⁴ 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.

¹¹⁵ See, e.g., U.S. Steel Posthearing Brief, ex. 1 at 33-39; Japanese Respondents Posthearing Brief at 6-8; Korean Respondents Posthearing Brief at A-7.

¹¹⁶ Commissioner Lane's views on this issue are explained in more detail in her Dissenting Views.

¹¹⁷ 19 U.S.C. § 1677(7)(A).

¹¹⁸ SAA, H.R. Rep. 103-316, vol. I at 884 (1994).

¹¹⁹ SAA, H.R. Rep. 103-316, vol. I at 884.

one industry, an apparently small volume of imports may have a significant impact on the market; for another, the same volume might not be significant.¹²⁰

Moreover, the statute emphasizes that “[t]he presence or absence of any factor which the Commission is required to consider. . . shall not necessarily give decisive guidance” to the Commission in making determinations in either five-year reviews or original investigations.¹²¹

The case law has also emphasized the lack of fixed standards as to what amount of change in industry condition is necessary to constitute “material injury.” The Federal Circuit has explained that:

In the end, of course, the factual conclusions of each commissioner will drive the legal conclusion he or she reaches, namely whether the requisite injury has been shown. The invitation to employ such diversity in methodologies is inherent in the statutes themselves, given the variety of the considerations to be undertaken and the lack of any Congressionally mandated procedure for assessment of the statutory tests.¹²²

The Federal Circuit subsequently observed that in original investigations, “one cannot dispose of the case without taking into account the entire condition of the industry, both its economic condition *per se*, and the overall competitive condition including imports.”¹²³ Because any determination concerning impact or likely impact requires a factual analysis of many discrete factors, none of which is dispositive,¹²⁴ the weight given to any individual factor is a discretionary decision for each Commissioner.

In light of these authorities, our determinations in these reviews have not been based on whether some fixed level of change in the domestic industry’s condition is likely upon revocation of the orders under review. Instead, we examine all pertinent conditions of competition and trade in determining whether any likely impact of subject imports will meet the statutory standard of materiality.

2. Findings in the Original Investigations and First Reviews

a. *Original Investigations*

In the original determinations, the Commission found that subject import volume followed the rise and fall of domestic consumption. According to the Commission, domestic consumption of casing and tubing increased significantly during the original period of investigation as did the absolute volume and value of cumulated subject imports of casing and tubing.¹²⁵ While there was a decline in subject import volume and value from 1993 to 1994, the level of cumulated imports in 1994 remained well above the 1992 level. Both the volume and value of subject imports declined significantly in interim 1995 compared to interim 1994. The Commission also found that the rate of increase in the volume of

¹²⁰ S. Rep. 96-249 at 88 (1979); accord, H.R. Rep. 96-317 at 46 (1979).

¹²¹ 19 U.S.C. §§ 1675a(a)(5), 1677(7)(E)(ii), 1677(7)(F)(ii).

¹²² United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996).

¹²³ Angus Chemical Co. v. United States, 140 F.3d 1478, 1485 (Fed. Cir. 1998). The domestic industry’s “economic condition *per se*” is also relevant in five-year reviews; the SAA instructs the Commission to consider, among other factors, whether the industry is in a “weakened state” and therefore vulnerable to material injury. SAA at 885.

¹²⁴ See 19 U.S.C. §§ 1675a(a)(4), 1677(7)(C)(iii),

¹²⁵ Original Determinations, USITC Pub. 2911 at I-17, I-29.

cumulated subject imports was far greater than the overall increase in consumption between 1992 and 1994.¹²⁶

In addition, the Commission found that the market share of cumulated subject imports by both volume and value rose significantly, nearly doubling from 1992 to 1994, and subsequently declining in interim 1995 as compared to interim 1994. The Commission further found that during the original period of investigation, domestic producers' market share declined substantially.¹²⁷ Accordingly, the Commission determined that the volume and market share of subject imports was significant.¹²⁸

With respect to price effects, the Commission found that the domestic and imported products were generally substitutable and that price was one of the most important factors in purchasing decisions.¹²⁹ Despite the mixed evidence as to instances of underselling and overselling, the Commission concluded that the underselling by subject imports was significant. In particular, the Commission determined that underselling by subject imports was significant in instances where purchasers reported that the quality of such imports was superior to that of the domestic product.¹³⁰ In addition, the Commission found that cumulated subject imports suppressed domestic prices to a significant degree, despite the unclear trend in domestic and import prices. The significant volumes of casing and tubing available from the cumulated subject countries effectively kept domestic producers from raising prices despite high costs. Because imported and domestic casing and tubing were relatively close substitutes, the Commission concluded that changes in relative prices were likely to cause purchasers to shift among supply sources. Purchasers repeatedly stated that subject imports from Argentina, Italy, Japan, Korea, and Mexico exerted downward pressure on domestic prices.¹³¹

With respect to the impact of subject imports on the domestic industry, the Commission found that the adverse impact of the cumulated subject imports was reflected in the poor operating performance of the domestic industry – despite a sharp increase in U.S. consumption – and in a decline in U.S. market share from 1992 to 1994. Subject imports captured a significant portion of the increase in consumption and also took market share away from domestic producers. While cumulated subject imports were increasing their market share, the domestic industry experienced continued operating losses, low levels of capacity utilization, and increased inventories.¹³²

The Commission found that the large volumes of cumulated subject imports, which purchasers generally viewed as good substitutes for the domestic product, were inhibiting the domestic industry from increasing market share and from raising prices. It found that because demand is determined primarily by the level of drilling activity, decreases in prices for the subject products do not generally lead to significant increases in overall volumes demanded. The Commission thus found that suppliers had to compete for market share and the lowest price would generally prevail. In addition, the Commission determined that the adverse impact of cumulated subject imports was also reflected in the inability of the domestic industry to raise prices sufficiently to cover costs between 1992 and 1994.¹³³

¹²⁶ Original Determinations, USITC Pub. 2911 at I-29-30.

¹²⁷ Original Determinations, USITC Pub. 2911 at I-30.

¹²⁸ Original Determinations, USITC Pub. 2911 at I-31.

¹²⁹ Original Determinations, USITC Pub. 2911 at I-31.

¹³⁰ Original Determinations, USITC Pub. 2911 at I-31.

¹³¹ Original Determinations, USITC Pub. 2911 at I-31.

¹³² Original Determinations, USITC Pub. 2911 at I-32.

¹³³ Original Determinations, USITC Pub. 2911 at I-32.

b. *First Reviews*

In the first reviews, in which the Commission cumulated subject casing and tubing imports from Argentina, Italy, Japan, Korea, and Mexico, the Commission found that the subject import volumes and market penetration levels observed during the period of review were substantially below the levels of the original investigations. It attributed these levels to the restraining effects of the orders.¹³⁴

The Commission provided several reasons in support of its conclusion that the volume of subject imports was likely to increase significantly in the event of revocation. It initially cited substantial available capacity in the subject countries. In this regard, the Commission specifically cited unused capacity in Japan and Korea.¹³⁵

The Commission acknowledged that high capacity utilization rates in the other subject countries posed a potentially important constraint on increasing shipments of casing and tubing to the United States. It nonetheless cited several reasons why the subject producers would have incentives to devote more of their productive capacity to producing and shipping more casing and tubing to the U.S. market. First, Tenaris – then, as now, the dominant subject producer in Argentina, Italy, and Mexico – would have a strong incentive to have a significant presence in the U.S. market, particularly in light of its objective to serve multinational oil and gas companies on a global basis.¹³⁶ Second, because casing and tubing were among the highest-priced, and most profitable, tubular products, and producers of tubular products could shift production between different types of tubular products, subject producers had both the means and the incentive to shift production from other tubular products to casing and tubing.¹³⁷ Third, the record indicated that casing and tubing prices on the world market were significantly lower than U.S. prices.¹³⁸ Fourth, producers in all subject countries except Italy faced import barriers in other countries.¹³⁹ Finally, the industries in several of the subject countries – particularly Japan and Korea – were export-oriented, and likely to re-enter the U.S. market in significant quantities, as they did during the original investigation.¹⁴⁰

With respect to likely price effects, the Commission reiterated its findings from the original determinations that the subject imports were highly substitutable with domestic casing and tubing and that price was a very important factor in purchasing decisions. It found that the increases in subject import volume it had previously deemed to be likely would be achieved by lower prices.¹⁴¹ During the period of review, for most products, prices peaked in 1998, fell significantly in 1999, and rebounded in 2000. The few direct comparisons available indicated that the subject casing and tubing generally undersold the domestic like product, especially in 1999 and 2000.¹⁴²

In light of its prior findings on substitutability and the importance of price, what it deemed the volatile nature of U.S. demand, and the underselling observed during both the original investigations and the period of review, the Commission found that the subject casing and tubing would likely compete on the basis of price to gain additional market share. It concluded that such price-based competition by

¹³⁴ First Review Determinations, USITC Pub. 3434 at 17.

¹³⁵ First Review Determinations, USITC Pub. 3434 at 18-19; see also Confidential First Review Determinations at 31-32.

¹³⁶ First Review Determinations, USITC Pub. 3434 at 19.

¹³⁷ First Review Determinations, USITC Pub. 3434 at 17, 19.

¹³⁸ First Review Determinations, USITC Pub. 3434 at 19-20.

¹³⁹ First Review Determinations, USITC Pub. 3434 at 20.

¹⁴⁰ First Review Determinations, USITC Pub. 3434 at 20.

¹⁴¹ First Review Determinations, USITC Pub. 3434 at 21.

¹⁴² First Review Determinations, USITC Pub. 3434 at 21.

subject imports would likely have significant depressing or suppressing effects on the prices of the domestic like product.¹⁴³

With respect to likely impact, the Commission found that the domestic casing and tubing industry's condition, on balance, had improved since the orders went into effect. It stated that the industry had appeared to benefit from the discipline of the orders. The Commission characterized the evidence on the most current condition of the industry as "positive," and observed large fluctuations in some measurements of industry performance – including shipments and financial performance – during the period of review. It attributed these fluctuations to volatile swings in demand. The Commission did not find the industry to be vulnerable.¹⁴⁴

Nevertheless, the Commission further found that revocation of the orders would likely lead to a significant increase in subject import volume, and that the imports would likely have adverse price effects on the domestic industry. It observed that in the original investigations, the subject imports had significant adverse effects notwithstanding an increase in apparent U.S. consumption. It found that the significant increase in subject imports likely upon revocation would likely cause significant adverse effects to the domestic industry notwithstanding strong near-term demand conditions.^{145 146}

3. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, 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."¹⁴⁷ The following conditions of competition are relevant to our determination.

Demand. In both the original investigations and the first reviews, the Commission found that demand for OCTG depends on the level of oil and gas drilling, which in turn depends on such factors as the price of oil and gas and climatic conditions.¹⁴⁸ This continues to be true.¹⁴⁹

The United States is the world's largest individual market for OCTG.¹⁵⁰ During the latter portion of the period of review, apparent U.S. consumption of casing and tubing increased sharply. Apparent U.S. consumption fell from 2.9 million short tons in 2001 to 2.0 million short tons in 2002, and then increased every succeeding year. Apparent U.S. consumption of casing and tubing approached 2.8 million short tons in 2003, then grew to 3.4 million short tons in 2004, 4.2 million short tons in 2005, and 4.6 million short tons in 2006.¹⁵¹ In 2006 apparent U.S. consumption was *** percent greater than the peak consumption observed during the original period of investigation. This represents an increase of *** short tons in consumption between 1993 and 2006.¹⁵² During the period of review, the number of oil

¹⁴³ First Review Determinations, USITC Pub. 3434 at 21.

¹⁴⁴ First Review Determinations, USITC Pub. 3434 at 22.

¹⁴⁵ First Review Determinations, USITC Pub. 3434 at 22-23.

¹⁴⁶ Commissioner Lane does not join the remainder of section IV of this opinion.

¹⁴⁷ 19 U.S.C. § 1675a(a)(4).

¹⁴⁸ Original Determinations, USITC Pub. 2911 at I-16; First Review Determinations, USITC Pub. 3434 at 15-16.

¹⁴⁹ CR at II-9, PR at II-5.

¹⁵⁰ See Maverick Prehearing Brief, ex. 2. See also CR at IV-57, PR at IV-31 (United States had about 52 percent of worldwide drilling rigs during period of review).

¹⁵¹ CR/PR, Table I-18.

¹⁵² CR/PR, Table I-3.

rigs, gas rigs, and rig permits all increased.¹⁵³ Average prices of oil and natural gas increased by about 150 percent and 60 percent respectively between 2001 and 2006, despite periodic fluctuations.¹⁵⁴

Market participants agree that, over the longer term, demand for OCTG in the United States will continue to grow.¹⁵⁵ The parties disagreed concerning likely demand trends over the next one to two years, with parties supporting continuation of the orders projecting that demand will remain at current levels or decline, and parties supporting revocation projecting that demand will continue to grow. Our review of the record indicates that U.S. demand is likely to remain very strong throughout 2007 and 2008. U.S. Energy Information Administration projections indicate that prices for oil and gas, one determinant of likely demand, are likely to fluctuate at stable to rising levels (although the levels are likely to be below the peaks reached during the period of review).¹⁵⁶ Most independent monitoring services predict that the U.S. rig count will be higher in 2007 than in 2006, and all predict that rig counts in 2008 will exceed both 2006 and 2007 levels.¹⁵⁷ Our finding with respect to the likelihood of continued strong U.S. OCTG demand is also corroborated by two independent monitoring services,¹⁵⁸ as well as projections prepared internally by Tenaris.¹⁵⁹ While Domestic Producers pointed to declines in rig permit applications during the latter portion of 2006, rig permit applications, which have demonstrated significant short-term volatility since 2003, have rebounded in 2007.¹⁶⁰

On a worldwide basis, the information available indicates that the rig count has increased since 2002 and that worldwide OCTG consumption has increased since 2004.¹⁶¹ Both the international rig count and worldwide OCTG consumption are expected to increase in 2007 and 2008.^{162 163}

In the first reviews, the Commission found that the forces affecting oil and gas supply and demand could be volatile.¹⁶⁴ In a similar vein, domestic industry witnesses emphasized that historically the OCTG industry has been cyclical.¹⁶⁵ While we acknowledge that demand for crude oil and gas, and hence OCTG, will likely face fluctuations over time, we see no basis in the record for the domestic industry's contentions that "the U.S. market demand boom is over"¹⁶⁶ and "the [domestic industry's] future does not look bright."¹⁶⁷ Accordingly, while we concede that record boom conditions are unlikely

¹⁵³ CR/PR, Figures II-1-2. Rig permit data were available only from January 2002.

¹⁵⁴ See Oil and Gas Pricing Data, EDIS Doc. 271811 (March 27, 2007). This document provides the underlying data presented in CR/PR, Figures II-1-2.

¹⁵⁵ Tr. at 55 (Surma), 100-01 (Cura), 291 (Brannan).

¹⁵⁶ CR/PR, Figure II-3.

¹⁵⁷ Maverick Prehearing Brief, ex. 4; Japanese Respondents Posthearing Brief, ex. 1.

¹⁵⁸ CR at IV-56, PR at IV-30 (Preston); U.S. Steel Prehearing Brief, ex. 91 (***)

¹⁵⁹ Maverick Prehearing Brief, ex. 2.

¹⁶⁰ CR/PR, Figures II-1, II-2.

¹⁶¹ Since 2002, rig counts have increased outside as well as inside the United States. CR/PR, Table IV-30. Similarly, since 2004, OCTG consumption has increased outside as well as inside the United States. Maverick Prehearing Brief, ex. 2.

¹⁶² Japanese Respondents Posthearing Brief, ex. 1; Maverick Prehearing Brief, ex. 2.

¹⁶³ Commissioner Pinkert notes that the weekly rig count in Canada reported on May 18, 2007, was appreciably lower than the weekly rig count reported for the same week in May 2006. Baker Hughes Rotary Rig Count, May 18, 2007, EDIS Doc. 274602.

¹⁶⁴ First Review Determinations, USITC Pub. 3434 at 15.

¹⁶⁵ Tr. at 58 (Lindgren), 78 (Stewart), 100 (Surma), 137 (Shoaff).

¹⁶⁶ Domestic Casing and Tubing Producers Final Comments at 7.

¹⁶⁷ U.S. Steel Final Comments at 15.

to last forever, there is nothing in the record indicating that OCTG demand in the United States or globally will be anything but robust for the reasonably foreseeable future.¹⁶⁸

Declines in the domestic industry's production during the first quarter of 2007, as compared to the first quarter of 2006, do not support the contention that U.S. demand for OCTG is weakening.¹⁶⁹ Public statements by domestic industry executives do not support the proposition that the production declines that occurred during the first quarter of 2007 are the result of weak demand conditions. For example, in an April 24, 2007, earnings conference call with securities industries analysts, the chief executive officer of U.S. Steel attributed the OCTG production decline to high inventory levels, described overall end user demand as "good," and observed that "things look like they're moving in the right direction."¹⁷⁰ In another April 24, 2007, earnings conference call, the chief executive officer of IPSCO similarly referenced inventory levels as a reason for production declines and stated that, with respect to OCTG, "all of our customers, whether they be end users or distributors, are fairly positive about their activities in the second half [of 2007]."¹⁷¹ Similarly, the chief executive officer of Grant Prideco, which owns domestic casing and tubing processor TCA, stated in an April 24, 2007, earnings conference call that, although inventory buildup had adversely affected TCA results during the first quarter of 2007, "this destocking trend we have seen in North America seems to have almost run its course. . . . I think [TCA] will begin to improve throughout the year from this point forward."¹⁷²

Supply. Throughout the period of review, the domestic industry was the largest supplier of casing and tubing to the U.S. market, although its share of apparent U.S. consumption declined from 70.6 percent in 2001 and a period peak of 79.7 percent in 2002 to a period low of 59.7 percent in 2006.¹⁷³ There have been several consolidations and acquisitions in the domestic industry during the period of review: Lone Star acquired or upgraded several tubular facilities in 2002; V&M Tubes of France acquired North Star Steel Co. in 2002 and renamed the company V&M Star; IPSCO merged with domestic casing and tubing producer NS Steel in December 2006; and Tenaris acquired Maverick in October 2006.¹⁷⁴ Additionally, during the pendency of these reviews, U.S. Steel agreed to acquire Lone Star; SSAB, a Swedish firm, agreed to acquire IPSCO; and the Evraz Group of Russia acquired Rocky Mountain Steel Mill's parent company, Oregon Steel.¹⁷⁵ The IPSCO/NS Steel and projected U.S. Steel/Lone Star acquisitions involve combinations of domestic producers of welded and seamless casing and tubing.¹⁷⁶

Nonsubject imports were the next largest supplier to the U.S. casing and tubing market after the domestic industry. After their share of apparent U.S. consumption declined from *** percent in 2001 to

¹⁶⁸ Tr. at 100 (Surma) (while cycles are likely to continue to occur, the baseline level of demand for OCTG "would be higher than it has been in the past"); see also Tr. at 100-01 (Cura).

¹⁶⁹ In any event, the Commission is typically reluctant to establish a trend from a single quarter of data. E.g., Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden, Inv. Nos. 731-TA-1084-1087 (Preliminary), USITC Pub. 3713 at 15 (July 2004).

¹⁷⁰ Letter from Robert C. Cassidy, Jr. to Marilyn R. Abbott (May 4, 2007) ("May 4 Supplemental Materials"), U.S. Steel Conference Call at 1, 7.

¹⁷¹ May 4 Supplemental Materials, IPSCO Conference Call at 5.

¹⁷² May 4 Supplemental Materials, Grant Prideco Conference Call at 2, 7. This contrasts with TCA's testimony at the Commission hearing. There the TCA witness asserted that demand for at least TCA's sour service products was declining for reasons unrelated to inventory accumulations. Tr. at 71 (Breihan).

¹⁷³ CR/PR, Table I-20. This share reflects U.S. mills' domestic shipments.

¹⁷⁴ CR/PR, Table III-1.

¹⁷⁵ CR/PR, Table III-1.

¹⁷⁶ CR/PR, Tables I-16, III-1.

*** percent in 2002, nonsubject imports' share increased to *** percent in 2003, *** percent in 2004, *** percent in 2005, and *** percent in 2006.¹⁷⁷ In 2006 China was the largest individual source of nonsubject imports, although the quantity from other nonsubject sources combined exceeded the quantity from China.¹⁷⁸ China was responsible for the bulk of the increases in nonsubject import volume over the latter portion of the period of review, as Chinese casing and tubing imports increased from 118,230 short tons in 2002 to 725,027 short tons in 2006.¹⁷⁹ Nonsubject imports also include imports from Tenaris mills in nonsubject countries, particularly Canada and Romania.¹⁸⁰ Another source of nonsubject imports was Korean producer Hyundai, whose imports increased during the period of review.¹⁸¹

U.S. casing and tubing producers IPSCO, Lone Star, and Maverick imported casing and tubing from nonsubject sources during the period of review.¹⁸² Producers that imported nonsubject casing and tubing testified that the imports enabled them to offer a complete range of products, and that in some instances importation arrangements had been or would be discontinued when the products could be made domestically.¹⁸³

Subject imports' share of the U.S. market ranged from *** to *** percent during the period of review, and Korea was the predominant supplier of subject casing and tubing imports to the U.S. market. The annual market penetration of each individual subject country other than Korea has been under 1 percent since 2002.¹⁸⁴

Both U.S. casing and tubing producers and mills in the subject countries produce other tubular products, such as standard, line, or pressure pipe, or mechanical tubing, on the same equipment and machinery they use to produce casing and tubing.¹⁸⁵ Both U.S. and subject producers have some capability to shift production from these other tubular products to OCTG, or vice versa.¹⁸⁶

Another condition of competition pertinent to supply is that a single entity, Tenaris, owns a significant casing and tubing producer in the United States (Maverick), produces nearly all subject casing and tubing in three subject countries (Argentina, Italy, and Mexico), operates a mill that produces casing and tubing in another subject country (NKK in Japan), and also operates casing and tubing mills in nonsubject countries (Canada, Colombia, Romania, and Venezuela).¹⁸⁷ The Commission found during the first reviews that the various Tenaris companies (which at that time did not include Maverick) operate as a single entity.¹⁸⁸ This continues to be true: Tenaris operates as a single entity worldwide and seeks to serve customers such as major oil and gas companies on a global basis.¹⁸⁹

¹⁷⁷ CR/PR, Table I-20.

¹⁷⁸ China accounted for *** percent of all imports from nonsubject sources in 2006. CR/PR, Table IV-1, CR at IV-4, PR at IV-4.

¹⁷⁹ CR at IV-4, PR at IV-4.

¹⁸⁰ Tr. at 252 (Balkenende).

¹⁸¹ Nonsubject imports from Korea held a *** percent share of apparent U.S. consumption in 2001, declined to *** percent in 2002, and reached *** percent in 2006. CR/PR, Table I-20.

¹⁸² CR at III-17, PR at III-9.

¹⁸³ Tr. at 106-07 (Hornet), 107 (Sutherland), 112 (Dunn), 118 (Dunn).

¹⁸⁴ CR/PR, Table I-20.

¹⁸⁵ CR/PR, Tables III-4, IV-10, IV-13, IV-18, IV-21, and IV-24.

¹⁸⁶ CR at II-4, II-7, PR at II-3-5.

¹⁸⁷ CR at IV-26 n.42, PR at IV-15 n.42; Tenaris Respondents Posthearing Brief at 1.

¹⁸⁸ First Review Determinations, USITC Pub. 3434 at 16.

¹⁸⁹ Tr. at 228 (Cura), 254 (Balkenende).

Interchangeability. Casing and tubing products, regardless of source, are generally produced in accordance with standards established by API.¹⁹⁰ In some cases, purchasers may establish their own proprietary standards, exceeding API standards, for demanding applications such as sour service operations or high-pressure, high-temperature wells.¹⁹¹ While the parties have given various estimates of the share of the U.S. casing and tubing market devoted to specialized products, all agree that it is very small.¹⁹²

Casing and tubing consists of both seamless and welded products. The United States and Canada jointly account for the great majority of worldwide consumption of welded casing and tubing; seamless casing and tubing, by contrast, is used in substantial quantities in all worldwide markets, including the United States and Canada.¹⁹³ In 2006, welded casing and tubing accounted for 58.3 percent of U.S. mill production of casing and tubing and 41.9 percent of imports from all sources.¹⁹⁴

As a rule of thumb, welded casing and tubing is typically used in less demanding applications, and seamless casing and tubing is typically used in more demanding applications.¹⁹⁵ The record indicates that there is some overlap in applications between seamless and welded casing and tubing products, and some specific applications where seamless and welded products may be substituted.¹⁹⁶ Welded and seamless casing and tubing are produced in the United States in similar size (in terms of outside diameter) ranges.¹⁹⁷

The domestic industry contains both seamless and welded casing and tubing producers and produces products in all size ranges.¹⁹⁸ Siderca, which accounts for the *** share of Argentine casing and tubing production, is a seamless producer.¹⁹⁹ Dalmine, the sole Italian casing and tubing producer, is a seamless producer.²⁰⁰ The Japanese casing and tubing industry consists of both seamless and welded producers.²⁰¹ The Korean industry consists solely of welded producers.²⁰² TAMSAs, the sole Mexican producer currently producing OCTG, is a seamless producer.²⁰³

¹⁹⁰ CR at I-36, PR at I-31.

¹⁹¹ Tr. at 269 (Brannan).

¹⁹² Compare Tenaris Respondents Posthearing Brief, Response to Question 13 at 2 (sour service applications under *** percent of quantity of U.S. shipments) with U.S. Steel Posthearing Brief, Part II at 7 (sour service applications account for *** percent of apparent U.S. consumption) and Domestic Casing and Tubing Producers Posthearing Brief at A-11 (sour service and specialty applications account for under *** percent of U.S. market). A witness from Shell Exploration and Production Co. (“Shell”), an importer and purchaser of casing and tubing, testified at the hearing that specialized proprietary products account for under five percent of that firm’s OCTG purchases. Tr. at 272-73 (Skogsberg). Shell was one of several purchasers that contended it could not obtain from domestic sources specialized or proprietary grades of casing and tubing. See generally CR at II-19, PR at II-14.

¹⁹³ Maverick Prehearing Brief at 14, ex. 2.

¹⁹⁴ CR/PR, Tables F-1-4.

¹⁹⁵ Tr. at 84 (Shorter).

¹⁹⁶ Tr. at 80 (Causey), 161-62 (Leland), 163 (Schagrin).

¹⁹⁷ Domestic Casing and Tubing Producers Posthearing Brief at A-17.

¹⁹⁸ CR/PR, Table I-16.

¹⁹⁹ CR at IV-14, PR at IV-11.

²⁰⁰ CR at IV-20, PR at IV-14.

²⁰¹ CR at IV-27, PR at IV-16.

²⁰² CR/PR, Table IV-21.

²⁰³ CR at IV-46, PR at IV-24.

4. Revocation of the Antidumping Duty Orders on Cumulated Subject Imports from Argentina, Italy, and Mexico Is Not Likely To Lead to Continuation or Recurrence of Material Injury to the Domestic Casing and Tubing Industry

a. *Likely Volume of Subject Imports*

Cumulated subject imports from Argentina, Italy, and Mexico were present in the U.S. market in small quantities during the period of review. The quantity of cumulated subject imports from these countries was at its period high of 38,288 short tons in 2001. Cumulated subject import quantity fluctuated at lower levels during the period of review, reaching a period low of 3,788 short tons in 2006.²⁰⁴ The share of apparent U.S. consumption represented by cumulated subject imports from Argentina, Italy, and Mexico was at 1.3 percent in 2001, its peak level during the period of review. The market penetration of cumulated subject imports from Argentina, Italy, and Mexico then fluctuated at lower levels before reaching its period low of 0.1 percent in 2006.²⁰⁵

As previously discussed, Tenaris mills are responsible for essentially all production of subject casing and tubing in Argentina, Italy, and Mexico. Tenaris officials have made recent public statements expressing their interest in supplying the U.S. OCTG market with product from Tenaris's subject mills, particularly TAMSA, should the orders under review be revoked.²⁰⁶ In these reviews, Tenaris Respondents have acknowledged that the Tenaris mills in Argentina, Italy, and Mexico will export subject casing and tubing to the United States should the antidumping duty orders be revoked.²⁰⁷ Thus, as in the first reviews, Tenaris has an expressed interest in serving the U.S. market. In these reviews, however, the manner and means by which Tenaris intends to serve the U.S. market have changed significantly. As we explain below, we do not believe that it is likely that Tenaris will serve the U.S. market by importing significant volumes of subject casing and tubing from Argentina, Italy, and Mexico.

Capacity utilization of the casing and tubing operations of subject producers in Argentina, Italy, and Mexico was extremely high during the period of review. Capacity utilization of casing and tubing operations on a cumulated basis was at least *** percent for each year in the period of review, equaled or exceeded *** percent for four of the six years, and reached a period high of *** percent in 2006. Indeed, in 2006, total unused casing and tubing capacity in Argentina, Italy, and Mexico was only *** short tons, as opposed to apparent U.S. consumption of 4.6 million short tons.²⁰⁸ The high capacity utilization of the producers in Argentina, Italy, and Mexico, is not limited to their casing and tubing operations. In 2006, these producers' overall capacity utilization for all tubular products produced on the equipment and machinery used to make casing and tubing was *** percent.²⁰⁹ On a cumulated basis, casing and tubing capacity in Argentina, Italy, and Mexico is projected to be *** below 2006 levels in 2007 and 2008.²¹⁰ That subject producers in Argentina, Italy, and Mexico have very limited unused capacity and do not project increases in capacity will significantly constrain their ability to increase exports to the United States.

²⁰⁴ CR/PR, Table IV-1.

²⁰⁵ CR/PR, Table I-20.

²⁰⁶ U.S. Steel Prehearing Brief, ex. 7 at 14-15.

²⁰⁷ Tenaris Respondents Posthearing Brief, Response to Question 2.

²⁰⁸ Derived from CR/PR, Tables IV-9, IV-12, and IV-23. See also CR/PR, Table I-20.

²⁰⁹ Derived from CR/PR, Tables IV-10, IV-13, and IV-24. If only those facilities that provided data that currently produce casing and tubing – which are Siderca, Dalmine, and TAMSA – are included, overall mill capacity utilization was *** percent, and total unused capacity for all tubular products produced on the equipment and machinery used to produce casing and tubing was slightly over *** short tons. Id.

²¹⁰ Derived from CR/PR, Tables IV-9, IV-12, and IV-23.

There were no inventories of subject merchandise from Argentina, Italy, or Mexico present in the United States during the period of review.²¹¹ The ratio of inventories to shipments in the subject countries ranged from *** percent to *** percent during the period of review. This ratio was at *** percent, towards the midpoint of this range, in 2006.²¹² Tenaris Respondents report the inventories maintained by their mills in Argentina, Italy, and Mexico are ***.²¹³ In light of these considerations, we do not believe that inventories are likely to be a source of significant additional subject imports.²¹⁴ The subject producers in Argentina, Italy, and Mexico consequently are not planning new capacity and lack unused capacity or inventories that they could use to significantly increase casing and tubing shipments to the United States in the reasonably foreseeable future.

We next examine whether these producers are likely to increase significantly subject imports by directing to the United States casing and tubing shipments that are currently destined for other markets. One factor significantly limits their motivation to increase shipments to the United States in this manner. As previously stated, Tenaris recently acquired U.S. welded casing and tubing producer Maverick. Maverick is among the largest U.S. casing and tubing producers,²¹⁵ and Tenaris has invested over \$3 billion in acquiring Maverick.²¹⁶ In light of the prominence of Maverick in the U.S. market and the magnitude of Tenaris's investment in the company, we agree with both Tenaris Respondents and Maverick that Tenaris is likely primarily to serve the U.S. casing and tubing market in the reasonably foreseeable future with U.S. production from Maverick, and that Tenaris will likely import seamless casing and tubing products from its mills outside the United States to complement its U.S. production.

The strategy of U.S. casing and tubing producers importing merchandise to complement domestic production is not novel and has been used by other U.S. casing and tubing producers during the period of review.²¹⁷ Moreover, Tenaris currently supplies the U.S. market with seamless casing and tubing from nonsubject facilities it owns in Canada and Romania and states that it will continue to do so, although the Canadian and Romanian facilities cannot produce certain large-diameter products that Tenaris can supply from its subject facilities in Argentina, Italy, and Mexico.²¹⁸ The likely pricing practices of Tenaris, which we discuss in greater detail below, will also serve to constrain subject import volumes upon revocation. We find that Tenaris's ownership of Maverick, its current importation of seamless product

²¹¹ CR/PR, Table IV-6.

²¹² Derived from CR/PR, Tables IV-9, IV-12, and IV-23.

²¹³ Tenaris Respondents Posthearing Brief, Response to Question 4.

²¹⁴ Casing and tubing exports from Argentina, Italy, or Mexico are not subject to tariff or non-tariff barriers in markets other than the United States. CR at IV-18, IV-21, IV-45, PR at IV-12-15, IV-23. While seamless standard, line, and pressure pipe from Argentina – a product Siderca produces using the same equipment it uses to produce casing and tubing -- had been subject to an antidumping duty order in the United States, that order was recently revoked. 72 Fed. Reg. 28027 (May 18, 2007). Additionally, although there are currently several outstanding antidumping duty orders in the United States concerning welded tubular products from Mexico, there is no current production of welded OCTG in Mexico, CR at IV-45, PR at IV-23, and Hylsa, the Mexican producer that formerly produced welded OCTG, has stated that ***. Letter from Jeffrey M. Winton to Marilyn R. Abbott (April 23, 2007).

²¹⁵ CR/PR, Table I-16.

²¹⁶ Tr. at 83 (Shorter).

²¹⁷ Tr. at 106-07 (Hornet), 107 (Sutherland), 112 (Dunn), 118 (Dunn).

²¹⁸ Tenaris cannot supply seamless casing and tubing greater than 9 $\frac{5}{8}$ inches in outside diameter from its mills in Canada or Romania. Tr. at 283 (Balkenende, Vogel); Tenaris Respondents Posthearing Brief at 8. The *** majority of seamless casing and tubing supplied by the domestic industry is of outside diameter less than 9 $\frac{5}{8}$ inches. Domestically produced seamless casing and tubing of outside diameter greater than 9 $\frac{5}{8}$ inches accounted for only *** percent of all 2006 shipments of domestically produced seamless casing and tubing. Derived from CR/PR, Table F-1; U.S. Steel Posthearing Brief, ex. 26; Domestic Casing and Tubing Producers Posthearing Brief at A-19.

from nonsubject facilities, and its likely pricing practices are all factors that will serve significantly to limit the quantities of additional subject imports from Argentina, Italy, and Mexico.²¹⁹

Domestic Producers, however, contend that several factors will serve to negate any disincentives to increasing subject imports created by Tenaris's ownership of Maverick and current importations from nonsubject mills.²²⁰ As explained below, the considerations cited by the Domestic Producers do not invalidate our conclusion that significant volumes of subject imports from Argentina, Italy, and Mexico are not likely.

The first consideration that Domestic Producers cite is Tenaris's interest in obtaining the business of large multinational oil and gas companies. However, the great majority of rigs in the United States are owned by independent operators.²²¹ Moreover, in the United States, casing and tubing – whether domestically produced or imported – is overwhelmingly sold to distributors, and direct sales to end users constitute only a tiny proportion of the market.²²²

The second consideration is whether the availability of more attractive pricing will serve as an incentive for the subject producers in Argentina, Italy, and Mexico to direct to the United States shipments currently made to other markets. The record does not establish, however, that prices for casing and tubing in the United States currently are appreciably higher than those in other markets supplied by the industries in Argentina, Italy, and Mexico. The average unit values reported by the Argentine, Italian, and Mexican producers for their home markets and nearly all export markets they supply are higher, often by considerable margins, than the average unit values reported by U.S. producers of seamless casing and tubing.²²³ While we acknowledge the limitations of average unit value data, Domestic Casing and Tubing Producers have stated that the producers in Argentina and Mexico can receive much higher prices in their home markets than they could in the United States.²²⁴ This fact is significant because a substantial proportion of the Argentine and Mexican producers' shipments are directed to their home markets.²²⁵

²¹⁹ Moreover, even assuming arguendo that Tenaris would choose to direct exports it currently supplies to the U.S. market from Romania to its Mexican facility instead because of Mexico's greater proximity to the United States, these additional subject imports would merely replace a small volume of nonsubject imports. Imports of casing and tubing from Romania in 2006 were only 27,409 short tons. Import Data, EDIS Doc. 274636 (May 22, 2007). Sourcing imports from Mexico rather than Romania would not take market share or sales away from the domestic industry.

²²⁰ Several purchasers likewise reported in questionnaire responses that revocation of the antidumping duty orders would likely cause them to purchase subject imports or would serve to increase supply in the U.S. market. See CR at D-21-28, PR at D-12. To the extent that purchasers attempted to substantiate their assertions, they cited the same considerations as Domestic Producers.

²²¹ Domestic Casing and Tubing Posthearing Brief at A-8.

²²² CR/PR, Table I-15.

²²³ See CR/PR, Tables IV-9, IV-12, IV-23, F-1.

²²⁴ Domestic Casing and Tubing Producers Prehearing Brief, ex. 14; Tr. at 146 (Dunn).

²²⁵ CR/PR, Tables IV-9, IV-23. While the Commission Report provides global pricing data for J-55 seamless casing for several leading markets, the data do not include any pricing observations for Mexico or South American markets. See CR/PR, Table IV-31.

Domestic Producers' allegations that home market demand will likely decline in Argentina and Mexico in the reasonably foreseeable future are either speculative or lack support in the record. Domestic Producers' arguments that home and regional market demand in Argentina will likely decline is based on speculation on political developments in Argentina and South America. See U.S. Steel Prehearing Brief at 31-35. These arguments are based primarily on press reports; Domestic Producers do not point to any empirical projections that either rig operations or oil prices in South America are likely to decline. To the contrary, the projections that are in the record point otherwise. See Japanese Respondents Posthearing Brief, ex. 1. With respect to the Mexican market, their arguments are based on reports of recent and likely declines in production by PEMEX, Mexico's national oil

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Market participants provided mixed responses in the questionnaires when asked to compare prices in the United States and other markets.²²⁶ While there are also data in the record indicating that U.S. prices may be higher than prices in other export markets in some instances,²²⁷ the record as a whole does not support the proposition that U.S. prices have been or are likely to be consistently higher than those available to the producers in Argentina, Italy, and Mexico in their other markets. We consequently find that pricing in the U.S. market is not sufficiently attractive in relationship to pricing in other countries to motivate the subject producers in Argentina, Italy, and Mexico to direct to the United States significant quantities of casing and tubing currently being shipped elsewhere.

The third consideration is Tenaris's recent acquisition of U.S. threader Hydril. Domestic Producers contend that this acquisition will provide an incentive for Tenaris to increase imports of seamless pipe and thereby displace U.S. seamless casing and tubing producers as suppliers to Hydril. However, the chief executive officer of U.S. Steel, the *** U.S. seamless casing and tubing producer,²²⁸ stated publicly that he did not believe that Tenaris's acquisition of Hydril would imperil U.S. Steel's role as a supplier of seamless pipe to Hydril.²²⁹

A final consideration concerns possible displacement of the subject producers from their other export markets. Domestic Producers contend that increased OCTG exports and production in China will provide an incentive for the subject producers to direct shipments away from China or other export markets targeted by Chinese producers to the United States. While the exports of the subject producers in Argentina, Italy, and Mexico to China did decline from 2005 to 2006, their exports to other Asian markets increased by a *** amount.²³⁰ Domestic Producers also cite new pipe mills that are anticipated to open in the Middle East in 2009.²³¹ We find that the timing and nature of any production at these mills is

²²⁵ (...continued)

company. Tenaris Respondents have acknowledged that TAMSA's home market shipments to Mexico declined in 2006, a development they attribute to national elections conducted that year. Tr. at 326 (Vogel); U.S. Steel Prehearing Brief, ex. 7 at 3; see CR/PR, Table IV-23. But Tenaris's witness testified at the Commission hearing that drilling activity increased in Mexico in the second half of 2006, and the record contains projections that home market demand in Mexico is anticipated to be higher in 2007 and 2008 than in 2006. See Tr. at 326 (Vogel); CR/PR, Table IV-23; Maverick Prehearing Brief, ex. 2.

²²⁶ CR at IV-60, PR at IV-35.

²²⁷ See CR/PR, Table IV-31; Domestic Casing and Tubing Producers Prehearing Brief, ex. 14. U.S. Steel also submitted data comparing bids it made for casing and tubing in other markets with those it made in the United States. These data also fail to support the proposition that U.S. prices are invariably higher than those in other markets. In *** instances, U.S. Steel's bid was at a price equal to or higher than the reported U.S. price. U.S. Steel Posthearing Brief, ex. 25. We further observe that during the period of review the unit values of U.S. mills' export shipments were generally close to, and in some years exceeded, the unit values of these mills' domestic shipments. CR/PR, Table III-6.

²²⁸ CR/PR, Table I-16.

²²⁹ Tenaris Posthearing Brief, Response to Question 9.

²³⁰ See CR/PR, Tables IV-9, IV-12, IV-23. While Domestic Producers' arguments have focused principally on how increased Chinese OCTG exports and production have purportedly currently displaced exports from producers in other countries, we observe that the subject producers in Argentina, Italy, and Mexico project that their exports to both China and other Asian markets will be higher in 2007 and 2008 than they were in 2006. See CR/PR, Tables IV-9, IV-12, IV-23. See also Tr. at 248 (Vogel) (Tenaris is adding a threading facility in China).

²³¹ Domestic Producers submitted a study purporting to show that Tenaris lost market share in Saudi Arabia in 2006. Domestic Casing and Tubing Producers Posthearing Brief, ex. 6. We observe, however, that this study does not indicate that the quantity of Tenaris shipments to Saudi Arabia actually declined from 2005 to 2006. Nor does it link any purported declines to the subject Tenaris mills. To the contrary, the record indicates that subject producers in Argentina, Italy, and Mexico *** increased shipments to Asian markets other than China, which for ***, in 2006.

(continued...)

currently too speculative to support a finding that they will displace subject producers' exports to other markets. Further, the additional seamless pipe production facilities (which may include an unknown quantity of OCTG) contemplated are being placed in areas of high or growing demand.²³² Indeed, growing worldwide demand for OCTG is another factor that militates against a finding that a significant volume of subject merchandise from Argentina, Italy, and Mexico will be shifted from other export markets to the United States.

We have also considered whether the subject producers in Argentina, Italy, and Mexico have an incentive to shift production from other tubular products to casing and tubing. We have stated in our prior determinations that producers will typically prefer to produce casing and tubing because it sells for a premium compared to other tubular products.²³³ We observe, however, that on a cumulative basis casing and tubing is currently the principal product produced by the seamless mills in Argentina, Italy, and Mexico.²³⁴ Moreover, given the extremely high overall capacity utilization rates of these mills, any capacity that could theoretically be shifted to producing additional casing and tubing is currently being used to produce other products. There is one seamless pipe producer in each of the Argentine, Italian, and Mexican industries, each of which Tenaris owns. We find credible Tenaris's expressed desire to continue to supply seamless tubular products other than casing and tubing to customers in its home markets.²³⁵ In light of this, we do not believe that any significant product shifting is likely.

Although revocation of the orders from Argentina, Italy, and Mexico will result in additional volumes of subject imports, we do not believe that the additional volumes will be significant in light of capacity limitations in the subject countries, future demand conditions in the United States and worldwide, and the lack of incentives to increase subject imports to a level substantially beyond the relatively modest levels needed to complement products Tenaris already offers in the United States market from Maverick and Tenaris's nonsubject mills.²³⁶ We consequently conclude that any likely increase in subject imports from Argentina, Italy, and Mexico will not be significant either in absolute terms or relative to production or consumption in the United States.

b. *Likely Price Effects of Subject Imports*

As we have found in our prior determinations, price is an important factor in purchasing decisions for casing and tubing. Purchasers overwhelmingly named price as a "very important" factor in purchasing decisions. Except for product quality, price was the factor purchasers named most often as the

²³¹ (...continued)

See CR/PR, Tables IV-9, IV-12, IV-23; see also *** Foreign Producers Questionnaires.

²³² CR at IV-53, PR at IV-29.

²³³ See First Review Determinations, USITC Pub. 3434 at 19.

²³⁴ During 2006, production of casing and tubing accounted for *** percent of the seamless tubular production of these mills. Derived from CR/PR, Tables IV-10, IV-13, IV-24.

²³⁵ Tr. at 355-56 (Vogel).

²³⁶ Domestic Producers question the credibility of Tenaris Respondents, contending that Tenaris witnesses have provided misleading testimony in prior Commission investigations. Tenaris Respondents defend their witness' prior testimony as credible. We agree with Tenaris Respondents that the Domestic Producers' credibility complaints fail once the prior testimony is considered in context. See Tenaris Respondents Posthearing Brief, ex. 1. Nevertheless, we emphasize that our conclusions concerning likely imports from the Tenaris mills in Argentina, Italy, and Mexico are not based solely on Tenaris's empirical projections concerning the likely volume of subject imports. While we have taken these projections into account, we have accorded greater weight to the extensive quantitative data in the record, obtained primarily through the questionnaires, concerning the operations of Siderca, Dalmine, and TAMSA.

number one factor in purchasing decisions.²³⁷ Purchasers overwhelmingly found subject imports from Argentina, Italy, and Mexico at least frequently interchangeable with the domestic like product.²³⁸ While there were very few purchaser comparisons of casing and tubing from the United States, on the one hand, and casing and tubing from Italy or Mexico, on the other, and no comparisons between domestically-produced and Argentine casing and tubing,²³⁹ none of the parties asserted that there were substantial differences in product characteristics between the domestic like product and subject imports from Argentina, Italy, or Mexico.

The Commission collected pricing data on 13 casing and tubing products. For domestically produced products, prices fluctuated between 2001 and 2003, increased in 2004 and 2005, and remained at or near the elevated 2005 levels in 2006.²⁴⁰ There were no pricing observations for subject imports from Argentina, Italy, or Mexico.²⁴¹

The record in these reviews indicates that price movements are strongly influenced by changes in demand, notwithstanding fluctuations in import competition.²⁴² As previously stated, casing and tubing prices increased most rapidly during both 2004 and 2005. These years were characterized by substantial increases in apparent consumption. They were also, however, years in which overall import quantity and market penetration increased markedly.²⁴³ While the domestic industry's costs of goods sold (COGS) also increased on a per unit basis during these years,²⁴⁴ prices rose more rapidly. Domestic mills' unit sales values exceeded unit COGS by a period low of \$41 per short ton in 2003. This differential increased to \$233 and \$413 per short ton in 2004 and 2005, respectively, notwithstanding the increases in COGS during those years. The differential reached a period high of \$434 per short ton in 2006.²⁴⁵

We previously found that, in the event that the antidumping duty orders from Argentina, Italy, and Mexico are revoked, Tenaris will likely import additional quantities of casing and tubing from Siderca, Dalmine, and TAMSA to complement its product offerings from Maverick and its mills in nonsubject countries. The seamless casing and tubing that Tenaris will likely import from Argentina, Italy, and Mexico will constitute different products than the welded tubing that Maverick produces domestically. Nevertheless, the record indicates that the prices Tenaris establishes for imported seamless tubing from Argentina, Italy, and Mexico are likely to affect prices for Maverick's domestically produced welded tubing. Casing and tubing, regardless of type, are used in oil well operations. As discussed in the section on conditions of competition, there is some overlap of seamless and welded casing and tubing in particular applications, and some substitutability between the products. In light of these considerations, factors that affect the price of seamless casing and tubing tend to affect the prices of welded casing and tubing and vice versa.²⁴⁶ An examination of the pricing data collected by the Commission indicates that

²³⁷ CR/PR, Tables II-1, II-2.

²³⁸ CR/PR, Table II-4.

²³⁹ CR/PR, Table II-6.

²⁴⁰ CR at V-9, V-32, PR at V-14; see CR/PR, Tables V-2-14.

²⁴¹ CR at V-8, PR at V-8.

²⁴² This is consistent with an observation the Commission made in a prior investigation concerning OCTG. Oil Country Tubular Goods from Austria, Brazil, China, France, Germany, India, Indonesia, Romania, South Africa, Spain, Turkey, Ukraine, and Venezuela, Inv. Nos. 701-TA-428, 731-TA-992-994, 996-1005 (Preliminary), USITC Pub. 3511 at 23 (May 2002).

²⁴³ CR/PR, Table I-20.

²⁴⁴ CR/PR, Table III-15.

²⁴⁵ CR/PR, Table III-15.

²⁴⁶ Cf. Domestic Casing and Tubing Producers Posthearing Brief at A-4 (“welded and seamless sales overlap significantly in high demand portions of the U.S. OCTG market”).

seamless and welded products generally followed broadly similar trends during the period of review, although the magnitude of pricing changes varied for particular pricing products.²⁴⁷

As we discussed in the section on likely import volume, Tenaris's likely behavior in the U.S. market will take into account, among other factors, its desire to protect its recent substantial investment in Maverick. Because prices for seamless and welded casing and tubing are interrelated, any attempt by Tenaris to establish low prices for any seamless casing and tubing it imports from Argentina, Italy, or Mexico to take market share away from U.S. producers of seamless casing and tubing will also have the effect of reducing the prices Maverick can obtain for its welded casing and tubing products. Because Maverick has a substantial presence in the U.S. market, the costs of such a strategy, in our view, would likely outweigh the benefits for Tenaris. We consequently do not believe that Tenaris's overall interest would be served by offering subject imports from Argentina, Italy, and Mexico at prices below those prevailing for the domestic like product.

In light of Tenaris's likely pricing behavior, we do not believe that the subject imports from Argentina, Italy, and Mexico are likely significantly to undersell the domestic like product. Moreover, because the subject imports from Argentina, Italy, and Mexico will likely not be priced below prevailing market prices, and will not likely enter in significant volumes during a period of rising demand, they are not likely to have significant price-suppressing or -depressing effects. We consequently conclude that the subject imports from Argentina, Italy, and Mexico are not likely to have significant price effects.

c. *Likely Impact of the Subject Imports on the Domestic Industry*

Most indicators of domestic industry performance improved during the period of review. For mills and toll processors, capacity utilization and production each reached period peaks during 2006; capacity in 2006 was above the 2001 level for all industry sectors.²⁴⁸ Mills' domestic shipments and export shipments also reached period peaks in 2006.²⁴⁹ The industry's employment and hours worked reached period peaks in 2006.²⁵⁰ The domestic industry experienced operating losses in 2002 and 2003, but subsequently demonstrated strong profitability, with operating margins of *** percent in 2004, *** percent in 2005, and *** percent in 2006.²⁵¹

²⁴⁷ For the five domestically produced welded products on which the Commission collected data, prices increased from 56.9 to 95.1 percent during the period of review and from 3.8 percent to 15.7 percent from the fourth quarter of 2004 to the fourth quarter of 2006. For the seven domestically produced seamless products on which the Commission collected data, prices increased from 73.2 percent to 155.4 percent during the period of review and from 8.3 percent to 94.3 percent from the fourth quarter of 2004 to the fourth quarter of 2006. Derived from CR/PR, Tables V-2-14. Domestic Producers argued that during the period of review, prices for alloy casing and tubing increased at a markedly greater rate than prices for carbon casing and tubing. Price distinctions between carbon and alloy products, however, do not indicate distinctions between welded and seamless products. To the contrary, the domestic industry produces substantial amounts of alloy casing in both seamless and welded forms. It also produces carbon casing in both seamless and welded forms. See Domestic Casing and Tubing Producers Posthearing Brief, ex. 10.

²⁴⁸ CR/PR, Table III-2. While the production and capacity utilization of the reporting non-toll processor declined from 2001 to 2006, this processor ***. *Id.*

²⁴⁹ CR/PR, Table III-6. The non-toll processor's shipments declined from 2001 to 2006. CR/PR, Table III-7.

²⁵⁰ CR/PR, Table III-12. An industry-wide productivity figure is not available. Productivity increased for toll processors and declined for mills and the non-toll processor from 2001 to 2006. *Id.*

²⁵¹ CR/PR, Table III-14. Operating margins for 2004, 2005, and 2006 adjusted to reflect tolling operations were *** respectively. *Id.* Return on investment increased from *** percent in 2001 to a period high of *** percent in 2005 and was *** percent in 2006. CR/PR, Table III-22. The casing and tubing industry's capital expenditures and research and development expenditures increased during the period of review. CR/PR, Table III-20.

We acknowledge that the domestic industry's market share declined during the period of review. This decline was particularly noticeable during the latter portion of the period. From 2004 to 2006, the domestic industry lost 11.9 percentage points of market share as nonsubject imports, particularly nonsubject imports from China, increased.²⁵² We observe, however, that this period was also when the domestic industry enjoyed its largest price increases and experienced its peak operating performance. Moreover, there is no indication that the domestic industry abandoned product lines or reduced the range of its offerings because of nonsubject import competition.²⁵³

We also acknowledge that five domestic casing and tubing mills and one non-toll processor submitted data to the Commission indicating that their production, employment, sales values, employment, and operating performance all declined in the first quarter of 2007 as compared to the first quarter of 2006.²⁵⁴ While we have considered these data, several factors strongly limit their probative value. First, as discussed in the section on conditions of competition, chief executive officers of three of the six companies that submitted supplemental data publicly indicated that the first quarter 2007 declines were a short-term event caused by high inventory levels. Second, counsel for Domestic Casing and Tubing Producers submitted individual firm and collective data for the first quarters of 2006 and 2007 that in some instances did not reconcile.²⁵⁵ Third, we are typically hesitant to make extrapolations based on a single quarter's data, particularly when the record provides limited context regarding import and apparent U.S. consumption levels during the first quarter of 2007.²⁵⁶

Based on the foregoing considerations, we determine that the domestic casing and tubing industry is not currently in a vulnerable condition. We find that the current improved condition of the industry is attributable to increased demand, and is not significantly related to the existence of the orders.²⁵⁷ We observe that notwithstanding any restraining effects the antidumping duty orders may have had on subject import volumes, domestic industry financial performance has fluctuated enormously since the orders were imposed, with improvements generally occurring during periods of increased demand.²⁵⁸

Should the antidumping duty orders on subject imports from Argentina, Italy, and Mexico be revoked, some additional volumes of subject imports will enter the U.S. market. Any adverse impact these additional imports may have on the domestic industry, however, will be substantially mitigated by

²⁵² CR/PR, Table I-20, CR at IV-4, PR at IV-4.

²⁵³ See Domestic Casing and Tubing Producers Posthearing Brief at A-1-2 (acknowledging that domestic producers were able to increase production of products that faced the most severe competition from nonsubject imports between 2004 and 2006, although these increases were not as great as those for products that faced less intense import competition).

²⁵⁴ CR at III-4 n.6, III-10 n.13, III-19 n.22, III-24 n.27, PR at III-3 n.6, III-7 n.13, III-12 n.22, III-16 n.27.

²⁵⁵ See Facsimile from Roger B. Schagrín to Fred Ruggles (May 22, 2007) (EDIS Doc. 274563). Counsel submitted revisions on the day the record closed which still contained some reconciliation problems. The closing of the record precluded further adjustments.

²⁵⁶ The Commission did not collect data in its questionnaires for the first quarters of 2006 and 2007, and Domestic Producers did not request that such interim period data be collected in their comments on the draft questionnaires. See Letter from Robert E. Lighthizer to Marilyn R. Abbott (Dec. 6, 2006); Letter from Roger B. Schagrín to Marilyn R. Abbott (Dec. 6, 2006). Instead, Domestic Producers submitted, on their own volition, interim period data on their operations. See U.S. Steel Posthearing Brief, ex. 1 at 33 n.147, ex. 23 (submitting data in response to a Commissioner question that did not request such data); Domestic Casing and Tubing Producers Posthearing Brief at A-1-2, ex. 10 (submitting data in response to another Commissioner question seeking information on profitability by product line).

²⁵⁷ Commissioner Pinkert finds that the current improved condition of the domestic industry is largely attributable to increased demand, and is not significantly related to the existence of the orders on subject imports from Argentina, Italy, and Mexico.

²⁵⁸ CR/PR, Table I-3.

the pertinent conditions of competition. Continued likely strong demand in the United States for casing and tubing will diminish the impact of any increased subject import volumes. Moreover, continued strong demand in the other worldwide markets in which Tenaris sells casing and tubing will diminish any incentive to increase shipments to the United States at the expense of sales in these other markets. Furthermore, the amount of market share that subject imports in Argentina, Italy, and Mexico may gain will be severely constrained because these imports are not likely to be priced to undersell the domestic like product. Moreover, even a return of these subject imports to the volume levels of the original investigations, which we believe is unlikely, would have a diminished impact given the substantial growth in the size of the U.S. market.

We consequently find that revocation of the antidumping duty orders on casing and tubing from Argentina, Italy, and Mexico would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investment. Accordingly, we determine that revocation of the antidumping duty orders on subject imports from Argentina, Italy, and Mexico is not likely to lead to the continuation or recurrence of material injury to the domestic casing and tubing industry within a reasonably foreseeable time.^{259 260}

5. Revocation of the Antidumping Duty Order on Subject Imports from Japan Is Not Likely To Lead to Continuation or Recurrence of Material Injury to the Domestic Casing and Tubing Industry

a. *Likely Volume of Subject Imports*

Subject imports of casing and tubing from Japan were essentially absent from the U.S. market during the period of review. The quantity of subject casing and tubing imports from Japan never exceeded *** short tons for any year between 2001 and 2006, and was *** in 2006.²⁶¹ Subject casing and tubing imports from Japan never had a share of apparent U.S. consumption above *** percent during the period of review.²⁶²

The capacity of the Japanese casing and tubing industry fluctuated during the period of review. In 2001, capacity was 904,525 short tons. Capacity then declined each year through 2004, before

²⁵⁹ U.S. Steel submitted an economic analysis maintaining that, if the cumulated subject imports had attained a 10 percent share of the U.S. market during the period of review, the domestic industry's operating margins would have been *** percentage points lower than they actually were. U.S. Steel Prehearing Brief, Attachment A at 2. Any impact from revocation would be much smaller than estimated in U.S. Steel's analysis because the record does not support U.S. Steel's assumption that subject imports would attain a 10 percent market share upon revocation. As we have discussed in detail earlier, we find that the likely increase in subject imports will not be significant either in absolute terms or relative to production or consumption in the United States. Even if we had cumulated imports from all subject countries, and even if those imports were to reach the peak quantity they attained in the original investigations, their share of 2006 apparent U.S. consumption would be at most *** percent. CR/PR, Table I-3. In addition, we find that any impact from revocation would be much smaller than estimated in U.S. Steel's analysis because U.S. Steel assumes that the substitution elasticity between the domestic like product and subject imports is much higher than it is between the domestic like product and nonsubject imports. The record evidence collected by the Commission tends to refute, rather than corroborate, this assumption. See CR at II-30-31, PR at II-21-22.

²⁶⁰ Commissioner Pinkert does not join the preceding footnote. He finds that U.S. Steel's economic analysis is not applicable to his analysis with respect to subject imports from Argentina, Italy, and Mexico because any likely increases in subject imports from these countries will not be significant, largely due to the restraining effect of Tenaris's acquisition of Maverick. Further, he does not join the remainder of section IV of this opinion. See Dissenting Views of Commissioner Dean A. Pinkert.

²⁶¹ CR/PR, Table IV-1.

²⁶² CR/PR, Table I-20.

increasing in 2005 and 2006. Capacity in 2006 was 912,033 short tons. Capacity is projected to decline to 899,988 short tons in 2007, and then to increase to 914,998 short tons in 2008.²⁶³ The capacity of the Japanese casing and tubing industry has declined since the original investigations; 1994 capacity was *** short tons.²⁶⁴

Capacity utilization of the Japanese casing and tubing industry fluctuated during the period of review, but was very high at the end of the period. Between 2001 and 2005 capacity utilization ranged between 72.0 percent and 88.2 percent. In 2006, capacity utilization increased to 98.3 percent.²⁶⁵ Overall capacity utilization for the equipment and facilities used to produce casing and tubing in Japan was *** percent in 2006, an even higher rate.²⁶⁶ The lack of either unused or significant additional capacity places an important constraint on the Japanese casing and tubing industry's ability to increase exports to the United States significantly.

Inventories of casing and tubing from Japan were present in the U.S. market during the period of review. There were *** short tons of inventory of subject imports from Japan in the United States in 2006, a period high.²⁶⁷ This quantity, however, is very small in terms of total apparent U.S. consumption. Inventories of subject merchandise in Japan were at low rates relative to shipments during the period of review; in 2006, inventories in Japan equaled 5.2 percent of shipments.²⁶⁸ Japanese producers' inventories are largely pre-sold.²⁶⁹ In light of these considerations, we do not believe that inventories are likely to be a source of significant additional subject imports.

We next examine whether Japanese casing and tubing producers have the motivation and ability to increase subject imports by diverting shipments from other products or markets to the United States. The record indicates that a substantial quantity of Japanese casing and tubing sales are made pursuant to long-term contracts or are made to recurring customers. In 2006, at least *** percent of the total production of the Japanese casing and tubing industry was sold pursuant to long-term contracts or to recurring customers.²⁷⁰ These commitments restrict both the ability and motivation of the Japanese producers to divert to the United States casing and tubing they currently sell in other markets.

We have also considered whether Japanese producers would be motivated to switch shipments from other markets to the United States because of the potential of receiving higher prices for their products in the U.S. market. The record does not indicate that prices for casing and tubing in the United States consistently exceed those available to the Japanese producers in their other markets. SMI, which was responsible for *** of 2006 Japanese casing and tubing production,²⁷¹ has submitted data indicating that the values it has received for spot sales of particular grades of casing and tubing to markets outside the United States exceed the values U.S. producers reported receiving for the same grades of casing and

²⁶³ CR/PR, Table IV-16.

²⁶⁴ CR/PR, Table IV-14.

²⁶⁵ CR/PR, Table IV-16.

²⁶⁶ CR/PR, Table IV-18.

²⁶⁷ CR/PR, Table IV-6.

²⁶⁸ CR/PR, Table IV-16.

²⁶⁹ Japanese Respondents Posthearing Brief, part II at 14.

²⁷⁰ Derived from Japanese Respondents Posthearing Brief, exs. 6 and 7; CR/PR, Table IV-16. Because *** did not report long-term contract information, the *** percent figure may understate the Japanese industry's commitments. Long-term contracts and sales to recurring customers accounted for *** percent of the total 2006 production for the three producers (***) that provided such information. Derived from Japanese Respondents Posthearing Brief, exs. 6 and 7; CR at IV-27, PR at IV-16.

²⁷¹ CR at IV-27, PR at IV-16.

tubing in the pricing data they submitted to the Commission.²⁷² While these data admittedly do not cover the entire Japanese industry, and there are some data indicating that higher prices may be available in the United States than Japan for certain products,²⁷³ we find the record does not support a finding that pricing levels in the United States would serve as motivation for Japanese producers significantly to increase shipments to the United States.

The record does not indicate that increasing production of casing and tubing in China, or increased casing and tubing exports from that country, have served to displace the Japanese producers from other export markets. The Japanese industry's exports to China fluctuated during the period of review, although they increased from 2005 to 2006. Any declines in exports to China during the period of review were more than offset by increases to other export markets.²⁷⁴ Moreover, Japan's share of the seamless casing market in China did not significantly decline in 2006, notwithstanding large increases in Chinese production and export capacity that year.²⁷⁵ Therefore, the record does not indicate that the Japanese industry is likely to rely on the U.S. market as an outlet for displaced exports.²⁷⁶

We have also examined whether Japanese casing and tubing producers have the motivation to shift production from other seamless or welded tubular products to casing and tubing.²⁷⁷ Notwithstanding that casing and tubing generally sells for a premium compared to other tubular products, the record does not indicate that Japanese producers would have the motivation to engage in significant product shifting. As we previously stated, overall capacity utilization of the mills used to produce casing and tubing in Japan in 2006 is quite high, and any capacity that could theoretically be shifted to produce casing and tubing is currently being used to produce other products. Moreover, the business plans of producers of tubular products typically contemplate offering a range of products.²⁷⁸ The Japanese producers typically

²⁷² Japanese Respondents Posthearing Brief, part II at 12-14, ex. 8. While Domestic Producers criticize the SMI data because it is based on spot market transactions, we believe that spot market prices provide probative information concerning whether producers are likely to change the destination of shipments not subject to contractual commitments.

²⁷³ While the record contains information indicating that prices for *** have been higher in the United States than in Japan, CR/PR, Table IV-31, this information is of limited utility in ascertaining the likely motivation of seamless casing and tubing producers in Japan. SMI, which is *** Japan's largest producer of seamless casing and tubing, sold *** quantities of J55 products in 2006). See CR at IV-27, PR at IV-16 (SMI accounted for *** percent of 2006 seamless casing and tubing production in Japan), Japanese Respondents Posthearing Brief, ex. 8 (***). We discussed other information in the record comparing prices in the United States to those in other markets in section IV.B.4.a. above.

²⁷⁴ CR/PR, Table IV-16. While Japanese producers project that exports to both China and other Asian markets in 2007 and 2008 will be below 2006 levels, the quantities by which exports to these markets are projected to decline are relatively modest. *Id.*

²⁷⁵ CR at IV-51-52, PR at IV-28-29.

²⁷⁶ As we discussed in section IV.B.4.a. above, the nature of projected new production facilities in the Middle East is too speculative to serve as the basis for a likely displacement finding.

²⁷⁷ We acknowledge that imports of seamless standard and line pipe products from Japan, which are made in the same facilities as OCTG, are subject to antidumping duty orders in the United States. Both seamless and welded large diameter tubular products are subject to a safeguard measure in Russia. Welded large diameter line pipe from Japan is also subject to an antidumping duty order in the United States. Imports of casing and tubing from Japan are not subject to tariff or non-tariff barriers in any country other than the United States. CR at IV-32, PR at IV-20. While these measures on other products could provide some incremental incentive for Japanese producers to switch to making more casing and tubing, we find any such incentive to be outweighed by other factors described in this section that indicate that subject imports from Japan are not likely to be significant upon revocation of the order.

²⁷⁸ Japanese Respondents Prehearing Brief, ex. 4, *** at 18 (indicating that while ***).

produce finished products, and heat-treatment and threading limitations of individual mills also restrict mills' ability to shift substantial quantities of production from other tubular products to OCTG.²⁷⁹

We have also considered the Japanese producers' potential interest in serving the Alaskan market.²⁸⁰ The record compiled in the original investigations indicates that, while subject Japanese imports to Alaska did increase during the original period of investigation, the domestic industry's shipments to Alaska increased by an even greater amount.²⁸¹ Consequently, based on the patterns observed during the original investigations, even should revocation of the antidumping duty order cause Japanese producers to increase shipments of subject imports to Alaska, we do not believe that it is likely that this will significantly displace shipments of the domestic like product.²⁸²

Japanese Respondents have acknowledged that they will increase exports to the United States upon revocation of the orders.²⁸³ Even if the increase in subject imports upon revocation is not as modest as projected by Japanese Respondents, numerous factors militate against a conclusion that the increase will be significant. These include limited unused capacity in the Japanese industry, substantial commitments to existing customers, limited motivation to increase imports by shifting shipments from other customers or products, and likely continued strong demand in the U.S. and worldwide markets. We accordingly conclude that any likely increase in subject imports from Japan will not be significant either in absolute terms or relative to production or consumption in the United States.

b. *Likely Price Effects of Subject Imports*

We incorporate by reference the discussion in section IV.B.4.b. above concerning the importance of price in purchasing decisions and pricing trends for the domestic like product observed during the period of review. There were no pricing observations during the period of review for subject casing and tubing imports from Japan.²⁸⁴ Majorities of responding purchasers found the domestic like product and subject imports from Japan comparable in most characteristics, but majorities found that the U.S. product was superior in delivery time and majorities found that the Japanese product was superior in minimum quantity requirements, product consistency, product range, quality exceeding industry standards, and technical support.²⁸⁵

There is no history of Japanese producers engaging in pervasive underselling in the U.S. market. In the original investigations, subject imports from Japan oversold the domestic like product in 24 of 40 quarterly comparisons.²⁸⁶ Even assuming that the pricing behavior of subject imports from Japan after revocation will be the same as that prior to the discipline of the order, there is no basis to conclude that these imports will likely engage in significant price underselling of the domestic like product in the United States.

²⁷⁹ See Japanese Respondents Posthearing Brief, part II at 2-5.

²⁸⁰ We acknowledge that some increase in imports from Japan into Alaska is possible given that ***. See CR at D-13, PR at D-9; CR/PR, Table I-17. See also U.S. Steel Prehearing Brief at 42-43.

²⁸¹ INV-S-100, Table F-2 (July 18, 1995).

²⁸² We also observe that as of May 18, 2007, Alaska accounted for only seven of the 1,744 rigs in the United States. Baker Hughes Rotary Rig Count (May 18, 2007), EDIS Doc. 274602.

²⁸³ See Japanese Respondents Prehearing Brief at 5. Japanese Respondents assert that any increase will be for proprietary and sour service applications. As discussed above, such applications account for a very small proportion of U.S. casing and tubing consumption.

²⁸⁴ CR at V-8, PR at V-8.

²⁸⁵ CR/PR, Table II-6.

²⁸⁶ CR at V-33, PR at V-15. There were no reported Japanese pricing observations in the first reviews. See First Review Determinations, USITC Pub. 3434 at V-10-11.

Moreover, the likely quantity of subject imports from Japan will not be significant in the context of likely strong continued demand for casing and tubing in the United States. This, combined with the likely lack of significant underselling, leads us to find that the subject imports from Japan are not likely to have significant price-depressing or -suppressing effects. We consequently conclude that the subject imports from Japan are not likely to have significant price effects.

c. *Likely Impact of Subject Imports on the Domestic Industry*

We incorporate by reference our discussion in section IV.B.4.c. above concerning the current condition of the domestic industry, our finding that the domestic industry is not currently vulnerable, and our finding that the improved condition of the domestic industry is not significantly related to existence of the antidumping duty orders.

In view of our findings regarding the likely volume and price effects of subject imports from Japan, we conclude that subject casing and tubing imports from Japan would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investment, if the order were revoked. Demand in the U.S. market is projected to remain sufficiently strong such that the volume of subject casing and tubing imports from Japan that would be likely upon revocation would be unlikely to have a significant adverse impact on the domestic industry. We accordingly determine that revocation of the antidumping duty order on subject imports from Japan is not likely to lead to the continuation or recurrence of material injury to the U.S. casing and tubing industry within a reasonably foreseeable time.

6. Revocation of the Antidumping Duty Order on Subject Imports from Korea Is Not Likely To Lead to Continuation or Recurrence of Material Injury to the Domestic Casing and Tubing Industry

a. *Likely Volume of Subject Imports*

In contrast to the other subject countries, subject imports from Korea increased their presence in the U.S. market during the period of review. The volume of subject imports from Korea declined from *** short tons in 2001 to *** short tons in 2002, and then increased in three of the following four years, reaching *** short tons in 2006.²⁸⁷ The share of apparent U.S. consumption represented by subject imports from Korea increased from a period low of *** percent in 2001 to a period high of *** percent in 2006, with intervening annual fluctuations.²⁸⁸ The 2006 volume and market penetration of subject imports from Korea were each higher than the maximum levels observed during the original period of investigation. The maximum quantity of subject imports from Korea observed during the original period of investigation was *** short tons and the highest market penetration observed was *** percent.²⁸⁹

During the period of review, the capacity of the casing and tubing industry in Korea increased from *** short tons in 2001 to *** short tons in 2006. The Korean industry projects that capacity will further increase to *** short tons in 2007 and *** short tons in 2008.²⁹⁰ Capacity utilization of the

²⁸⁷ CR/PR, Table IV-1.

²⁸⁸ CR/PR, Table I-20.

²⁸⁹ CR/PR, Table I-3.

²⁹⁰ CR/PR, Table IV-20. These figures include additional capacity planned by producer Nexteel. CR at IV-37, PR at IV-22.

Korean casing and tubing industry was *** percent in 2006. This is less than the peak capacity utilization of *** percent reported in 2005.²⁹¹

Inventories of subject merchandise from Korea in the United States increased from *** short tons in 2001 to *** short tons in 2006. While the percentage increase in absolute inventory levels has been large, the ratio of inventories to imports declined from 2001 to 2006, and in 2006 this ratio was at its *** level during the period of review.²⁹² Inventories of the subject merchandise in Korea were at low levels relative to shipments throughout the period of review. The ratio of inventories to shipments in 2006 was *** percent, below the 2005 period peak of *** percent.²⁹³

Korean exports of casing and tubing are not subject to tariff or non-tariff barriers in any country other than the United States.²⁹⁴ Imports of welded standard pipe – which are made on the same facilities and equipment as welded casing and tubing – are subject to antidumping duties in the United States.

The existence of unused and likely additional capacity in Korea provides the Korean industry with the ability to increase exports to the United States, and we believe that some increase in subject imports from Korea is likely upon revocation. We observe, however, that in 2006, the excess of available capacity over production was only *** short tons.²⁹⁵ This is the equivalent of only *** percent of 2006 apparent U.S. casing and tubing consumption of 4.6 million short tons.²⁹⁶

By the conclusion of the period of review, the United States was *** Korea's principal export market. In 2006, *** of Korea's casing and tubing shipments were exported, and *** percent of these exports were directed to the United States.²⁹⁷ Consequently, Korean producers do not need further motivation to increase exports to the United States. On the other hand, the quantity of exports Korean producers shipped to markets other than the United States during the latter portion of the period of review was quite limited. In 2006, Korea exported only *** short tons of casing and tubing to other markets.²⁹⁸ Consequently, the amount of casing and tubing capacity available to Korean producers in 2006 that was not already being exported to the United States – because it was either unused or being exported to other markets – was quite low relative to apparent U.S. consumption.

²⁹¹ CR/PR, Table IV-20.

²⁹² CR/PR, Table IV-6.

²⁹³ CR/PR, Table IV-20.

²⁹⁴ CR at IV-38, PR at IV-22.

²⁹⁵ CR/PR, Table IV-20. Moreover, actual shipment of these tonnages assumes a 100 percent capacity utilization rate – something Korean casing and tubing producers never achieved during the original period of investigation, the period examined in the first reviews, or the current period of review. Indeed, the maximum capacity utilization rate reached during any year examined was the *** percent reported during 2005. *Id.*; see INV-Y-109, Table IV-9 (May 31, 2001). Thus, historical experience of the Korean industry limits the likelihood that it will be able fully to employ unused capacity to increase casing and tubing exports.

With respect to overall pipe and tube capacity, Korean producers reported unused capacity of *** short tons in 2006 and a capacity utilization rate of *** percent. If Korean producers achieved the highest utilization rate of the period of review, which was *** percent, and devoted all the additional used capacity to production of casing and tubing, casing and tubing production could be increased by approximately *** short tons over actual 2006 production levels. CR/PR, Table III-21. We do not find it likely, however, that Korean producers would add this much production exclusively for casing and tubing. This theoretical augmented casing and tubing production level would be well above the amount of casing and tubing that Korean producers produced in any year of the original investigation, first review, or current review. In any event, we do not find that such an additional volume of casing and tubing from Korea would be significant in the context of the overall U.S. market.

²⁹⁶ CR/PR, Table I-20.

²⁹⁷ CR/PR, Table IV-20.

²⁹⁸ CR/PR, Table IV-20.

We do not believe that the Korean casing and tubing industry is likely to shift significant production from other welded tubular products to casing and tubing. Korean producers reported that throughout the period of review they had stable home market sales of the other welded tubular products they produce at the mills where they produce casing and tubing.²⁹⁹ These home market sales of other welded tubular products accounted for the *** proportion of the Korean producers' total production of welded tubular products.³⁰⁰ Moreover, the overall capacity utilization of the Korean producers in 2006 was higher than the capacity utilization for casing and tubing.³⁰¹ In light of these considerations, we find that the Korean producers would not have a strong incentive to shift production from other tubular products with a stable, substantial home market in order to increase exports of casing and tubing.

While some increase in subject imports from Korea is likely upon revocation in light of unused and additional capacity, the significance of these imports will be constrained by the limited available capacity of the Korean casing and tubing industry in relation to the size of the U.S. market, likely continued strong growth in U.S. demand, the fact that most Korean casing and tubing shipments are already exported to the United States, and lack of motivation for product shifting by Korean producers. We further observe that, while subject imports from Korea increased their presence in the U.S. market during both the original period of investigation and the period of review, this presence has never increased rapidly. Indeed, since 1993, the largest annual increase in U.S. market penetration by subject imports from Korea has been only *** percentage points.³⁰² We accordingly conclude that any likely increase in subject imports from Korea will not be significant either in absolute terms or relative to production or consumption in the United States.

b. *Likely Price Effects of Subject Imports*

We incorporate by reference the discussion in section IV.B.4.b. above concerning the importance of price in purchasing decisions and pricing trends for the domestic like product observed during the period of review. A majority or plurality of responding purchasers found the domestic like product and subject imports from Korea comparable in every non-price product characteristic other than delivery time.³⁰³

Pricing observations for subject imports from Korea were available for five of the 13 casing and tubing products on which the Commission collected pricing data.³⁰⁴ There were pricing observations reported for each year of the period of review for subject imports from Korea on only product 1. For product 1, prices for subject imports from Korea followed the same general trend as the domestic like product, with prices fluctuating between 2001 and 2003, increasing in 2004 and 2005, and remaining at or near the elevated 2005 levels in 2006.³⁰⁵ Subject imports from Korea undersold the domestic like product

²⁹⁹ Husteel and SeAH reported that they shipped a consistent combined quantity of between *** short tons (out of a total capacity for all welded pipe and tube products of between *** short tons) to the Korean market every year from 2001 and 2006. Korean Producers Posthearing Brief, ex. 1 at 8; CR/PR, Table IV-21. This indicates that the Korean producers have steady, well-established business in the Korean market that they would not easily abandon.

³⁰⁰ See Korean Producers Posthearing Brief, ex. 1 at 8; CR/PR, Table IV-21.

³⁰¹ Korean producers' capacity utilization in 2006 was *** percent for all welded tubular products, as opposed to *** percent for casing and tubing. CR/PR, Tables IV-20-21.

³⁰² CR/PR, Table I-3. By the same token, the largest annual increase in market penetration by the Korean casing and tubing exporter that received a de minimis margin in the original investigation has been *** percentage points. Id.

³⁰³ CR/PR, Table II-6.

³⁰⁴ CR at V-32, PR at V-14.

³⁰⁵ CR/PR, Table V-2.

in 47 of 80 possible comparisons during the period of review.³⁰⁶ By contrast, during the original investigations, subject imports from Korea predominantly oversold the domestic like product.³⁰⁷ We find that the pattern of mixed overselling and underselling by subject imports from Korea observed during both the original period of investigation and the period of review will likely recur should the order be revoked.

Notwithstanding some underselling and gradually increasing presence in the U.S. market, subject imports from Korea did not have a significant adverse effect on U.S. prices during the period of review. The market share held by subject imports from Korea increased in both 2005 and 2006, and reached its peak in 2006.³⁰⁸ However, as previously stated, U.S. producers reported their highest prices during these years – including for those products in which there was competition from subject imports from Korea.³⁰⁹ Moreover, as previously discussed, the increase in prices during these years outstripped increases in cost of goods sold.³¹⁰ We do not think that the likely effects of subject imports from Korea on prices for the domestic like product following revocation will be significantly different from those observed during the period of review. Any increase in subject imports from Korea will be too small and too gradual, in light of the likely conditions of competition, to have likely significant price-suppressing or -depressing effects. We consequently conclude that subject imports from Korea are not likely to have significant price effects.

c. *Likely Impact of Subject Imports on the Domestic Industry*

We incorporate by reference our discussion in section IV.B.4.c. above concerning the current condition of the domestic industry, our finding that the domestic industry is not currently vulnerable, and our finding that the improved condition of the domestic industry is not significantly related to existence of the antidumping duty orders.

In view of our findings regarding the likely volume and price effects of subject imports from Korea, we conclude that subject casing and tubing imports from Korea would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investment, if the order were revoked. We observe that although the rate of growth of the quantity of subject imports from Korea during the period of review may appear to be large, because of the growth of demand in the U.S. market the market penetration of subject imports from Korea increased by only *** percentage points between 2001 and 2006.³¹¹ This relatively small increase in market penetration did not preclude the domestic industry from showing the striking improvements in output, employment, and financial performance described above in section IV.B.4.c.

As we explained in our discussion of likely subject import volume, any increase in the volume of subject imports from Korea upon revocation will be incremental in light of the Korean casing and tubing industry's limited ability substantially to increase shipments to the United States, and the lack of any prior history of rapid increases in market penetration by subject imports from Korea. Likely continued strong demand in the U.S. market will further diminish the significance of any likely increases in subject import volume. Gradual increases in subject import volume from Korea did not have any significant adverse impact on the domestic industry during the period of increasing demand characterizing the latter portion of the period of review, and likewise is not likely to have significant adverse effects in the demand conditions likely to characterize the U.S. market in the reasonably foreseeable future. We accordingly

³⁰⁶ CR at V-32, PR at V-14.

³⁰⁷ CR at V-33, PR at V-14-15.

³⁰⁸ CR/PR, Table I-20.

³⁰⁹ CR/PR, Tables V-2, V-4, V-11.

³¹⁰ See section IV.B.4.b. above.

³¹¹ CR/PR, Table I-20.

determine that revocation of the antidumping duty order on subject imports from Korea is not likely to lead to the continuation or recurrence of material injury to the U.S. casing and tubing industry within a reasonably foreseeable time.

V. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON SUBJECT IMPORTS FROM JAPAN IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY TO THE DOMESTIC DRILL PIPE INDUSTRY

The legal standards applicable to our analysis of revocation of the antidumping duty order on subject imports from Japan insofar as it concerns drill pipe are the same as those stated in section IV.B.1. above.³¹²

A. Conditions of Competition and the Business Cycle

In both the original determinations and the first reviews,³¹³ the Commission found that the same considerations that influenced demand for casing and tubing – namely the number of active rigs and prices for oil and natural gas – also influenced demand for drill pipe.³¹⁴ This continues to be true. During the period of review, apparent U.S. consumption of drill pipe increased at an even greater rate than did apparent consumption of casing and tubing. After declining from *** short tons in 2001 to *** short tons in 2002, apparent U.S. consumption of drill pipe increased every year. It reached *** short tons in 2003, *** short tons in 2004, *** short tons in 2005, and *** short tons in 2006.³¹⁵ Based on the considerations cited in the discussion on casing and tubing, we find that U.S. demand for drill pipe is likely to continue to be strong in the reasonably foreseeable future.³¹⁶

During the period of review, nonsubject imports were the largest source of supply of drill pipe to the U.S. market. The share of apparent U.S. consumption held by nonsubject imports was *** percent in 2001, peaked at *** percent in 2002, and then declined irregularly through the remainder of the period, reaching *** percent in 2006.³¹⁷ Throughout the period of review, Austria was the largest source of nonsubject imports.³¹⁸ Nonsubject imports from Austria are *** unfinished drill pipe that U.S. processor Grant Prideco imports from an affiliate for further processing.³¹⁹

The next largest source of supply to the U.S. market was the domestic industry. The domestic industry's share of apparent U.S. consumption, based on the domestic shipments of U.S. mills, fell from *** percent in 2001 to a period low of *** percent in 2002, and then increased irregularly through the

³¹² Because the same antidumping duty order is applicable to both subject casing and tubing and subject drill pipe from Japan, the information in section IV.B.1. above concerning duty absorption findings and the magnitude of the likely dumping margin is also applicable to drill pipe.

³¹³ In the first reviews, Commissioner Okun determined that revocation of the antidumping duty order on subject imports from Japan was not likely to lead to continuation or recurrence of material injury to the domestic drill pipe industry. First Review Determinations, USITC Pub. 3434 at 41-47.

³¹⁴ Original Determinations, USITC Pub. 2911 at I-16; First Review Determinations, USITC Pub. 3434 at 26.

³¹⁵ CR/PR, Table I-21. Data for 2001-02 do not include ***. Id.

³¹⁶ Commissioner Lane did not join in the discussion of conditions of competition for casing and tubing. She agrees, however, that demand for drill pipe should remain at or near current levels.

³¹⁷ CR/PR, Table I-21. Imported unfinished drill pipe which was finished by U.S. processors was treated as imported product for calculation of apparent U.S. consumption. CR at I-51 & n.66, PR at I-43 n.66.

³¹⁸ CR at IV-6, PR at IV-6.

³¹⁹ CR at III-17, IV-5 n.8, IV-6, PR at III-9, IV-4 n.8, IV-5-6.

remainder of the period, reaching *** percent in 2006.³²⁰ The Commission received questionnaire responses or other information from three mills, two toll processors, and two non-toll processors.³²¹ Grant Prideco, which is *** non-toll processor,³²² accounted for *** percent of the 2006 aggregate sales revenues of U.S. mills and non-toll processors.³²³

Subject imports supplied a very small and variable share of the U.S. drill pipe market during the period of review. The market penetration of subject imports ranged from a low of *** percent in 2001 to a high of *** percent in 2002.³²⁴ There are two known producers of drill pipe in Japan, Nippon and NKK. NKK is the *** producer, and reportedly accounts for about *** percent of Japanese production of drill pipe.³²⁵

Drill pipe is sold in both finished and unfinished forms. In the finished form, a tool joint is welded to each end of each length of the pipe.³²⁶ U.S. mills produce only unfinished drill pipe and U.S. processors produce only finished drill pipe.³²⁷ Drill pipe is also sold in standard-weight and heavy-weight forms. Heavy-weight drill pipe (HWDP), which features thicker walls and longer collars, is intended primarily for directional drilling. HWDP is used as a complement to, rather than a substitute for, standard-weight drill pipe.³²⁸ The domestic industry produces both standard-weight and heavy-weight drill pipe in both finished and unfinished forms.³²⁹ The Japanese industry produces only unfinished, standard-weight drill pipe in Japan.³³⁰ HWDP constituted *** percent of 2006 U.S. shipments of domestically produced unfinished drill pipe.³³¹

B. Likely Volume of Subject Imports

In the original determinations, the Commission found that the domestic industry was threatened with material injury by reason of subject imports from Japan. The Commission concluded that the volume and U.S. market penetration of imports from Japan was likely to increase to an injurious level. Imports of drill pipe from Japan increased by *** percent in terms of quantity from 1992 to 1994. Market penetration of imports from Japan, by quantity, increased from *** percent of apparent U.S. consumption in 1992 to *** percent in 1994.³³²

In the first review determinations, the Commission found that subject imports from Japan decreased after the order became effective but remained a significant presence in the U.S. market. It

³²⁰ CR/PR, Table I-21.

³²¹ CR/PR, Table I-16.

³²² CR/PR, Table I-16.

³²³ CR/PR, Table III-17.

³²⁴ CR/PR, Table I-21.

³²⁵ CR at IV-32, PR at IV-20.

³²⁶ CR at I-40-44, PR at I-35-38.

³²⁷ See CR at I-40-44, PR at I-35-38.

³²⁸ CR at I-36 n.57, PR at I-31 n.57; see CR/PR, Figure I-3.

³²⁹ CR/PR, Tables III-8-9, CR at III-6-7, PR at III-4-5.

³³⁰ See CR at IV-33-34, PR at IV-21; *** Foreign Producers Questionnaire, Response to Question II-16; First Review Determinations, USITC Pub. 3434 at 27 & n.181; *** Foreign Producers Questionnaire, Response to Question II-1. By contrast, during the first reviews Japanese producers produced finished drill pipe (in “limited quantities”) and HWDP. First Review Determinations, USITC Pub. 3434 at 27. *** to produce finished drill pipe. CR at IV-34, PR at IV-21.

³³¹ CR/PR, Table III-3, CR at III-7, PR at III-5.

³³² Original Determinations, USITC Pub. 2911 at I-40. See also CR/PR, Table I-4.

found the continuing presence of subject drill pipe imports from Japan in the U.S. market indicated that Japanese producers would be able to use existing customer contacts to increase sales if the order were revoked. It found that NKK, the sole Japanese drill pipe producer to participate in the first review, had the ability to increase drill pipe exports to the United States by changing its product mix. It further found that NKK and the subject Japanese producers had an incentive to increase exports to the United States because the Japanese drill pipe industry was export-oriented, prices in the United States generally exceeded those in other markets, and drill pipe was among the highest value tubular products. Consequently, it concluded that the likely volume of drill pipe imports from Japan would be significant both in absolute terms and as a share of the U.S. market.³³³

During the period of review, subject drill pipe was present in the United States in very small quantities. The quantity of subject drill pipe, as measured by official import statistics, was 21 short tons in 2001, increased to a period peak of 2,646 short tons in 2002, and fluctuated thereafter at lower levels, reaching 755 short tons in 2006.³³⁴ The share of apparent U.S. consumption represented by subject drill pipe imports from Japan was *** percent in 2001, increased to a period high of *** percent in 2002, and declined each year thereafter, reaching *** percent in 2006.³³⁵

Several factors have led us to conclude that, should the order on drill pipe from Japan be revoked, subject import volume will not be significant. First, Japanese producers have relatively little unused capacity. Notwithstanding the existence of the order and the fact that Japanese drill pipe imports were essentially absent from the U.S. market during the period of review, the capacity utilization of the Japanese industry increased *** during the period of review. Capacity utilization fluctuated between *** percent and *** percent from 2001 to 2004 before increasing to *** percent in 2005 and *** percent in 2006.³³⁶ While the Japanese drill pipe industry projects an increase in capacity from 2006 to 2007, the increase is ***, and the projected increase will put the industry less than *** short tons above its reported capacity in 2001.³³⁷ Even with the projected capacity increase, the Japanese drill pipe industry's capacity will still be below the levels reported in the original investigations.³³⁸

Inventories held by the Japanese drill pipe industry are quite modest in absolute levels. In 2006, they totaled *** short tons, their peak quantity during the period of review. The ratio of the Japanese drill pipe industry's inventories to shipments declined between 2004 and 2006.³³⁹ Inventories of subject drill pipe in the United States have been non-existent during the period of review.³⁴⁰ Japanese drill pipe exports are not subject to any tariff or non-tariff barriers in any country outside the United States.³⁴¹

In our analysis of likely subject import volume, we have specifically examined two considerations that U.S. Steel contends will make a significant increase in Japanese drill pipe imports likely upon revocation. The first concerns whether the Japanese drill pipe producers are likely to switch shipments from other export markets to the United States because of more attractive pricing in the United

³³³ First Review Determinations, USITC Pub. 3434 at 28-29.

³³⁴ CR/PR, Table IV-2.

³³⁵ CR/PR, Table I-21.

³³⁶ CR/PR, Table IV-17.

³³⁷ CR/PR, Table IV-17.

³³⁸ See CR/PR, Tables IV-15, IV-17.

³³⁹ CR/PR, Table IV-17.

³⁴⁰ CR/PR, Table IV-7.

³⁴¹ CR at IV-32, PR at IV-20. As noted above, imports of seamless standard and line pipe products from Japan, which are made in the same facilities as seamless OCTG, including drill pipe, are subject to antidumping duties in the United States and a safeguard measure in Russia.

States.³⁴² The record does not indicate that the United States has higher prices than other export markets. The most probative data in the record for this type of comparison are unit value data of U.S. producers.³⁴³ U.S. non-toll processors, in particular, reported appreciable quantities of both domestic shipments and export shipments throughout the period of review. These data indicate that average unit values were *** higher for non-toll processors' export shipments than for their domestic shipments.³⁴⁴

We have also examined the extent to which the subject drill pipe producers might switch production from other seamless tubular products to drill pipe. While we acknowledge, as we stated in the first reviews, that there could be economic incentives for producers to change their product mix in light of the higher value of drill pipe compared to other seamless tubular products, we do not believe that any significant changes in product mix are likely for several reasons. First, the two Japanese drill pipe producers reported *** overall capacity utilization for the shared equipment and facilities used to make both drill pipe and other seamless tubular products.³⁴⁵ Moreover, Nippon Steel produced drill pipe ***.³⁴⁶ Second, the drill pipe market is much smaller – in terms of the product mix for both Japanese and U.S. producers – than the markets for many other types of seamless tubular products.³⁴⁷ Third, notwithstanding overall worldwide increases in demand for oil country tubular products, including drill pipe, during the period of review, the amount of production capacity in Japan dedicated to drill pipe declined from 2001 to 2006.³⁴⁸

In light of the limited unused capacity and inventories of the Japanese drill pipe industry, and the lack of motivation to shift significant production from other products or markets to increase shipments to the United States, we find that any volume of subject drill pipe imports is not likely to be significant, especially in light of likely levels of demand in the U.S. market. We consequently conclude that any likely increase in subject imports will not be significant either in absolute terms or relative to production or consumption in the United States.

C. Likely Price Effects of Subject Imports

In the original determinations, the Commission determined that there was a probability that subject imports from Japan would enter the United States at prices that would have a depressing or suppressing effect on prices for the domestic like product. The Commission noted that HWDP represented a rapidly growing segment of drill pipe consumption. U.S. shipments of Japanese HWDP grew at a faster rate than did U.S. shipments of domestic HWDP and captured increasingly large shares of the domestic market. The Commission characterized average unit values for Japanese HWDP as *** and *** prices for the domestically produced product.³⁴⁹

In the first reviews, the Commission found that Japanese and U.S. drill pipe were likely to compete in the U.S. market on the basis of price. The products were deemed moderate substitutes, although some purchasers perceived the Japanese drill pipe to be of higher quality. The Commission

³⁴² *** Japanese drill pipe shipments are exported. CR/PR, Table IV-17.

³⁴³ Additionally, examining the transactions of a single set of producers mitigates the limitations inherent in using average unit value data.

³⁴⁴ CR/PR, Table III-9. Moreover, the *** average unit value of Japanese producers' export shipments in 2006 exceeded the *** average unit value for U.S. mill shipments of standard-weight drill pipe. Derived from CR at III-7, PR at III-5, CR/PR, Tables III-8, IV-17.

³⁴⁵ *** Foreign Producers Questionnaires, Response to Question II-6.

³⁴⁶ CR at IV-32 n.65, IV-34, PR at IV-20 n.65, IV-21.

³⁴⁷ CR/PR, Tables III-4, III-5, IV-18.

³⁴⁸ CR/PR, Table IV-17.

³⁴⁹ Original Determinations, USITC Pub. 2911 at I-40. See also Confidential First Review Determinations at 53.

concluded that, because of the likely significant volumes of subject drill pipe from Japan and the importance of price in purchasing decisions, drill pipe from Japan would likely be priced aggressively to gain additional market share. Consequently, the Commission concluded there would likely be significant price-depressing or -suppressing effects.³⁵⁰

The record in these reviews indicates that price is one of several factors (together with availability, delivery time, quality, reliability of supply, and product consistency) that purchasers consider to be very important in purchasing decisions.³⁵¹ A majority of responding purchasers found domestically produced drill pipe and subject drill pipe from Japan comparable in all non-price product characteristics except transport costs.³⁵²

The Commission collected pricing data in these reviews for two drill pipe products. It received data from domestic mills and processors, but there were no data reported for subject imports from Japan.³⁵³ Prices increased during the period of review for each domestic product for both sales to end users (unfinished and tool-joined drill pipe) and sales to distributors (tool-joined drill pipe). The peak prices for all products occurred during 2006. The periods during which prices rose most sharply varied for different products and different channels of distribution.³⁵⁴

In evaluating the likely price effects of the subject imports upon revocation, we first emphasize the dominant position of Grant Prideco in the U.S. market. As previously stated, Grant Prideco is responsible for a *** of the domestic industry's sales revenues and it is also the *** of imports to the U.S. drill pipe market. Grant Prideco was also the firm purchasers most frequently cited as a price leader for drill pipe.³⁵⁵ Because only modest quantities of subject imports are likely upon revocation, we believe that these imports are likely to be priced similarly to other market participants' products. The subject imports are consequently more likely to follow the pricing lead of Grant Prideco than to undercut the market. We consequently find that there is not likely to be significant price underselling by subject imports and that subject imports are not likely to have significant price-suppressing or -depressing effects.

Furthermore, the record in these reviews indicates that the domestic drill pipe industry has demonstrated the ability to compete successfully not only in the U.S. market, but in foreign markets as well. During the period of review, non-toll processors in particular increased not only their domestic shipments, but their export shipments as well. The quantity of non-toll processors' export shipments increased by *** percent between 2001 and 2006, and export shipments constituted *** percent of these producers' total shipments in 2006.³⁵⁶ Moreover, the unit values of the export shipments were higher than those for the domestic shipments throughout the period of review.³⁵⁷ This suggests that U.S.-produced drill pipe is fully capable of meeting competition in price environments in which the discipline of the antidumping duty order on Japan is absent.³⁵⁸

We consequently conclude that revocation of the order on subject imports from Japan will not likely have significant price effects on the domestic drill pipe industry.

³⁵⁰ First Review Determinations, USITC Pub. 3434 at 30.

³⁵¹ CR/PR, Table II-3.

³⁵² CR/PR, Table II-9.

³⁵³ CR at V-8-9, PR at V-8.

³⁵⁴ CR/PR, Tables V-15-16.

³⁵⁵ CR at V-7, PR at V-6.

³⁵⁶ CR/PR, Table III-9. Domestic mills' export shipments were also higher in 2006 than in 2001, although mills' export shipments were intermittent and constituted a much lower percentage of overall shipments than for non-toll processors. CR/PR, Table III-8.

³⁵⁷ CR/PR, Table III-9. The intermittent export shipments by mills also had higher unit values than did their domestic shipments. CR/PR, Table III-8.

³⁵⁸ Commissioner Lane and Commissioner Pinkert do not join this paragraph.

D. Likely Impact of Subject Imports on the Domestic Industry

In the original determinations, the Commission determined that the domestic industry was threatened with material injury by reason of subject imports from Japan. The Commission found that the domestic drill pipe industry's performance over the period of investigation supported a finding that continued increases in subject imports would have an injurious effect on the domestic industry.³⁵⁹

In the first review determinations, the Commission found that the domestic drill pipe industry was not vulnerable. The industry's condition had improved since the original investigations and the industry had experienced positive financial performance since 1995.³⁶⁰ The Commission further found, however, that a significant increase in subject import volume would likely have negative effects on the domestic industry's prices and output. It stated that the impact would be on both domestic mills that produce unfinished HWDP, and on processors that produce finished standard-weight drill pipe. The Commission emphasized that because the drill pipe market is highly cyclical, producers must be able to earn substantial returns during peak periods to survive low points in the cycle. It concluded that revocation of the order on drill pipe from Japan would be likely to have a significant adverse impact on the production, shipments, sales, market share, revenues, and profitability of the domestic industry.³⁶¹

The domestic drill pipe industry showed strong performance during the period of review, notwithstanding its decline in market share. Capacity increased for all sectors of the industry.³⁶² Production rose dramatically and capacity utilization increased for all sectors.³⁶³ Both domestic and total shipments increased.³⁶⁴ Employment, hours worked, and productivity increased in all sectors.³⁶⁵ The domestic industry showed consistent profitability. The domestic industry's lowest annual operating margin during the period of review was *** percent in 2002, and the operating margin was at least *** percent for each of the final two years of review, reaching a period peak of *** percent in 2006.³⁶⁶

Based on the foregoing considerations, we determine that the domestic drill pipe industry is not currently in a vulnerable condition.³⁶⁷ We find that the current improved condition of the industry is largely attributable to increased demand, and is not significantly related to the existence of the order on

³⁵⁹ Original Determinations, USITC Pub. 2911 at I-41.

³⁶⁰ First Review Determinations, USITC Pub. 3434 at 30.

³⁶¹ First Review Determinations, USITC Pub. 3434 at 30-31.

³⁶² From 2001 to 2006, mills' capacity increased from *** short tons to *** short tons, non-toll processors' capacity increased from *** short tons to *** short tons, and toll processors' capacity increased from *** short tons to *** short tons. CR/PR, Table III-3.

³⁶³ From 2001 to 2006, mills' production increased from *** short tons to *** short tons, non-toll processors' production increased from *** short tons to *** short tons, and toll processors' production increased from *** short tons to *** short tons. CR/PR, Table III-3. From 2001 to 2006, capacity utilization increased from *** percent to *** percent for mills, from *** percent to *** percent for non-toll processors, and from *** percent to *** percent for toll processors. Id.

³⁶⁴ From 2001 to 2006, mills' domestic shipments increased from *** short tons to *** short tons and total shipments increased from *** short tons to *** short tons. CR/PR, Table III-8. During this period, non-toll processors' domestic shipments increased from *** short tons to *** short tons, and total shipments increased from *** short tons to *** short tons. CR/PR, Table III-9. Inventory levels and ratios rose from 2001 to 2006 for mills, but declined for non-toll processors. CR/PR, Table III-11.

³⁶⁵ CR/PR, Table III-13.

³⁶⁶ CR/PR, Table III-16. The domestic drill pipe industry's return on investment, capital expenditures, and research and development expenditures all increased during the period of review. CR/PR, Tables III-21, III-23.

³⁶⁷ While the domestic industry's market share did decline during the period of review, this appears to be in substantial part a function of Grant Prideco increasing its imports of unfinished drill pipe from Austria for further processing in the United States. CR at III-17, PR at III-9.

drill pipe. We observe that notwithstanding any restraining effect the antidumping duty order may have had on subject import volumes, domestic industry financial performance has fluctuated enormously since the order was imposed, with improvements generally occurring during periods of increased demand.³⁶⁸

In view of our findings regarding the likely volume and price effects of subject imports from Japan, we conclude that subject drill pipe imports from Japan would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investment, if the order were revoked. Demand in the U.S. market is projected to remain sufficiently strong such that the modest volume of subject drill pipe imports from Japan that would be likely upon revocation would not be likely to have a significant adverse impact on the domestic industry. We accordingly determine that revocation of the antidumping duty order on subject imports from Japan is not likely to lead to the continuation or recurrence of material injury to the drill pipe industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on subject imports from Argentina, Italy, Japan, Korea, and Mexico would not be likely to lead to continuation or recurrence of material injury to the domestic industry producing casing and tubing within a reasonably foreseeable time.³⁶⁹ We determine that revocation of the antidumping duty order on subject imports from Japan would not be likely to lead to continuation or recurrence of material injury to the domestic industry producing drill pipe within a reasonably foreseeable time.

³⁶⁸ CR/PR, Table I-4.

³⁶⁹ Commissioner Lane dissents with respect to all orders and Commissioner Pinkert dissents with respect to the orders on subject imports from Japan and Korea.

DISSENTING VIEWS OF COMMISSIONER CHARLOTTE R. LANE

Based on the record in these five-year reviews, I determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty orders on oil country tubular goods (“OCTG”) other than drill pipe (“casing and tubing”) from Argentina, Italy, Japan, Korea, and Mexico (collectively - “the orders”) would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

Excepted as noted, I join with my colleagues’ views in Sections II, III, IV.A.1, IV.A.2, IV.A.3, IV.B.1, IV.B.2, all with regard to casing and tubing and Section V with regard to drill pipe. However, I write separately with regard to conditions of competition and the likelihood of continuation or recurrence of material injury with regard to casing and tubing.¹

IV. ORDERS ON CASING AND TUBING

A. Cumulation

4. Other considerations

I join with the majority views regarding the statutory factors which would allow me to exercise my discretion to cumulate the volume and effect of imports of casing and tubing from all countries under review in these cases. I find that the statutory conditions for cumulation have been met. These reviews were issued on the same day and, along with the majority, I have determined that it is not likely that the subject imports will have no discernable adverse impact on the domestic industry. As discussed in section IV.A.3 of the majority views, I find, as do my colleagues, that there is a reasonable overlap of competition between casing and tubing imports from each subject country and the domestic like product as well as among casing and tubing from each subject country.

Having reached those determinations, I consider whether there are any other compelling considerations that would lead me to not cumulate subject imports from all countries. I find none. Maverick and Tenaris oppose cumulation because Tenaris, Maverick’s parent corporation, controls subject imports from Argentina, Italy, and Mexico. They appear to be arguing that Maverick will complement its domestic production with imports from Argentina, Italy, and/or Mexico and that this strategy somehow changes the competitive landscape sufficiently to justify not cumulating subject imports from those countries from imports. Sumitomo Metal Industries, JFE Steel Corporation, and Nippon Steel Corporation argue that imports from Japan should be considered separately because “there is no ‘overlap’ of competition to speak of.”² In support of their argument they contend that: (a) Japanese mills are producing as much OCTG as they can; (b) they have contracts with customers in countries other than the United States that they would continue ***; (c) they have strong relationships, although non-contractual, with other non-U.S. customers at prices that *** with U.S. prices; (d) because of strong worldwide demand for OCTG the Japanese producers have no “longer-term” incentive to shift their focus to the U.S. market; and (e) except for specialty products, major customers will prefer U.S.-produced OCTG.

I do not find any of these arguments opposing cumulation to be persuasive. While producers in each country may have different business plans or may have exhibited themselves to be more or less formidable competitors, this does not change the fact that they are competing with each other and the domestic industry and does not lead me to conclude that I should not cumulate the likely volume and effect of U.S. imports from these producers. Furthermore, in my opinion, the arguments of the Japanese

¹ The paragraph numbering in these separate views follows the same numbering used in the majority opinion.

² Posthearing Brief at 6.

producers go more to the impact of subject imports from that country, which the Commission has determined is likely to be discernible and adverse. I find no significant differences in conditions of competition from those that existed during the last review that would lead me to conclude that likely imports from any country subject to these reviews should be considered separately. Accordingly, I exercise my discretion to cumulate subject imports from all five countries.

B. Likelihood of Continuation or Recurrence of Material Injury if the Orders are Revoked

3. Conditions of Competition and the Business Cycle

The following conditions of competition in the OCTG casing and tubing industry are relevant to my determinations.

Demand. In the original investigations and the first reviews the Commission found that demand for OCTG is closely correlated with the level of drilling activity for oil and natural gas (“drilling activity”). The Commission further found that drilling activity depends on such factors as the price of oil and natural gas and climatic conditions. This close relationship between demand for OCTG and drilling activity continues to be true. From 2001 to 2002, the total apparent U.S. consumption of casing and tubing fell from approximately 2.9 million tons to approximately 2.0 million tons, a decrease of 32.6 percent.³ At the same time, U.S. total drilling rig count fell from an average of 1,155 in 2001 to 831 in 2002, a decrease of 28 percent.⁴ During the same period, while West Texas spot crude oil prices remained relatively stable at around \$26 per barrel, natural gas wellhead prices in the United States dropped from an average of \$4.00 per thousand cubic feet (“MCF”) in 2001 to \$2.95 per MCF in 2002.⁵

After the significant decline in the second year of the period of review (“POR”), apparent U.S. consumption of casing and tubing rose every year, going from 2.0 million tons in 2002 to 4.6 million tons in 2006. As shown in the following Table, coincident with this increase in U.S. domestic consumption of casing and tubing beginning in 2003, the number of active drilling rigs, number of drilling permits, and energy prices all increased following relatively comparable trends to the increase in U.S. consumption of casing and tubing. The following Table summarizes the annual data for the period of review.⁶

³ CR/PR at Table C-1.

⁴ CR/PR at Figures II-1 and II-2.

⁵ Energy Information Administration, Petroleum Navigator at http://tonto.eia.doe.gov/dnav/pet/pet_pri_spt_s1_a.htm and Natural Gas Navigator at http://tonto.eia.doe.gov/dnav/ng/ng_pri_sum_dcu_nus_a.htm (“EIA database”). See also CR/PR Figures II-1 and II-2.

⁶ CR/PR, Table C-1, Baker-Hughes Rig Count, RigData, and EIA database. See also CR/PR Figures II-1 and II-2.

Item	2001	2002	2003	2004	2005	2006
Casing and Tubing Apparent U.S. Consumption (Tons)	2,926,034	1,973,511	2,770,902	3,441,978	4,172,763	4,603,222
Total U.S. Rig Count (Annual Average)	1,155	831	1,032	1,190	1,380	1,648
Total U.S. Rig Permits (Annual Average)	Not Available	760	929	1,076	1,328	1,514
West Texas Oil Spot Price Per Barrel (Annual Average)	\$25.98	\$26.18	\$31.08	\$41.51	\$56.64	\$66.05
Natural Gas Wellhead Price Per MCF (Annual Average)	\$4.00	\$2.95	\$4.88	\$5.46	\$7.33	\$6.42

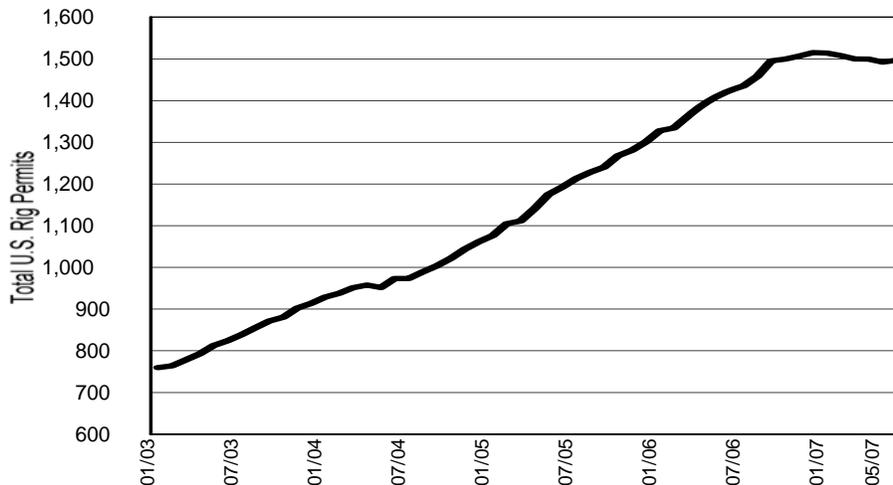
The above data reflect a growth in U.S. demand for casing and tubing, as measured by apparent U.S. consumption, of 57.3 percent from 2001 to 2006, or an annual compound growth rate of 9.5 percent. From 2002 to 2006 the total growth is 133 percent, or an annual compound growth rate of 23.5 percent. There is disagreement among the parties with regard to the likely demand trends for the immediate and reasonably foreseeable future. The domestic parties supporting continuation of the orders project that demand is flattening out while the parties supporting revocation of the orders argue that there will be continuing near term growth in demand.

I find that the data support the projections that demand is flattening out. It is very unlikely that demand will continue to grow even modestly in the near term, let alone at anywhere near the 23.5 percent per year or even the 9.5 percent per year growth rates mentioned above. The data shows that when demand, as measured by apparent U.S. consumption, drops the decline can occur quickly and can be significant. For example, from 2001 to 2002 apparent U.S. consumption declined by 32.6 percent.⁷ After this significant drop in 2002, U.S. consumption of casing and tubing increased each year, approximately following the growth in energy prices and the growth in natural gas and oil well drilling activity. The annual percentage increases in U.S. demand for casing and tubing during the remainder of the POR were 40.4 percent in 2003, 24.2 percent in 2004, 21.2 percent in 2005 and 10.3 percent in 2006.⁸ Although the overall increase in demand was substantial during the POR, the data clearly demonstrate that the rate of increase is lessening each year. The Energy Information Administration projects annual average oil prices to decline and annual average natural gas prices to be relatively stable for the foreseeable future.⁹ These projections by the EIA support an expectation for flattening in demand for casing and tubing. Moreover, the data with regard to monthly drilling permits further support an expected flattening of the demand for casing and tubing. Monthly drilling rig permits are charted in the Confidential and Public Commission Reports on Figure II-1 and repeated on Figure II-2. The volatility in monthly permits is evident from these charts; however a clearer picture of the trend in monthly rig permit counts can be derived by evaluating the underlying data for the charts. The following chart reflects the twelve month moving average curve of the U.S. rig permit monthly data.

⁷ The potential for significant changes in demand was observed by the Commission in the first reviews as the Commission found significant volatility in the oil and gas markets. See First Review Determinations, USITC Publication 3434 at 15.

⁸ CR/PR at Table C-1.

⁹ Energy Information Data Base and CR/PR Figure II-3 reflecting monthly pricing data not adjusted for inflation.



This twelve month moving average of drilling rig permits reveals the steady growth in drilling rig permits over most of the period of review, but it also reveals the clear leveling of the growth taking place after mid-2006.

On a worldwide basis, the data is consistent with the expectation for a leveling of demand. Worldwide active drilling rig count decreased from 2,374 in January 2001 to 1,837 in January 2002.¹⁰ Thereafter, the count increased to 3,038 in January 2006, an increase of 65 percent from 2002 to 2006. However, throughout 2006 and into 2007 the worldwide rig count has varied somewhat from month to month but remained relatively stable in the low 3,000 range until dropping to 2,862 in May 2007.¹¹ Thus, the significant increase in worldwide drilling rig count that occurred during much of the period of review is clearly leveling off.

Finally, the domestic industry provided data that its sales in the first quarter of 2007 have slipped significantly, which further supports a finding that demand for casing and tubing is leveling off. The domestic industry contends that the “U.S. market boom is over.” While the accuracy of this statement depends on the definition of “boom”, the data suggests that the significant rate of growth experienced from 2002 until mid 2006 has flattened out and is likely to remain flat for the foreseeable future.

Supply: Many of the supply conditions that were noted by the Commission in the initial review of the orders continue to be relevant today. In the initial review, the Commission found that the domestic industry had increased its capacity and production over the 1995-2000 period of review. The volume and market penetration of subject imports had declined since the original investigation, and the volume and market penetration of nonsubject imports had increased.¹² Both domestic and subject producers produced other tubular products at facilities where OCTG is produced, with the ability to shift production from other products to OCTG.¹³ The Commission further found that, because OCTG was among the highest priced tubular products, producers had incentive to increase OCTG production relative to other products.¹⁴

¹⁰ Baker-Hughes Rig Count.

¹¹ *Id.*

¹² *First Review Determinations* at 16.

¹³ CR at II-4, II-7; PR at II-3 and II-5.

¹⁴ *First Review Determinations* at 16.

During the current POR, the domestic industry continued to hold a majority, but declining, percentage of the domestic market. Domestic producers' share of domestic consumption was 70.6 percent in 2001 and increased to 79.7 percent in 2002. However, by 2006 the domestic producers' market share had dropped to 59.7 percent.

There have been consolidations in the domestic casing and tubing industry in recent years due to acquisitions and mergers. Domestic producers contend that the consolidation of the industry should reduce the need of individual mills to import merchandise to complete their product line.¹⁵ One U.S. producer, Maverick, was acquired by Tenaris in 2006. Tenaris is a large multi-national producer in both subject and nonsubject countries. In addition to the United States, Tenaris has casing and tubing production in Argentina, Italy, Mexico, and Japan. It is by far the major producer in Argentina, Italy and Mexico where it owns nearly all of the casing and tubing production. Tenaris also owns production facilities in nonsubject countries, Canada, Colombia, Romania, and Venezuela.¹⁶ In the first reviews, the Commission noted that Tenaris operated as a single unit, submitting a single bid for contracts to supply OCTG merchandise to complete their product line.¹⁷

Since the period examined in the original investigations, imports of casing and tubing from nonsubject countries have gradually increased in volume and as a share of the market, while imports from subject sources have declined. Nonsubject imports now hold the second largest market share of domestic consumption. After a drop from *** percent in 2001 to *** percent in 2002, the market share for non subject imports increased steadily thereafter, reaching *** percent in 2006. There have been recent or projected increases in supply in nonsubject countries. During the period of review, China accounted for a large part of the increase in nonsubject imports. In 2002, imports of casing and tubing from China were 61,520 tons. By 2006, casing and tubing imports from China had grown to 725,027 tons and accounted for 15.8 percent of the domestic market. The domestic industry attributes the increase in imports from China to growing capacity in China which is expected to continue. The capacity for casing and tubing production in China has grown sharply since 2001, and this growth in production has outpaced Chinese growth in consumption. As a result, Chinese exports of casing and tubing are expected to increase sharply.¹⁸ Domestic producers also assert that several new casing and tubing mills will be operating in the Middle East no later than 2009.¹⁹

As stated earlier, facilities producing casing and tubing in the United States and in other countries produce a variety of other pipe and tubing products on the same equipment. In addition to OCTG drill pipe, standard, line, and pressure pipe, mechanical tubing, pressure tubing, and structural pipe and tubing are generally produced on the same equipment used to manufacture OCTG casing and tubing.²⁰ It is possible to shift production away from other tubular products toward production of OCTG in response to a relative change in the price of OCTG vis-a-vis the price of other products.²¹ Of all the tubular products

¹⁵ Domestic Casing and Tubing Producers Posthearing Brief at A-16.

¹⁶ CR at IV-26 n.42, PR at IV-15 n.42; Tenaris Respondents Posthearing Brief at 1.

¹⁷ Domestic Casing and Tubing Producers Posthearing Brief at A-16.

¹⁸ The export barrier that Chinese OCTG production and exportation represents is already formidable. But Chinese producers' expansion plans will support increasing exports in the next few years. Thus, the magnitude of the export barrier to the foreign subject producers will increase as well. Several Chinese producers recently completed, are planning, or are currently constructing, OCTG capacity expansion projects. These capacity expansions will drive Chinese OCTG production significantly upward through the next several years. According to *** seamless OCTG mills in China. ***.

¹⁹ "New Seamless pipe plants to be launched in Middle East," *Metal Expert Metal News* (Feb. 28, 2007)("New Seamless Plants"); "Saudi group Tuwairqi eyes Mideast Steel Plants," *Reuters News* (Mar. 19, 2007).

²⁰ CR at II-7, IV-19, IV-24, IV-35, IV-41, IV-46; PR at IV-4, IV-13, IV-15, IV-21, IV-22, IV-24.

²¹ CR at II-4, II-7, IV-20, IV-24, IV-36, IV-40, IV-46; PR at II-3, II-5, IV-13, IV-15, IV-21, IV-22, IV-24.

that can be produced in these facilities, OCTG commands among the highest price in the market, and producers thus have an incentive to make as much OCTG as possible in relation to other products.²²

I find that the foregoing conditions of competition provide an adequate basis upon which to assess the likely effects of revocation within a reasonably foreseeable time.

4. Impact of Subject Imports on the Domestic Industry if the Orders are Revoked.

For the reasons stated below, I determine that revocation of the antidumping and countervailing duty orders on casing and tubing from Argentina, Italy, Japan, Korea, and Mexico would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

a. *Likely Volume of Subject Imports*

In the original determinations, the Commission found that subject import volume followed the rise and fall of domestic consumption. According to the Commission, domestic consumption of casing and tubing increased significantly during the original period of investigation as did the absolute volume and value of cumulated subject imports of casing and tubing.²³ While there was a decline in subject import volume and value from 1993 to 1994, the level of cumulated imports in 1994 remained well above the 1992 level. Both the volume and value of subject imports declined significantly in interim 1995 compared to interim 1994. The Commission also found that the rate of increase in the volume of cumulated subject imports was far greater than the overall increase in consumption between 1992 and 1994.²⁴

In addition, the Commission found that the market share of cumulated subject imports by both volume and value rose significantly, nearly doubling from 1992 to 1994, and subsequently declining in interim 1995 as compared to interim 1994. The Commission further found that during the original period of investigation, domestic producers' market share declined substantially.²⁵

The absolute volume of subject imports was *** tons in 1992 and increased to *** tons in 1994. Relative to U.S. consumption of *** tons in 1992 and *** tons in 1994 the market share of subject imports increased from *** percent to *** percent during the original period of investigation. The Commission found that both the volume and market share of subject imports was significant.²⁶

In the first reviews, in which the Commission cumulated subject casing and tubing imports from Argentina, Italy, Japan, Korea, and Mexico, the Commission observed that the subject import volumes and market penetration levels during the period of review were substantially below the levels of the original investigations. It attributed this reduction to the restraining effects of the orders.²⁷

The Commission provided several reasons in support of its conclusion that the volume of subject imports was likely to increase significantly in the event of revocation. In so doing, the Commission acknowledged that capacity utilization rates in subject countries posed a potentially important constraint on increasing shipments of casing and tubing to the United States. It nonetheless cited several reasons why the subject producers would have incentives to devote more of their productive capacity to producing and shipping more casing and tubing to the United States market. First, Tenaris, then as now

²² First Review Determinations at 19.

²³ Original Determinations, USITC Publication 2911 at I-17 and I-29.

²⁴ Original Determinations, USITC Publication 2911 at I-29 - I-30.

²⁵ Original Determinations, USITC Publication 2911 at I-30.

²⁶ Original Determinations, USITC Publication 2911 at I-30 - I-31.

²⁷ First Review Determinations at 17.

the dominant producer in Argentina, Italy, and Mexico, would have a strong incentive to have a significant presence in the U.S. market, particularly in light of its objective to serve multinational oil and gas companies on a global basis.²⁸ Second, because casing and tubing were among the highest priced, and most profitable, tubular products, and producers of tubular products could shift between different types of tubular products, subject producers had both the means and the incentive to shift production from other tubular products to casing and tubing.²⁹ Third, the record indicated that casing and tubing prices on the world market were significantly lower than U.S. prices.³⁰ Fourth, producers in all subject countries except Italy faced import barriers in other countries.³¹ Finally, the industries in several of the subject countries, particularly Japan and Korea, were export oriented, and likely to reenter the U.S. market in significant quantities, as they did during the original investigation.³²

Many of these reasons continue to exist in the current period of review. First, the U.S. market is attractive to the subject producers. Because the U.S. OCTG market is the largest in the world, it is not realistic to believe that globally oriented producers would not desire to participate in the U.S. market. Moreover, the record is clear that subject producers are highly export oriented. Based on the data filed with the Commission, Argentina exports from *** to *** percent of its total shipments of casing and tubing, Italy exports from *** percent to *** percent of its total shipments, Japan exports from *** to *** percent of its total shipments, Korea exports from *** to *** percent of its total shipments, and Mexico exports from *** to *** percent of its total shipments.³³ Further, just as the Commission found in the first review, the subject producers continue to have both the means and the inclination to shift production to casing and tubing from other tubular products.³⁴ The domestic industry contends that prices in the United States are significantly higher than those available in other world markets.³⁵ This, coupled with output being dedicated substantially, or even entirely in some cases, to export and with the potential for undercutting high prices in the U.S. market, which is the largest in the world, makes it likely that subject producers will have both the capability and incentive to reenter the U.S. market in significant quantities if the orders were revoked.

Increased competition in other export markets will serve to provide the subject producers with an incentive to direct their exports to the United States in the event of revocation. The evidence suggests that exports from China are increasing market share and pulling down prices in the subject producers' export markets. This increased Chinese production has caused a decline in *** exports to China and are the source of a projected 2007 decline in *** exports to other Asian markets.³⁶ Moreover, Chinese production and exports will continue to increase in the reasonably foreseeable future.³⁷

Contrary to the arguments made by Tenaris and Maverick, the presence of Tenaris in the market supports a finding that exports from mills in the subject countries will increase. Tenaris is a worldwide entity that acts as a single unit and promotes its ability to supply the full range of tubular products to its

²⁸ First Review Determinations at 19.

²⁹ First Review Determinations at 17, 19.

³⁰ First Review Determinations at 19-20.

³¹ First Review Determinations at 20.

³² First Review Determinations at 20.

³³ CR/PR at Tables IV-9, IV-12, IV-16, IV-20, and IV-23.

³⁴ See, e.g., CR/PR at Tables IV-10, IV-13, IV-18, IV-21, and IV-24.

³⁵ U.S. Steel Prehearing Brief at 72; Domestic Casing and Tubing Producers Prehearing Brief at 20; U.S. Steel Posthearing Brief, Ex.1 at 40-41, Ex.25.

³⁶ ***.

³⁷ Metal Bulletin Research, Seamless Steel Tube & Pipe Monthly (Mar.2007) at 7.

customers.³⁸ Moreover, Tenaris officials have made public statements about the firm's desire to become a major force in the U.S. market.³⁹ Tenaris can not promote these objectives solely through its acquisition of Maverick, or by supplying the U.S. market using Maverick and its mills in nonsubject countries for several reasons. First, Maverick does not produce seamless products, and secondly, while Tenaris's mills in Canada and Romania do produce seamless products, they have limitations in capacity, size range and quality. It is not reasonable to assume that Tenaris will attempt to serve the U.S. market solely through Maverick or solely through production in countries other than Argentina, Mexico, and Italy. The centralized management of Tenaris's output and deliveries which treats Tenaris's worldwide operations as a single unit supports a conclusion that if the orders are revoked Tenaris will rely on all of its available casing and tubing capacity and new capacity (including that made available by product shifting) to support its activities in the U.S. market. Revocation of the orders will simply provide Tenaris with more options and increase its potential for exporting greater volumes into the U.S. market.

Other reasons why I find that significant increases in exports from subject Tenaris mills to the United States are likely include: the proximity of Tenaris's Argentine and Mexican mills to the United States relative to other Tenaris seamless mills, Tenaris's recent investments in the Argentine and Mexican mills, Tenaris's recent acquisition of U.S. threader Hydril, which threads seamless pipe; and public Tenaris statements that revocation of the orders under review will permit it to use its mill in Mexico, among other Tenaris facilities, to supply a full range of products to the U.S. market.⁴⁰ Finally, because Tenaris seeks to provide the full range of products to its customers, I believe any increase in its sales will not be limited to specialized products for demanding applications, but will encompass the full range of casing and tubing products. For these reasons, I find that it is likely that Tenaris will have both the capability and incentive to export even more than the *** additional tons of casing and tubing from subject sources that it projected it would export to the U.S. in the event of revocation.

In these reviews I have considered subject producers' operations with respect to casing and tubing and with respect to all pipe and tube products produced on the same machinery and equipment as casing and tubing.⁴¹ As noted above, producers in the subject countries produce tubing products other than OCTG on the same equipment, and with the same workers, that they produce OCTG.⁴² Combined capacity to produce casing and tubing in Argentina, Italy, Japan, Korea, and Mexico was *** short tons in 2000.⁴³ Combined capacity for all pipe and tube products was *** short tons, substantially higher than apparent U.S. consumption of casing and tubing in 2006.⁴⁴

Although all subject countries reported relatively *** capacity utilization rates in 2006 for both casing and tubing,⁴⁵ the record indicates that these producers have incentives to devote more of their productive capacity to producing and shipping more casing and tubing to the U.S. market.

³⁸ First Review Determinations at 16 and 19.

³⁹ Tr. at 203, 258-260, and 274 (Cura).

⁴⁰ U.S. Steel Posthearing Brief at 5-9; Domestic Casing and Tubing Producers Posthearing Brief at 6-8.

⁴¹ CR/PR at Tables IV-9, IV-10, IV-12, IV-13, IV-17, IV-18, IV-20, IV-21, IV-23, and IV-24.

⁴² Siderca's foreign producer questionnaires, questions II-6-7; Dalmine's foreign producer questionnaires, questions II-6-7; Japanese foreign producer questionnaires, questions II-6-7; Korean foreign producer questionnaires, questions II-6-7; Mexican foreign producer questionnaires, questions II-6-7.

⁴³ CR/PR at Tables IV-4 - IV-10.

⁴⁴ CR/PR at Table I-18.

⁴⁵ Argentina's reported capacity utilization rate for casing and tubing in 2006 was *** percent, Italy's capacity utilization rate for casing and tubing in 2006 was *** percent, Korea's reported capacity utilization rate for casing and tubing in 2006 was *** percent, Japan's reported capacity utilization rate for casing and tubing in 2006 was 98.3 percent and Mexico's reported capacity utilization rate for casing and tubing in 2006 was *** percent. CR/PR at Tables IV-9, IV-12, IV-16, IV-20 and IV-23.

First, Tenaris is the dominant supplier of OCTG products and related services to all of the world's major oil and gas drilling regions except the United States.⁴⁶ Tenaris states that it can serve oil and gas companies on a global basis, and that it seeks worldwide contracts with such companies.⁴⁷ Many of Tenaris's existing customers are global oil and gas companies with operations in the United States.⁴⁸ While the Tenaris companies seek to downplay the importance of the U.S. market relative to the rest of the world, they acknowledge that it is the largest market for seamless casing and tubing in the world.⁴⁹ I find that given Tenaris' global focus, it likely would have a strong incentive to have a significant presence in the U.S. market, including the supply of its global customers' OCTG requirements in the U.S. market.

Next, casing and tubing are among the highest valued pipe and tube products, generating among the highest profit margins.⁵⁰ Thus, producers generally have an incentive, where possible, to shift production in favor of these products from other pipe and tube products that are manufactured on the same production lines.

Finally, I find that industries in all of the subject countries are dependent on exports for the majority of their sales. With respect to Argentina, contracting export markets and uncertain prospects in its home market and Latin American are likely to lead to increased imports, in addition to the Tenaris-wide factors discussed above.⁵¹

Italy is also subject to a contracting export market and, in addition, there is U.S. demand for *** product produced by Italian producer Dalmine which could lead to increased imports.⁵² This is in addition to the Tenaris-wide factors discussed above.

Japan and Korea in particular have very small home markets and are likely to increase shipments to the United States if the subject orders are revoked.⁵³ Japan is heavily export-oriented and facing increased competition in major export markets.⁵⁴ Seamless standard and line pipe products produced in Japan, which are made on the same facilities as seamless OCTG, are subject to antidumping duties in the United States.⁵⁵ Further, the Japanese industry offers the full range of casing and tubing products⁵⁶ and therefore will not be limited to furnishing U.S. purchasers with only more specialized products, but will be able to furnish these same purchasers with a range of OCTG that can be used in less demanding applications.⁵⁷ Additionally, Japan shipped significant volumes of subject product to Alaska during the original investigations. If the order were revoked, this market would be a particularly attractive market

⁴⁶ CR at II-9; PR at II-6.

⁴⁷ U.S. Steel Posthearing Brief at 8-9; Tr. at 228 (Cura), 254 (Balkenende)

⁴⁸ Tenaris argues that the global oil and gas companies with which it has business outside the United States represent only 12-14 percent of U.S. oil and gas rigs. TAMSAs Posthearing Br. Exhibit 3. The domestic industry asserts that these firms have a substantially greater U.S. presence. Domestic Producers' Prehearing Br. at 46. I find that these global companies have a significant U.S. presence even using Tenaris's estimates and that presence would only be greater based on the domestic industry's estimates.

⁴⁹ TAMSAs Posthearing Br. Exhibit 2.

⁵⁰ Tr. at 144 (Shoaff). "All of the subject producers, regardless of whether they have seamless or welded equipment, will always choose to make OCTG first and maximize OCTG production because it is the highest value product that they make and the one in which they should get the highest return."

⁵¹ U.S. Steel Prehearing Brief at 31-35; Domestic Casing and Tubing Producers Prehearing Brief at 9; U.S. Steel Posthearing Brief at 11-13.

⁵² *Id.* at 39-41.

⁵³ CR/PR at Tables IV-16 and IV-20.

⁵⁴ U.S. Steel Prehearing Brief at 45-47; Domestic Casing and Tubing Producers Prehearing Brief at 13-15.

⁵⁵ U.S. Steel Prehearing Brief at 47, 73.

⁵⁶ Domestic Casing and Tubing Producers Posthearing Brief at 2-3.

⁵⁷ Maverick Posthearing Brief at 6-7.

for the Japanese industry.⁵⁸ I find that the export orientation of the industries in the subject countries indicates they would seek to re-enter the U.S. market in significant quantities, as they did during the original investigations, if the orders were revoked.

The Korean industry already has substantial excess capacity and that capacity will increase when a new production facility begins operation in the second quarter of 2007.⁵⁹ Additionally, because the Korean industry produces welded OCTG, Canada and the United States essentially constitute its sole markets, and demand in Canada is decreasing.⁶⁰ The Korean Respondents have not substantiated their assertions that they cannot increase their level of casing and tubing exports because of difficulties in obtaining hot-rolled coil and their lack of finishing capacity. Further, the subject import volumes from Korea observed under the discipline of the order is not necessarily indicative of the likely volume upon revocation.

With respect to Mexico, I note the export orientation of the industry, contracting export markets, and difficulties experienced by the Mexican national oil company PEMEX as reasons that increased imports are likely upon revocation.⁶¹ This is in addition to the Tenaris-wide factors discussed above.

Based upon the foregoing, I find that, in the absence of the orders, the likely volume of cumulated subject imports, both in absolute terms and as a share of the U.S. market, would be significant.

b. *Likely Price Effects*

In its original determinations, the Commission found that the domestic and imported products were generally substitutable and that price is one of the most important factors in purchasing decisions.

Despite the mixed evidence as to instances of underselling and overselling, the Commission concluded that the underselling by subject imports, however cumulated, was significant. In particular, the Commission determined that underselling by subject imports was significant in instances where purchasers reported that the quality of such imports was superior to that of the domestic product.⁶²

In addition, the Commission found that cumulated subject imports suppressed domestic prices to a significant degree, despite the unclear trend in domestic and import prices.⁶³ The significant volumes of casing and tubing available from the cumulated subject countries effectively kept domestic producers from raising prices despite high costs.⁶⁴ Because imported and domestic casing and tubing were relatively close substitutes, the Commission concluded that changes in relative prices were likely to cause purchasers to shift among supply sources. Purchasers repeatedly stated that subject imports from Argentina, Italy, Korea, Japan, and Mexico exerted downward pressure on domestic prices.⁶⁵

In the first reviews, the Commission reiterated its findings from the original determinations that the subject imports were highly substitutable with domestic casing and tubing and that price was a very important factor in purchasing decisions. It found that the increases in subject import volume it had

⁵⁸ U.S. Steel Posthearing Brief at 12-13.

⁵⁹ CR/PR at Table IV-20.

⁶⁰ U.S. Steel Prehearing Brief at 49-51; Domestic Casing and Tubing Producers Prehearing Brief at 10-12; U.S. Steel Posthearing Brief at 13-14.

⁶¹ U.S. Steel Prehearing Brief at 55-57.

⁶² E.g., in the case of imports from Japan, which represented a large share of the total cumulated imports. Original Determinations, USITC Publication 2911 at I-31.

⁶³ Original Determinations, USITC Publication 2911 at I-30.

⁶⁴ Original Determinations, USITC Publication 2911 at I-31.

⁶⁵ Original Determinations, USITC Publication 2911 at I-31.

previously deemed to be likely would be achieved by lower prices.⁶⁶ During the period of review, for most products, prices peaked in 1998, fell significantly in 1999, and rebounded in 2000. The few direct comparisons available indicated that the subject casing and tubing generally undersold the domestic like product, especially in 1999 and 2000.⁶⁷

In light of its prior findings on substitutability and the importance of price, what it deemed the volatile nature of U.S. demand, and the underselling observed during both the original investigations and the period of review, the Commission found that the subject casing and tubing would likely compete on the basis of price to gain additional market share. It concluded that such price-based competition by subject imports would likely have significant depressing and suppressing effects on the prices of the domestic like product.⁶⁸

I am not persuaded that the present conditions of competition facing the domestic industry would result in any different price impacts if the orders are revoked. Given the likely significant volume of subject imports, the high level of substitutability between the subject imports and domestic like product,⁶⁹ the importance of price in purchasing decisions,⁷⁰ the volatile nature of U.S. demand, and the underselling by the subject imports in the original investigations and during the current review period, I find that in the absence of the orders, casing and tubing from Argentina, Italy, Japan, Korea, and Mexico likely would compete on the basis of price in order to gain additional market share. I find that such price-based competition by subject imports likely would have significant depressing or suppressing effects on the prices of the domestic like product.

c. Likely Impact on the Domestic Industry

As a threshold matter, I shall address one issue that has been given considerable attention by the domestic industry and respondents. This is the question of current profitability of the domestic industry and the quantification of material injury. U.S. Steel suggested that the “material injury” standard is “about the lowest standard you can imagine.”⁷¹ In its posthearing brief, U.S. Steel discussed the “quantum of harm” required to establish a material adverse change. This quantification of harm, however, was only a small part of the domestic industry’s argument, and is being analyzed out of context and misrepresented by the respondents. In context, the domestic industry was addressing the extent to which its profitability should prohibit it from obtaining relief from unfairly traded imports even when it can establish material injury.

Respondents are attempting to focus on something that the domestic industry did not say when they argue that U.S. Steel’s position equated “material injury” to the “no adverse impact” standard of the statute. Japanese Respondents characterize the Petitioner’s argument as being “. . . that any adverse change in the condition of the domestic industry is “material injury.”⁷² In effect, at least some participants in this proceeding seem to be arguing against U.S. Steel’s, and other domestic parties’, statements because they interpret them as tantamount to an argument that any likely decline in the domestic industries’ profits, cash flow, employment, market share, etc., no matter how small or inconsequential, constitutes injury that satisfies the statutory requirement for continuation of antidumping orders.

⁶⁶ First Review Determinations at 21.

⁶⁷ First Review Determinations at 21.

⁶⁸ First Review Determinations at 21.

⁶⁹ CR/PR at Table II-4.

⁷⁰ CR/PR at Tables II-1 and II-2.

⁷¹ Hearing transcript at 190.

⁷² Posthearing Brief at 6.

I do not interpret the domestic industry's position as being that any injury, no matter how small, is material injury. No domestic party took such a position and I would not agree with such a position. The argument that the domestic industry was making was whether it is financially healthy before or after a likely injury is not an appropriate determination with regard to revocation of an order. Instead, the appropriate determination is whether the likely injury is material. Its position is that if revocation is likely to lead to material injury then the orders should not be revoked.⁷³

I agree with the domestic industry on this point. The Commission's focus should be on the likelihood of material injury if the orders are revoked. Whether the domestic industry is highly profitable before the orders are revoked and would remain profitable afterward, or whether the domestic industry would slide into bankruptcy if the orders are revoked, or anywhere in between, does not go to the question of whether there is likely material injury. All factors affecting the domestic industry should help frame the Commission's determination of whether an injury to the domestic industry is material. However, beyond that, the before or after financial health of the domestic industry is not dispositive of the determination that must be made in a review of an antidumping or countervailing duty order.

In the original determinations, the Commission found that the negative effect of the cumulated subject imports was reflected in the poor operating performance of the domestic industry (despite a sharp increase in U.S. consumption) and in the decline in U.S. market share of over *** percentage points from 1992 to 1994. Subject imports captured a significant portion of the increase in consumption, and also took market share away from domestic producers.⁷⁴ During the period when cumulated subject imports were increasing their market share, the domestic industry experienced continued operating losses, low levels of capacity utilization, and increased inventories.⁷⁵

The Commission further found that the large volumes of cumulated subject imports, which purchasers generally viewed as good substitutes for the domestic product, were inhibiting the domestic industry from increasing market share and from raising prices. Because demand is determined primarily by the level of drilling activity, decreases in prices for the subject products do not generally lead to significant increases in overall volumes demanded. The Commission thus found that suppliers had to compete for market share and the lowest price would generally prevail. In addition, the Commission determined that the negative effect of cumulated subject imports was also reflected in the inability of the domestic industry to raise prices sufficiently to cover costs between 1992 and 1994.⁷⁶

⁷³ U.S. Steel further explained its position in its Posthearing Brief beginning at page 33 of Exhibit 1. U.S. Steel stated that an order must be maintained in a five-year review if the evidence shows that a material adverse change in the condition of the industry would result from the revocation of the order, even if the industry would still be profitable. U.S. Steel went on that it believed that the quantum of harm required to constitute a material adverse change is not large based on the statutory language which specifically defines "material injury" as "harm which is not inconsequential, immaterial or unimportant." The Company opined that legislative history shows "plainly" that the introduction of the term "material injury" to the statute did not alter the standard that the Commission had previously used in determining the amount of injury required for an affirmative determination, which was anything that is more than "spiritual," "trifling," or "frivolous." However, to clarify that it was not equating its position regarding a relatively low threshold for a determination of material injury to the "no discernible impact standard", U.S. Steel noted that the Commission has described discernible impact as anything that is "noticeable" or "detectable,". U.S. Steel, comparing that to material injury, said: "This is obviously not the same as the statutory definition of material injury. An impact that is "detectable" for purposes of determining whether there will likely be a discernible adverse impact may nevertheless be "inconsequential" for purposes of determining whether material injury is likely."

⁷⁴ Original Determinations, USITC Publication 2911 at I-32.

⁷⁵ Original Determinations, USITC Publication 2911 at I-32.

⁷⁶ Original Determinations, USITC Publication 2911 at I-32. In the original determinations, the Commission also found it noteworthy that the domestic industry's condition improved dramatically in interim 1995 compared to

(continued...)

In the first reviews, the Commission found that the domestic casing and tubing industry's condition, on balance, had improved since the orders went into effect. It stated that the industry had appeared to benefit from the discipline of the orders. The Commission characterized the evidence on the most current condition of the industry as "positive," and observed large fluctuations in some measurements of industry performance. There were fluctuations in shipments and financial performance during the period of review. The Commission attributed these fluctuations to volatile swings in demand. Even though the Commission did not find the industry to be vulnerable, it found that revocation of the orders would likely lead to a significant increase in subject import volume and that the imports would likely have adverse price effects on the domestic industry. It observed that in the original investigations, the subject imports had significant adverse effects notwithstanding an increase in apparent U.S. consumption. It found that the significant increase in subject imports likely upon revocation would likely cause significant adverse effects to the domestic industry notwithstanding strong near-term demand conditions.⁷⁷

The evidence on the most current condition of the domestic industry is positive. The domestic industry has continued to recover and benefit from the discipline imposed by the orders. On balance, I find that the domestic industry's condition has improved since the orders went into effect as reflected in most indicators over the period reviewed, and I do not find the industry to be currently vulnerable. That said, I find continuation of the orders is necessary for this improved condition to continue. Because the industry performed very poorly during the original investigations despite a recovery in demand,⁷⁸ it is fair to say that the current condition of the industry is largely a function of the orders.

Revocation of the casing and tubing orders under review will lead to significant volumes of subject imports that will take market share away from the domestic industry by underselling. As a result, the domestic industry's shipments, capital investments, and profitability will likely suffer.⁷⁹

U.S. Steel asserts that subject imports need only increase by about 350,000 tons (or seven percent of domestic consumption) to have material adverse effects on the profits and shipments of the domestic industry.⁸⁰ U.S. Steel's economists have prepared a joint projection that, if the cumulated subject imports had attained a 10 percent share of the U.S. market during the period of review, the domestic industry's ratios of net operating income to revenue ("operating margins") would have been *** percentage points lower than they actually were.⁸¹ I find that it is likely that subject imports will attain a significant share of the U.S. market if the orders are revoked. I find that the volume and price impacts presented by U.S. Steel are likely. Moreover, I find that declines in operating margins of *** percentage points represent a material injury to the domestic industry. The percentage point drop relates to operating margins ranging from ***. Obviously, in bad years when the domestic industry's operating margin is very low, further drops in those profit levels are not only injurious, they are material declines in profit margins that are multiples of 100 percent. In this case, the domestic industry had good years and bad years. The U.S. Steel model shows that in the three most recent good years, the domestic industry's operating margins were ***

⁷⁶ (...continued)

interim 1994. During this same period there was a dramatic decline in the volume of cumulated subject imports. Moreover, the industry's operating loss declined by 63.3 percent during this period and its gross profits in interim 1995 were higher than either interim or full-year 1994 when it reported losses. *Id.* at I-18 and I-32.

⁷⁷ First Review Determinations, USITC Pub. 3434 at 22-23.

⁷⁸ U.S. Steel Prehearing Brief at 87-89.

⁷⁹ U.S. Steel Prehearing Brief at 98-104; Domestic Casing and Tubing Producers Prehearing Brief at 35-39.

⁸⁰ U.S. Steel Posthearing Brief, ex. 1 at 29.

⁸¹ U.S. Steel Prehearing Brief, Attachment A at 2. For Staff comments on U.S. Steel's economic analysis, see CR at II-31, PR at II-22.

percent, *** percent and *** percent.⁸² The model projected these margins to drop to *** respectively. These are declines in profit margins of ***. It is these numbers that drive the controversy in this case regarding material injury. Looking at the most recent year, 2006, for example, I find that a likely drop from an operating margin of *** percent to an operating margin of *** percent, a *** percent drop is both injurious and material. Viewed on an absolute basis, the underlying 2006 net operating incomes in the above quoted ratios are *** dropping to ***. Thus, on an absolute level, the projected drop in net operating income for the domestic industry's 2006 base case is ***, or *** percent. Once again, although it might be argued that this potential lower level of operating income might have been a desirable target for the domestic industry when it was suffering from losses, the question for this case is not whether *** is a "good" profit. Instead, the question is whether a likely drop of *** dollars, or *** percent of net income is injurious and material. I find that it is both.

CONCLUSIONS

I find that revocation of the orders likely would lead to a significant increase in the volume of subject imports which likely would undersell the domestic like product and significantly depress and/or suppress the domestic industry's prices. Moreover, in the original investigations, subject imports captured market share and caused price effects despite a significant increase in apparent consumption in 1993 and 1994 as compared to 1992. In these reviews, I find that a significant increase in subject imports is likely to have negative effects on both the price and volume of the domestic producers' shipments. I find that these developments likely would have significant negative effects on the production, shipments, sales, market share, and revenues of the domestic industry. This reduction in the domestic industry's production, shipments, sales, market share, and revenues would result in erosion of the domestic industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments.

For the foregoing reasons, I determine that revocation of the antidumping duty orders on casing and tubing from Argentina, Italy, Japan, Korea, and Mexico would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

⁸² The base case data in the U.S. Steel exhibit is slightly different from the data in the final Confidential Report. I have referenced the U.S. Steel profit and operating margin levels in this discussion. The slight difference between the U.S. Steel base case data and the final Confidential Report data do not substantially impact the results or my analysis.

DISSENTING VIEWS OF COMMISSIONER DEAN A. PINKERT WITH RESPECT TO CASING AND TUBING FROM JAPAN AND KOREA

Based on the record in these five-year reviews, I determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty orders on OCTG other than drill pipe from Japan and Korea would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I join the Commission majority’s findings on legal standards, domestic like product, domestic industry, and the conditions of competition applicable to casing and tubing from Japan and Korea. I also join in certain aspects of the Commission majority’s cumulation analysis.¹ I disagree, however, with the Commission majority’s decision, based on likely conditions of competition in the U.S. market, not to cumulate subject imports of casing and tubing from Japan and Korea. I cumulate subject imports from Japan and Korea and reach an affirmative determination with respect to those imports. Therefore, I dissent from the Commission’s cumulation findings and likely material injury determinations on casing and tubing from Japan and Korea and write separately to explain my findings and determinations.

I. CUMULATION

I agree with the Views of the Commission that subject imports of casing and tubing from Japan and Korea are not precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry. I also agree that subject imports from Japan and Korea are likely to compete with each other and with the domestic like product in the U.S. market. In such circumstances, I intend to cumulate the subject imports unless I am persuaded that there is a structural circumstance evident in the review which is likely to significantly limit competition such that cumulation is not warranted.

Here, I exercise my discretion to cumulate subject imports from Japan and Korea. Unlike the Commission majority, I find similarities in the likely conditions of competition under which imports from these two countries would compete in the U.S. market if the orders were revoked. The Japanese and Korean casing and tubing industries are both export-oriented with very limited home markets.² The Commission’s findings in the first review are in accord with this conclusion.³ In addition, the Japanese industry exhibited a strong interest in the U.S. market during the original investigations, and the Korean industry exhibited a strong and growing interest during the original investigations and both review periods. This is not surprising. The United States is the largest casing and tubing market in the world,⁴ as well as the dominant market for welded casing and tubing.⁵ Subject imports of casing and tubing from Japan and Korea both increased rapidly during the original investigations, and subject imports of casing

¹ Except as otherwise indicated, I also join in all aspects of the Commission majority’s findings and negative determinations with respect to casing and tubing from Argentina, Mexico, and Italy, and its findings and negative determinations with respect to drill pipe from Japan.

² Japan’s home market never accounted for more than *** percent of its total shipments during the period of review (2001 through 2006). CR/PR at Table IV-16. Korea’s home market never accounted for more than *** percent of its total shipments during the period of review. The majority of Korean export shipments of casing and tubing went to the United States. CR/PR at Table IV-20.

³ First Review Determinations, USITC Pub. 3434 at 20.

⁴ CR/PR at Figure IV-I (Baker-Hughes Worldwide Rig Count) and CR at IV-57; PR at IV-31.

⁵ Maverick Prehearing Brief, Exhibit 2.

and tubing from Korea increased over the two review periods,⁶ even with the discipline of the order in place.⁷

In fact, the record in these reviews does not indicate that there are likely to be any significant differences in conditions of competition between subject casing and tubing OCTG imports from Japan and Korea. The Commission found in the first reviews that the U.S. market differs from most major markets because it requires substantial volumes of both welded and seamless casing and tubing.⁸ This remains true today. Apparent U.S. consumption of casing and tubing is approximately 52 percent welded and 48 percent seamless.⁹ Producers in both Japan and Korea produce welded OCTG, although Japanese producers produce more seamless than welded casing and tubing.¹⁰ In the original investigations, Japanese producers supplied welded, seamless corresponding to American Petroleum Institute (“API”) specifications, and specialized, non-API seamless casing and tubing. Japanese producers continue to produce all of these products today.¹¹ Although SMI ***,¹² Korean producers manufactured only welded casing and tubing during the original investigations and continue to only produce welded casing and tubing today.¹³ Market participants have generally found imports from Japan and Korea to have a high level of interchangeability.¹⁴

For all of these reasons, I exercise my discretion to cumulate subject casing and tubing imports from Japan and Korea.

⁶ The Commission examined the casing and tubing industries and markets in the original investigations from 1992 to 1994, in the first reviews from 1995 to 2000, and in these second reviews from 2001 to 2006. CR/PR at Table I-3.

⁷ CR/PR at Table I-3.

⁸ First Review Determinations at 15. At that time, the Commission found that the “only other major market for welded casing and tubing [was] Canada.” Id.

⁹ Calculated from CR/PR at Tables F-1 through F-4. U.S. producers shipped 1,144,656 short tons of seamless casing and tubing in 2006, and 1,602,431 short tons of welded casing and tubing in that year. CR/PR at Tables F-1 and F-2. Total 2006 U.S. imports of seamless and welded OCTG, respectively, including subject and nonsubject imports, were 1,078,447 short tons of seamless, and 777,688 short tons of welded casing and tubing. CR/PR at Table F-3 and Table F-4.

¹⁰ Japanese producers Nippon Steel and JFE Steel both produce welded casing and tubing. *** is *** welded casing and tubing producer. It produced *** short tons of welded casing and tubing in 2006, while *** produced *** short tons. Japanese production of welded casing and tubing constituted *** percent of total Japanese casing and tubing production in 2006. The remainder of Japanese production is seamless casing and tubing, *** percent of which is produced by SMI. CR at IV-27; PR at IV-16. Korean producers only produce welded casing and tubing. CR at IV-40; PR at IV-22.

¹¹ Original Staff Report, Table 21 and II-38. CR at IV-27; PR at IV-21.

¹² Japanese Respondents’ Prehearing Brief, Ex. 4, “Outline of Capital Investments” at 18-19.

¹³ Original Staff Report at I-43. CR at IV-40; PR at IV-22.

¹⁴ CR/PR at Table II-4. All four responding U.S. producers and all four responding U.S. producers/importers found subject imports from Japan and Korea to always be interchangeable. Nine out of 11 importers, and 17 out of 20 purchasers found them either always or frequently interchangeable. Id.

II. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY UPON REVOCATION OF THE ORDERS ON CUMULATED SUBJECT IMPORTS FROM JAPAN AND KOREA¹⁵

A. Likely Volume¹⁶

In evaluating the likely volume of imports of subject merchandise if the orders under review were revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.¹⁷ 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.¹⁸

For the following reasons, I find based on the record in these reviews that, if the orders were revoked, producers in Japan and Korea, on a cumulated basis, would be likely to ship subject imports to the United States in significant volumes on an absolute basis and relative to consumption and production in the U.S. market. I reach this finding due to the export orientation of the industries in the two countries, the significant and rapid increase in cumulated imports from Japan and Korea during the original investigations, increases in import volume by the Korean producers during the two review periods, the range of products available from these two subject countries (which includes welded, API-seamless, and specialized seamless casing and tubing), production capacity and future capacity, the potential for product-shifting, inventories, the attractiveness of the U.S. market, and shrinking third-country markets.

I have discussed above the export orientation of the casing and tubing industries in Japan and Korea. These export-oriented industries exhibited a strong interest in the U.S. market by rapidly increasing their imports to the United States during the original investigations. Furthermore, U.S. imports of casing and tubing manufactured by the subject Korean producers increased while the orders were in place.

Cumulated subject imports from Japan and Korea increased over the period of investigation and gained market share, primarily due to the surge in subject import volume from Japan from 1992 to 1993.¹⁹ At all times during the original investigations, Japan held the largest U.S. market share of any of the

¹⁵ Except as otherwise indicated, I have analyzed the impact of cumulated subject imports from Japan and Korea within the context of the conditions of competition set forth in the Commission majority’s analysis.

¹⁶ While I considered subject imports from Japan and Korea on a cumulated basis, by necessity I have included some discussion of each of these countries individually, because certain facts are specific to a particular country.

¹⁷ 19 U.S.C. § 1675a(a)(2).

¹⁸ 19 U.S.C. § 1675a(a)(2)(A-D).

¹⁹ Cumulated subject imports from Japan and Korea increased from *** short tons in 1992, to *** short tons in 1993, and further to *** short tons in 1994. The share of the U.S. market held by cumulated subject imports from Japan and Korea increased from *** percent in 1992, to *** percent in 1993, and further to *** percent in 1994. CR/PR at Table I-3.

subject countries -- *** percent in 1992, *** percent in 1993, and *** percent in 1994.²⁰ The volume of subject imports from Korea also increased rapidly, but from much lower levels.²¹

After the imposition of the orders, the volume of subject imports from Japan in the U.S. market fell abruptly, and Japan's market share never exceeded *** percent of the U.S. market during the two review periods.²² In contrast, subject imports from Korea increased during both review periods and reached *** short tons in 2006.²³ The Commission found in the first reviews, as I do now, that the industries in Japan and Korea are highly export-oriented with limited home markets.²⁴

Japanese and Korean producers have the ability to significantly increase their exports of casing and tubing to the U.S. market. Production capacity in Japan and Korea on an aggregate basis stood at over *** short tons in 2006. It is projected to increase to *** short tons in 2008.²⁵ Most of this production capacity belongs to the Japanese industry.²⁶ The Korean industry, however, has grown markedly since the original investigations.²⁷

In the aggregate, Japanese and Korean producers have the ability to significantly increase their presence in the U.S. market through current imports, unused capacity, and inventories. Subject imports of casing and tubing from Japan and Korea were, respectively, *** and *** short tons in 2006.²⁸ Both industries are currently at high capacity utilization rates, with total unused aggregate capacity of *** short tons.²⁹ Japan and Korean producers also had end of period inventories of *** short tons in 2006.³⁰ In the aggregate, these imports, inventories, and unused capacity represent potential imports of *** short tons to the U.S. market, even without additional capacity being brought on-line or utilizing unused production capacity slated for production of other seamless or welded products.

During this second review period, Korean production capacity increased from *** short tons in 2001 to *** short tons in 2006 and is projected to increase to *** short tons in 2007 and *** short tons in 2008.³¹ Nexteel will start a new OCTG production line in May 2007, which will generate new production capacity of *** short tons in 2008.³² Korean producers have *** short tons of unused capacity to produce

²⁰ Subject imports from Japan increased from *** short tons in 1992 to *** short tons in 1993, an increase of *** percent in one year, and they remained level in 1994 at *** short tons. CR/PR at Table I-3.

²¹ Subject imports from Korea increased from *** short tons in 1992, to *** short tons in 1993, and *** short tons in 1994, which corresponded to a U.S. market share of *** percent in that year. CR/PR at Table I-3.

²² CR/PR at Table I-3.

²³ CR/PR at Table I-3. In the first review, subject imports from Korea increased steadily from *** short tons in 1995 to *** short tons in 1998, before dropping to *** short tons in 1999, and then increasing sharply to *** short tons in 2000. During the second review period, subject imports from Korea fluctuated but increased overall from *** short tons in 2001 to *** short tons in 2006. *Id.*

²⁴ First Review Determinations at 20.

²⁵ Calculated from CR/PR at Tables IV-16 and IV-20.

²⁶ Japanese production capacity of casing and tubing was 912,033 short tons in 2006, and subject Korean capacity was *** short tons. CR/PR at Tables IV-16 (Japan) and IV-20 (Korea).

²⁷ Production capacity in Korea for casing and tubing increased from *** short tons in 1994, to *** short tons in 2000, to *** short tons in 2006. CR/PR at Table IV-19.

²⁸ CR/PR at Table IV-1.

²⁹ Japanese producers had a capacity utilization rate of 98.3 percent in 2006, which allowed for 15,052 short tons of unused capacity. Korean producers had a capacity utilization rate of *** percent, which allows for 35,197 short tons of unused capacity. CR/PR at Tables IV-16 (Japan) and IV-20 (Korea).

³⁰ Japanese and Korean producers' end of period inventories were, respectively, *** and *** short tons in 2006. CR/PR at Tables IV-16 (Japan) and IV-20 (Korea).

³¹ CR/PR at Table IV-20.

³² SeAH Posthearing Brief at 13; ***.

welded products that are manufactured on the same equipment and machinery as casing and tubing, which could be used to produce welded casing and tubing.³³

New capacity is also being brought on-line in Japan. *** reports that it ***³⁴ ***.³⁵ Nippon plans to *** into the U.S. market.³⁶ The Japanese industry also has *** short tons of unused capacity to produce welded products and *** short tons of unused capacity to produce seamless products, produced on the same equipment and machinery as casing and tubing, which could be used to produce casing and tubing.³⁷

Currently, there are U.S. antidumping duty orders on imports from Korea of welded standard pipe and on imports from Japan of welded large diameter line pipe; small diameter seamless standard, line, and pressure pipe; and large diameter seamless standard, line, and pressure pipe.³⁸ If the orders on casing and tubing from Japan and Korea were revoked, producers in those countries would have an incentive to shift production from products subject to orders to those that are not.

Japanese Respondents have argued that, if the order on Japan were revoked, they only intend to import limited volumes of proprietary or high-value seamless casing and tubing into the U.S. market.³⁹ Nevertheless, if the order on Japan were revoked, there is no material impediment to Japanese producers supplying a wide range of casing and tubing to the U.S. market, as they did in the original investigations. Japanese producers currently sell significant volumes of nonsubject high-chrome casing and tubing to the U.S. market.⁴⁰ Moreover, it appears to be an important marketing strategy to offer both high-end and lower-end products to customers in the U.S. market.⁴¹

I do not find that existing long-term contracts will materially impede the Japanese producers in taking advantage of the revocation of the order. These contracts commonly set the volume of purchases every six months, which means that the producers have significant flexibility. Moreover, some of the customers with whom *** has long term contracts, ***, are purchasers ***.⁴²

Not only do producers have the capability of significantly increasing their imports of casing and tubing to the United States if the orders on Japan and Korea were revoked, but there are incentives for them to do so. One incentive is the desire to supply existing customers. Nine purchasers reported purchasing imports from Japan, 14 from Korea, and six from both countries⁴³. ***⁴⁴ As the demand for casing and tubing has increased in the U.S. market, so has the demand for higher grade, higher strength,

³³ CR/PR at Table IV-21.

³⁴ ***.

³⁵ ***.

³⁶ CR at IV-31; PR at IV-20. ***.

³⁷ CR/PR at Table IV-18.

³⁸ Certain Large Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe from Japan and Romania: Continuation of Antidumping Duty Orders, 71 Fed. Reg. 26746 (May 8, 2006). Antidumping Duty Order: Welded Large Diameter Line Pipe from Japan, 66 Fed. Reg. 63368 (December 6, 2001). Welded Large Diameter Line Pipe from Japan and Mexico, Scheduling of Full Five-Year Reviews, 72 Fed. Reg. 9357 (March 1, 2007). Continuation of Antidumping Duty Orders on Circular Welded Non-Alloy Pipes and Tubes from Brazil, Mexico, Republic of Korea, 71 Fed. Reg. 44996 (August 8, 2006).

³⁹ Japanese Posthearing Brief at 14.

⁴⁰ Compare subject imports of casing and tubing from Japan based on questionnaire responses, CR/PR at Table IV-1, and imports from Japan based on official Commerce statistics, CR/PR at Table IV-4.

⁴¹ One of the marketing strategies discussed by U.S. executives at the hearing was “bundling” high-end and low-end products for the same customer. Tr. at 126-128 (Mr. Didier Hornet, Chairman, V&M Star). Tr. at 134-135 (Mr. John Shoaff, President, Sooner Pipe).

⁴² Japanese Respondents Posthearing Brief, Answers to Commissioner Questions at 5-7.

⁴³ Purchaser Questionnaire Responses at II-1.

⁴⁴ CR at D-24; PR at D-12.

and sour service pipe,⁴⁵ a segment of the market in which Japanese intend to supply the U.S. market. In particular, purchasers are hoping to use Japanese sour service in the Alaskan and Gulf of Mexico segments of the market.⁴⁶ The largest Japanese producer, SMI, ***.⁴⁷ Although Japanese producers argue that domestic producers cannot supply these products, domestic producers contend that they can satisfy almost all of the demand for sour service and other specialized OCTG requirements of the oil and gas industry.⁴⁸ U.S. producers' production of sour service casing and tubing that meets or exceeds API T95 or C100 standards increased from *** short tons in 2001 to *** short tons in 2006.⁴⁹ The record reflects that, in fact, U.S. Steel and V&M Star have recently focused on improving their sour service and specialized seamless pipe products and that they would compete directly against the Japanese producers in this segment of the market if the order on Japan were revoked.⁵⁰

Japanese producers are also likely to increase their exports to the U.S. market because their market in China has been shrinking, as Chinese domestic production has increased.⁵¹ Japan's exports to China have fallen from *** percent of its shipments in 2001 (*** short tons), to *** percent of its shipments in 2006 (*** short tons) and are projected to remain below that percentage in 2007 and 2008.⁵² It is likely that Japanese producers would divert sales of these products to the United States market to absorb lost market share in China.

The record is mixed as to whether there is a price advantage for Japanese exporters to sell casing and tubing in the U.S. market.⁵³ The Commission collected data for several global markets with respect to a seamless product, API 5 CT J55. Prices in the United States for this product were higher than prices in China and the Middle East, two of Japan's export markets.⁵⁴ Although I recognize that these data relate only to one casing and tubing product, they indicate the existence of price incentives for Japanese producers to re-enter the U.S. market if the order on Japan were revoked.

Korean producers of welded OCTG are already focused on, and well-established in, the U.S. market. The volumes of subject and nonsubject imports of casing and tubing from Korea have increased during these reviews, which reflects a strong interest in the U.S. market and a desire to continue

⁴⁵ CR at II-21; PR at II-14.

⁴⁶ ***. CR at D-13; PR at D-11. Approximately 30 percent of Japanese imports entered through the Anchorage customs district during the original investigation. Original Staff Report at I-50. ***. Exxon Mobil Prehearing Brief at 5 and Table 1.

⁴⁷ SMI ***. SMI ***. SMI is affiliated with Sumitomo Corp., which owns a U.S. importer and four U.S. distributors of casing and tubing, which would facilitate its return to the U.S. market in significant volumes. CR/PR at Table I-17, CR at IV-27, PR at IV-16; Japanese Respondents Prehearing Brief at 11.

⁴⁸ CR at III-6, n.10; PR at III-4, n.10.

⁴⁹ CR at III-6; PR at III-4.

⁵⁰ Mr. Roger Lindgren, President of V&M Star, testified at the Commission hearing that V&M Star is investing over \$100 million to expand capacity to increase heat treating capabilities to improve its capability to produce more sour service products, such as C-110. Tr. at 60-61.

U.S. Steel reports that it regularly provides high quality sour service products, that it could make more of these products, that it is resolved to remain on the cutting edge of this business, and ***. U.S. Steel Posthearing Brief, Responses to Questions from Commissioners at 1-7; Exhibit 9, Affidavit of Leslie J. Broglie, U.S. Steel, General Manager for Tubular Products.

⁵¹ CR at IV-51-52; PR at IV-28-29.

⁵² CR/PR at Table IV-16. ***. ***. ***. ***. ***.

⁵³ Japanese Respondents have argued that their spot prices in other markets are higher than in the U.S. market. Japanese Respondents Posthearing Brief, Answers to Commission Questions at 13. The domestic industry has argued that Japanese contract prices in other markets are *** than those in the United States. U.S. Steel Final Comments at 14.

⁵⁴ CR/PR at Table IV-31; CR at IV-26, IV-31 (indicating export markets for Japan).

competing in it.⁵⁵ Korean producers seek to sell their welded casing and tubing in the U.S. market because it is the dominant market for these products and they have been able to successfully undersell the U.S. product. Subject imports from Korea undersold the domestic like product in 47 out of 80 possible price comparisons, even with the order in place.⁵⁶

The increase in nonsubject imports from China that directly compete against Korean subject imports will force the Korean producers to price aggressively in the U.S. market to retain market share. Imports of casing and tubing from China increased from 95,583 short tons in 2001 to 725,027 short tons in 2006.⁵⁷ The demand for welded casing and tubing in Canada, another export market for Korean producers, has recently decreased.⁵⁸ As their competition has intensified and their markets have shrunk, Korean producers have simultaneously expanded their capacity.⁵⁹ These circumstances indicate that, if the order on Korea were revoked, there would be considerable pressure on Korean exporters to compete aggressively in the U.S. market and shift more production to casing and tubing to increase import volume and market share.

For the foregoing reasons, I find that the volume of subject imports from these two countries would likely increase and be significant if the orders on Japan and Korea were revoked.

B. Likely Price Effects

In evaluating the likely price effects of subject imports if the antidumping duty orders were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.⁶⁰

In the original investigations, the Commission found that the domestic and imported products were generally substitutable and that price was one of the most important factors in purchasing decisions.⁶¹ Despite the mixed evidence as to instances of underselling and overselling, the Commission concluded that the underselling by subject imports was significant. In particular, the Commission determined that underselling by subject imports was significant in instances where purchasers reported that the quality of such imports was superior to that of the domestic product.⁶² In addition, the Commission found that cumulated subject imports suppressed domestic prices to a significant degree, despite the unclear trend in domestic and import prices. The significant volumes of casing and tubing available from the cumulated subject countries kept domestic producers from raising prices despite high costs. Because imported and domestic casing and tubing were relatively close substitutes, the

⁵⁵ CR/PR at Table I-3.

⁵⁶ CR at V-32; PR at V-14. CR/PR at Table II-6 (two purchasers stated that in terms of “lower price,” U.S. product was inferior to Korean imports, one comparable, and one superior).

⁵⁷ CR/PR at IV-4.

⁵⁸ On May 18, 2007, there were 121 rigs in operation in Canada, down 146 rigs from 267 rigs, reported in the same week in May 2006. Baker Hughes Rotary Rig Count, May 18, 2007. EDIS Doc. 274602.

⁵⁹ CR at IV-37; PR at IV-22.

⁶⁰ 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.

⁶¹ Original Determinations, USITC Pub. 2911 at I-31.

⁶² Original Determinations, USITC Pub. 2911 at I-31.

Commission concluded that changes in relative prices were likely to cause purchasers to shift among supply sources.⁶³

Domestic product and subject imports from Japan and Korea remain generally substitutable, and price remains one of the most important factors in purchasing decisions. Purchasers overwhelmingly named price as a “very important” factor in purchasing decisions, and price was the factor purchasers named second most often as the number one factor in purchasing decisions.⁶⁴ Purchasers overwhelmingly found subject imports from Japan and Korea to be at least frequently interchangeable with the domestic like product and with each other.⁶⁵

As discussed above, in the event that the antidumping duty orders from Japan and Korea were revoked, Japanese and Korean producers would likely import significant additional quantities of casing and tubing, some of which would be welded, some API-seamless, and some high-quality seamless casing and tubing. As I and the Commission majority found in our likely price findings with respect to the orders on Argentina, Italy, and Mexico, factors that affect the pricing of seamless casing and tubing will also affect the prices of welded casing and tubing and vice versa. Further, we found that seamless and welded products generally followed broadly similar trends during the period of review, although the magnitude of pricing changes varied for particular pricing products.

Cumulated subject imports are likely to undersell the domestic like product to a significant degree. Subject imports from Korea undersold the domestic like product in 47 out of 80 possible price comparisons during the second review period, even with the order in place.⁶⁶ Both domestic prices and Korean prices have risen over the period of review, simultaneously with increases in raw material and other costs.⁶⁷ Korean producers will need to continue to price aggressively in the U.S. market, however, to retain or increase their market share given the competition in the U.S. market and the limited global markets for welded casing and tubing.

The Commission does not have any pricing data comparing prices for subject imports from Japan to domestic prices, which is not surprising given that Japanese producers have effectively left the U.S. market since the order on Japan went into effect. If the order were revoked, Japanese producers would be likely to increase their sales into the U.S. casing and tubing market across a broad spectrum of products. Japanese producers, however, will need to price aggressively in the U.S. market to regain market share in the lower end of their range of product offerings, given the competition in the U.S. market from domestic and imported sources, and price at least competitively with respect to their higher value seamless offerings, given the stiff competition they will likely encounter from U.S. Steel and V&M in this segment of the market. In the original investigations, the Commission found the limited underselling by the Japanese products to be significant because the quality of the imports was considered superior to the domestic like product.⁶⁸ I find in these reviews that the record reflects the existence of high quality products produced by both domestic and Japanese producers and stiff competition between them for accounts. Under these circumstances, given their direct competition with domestic producers in these high quality products, even comparable or competitive pricing by the Japanese would result in downward pressure on domestic prices. As with their Korean counterparts, given the limited market for these

⁶³ Original Determinations, USITC Pub. 2911 at I-31.

⁶⁴ CR/PR at Tables II-1, II-2.

⁶⁵ CR/PR at Table II-4. Out of 20 responding U.S. purchasers, 12 reported that casing and tubing from Japan and Korea were always interchangeable, five reported they were frequently interchangeable, three reported that they were sometimes interchangeable, and none reported that they were never interchangeable. Id.

⁶⁶ CR at V-32-33; PR at V-14-15.

⁶⁷ Scrap prices and hot-rolled coil prices have been at historic highs since 2004. Other costs, such as electricity, have increased as well. CR at V-1-3, PR at V-1-3, CR/PR Figure V-1 and Figure V-2, and CR/PR Table V-1 (costs) PR at V-1-3; CR/PR at Tables V-2-V-14 (rising domestic prices).

⁶⁸ Original Determinations at I-31. Japanese imports of casing and tubing undersold the domestic like product in 16 out of 40 possible price comparisons. CR at V-33; PR at V-15.

products globally, welded producers in Japan would have an incentive to price aggressively to regain market share for their welded products.

Based on the foregoing, I determine that the significant volume of subject imports from Japan and Korea that is likely to enter the U.S. market upon revocation would likely be priced aggressively (Korea) or at least competitively (Japan), and would likely depress or suppress domestic prices to a significant degree. I consequently conclude that revocation of the orders on subject imports from Japan and Korea would likely result in significant adverse price effects.

C. Likely Impact

In evaluating the likely impact of imports of subject merchandise if the antidumping order were revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (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.⁶⁹ 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.⁷⁰ As instructed by the statute, I have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.⁷¹

The domestic industry is doing very well. As the majority discusses in its views on Argentina, Italy, and Mexico, most indicators of domestic industry performance improved during the period of review. The domestic industry's market share declined during the period of review, however, which was particularly noticeable during the latter portion of the period. From 2004 to 2006, the domestic industry lost 11.9 percentage points of market share in casing and tubing as nonsubject imports, particularly nonsubject imports from China, increased.⁷² Although I acknowledge the data filed by the five domestic casing and tubing mills and one non-toll processor indicating declines in production, employment, sales value, employment, and operating performance in the first quarter of 2007, I have not placed substantial weight on these data given that the record reflects that this may simply be a short-term inventory correction and, in any event, the data cover only a single quarter.

Based on the foregoing considerations, I determine that the domestic casing and tubing industry is not currently in a vulnerable condition. In addition, I find that, while the current improved condition of the domestic industry is largely attributable to increased demand, it has also been positively affected by the orders on Japan and Korea. The order has demonstrably kept Japan, the largest single source of subject imports in the original investigations, virtually out of the U.S. market since 1995, causing its U.S.

⁶⁹ 19 U.S.C. § 1675a(a)(4).

⁷⁰ 19 U.S.C. § 1675a(a)(4). With respect to the antidumping duty order on subject imports from Japan, Commerce found likely margins of 44.20 percent for two named exporters and all others. 71 Fed. Reg. 59074 (Oct. 6, 2006). With respect to the antidumping duty order on subject imports from Korea, Commerce found likely margins of 12.17 percent for one named exporter and all others. *Id.*

⁷¹ 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.

⁷² CR/PR at Table I-20.

market share to fall from *** percent in 1994 to *** percent in 1995.⁷³ I also find that the discipline of the order on Korea has restrained subject imports from that country. The U.S. market share for subject imports from Korea fell from *** percent of the market in 1994 to *** percent of the market in 1995 and did not exceed 1994 levels until 2002,⁷⁴ even though Korea has limited markets for its welded casing and tubing and has increased its production capacity dramatically since the original investigations.

If the orders on Japan and Korea were revoked, the likely significant increase in the volume of subject imports from Japan and Korea, coupled with their likely adverse price effects, would likely have a significant harmful impact on the domestic industry. The negative effects would be felt in such industry factors as output, sales, market share, profits, profitability, return on investments, utilization of capacity, cash flow, inventories, employment, wage growth, ability to raise capital, investment, and the industry's development and production efforts. The condition of the domestic industry is not impervious to significant volumes of competitively priced subject imports from Japan and Korea. The combined negative effect of such imports on the industry as a whole would be significant.

For the foregoing reasons, if the orders on Japan and Korea were revoked, I find that the likely significant volumes of subject imports from Japan and Korea that would likely enter the United States at competitive prices would likely have a significant harmful impact on the industry.

CONCLUSION

For the foregoing reasons, I find that revocation of the antidumping duty orders on Japan and Korea would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

⁷³ CR/PR at Table I-3. I note that even though SMI has had a zero margin since 2000, it has still been subject to the discipline of the order through administrative reviews. CR/PR at Table I-7.

⁷⁴ CR/PR at Table I-3.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On June 1, 2006, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (“the Act”), that it had instituted five-year reviews to determine whether revocation of the countervailing duty order on oil country tubular goods (“OCTG”) from Italy (subsequently terminated by the U.S. Department of Commerce (“Commerce”)) and the antidumping duty orders on OCTG from Argentina, Italy, Japan, Korea, and Mexico would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective September 5, 2006, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in table I-1.¹

Table I-1
OCTG: Background information

Effective date	Action
August 10, 1995	Commerce’s countervailing duty order on Italy (60 FR 40822)
August 11, 1995	Commerce’s antidumping duty orders on Argentina, Mexico, Korea (OCTG excluding drill pipe), Italy (OCTG excluding drill pipe), and Japan (60 FR 41055/41056/41057/41058)
July 3, 2000	Commission’s institution of first reviews (65 FR 41088)
June 28, 2001	Commission’s determinations in first reviews (66 FR 35997, July 10, 2001)
June 1, 2006	Commission’s institution of second reviews (71 FR 31207)
September 5, 2006	Commission’s decision to conduct full reviews (71 FR 54520, September 15, 2006)
September 22, 2006	Commission’s scheduling of the reviews (71 FR 57566, September 29, 2006)
October 6, 2006	Commerce’s final results of antidumping duty expedited reviews (71 FR 59074)
December 26, 2006	Commerce’s final results and revocation of countervailing duty order on Italy (71 FR 77383); Commission terminates review of countervailing duty order on Italy (72 FR 1340, January 11, 2007)
April 12, 2007	Commission’s hearing (the witness list appears in appendix B)
May 3, 2007	Commerce’s final results of antidumping duty full review for Mexico (72 FR 24563)
May 31, 2007	Commission’s vote
June 18, 2007	Commission’s determination transmitted to Commerce

The Original Investigations

The subject orders result from affirmative determinations by the Commission and Commerce in response to a petition filed on June 30, 1994, by Bellville Tube Corp. (Bellville), IPSCO Steel, Inc. (IPSCO), Koppel Steel, Inc. (Koppel), Maverick Tube Corp. (Maverick), North Star Steel Ohio (North Star), U.S. Steel Group (U.S. Steel), and USS/KOBE Steel Co. (USS/KOBE), alleging that imports of OCTG from Italy were being subsidized; that imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico were being, or likely to be, sold in the United States at less than fair value (“LTFV”); and that

¹ The Commission’s notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct an expedited or full review may also be found at the web site.

these imports materially injured, and threatened material injury to, a U.S. industry. In addition to the above-mentioned countries, petitioners alleged that the U.S. industry was being injured and threatened with injury by imports of subsidized OCTG from Austria and LTFV OCTG from Austria and Spain.

On June 28, 1995, Commerce published final affirmative determinations of subsidy and dumping in each of the investigations.² Korean producer Hyundai received a 0.00 percent margin. Although Commerce did not distinguish between (1) casing and tubing and (2) drill pipe, the Commission found that these two products were separate domestic like products. On August 2, 1995, the Commission determined that an industry in the United States was injured or threatened with injury by imports of the following OCTG products: (1) casing and tubing from Argentina, Italy, Japan, Korea, and Mexico that was sold in the United States at LTFV and subsidized by the Government of Italy and (2) drill pipe from Argentina, Japan, and Mexico that was sold in the United States at LTFV. The Commission made negative determinations with respect to LTFV and subsidized drill pipe from Italy and LTFV drill pipe from Korea. The Commission also determined that OCTG imports from Austria and Spain did not injure, threaten injury, or materially retard the establishment of a U.S. industry.³ On August 10, 1995, Commerce issued its countervailing duty order on casing and tubing from Italy⁴ and on August 11, 1995, it issued antidumping duty orders on OCTG (including drill pipe) from Argentina, Japan, and Mexico and casing and tubing from Italy and Korea (excluding entries from Hyundai).⁵ Information relating to the subject orders is provided in table I-2.

Table I-2
OCTG: Dates of original orders, types of orders, countries, investigation numbers, and Federal Register notices

Order date	Type of order	Country	Investigation number		Federal Register notice
			Commerce	Commission	
8/10/1995	Countervailing duty	Italy	C-475-817	701-TA-364	60 FR 40822
8/11/1995	Antidumping duty	Argentina	A-357-810	731-TA-711	60 FR 41055
8/11/1995	Antidumping duty ¹	Italy	A-475-816	731-TA-713	60 FR 41057
8/11/1995	Antidumping duty	Japan	A-588-835	731-TA-714	60 FR 41058
8/11/1995	Antidumping duty ¹	Korea	A-580-825	731-TA-715	60 FR 41057
8/11/1995	Antidumping duty	Mexico	A-201-817	731-TA-716	60 FR 41056
¹ Original orders covered only casing and tubing.					
Source: Cited <i>Federal Register</i> notices.					

² *Final Affirmative Countervailing Duty Determination: Certain Oil Country Tubular Goods ("OCTG") From Austria*, 60 FR 33534-582, June 28, 1995.

³ *Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain*, Investigations Nos. 701-TA-363 and 364 (Final) and 731-TA-711-717 (Final), USITC Publication 2911 (August 1995).

⁴ *Notice of Countervailing Duty Order: Oil Country Tubular Goods ("OCTG") From Italy*, 60 FR 40822, August 10, 1995.

⁵ *Antidumping Duty Order: Oil Country Tubular Goods From Argentina*, 60 FR 41055-41059, August 11, 1995.

The First Reviews

On July 3, 2000, the Commission instituted reviews pursuant to section 751(c) of the Act to determine whether revocation of the antidumping duty orders on imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico, and the countervailing duty order on imports of OCTG from Italy, would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.⁶ The Commission conducted full reviews⁷ during 2000-01. Following affirmative determinations by Commerce regarding the likelihood of continued sales at LTFV and subsidization,⁸ the Commission determined that revocation of the antidumping duty orders on OCTG other than drill pipe (“casing and tubing”) from Argentina, Italy, Japan, Korea, and Mexico and of the countervailing duty order on casing and tubing from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁹ The Commission further determined that revocation of the antidumping duty order on drill 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.¹⁰ Finally, the Commission determined that revocation of the antidumping duty orders on drill pipe from Argentina and 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.¹¹

Summary Data

Table I-3 presents a summary of data from the original investigations, the first reviews, and from these second reviews.

⁶ *Oil Country Tubular Goods From Argentina, Italy, Japan, Korea, and Mexico*, 65 FR 41088, July 3, 2000.

⁷ *Seamless Pipe From Argentina, Brazil, Germany, and Italy and Oil Country Tubular Goods From Argentina, Italy, Japan, Korea, and Mexico*, 65 FR 63889, October 25, 2000.

⁸ *Final Results of Expedited Sunset Reviews: Oil Country Tubular Goods From Argentina, Italy, Japan, and Korea*, 65 FR 66701, November 7, 2000; *Oil Country Tubular goods (“OCTG”) From Mexico; Final Results of Sunset Review of Antidumping Duty Order*, 66 FR 14131, March 9, 2001; and *Oil Country Tubular Goods (“OCTG”) From Italy; Final Results of Sunset Review of Countervailing Duty Order*, 66 FR 13910, March 8, 2001.

⁹ *Oil Country Tubular Goods From Argentina, Italy, Japan, Korea, and Mexico (Review), Investigation Nos. 701-TA-364 (Review) and 731-TA-711 and 713-716 (Review)*, 66 FR 35997, July 10, 2001.

¹⁰ *Ibid.* Vice Chairman Okun dissenting with respect to drill pipe from Japan.

¹¹ *Ibid.* Commissioner Bragg and Commissioner Devaney dissenting with respect to drill pipe from Argentina and Mexico.

Table I-3

Casing and tubing: Comparative data from the original investigations, first reviews, and current reviews

(Quantity=short tons; value=\$1,000; unit values are per short ton)

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. consumption quantity: Amount	***	***	***	1,555,158	1,970,700	2,588,508	1,719,511	1,208,249	2,676,768	2,926,034	1,973,511	2,770,902	3,441,978	4,172,763	4,603,222
Producers' share ¹	***	***	***	90.0	89.8	85.5	82.0	87.4	74.9	70.6	79.7	76.1	71.6	63.9	59.7
Importer's share: ¹															
Argentina	***	***	***	0.9	(²)	(²)	0.1	0.1	0.7	1.0	(²)				
Italy	***	***	***	(²)											
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Korea, subject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	1.9	0.3	0.3	0.1	0.5	0.4	0.3	0.2	0.7	0.5	0.4	(²)
Subtotal, subject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Korea, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	6.3	8.5	12.6	15.4	11.1	21.4	24.7	18.0	19.5	24.1	31.8	35.9
Subtotal, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	10.0	10.2	14.5	18.0	12.6	25.1	29.4	20.3	23.9	28.4	36.1	40.3
U.S. consumption value: Amount	***	***	***	1,002,866	1,334,419	1,823,033	1,211,427	684,481	1,723,739	1,877,348	1,237,285	1,689,683	3,129,728	5,138,260	5,901,496
Producers' share ¹	***	***	***	89.7	89.9	86.4	83.1	87.2	77.5	76.4	81.3	78.0	76.8	70.3	66.9
Importer's share: ¹															
Argentina	***	***	***	0.9	0.1	(²)	(²)	(²)	0.5	0.7	(²)				
Italy	***	***	***	(²)	0.1	(²)	(²)	(²)	0.2	(²)					
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Korea, subject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	1.5	0.1	0.2	0.1	0.4	0.3	0.2	0.2	0.6	0.4	0.3	(²)
Subtotal, subject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on the following page.

Table I-3--Continued

Casing and tubing: Comparative data from the original investigations, first reviews, and current reviews

(Quantity=short tons; value=\$1,000; unit values are per short ton)

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Korea, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	7.2	8.8	12.1	14.9	11.4	19.5	20.1	17.1	18.4	19.9	26.5	30.1
Subtotal, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	10.3	10.1	13.6	16.9	12.8	22.5	23.6	18.7	22.0	23.2	29.7	33.1
U.S. imports from-- Argentina:															
Quantity	***	***	***	13,944	833	425	875	788	19,381	29,440	505	172	300	722	2,025
Value	***	***	***	9,011	682	243	415	332	8,313	13,381	347	44	236	774	1,740
Unit value	\$***	\$***	\$***	\$646	\$818	\$571	\$474	\$421	\$429	\$455	\$688	\$258	\$789	\$1,073	\$859
Inventory quantity	***	***	***	***	0	0	0	0	***	0	0	0	0	0	0
Italy:															
Quantity	***	***	***	7	542	21	128	22	1,291	222	99	152	9	5	1,335
Value	***	***	***	8	758	37	74	95	2,778	708	248	194	23	33	2,024
Unit value	\$***	\$***	\$***	\$1,210	\$1,398	\$1,767	\$579	\$4,309	\$2,152	\$3,189	\$2,499	\$1,273	\$2,465	\$6,514	\$1,517
Inventory quantity	***	***	***	0	0	0	0	0	0	0	0	0	0	0	0
Japan:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on the following page.

Table I-3--Continued

Casing and tubing: Comparative data from the original investigations, first reviews, and current reviews

(Quantity=*short tons*; value=*\$1,000*; unit values are *per short ton*)

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Korea, subject:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico:															
Quantity	1,415	37,298	38,435	30,116	5,427	7,215	1,418	5,525	10,142	8,626	3,554	18,954	18,583	16,914	428
Value	818	19,191	17,911	15,192	1,453	3,116	1,160	2,895	5,443	4,172	1,928	9,818	13,885	16,351	173
Unit value	\$578	\$515	\$466	\$504	\$268	\$432	\$818	\$524	\$537	\$484	\$543	\$518	\$747	\$967	\$405
Inventory quantity	***	***	***	***	0	0	0	0	0	0	0	0	0	0	0
Subject sources:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Korea, nonsubject:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on the following page.

Table I-3--Continued

Casing and tubing: Comparative data from the original investigations, first reviews, and current reviews

(Quantity=short tons; value=\$1,000; unit values are per short ton)

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
All other sources:															
Quantity	***	***	***	97,900	167,335	325,213	265,280	133,513	573,350	722,843	356,152	540,739	829,596	1,324,875	1,651,205
Value	***	***	***	72,283	116,828	220,883	180,878	77,706	336,440	377,327	212,161	311,461	624,367	1,359,198	1,778,210
Unit value	***	***	***	\$738	\$698	\$679	\$682	\$582	\$587	\$522	\$596	\$576	\$753	\$1,026	\$1,077
Inventory quantity	***	***	***	25,011	20,293	42,741	64,603	18,503	18,307	25,006	15,091	24,941	20,282	68,533	79,915
Nonsubject sources:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All countries:															
Quantity	***	***	***	155,711	201,642	374,166	309,423	152,479	671,124	861,471	400,919	663,178	976,026	1,508,182	1,856,135
Value	***	***	***	103,458	134,702	247,033	204,267	87,572	387,385	443,743	230,795	371,123	724,702	1,523,600	1,951,106
Unit value	***	***	***	\$664	\$668	\$660	\$660	\$574	\$577	\$515	\$576	\$560	\$743	\$1,010	\$1,051
Inventory quantity	***	***	***	47,399	23,661	45,893	68,273	21,252	26,497	40,028	28,958	45,200	34,475	93,721	107,835
U.S. mills'--															
Capacity quantity	***	***	***	2,711,346	2,774,066	2,907,954	2,931,918	2,901,251	3,342,486	3,830,204	3,796,887	4,135,629	4,068,584	4,346,569	4,264,870
Production quantity	***	***	***	1,585,571	1,862,375	2,341,017	1,463,575	1,085,787	2,204,227	2,243,266	1,718,955	2,322,681	2,596,643	2,940,098	2,960,616
Capacity utilization ¹	***	***	***	58.5	67.1	80.5	49.9	37.4	65.9	58.6	45.3	56.2	63.8	67.6	69.4
U.S. shipments:															
Quantity	***	***	***	1,399,447	1,769,058	2,214,342	1,410,088	1,055,770	2,005,644	2,064,563	1,572,592	2,107,724	2,465,952	2,664,581	2,747,087
Value	***	***	***	899,408	1,199,717	1,576,000	1,007,160	596,909	1,336,354	1,433,605	1,006,490	1,318,560	2,405,026	3,614,660	3,950,390
Unit value	\$***	\$***	\$***	\$643	\$678	\$712	\$714	\$565	\$666	\$694	\$640	\$626	\$975	\$1,357	\$1,438
Ending inventory quantity	***	***	***	185,007	171,753	201,520	173,980	152,717	252,859	281,374	299,657	332,497	318,651	380,269	337,752
Inventories/total shipments ¹	***	***	***	11.8	8.9	8.3	11.3	13.4	11.7	12.4	17.4	14.1	12.1	13.1	11.2

Table continued on the following page.

Table I-3--Continued

Casing and tubing: Comparative data from the original investigations, first reviews, and current reviews

(Quantity=short tons; value=\$1,000; unit values are per short ton)

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Production workers	***	***	***	3,007	3,454	3,891	2,933	2,722	3,640	3,549	4,635	3,742	3,938	4,265	4,843
Hours worked (1,000 hours)	***	***	***	6,182	7,399	8,207	5,810	5,374	7,763	7,839	6,446	8,106	8,717	9,358	10,739
Wages paid (1,000 dollars)	***	***	***	116,220	145,386	168,725	125,824	102,796	155,568	177,063	148,668	175,841	198,539	230,339	254,569
Hourly wages	\$***	\$***	\$***	\$18.80	\$19.65	\$20.56	\$21.66	\$19.13	\$20.04	\$22.59	\$23.06	\$21.69	\$22.78	\$24.61	\$23.71
Productivity (short tons per 1,000 hours) ⁵	***	***	***	239.2	233.1	271.5	238.8	199.6	281.9	286.2	266.7	286.5	298.0	314.2	275.7
Net sales:															
Quantity	1,189,517	1,572,964	1,514,345	1,574,440	1,937,542	2,415,365	1,541,551	1,138,291	2,161,862	2,252,676	1,700,672	2,294,204	2,610,758	2,882,790	3,003,133
Value	***	***	***	***	***	***	***	***	***	1,567,626	1,094,773	1,442,983	2,540,922	3,909,139	4,299,144
Unit value	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$696	\$644	\$629	\$973	\$1,356	\$1,432
Cost of goods sold	***	***	***	***	***	***	***	***	***	1,282,282	1,005,061	1,348,016	1,931,627	2,717,150	2,998,589
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	285,344	89,712	94,967	609,295	1,191,989	1,300,555
Operating income or (loss)	***	***	***	***	***	***	***	***	***	191,850	(8,698)	(19,377)	467,994	1,039,694	1,142,581
Unit cost of goods sold	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$569	\$591	\$588	\$740	\$943	\$998
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	\$85	(\$5)	(\$8)	\$179	\$361	\$380
Cost of goods sold/sales ¹	***	***	***	***	***	***	***	***	***	81.8	91.8	93.4	76.0	69.5	69.7
Operating income or (loss)/sales ¹	***	***	***	***	1.8	8.4	1.0	(20.5)	7.0	12.2	(0.8)	(1.3)	18.4	26.6	26.6
U.S. mills and processors:															
Production workers	2,932	4,002	3,802	***	***	***	***	***	***	4,523	3,853	4,646	4,951	5,500	6,209
Hours worked (1,000 hours)	6,517	8,782	8,211	***	***	***	***	***	***	10,549	8,387	10,324	11,696	12,957	14,809
Wages (1,000 dollars)	91,097	129,176	121,252	***	***	***	***	***	***	206,601	171,194	201,543	234,276	274,971	305,059
Hourly wages	\$13.98	\$14.71	\$14.77	\$***	\$***	\$***	\$***	\$***	\$***	\$19.58	\$20.41	\$19.52	\$20.03	\$21.22	\$20.60
Net sales value ⁶	700,847	932,586	919,719	1,090,626	1,405,475	1,826,131	1,169,800	688,467	1,524,634	***	***	***	***	***	***
Cost of goods sold ⁶	732,301	930,540	923,666	1,036,341	1,303,155	1,575,869	1,077,907	766,867	1,326,695	***	***	***	***	***	***

Table continued on the following page.

Table I-3--Continued

Casing and tubing: Comparative data from the original investigations, first reviews, and current reviews

(Quantity=short tons; value=\$1,000; unit values are per short ton)

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
SG&A expenses ⁶	40,083	40,956	36,950	54,846	59,290	76,650	66,046	50,130	67,531	***	***	***	***	***	***
Operating income (or loss) ⁶	(71,537)	(38,910)	(40,897)	(561)	43,030	173,612	25,847	(128,530)	130,407	***	***	***	***	***	***
Capital expenditures ⁵	34,567	22,416	24,025	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold/sales ⁶	104.5	99.8	100.4	95.0	92.7	86.3	92.1	111.4	87.0	***	***	***	***	***	***
Operating income or (loss)/sales ⁶	(10.2)	(4.2)	(4.4)	(0.1)	3.1	9.5	2.2	(18.7)	8.6	***	***	***	***	***	***

¹ In percent.

² Less than 0.05 percent.

³ Not applicable.

⁴ Not available.

⁵ Data for 1992-94 are derived from firms providing both numerator and denominator information.

⁶ Financial data for 2001-06 do not include toll processing; such data are consolidated in footnote 1 to table III-14.

Note.—Because of rounding, figures may not add to the totals shown. Imports for 1992-94 were compiled as follows: Figures shown for Mexico are from official Commerce statistics; figures shown for imports from "all other sources" comprise official Commerce statistics except that the Spain and Austria data included therein are from Commission questionnaires; all other figures are from Commission questionnaires. Imports for 1995-2006 for subject casing and tubing from Japan are from foreign producer questionnaires. Import data for subject and nonsubject Korean casing and tubing are from U.S. Customs and Border Control data; casing and tubing from Argentina, Italy, and Mexico are from official Commerce statistics; and imports from "all other" sources are from official Commerce statistics adjusted for the removal of imports of stainless casing and tubing, as reported in questionnaire responses.

Source: Figures for 1992-94 are from the confidential staff report in original investigations; figures for 1995-2000 are compiled from the first review staff report; and figures for 2001-06 are from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table I-4

Drill pipe: Comparative data from the original investigations, first reviews, and current reviews

(Quantity=short tons; value=\$1,000; unit values are per short ton)

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. consumption quantity: Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importer's share: ¹ Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value: Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importer's share: ¹ Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from-- Japan:															
Quantity	***	***	***	290	793	1,346	830	907	1,353	21	2,646	1,432	2,014	563	755
Value	***	***	***	551	1,497	2,840	2,102	608	836	63	2,185	3,893	5,015	2,293	922
Unit value	\$***	\$***	\$***	\$1,901	\$1,889	\$2,110	\$2,532	\$670	\$618	\$2,974	\$826	\$2,718	\$2,490	\$4,072	\$1,221
Inventory quantity	***	***	***	0	0	0	0	0	0	0	0	0	0	0	0
All other sources:															
Quantity	***	***	***	3,925	9,020	12,218	7,330	2,400	4,755	45,679	49,378	57,572	77,445	97,139	158,907
Value	***	***	***	2,455	3,366	11,391	12,692	3,138	5,326	38,221	37,190	46,898	65,433	125,635	267,991
Unit value	\$***	\$***	\$***	\$625	\$373	\$932	\$1,731	\$1,308	\$1,120	\$837	\$753	\$815	\$845	\$1,293	\$1,686
Inventory quantity	***	***	***	0	0	***	***	***	***	23,233	27,904	25,376	20,643	18,816	19,300

Table continued on the following page.

Table I-4--Continued

Drill pipe: Comparative data from the original investigations, first reviews, and current reviews

(Quantity=short tons; value=\$1,000; unit values are per short ton)

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
All sources:															
Quantity	1,254	4,025	9,742	4,215	9,813	13,564	8,160	3,307	6,108	45,700	52,024	59,004	79,459	97,702	159,662
Value	2,350	4,006	8,231	3,006	4,863	14,231	14,794	3,746	6,162	38,284	39,375	50,791	70,448	127,928	268,914
Unit value	\$1,873	\$995	\$845	\$713	\$496	\$1,049	\$1,813	\$1,133	\$1,009	\$838	\$757	\$861	\$887	\$1,309	\$1,684
Inventory quantity	2,294	1,952	5,033	0	0	***	***	***	***	23,233	27,904	25,376	20,643	18,816	19,300
U.S. mills'--															
Capacity quantity	***	***	***	***	43,336	50,704	63,966	***	***	***	***	***	***	***	***
Production quantity	***	***	***	15,136	21,988	39,931	36,552	***	***	***	***	***	***	***	***
Capacity utilization ¹	***	***	***	***	50.7	78.8	57.1	***	***	***	***	***	***	***	***
U.S. shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid (1,000 dollars)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Net sales:															
Quantity	14,416	20,868	18,199	15,096	20,506	39,092	39,487	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***

Table continued on the following page.

Table I-4--Continued

Drill pipe: Comparative data from the original investigations, first reviews, and current reviews

(Quantity=short tons; value=\$1,000; unit values are per short ton)

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Cost of goods sold	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit cost of goods sold	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Unit operating income or (loss)	***	***	***	***	***	***	***	\$***	\$***	***	***	\$***	\$***	\$***	\$***
Cost of goods sold/sales ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. mills and processors:															
Production workers	240	302	379	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000 hours)	683	765	925	***	***	***	***	***	***	***	***	***	***	***	***
Wages (1,000 dollars)	6,260	7,413	8,958	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	\$9.17	\$9.69	\$9.68	\$***	\$***	\$***	\$***	\$***	\$11.14	\$***	\$***	\$***	\$***	\$***	\$***
Net sales value ⁴	64,711	70,493	80,586	131,047	183,285	254,686	313,646	***	184,818	***	***	164,576	295,608	495,315	740,179
Cost of goods sold ⁴	55,615	61,509	68,115	111,337	150,545	218,069	220,880	***	154,236	***	***	132,397	220,777	344,780	493,685
SG&A expenses ⁴	5,601	6,515	6,921	10,478	11,004	14,389	16,808	***	17,135	***	***	14,723	21,006	25,030	31,279
Operating income (or loss) ⁴	3,495	2,469	5,550	9,232	21,736	22,228	75,958	***	13,447	***	***	17,456	53,825	125,505	215,215
Capital expenditures ⁴	8,683	4,134	2,148	***	***	***	***	***	***	***	***	4,610	1,641	3,611	18,935
Cost of goods sold/sales ⁴	85.9	87.3	84.5	85.0	82.1	85.6	70.4	***	83.5	***	***	80.4	74.7	69.6	66.7
Operating income or (loss)/sales ⁴	5.4	3.5	6.9	7.0	11.9	8.7	24.2	***	7.3	***	***	10.6	18.2	25.3	29.1

¹ In percent.

² Less than 0.05 percent.

³ Not applicable.

⁴ Financial data for 2001-06 do not include toll processing; such data ***.

Note.—Because of rounding, figures may not add to the totals shown. Imports for 1992-94 were compiled as follows: Data for Mexico and Italy (included in "all other sources") are from official Commerce statistics; all other data were from Commission questionnaires. Imports for 1995-2000 and 2001-06 were compiled from official Commerce data, though data for the former period do not include imports of drill pipe with tool joints attached. Domestic data for 2001-02 do not include ***.

Source: Figures for 1992-94 are from the confidential staff report in original investigations; figures for 1995-2000 are compiled from the first review staff report; and figures for 2001-06 are from data submitted in response to Commission questionnaires and from official Commerce statistics.

Related Title VII Investigations

OCTG has been the subject of several Commission investigations. A listing of these investigations is presented in table I-5.

Table I-5
OCTG: Previous and related investigations, 1984-2006

Original Investigation				First review		Current status
Date ¹	Number	Country	Outcome	Date ¹	Outcome	
1984	701-TA-215	Brazil	Affirmative	-	-	ITA revoked 8/21/85
1984	701-TA-216	Korea	Negative	-	-	-
1984	701-TA-217	Spain	Affirmative	-	-	ITA revoked 7/31/85
1984	731-TA-191	Argentina	Negative	-	-	-
1984	731-TA-192	Brazil	Affirmative ²	-	-	Petition withdrawn
1984	731-TA-193	Korea	Affirmative ²	-	-	Petition withdrawn
1984	731-TA-194	Mexico	Affirmative ²	-	-	Petition withdrawn
1984	731-TA-195	Spain	Affirmative	-	-	ITA revoked 6/30/85
1985	701-TA-240	Austria	Affirmative ²	-	-	Petition withdrawn
1985	701-TA-241	Venezuela	Affirmative ²	-	-	Petition withdrawn
1985	701-TA-255	Canada	Affirmative	-	-	ITA revoked 7/10/91
1985	701-TA-256	Taiwan	Negative	-	-	-
1985	731-TA-249	Austria	Affirmative ²	-	-	Petition withdrawn
1985	731-TA-251	Venezuela	Affirmative ²	-	-	Petition withdrawn
1985	731-TA-275	Argentina	Affirmative ²	-	-	Terminated
1985	731-TA-276	Canada	Affirmative	1999	Negative	-
1985	731-TA-277	Taiwan	Affirmative	1999	Negative	-
1986	701-TA-271	Israel	Affirmative	-	-	ITA revoked 3/1/93
1986	731-TA-318	Israel	Affirmative	-	-	ITA revoked 7/27/99
1995	701-TA-363	Austria	Negative	-	-	-
1995	701-TA-364	Italy	Affirmative/Negative ³	2001	Affirmative	ITA revoked 12/26/06

Table continued on the following page.

Table I-5 – Continued
OCTG: Previous and related investigations, 1984-2006

Original Investigation				First review		Current status
Date ¹	Number	Country	Outcome	Date ¹	Outcome	
1995	731-TA-711	Argentina	Affirmative	2001	Affirmative/Negative ³	Currently under review
1995	731-TA-712	Austria	Negative	-	-	-
1995	731-TA-713	Italy	Affirmative/Negative ³	2001	Affirmative	Currently under review
1995	731-TA-714	Japan	Affirmative	2001	Affirmative	Currently under review
1995	731-TA-715	Korea	Affirmative/Negative ³	2001	Affirmative	Currently under review
1995	731-TA-716	Mexico	Affirmative	2001	Affirmative/Negative ³	Currently under review
1995	731-TA-717	Spain	Negative	-	-	-
2002	701-TA-428	Austria	Negative ²	-	-	-
2002	731-TA-992	Austria	Negative ²	-	-	-
2002	731-TA-993	Brazil	Negative ²	-	-	-
2002	731-TA-994	China	Negative ²	-	-	-
2002	731-TA-995	Columbia	(⁴)	-	-	-
2002	731-TA-996	France	Negative ²	-	-	-
2002	731-TA-997	Germany	Negative ²	-	-	-
2002	731-TA-998	India	Negative ²	-	-	-
2002	731-TA-999	Indonesia	Negative ²	-	-	-
2002	731-TA-1000	Romania	Negative ²	-	-	-
2002	731-TA-1001	South Africa	Negative ²	-	-	-
2002	731-TA-1002	Spain	Negative ²	-	-	-
2002	731-TA-1003	Turkey	Negative ²	-	-	-
2002	731-TA-1004	Ukraine	Negative ²	-	-	-
2002	731-TA-1005	Venezuela	Negative ²	-	-	-

¹ "Date" refers to the year in which the investigation or review was instituted by the Commission.
² Preliminary determination.
³ The Commission made an affirmative determination with respect to casing and tubing and a negative determination with respect to drill pipe.
⁴ Following the withdrawal of the petition on Colombia and Commerce's decision not to institute an investigation on OCTG from that country, the Commission discontinued its investigation No. 731-TA-995 (OCTG from Colombia).

Source: Compiled from Commission determinations published in the Federal Register.

Related Safeguard Investigation

Following receipt of a request from the Office of the United States Trade Representative (“USTR”) on June 22, 2001, the Commission instituted investigation No. TA-201-73, *Steel*, under section 202 of the Trade Act of 1974¹² to determine whether certain steel products, including OCTG (both seamless and welded), were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries producing articles like or directly competitive with the imported article.¹³ On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate (“Senate Finance Committee” or “Committee”) requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.¹⁴ Consistent with the Senate Finance Committee’s resolution, the Commission consolidated the investigation requested by the Committee with the Commission’s previously instituted investigation No. TA-201-73.¹⁵ On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission reached a negative determination with respect to OCTG.¹⁶

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

¹² 19 U.S.C. § 2252.

¹³ *Institution and Scheduling of an Investigation under Section 202 of the Trade Act of 1974 (19 U.S.C. 2252) (the Act)*, 66 FR 35267, July 3, 2001.

¹⁴ 19 U.S.C. § 2251.

¹⁵ *Consolidation of Senate Finance Committee Resolution Requesting a Section 201 Investigation with the Investigation Requested by the United States Trade Representative on June 22, 2001*, 66 FR 44158, August 22, 2001.

¹⁶ *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

(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 the Report

Information obtained during these reviews that relates to the above factors is presented throughout this report. A summary of data collected in these reviews is presented in appendix C. U.S. industry data are based on information provided by 11 producers operating 17 mills and related finishing facilities. These firms accounted for nearly all of U.S. mill production of casing and tubing in 2006 and U.S. mill production of drill pipe in 2006. In addition, U.S. industry data are based on information provided by one non-toll and five toll processors of casing and tubing and by two non-toll and two toll processors of drill pipe, believed to account for the majority of independent processing activity in the United States.¹⁷ U.S. import data are based on official Commerce statistics, as adjusted to reflect product and company exclusions.¹⁸ Responses by U.S. producers, importers, and purchasers, and foreign producers of subject OCTG to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of their revocation are presented in appendix D. Changes to the tariff treatment of OCTG in 2007 appear in appendix E. Finally, summary data for seamless and welded OCTG appears in appendix F.

COMMERCE'S REVIEWS

Administrative Reviews of Casing and Tubing^{19 20}

Argentina

Commerce completed two antidumping duty order administrative reviews with regard to subject imports of casing and tubing from Argentina. Antidumping duty administrative reviews were rescinded for the periods of June 29, 1995 to July 31, 1996; August 1, 1996 to July 31, 1997; August 1, 1997 to July 31, 1998; August 1, 1998 to July 31, 1999; August 1, 2002 to July 31, 2003; August 1, 2003 to July 31, 2004; August 1, 2003 to July 31, 2004; and August 1, 2005 to July 31, 2006.²¹ The results of the completed administrative reviews are shown in table I-6.

¹⁷ *** provided limited production and related information; the data covering the operations of *** was fully incorporated into ***.

¹⁸ Importers' questionnaire responses accounted for approximately 45 percent of total casing and tubing imports during 2001-06; subject imports of casing and tubing reported in Commission questionnaires accounted for nearly all such imports.

¹⁹ No duty absorption findings were made for any of the subject countries.

²⁰ For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

²¹ 62 FR 18747, April 17, 1997; 63 FR 49089, September 14, 1998; 64 FR 4069, January 27, 1999; 65 FR 8948, February 23, 2000; 69 FR 25562, May 7, 2004; 70 FR 52983, September 6, 2005; 71 FR 13963, March 20, 2006; and 72 FR 1215, January 10, 2007.

Table I-6**Casing and tubing: Administrative reviews of the antidumping duty order for Argentina**

Date results published	Period of review	Producer or exporter	Margin
March 19, 2003 (68 FR 13262) ¹	8/1/2000 - 7/31/2001	Acindar	60.73
		All others	1.36
July 2, 2003 (68 FR 39516) ¹	8/1/2001 - 7/31/2002	Acindar	60.73
		All others	1.36
¹ Siderca included initially but subsequently rescinded.			
Source: Cited <i>Federal Register</i> notices.			

Italy

Commerce completed no antidumping duty order or countervailing duty order administrative reviews of subject imports of casing and tubing from Italy.

Japan

Commerce completed four antidumping duty order administrative reviews with regard to subject imports of casing and tubing from Japan. Antidumping duty administrative reviews were rescinded for the periods of August 1, 1999 to July 21, 2000 and August 1, 2004 to July 31, 2005.²² The results of the completed administrative reviews are shown in table I-7.

Table I-7**Casing and tubing: Administrative reviews of the antidumping duty order for Japan**

Date results published	Period of review	Producer or exporter	Margin
September 16, 1997 (62 FR 48594) ¹	2/2/1995 - 7/31/1996	NKK	44.20
		All others	44.20
March 22, 2000 (65 FR 15305) ²	8/1/1997 - 7/31/1998	Sumitomo	0.00 ³
		All others	44.20
March 5, 2001 (66 FR 13285) ⁴	8/1/1998 - 7/31/1999	Hallmark Tubulars	44.20
		Itochu	44.20
		Itochu Project Management	44.20
		Nippon Steel	44.20
		All others	44.20
January 3, 2006 (71 FR 95) ⁵	8/1/2003 - 7/31/2004	JFE Steel	44.20
		Nippon Steel	44.20
		All others	44.20
¹ HEBRA included in the initial review, but subsequently rescinded. 62 FR 25889, May 12, 1997.			
² Results amended on April 28, 2000. 65 FR 24916.			
³ De minimis margin (i.e., margin is less than 0.5 percent), therefore no cash deposit was required to be paid to Customs.			
⁴ SMI included in the initial review, but subsequently rescinded. 65 FR 54838, September 11, 2000.			
⁵ SMI and NKK included in initial review, but subsequently rescinded.			
Source: Cited <i>Federal Register</i> notices.			

²² 66 FR 45004, August 27, 2001 and 71 FR 55166, September 21, 2006.

Korea

Since the issuance of the antidumping duty order, five antidumping duty administrative reviews and one new shipper review have been completed with regard to subject imports of casing and tubing from Korea. Commerce has published the preliminary results of a sixth antidumping duty administrative review. Commerce rescinded reviews of casing and tubing from Korea for the periods of February 2, 1995 to July 31, 1996; August 1, 1998 to July 31, 1999; and August 1, 2001 to July 31, 2002.²³ The results of the completed administrative reviews are shown in table I-8.

Table I-8

Casing and tubing: Administrative reviews of the antidumping duty order for Korea

Date results published	Period of review	Producer or exporter	Margin
March 17, 1999 (64 FR 13169)	8/1/1996 - 7/31/1997	SeAH	2.93
		All others	12.17
March 13, 2000 (65 FR 13364)	8/1/1997 - 7/31/1998	SeAH	15.02
		All others	12.17
March 19, 2002 (67 FR 12520)	8/1/1999 - 7/31/2000	SeAH	1.56
		All others	12.17
January 16, 2003 (68 FR 2313)	8/1/2000 - 7/31/2001	SeAH	0.32 ¹
		All others	12.17
January 16, 2003 (68 FR 2313) ²	8/1/2000 - 2/28/2001	Shincho ³	0.00 ¹
		All others	12.17
March 14, 2006 (71 FR 13091)	8/1/2003 - 7/31/2004	SeAH	6.84
		HuSteel	12.30
		All others	12.17
August 31, 2006 (71 FR 51797) ⁴	8/1/2004 - 7/31/2005	SeAH	0.58
		HuSteel	0.85
		All others	12.17

¹ De minimis margin (i.e., margin is less than 0.5 percent), therefore no cash deposit was required to be paid to Customs.
² Results of new shipper review.
³ Imports from Shincho were reported in 2001 and 2002 only and then became HuSteel.
⁴ Preliminary results.

Source: Cited *Federal Register* notices.

²³ 61 FR 59415, November 22, 1996, 65 FR 280, January 4, 2000, 68 FR 6412, February 7, 2003.

Mexico

Commerce completed five antidumping duty order administrative reviews of casing and tubing from Mexico. Commerce rescinded reviews for the periods of June 28, 1995 to July 31, 1996; August 1, 1999 to July 31, 2000; August 1, 2000 to July 31, 2001; August 1, 2001 to July 31, 2002; and August 1, 2002 to July 31, 2003.²⁴ The results of the completed administrative reviews are shown in table I-9.

Table I-9

Casing and tubing: Administrative reviews of the antidumping duty order for Mexico

Date results published	Period of review	Producer or exporter	Margin
March 23, 1999 (64 FR 13962)	8/1-1996 - 7/31/1997	Hylsa	0.00
		TAMSA	0.00
		All others	23.79
January 11, 2000 (65 FR 1593) ¹	8/1/1997 - 7/31/1998	TAMSA	0.00
		All others	23.79
March 21, 2001 (66 FR 15832)	8/1/1998 - 7/31/1999	Hylsa	0.79
		TAMSA	0.00
		All others	23.79
October 18, 2005 (70 FR 60492) ²	8/1/2003 - 7/31/2004	Hylsa	1.48
		All others	23.79
September 18, 2006 (71 FR 54614) ²	8/1/2004 - 7/31/2005	Hylsa	0.62
		All others	23.79
¹ Hylsa included in the initial review, but subsequently rescinded. 64 FR 48983, September 9, 1999. ² Tamsa included in the initial review, but subsequently rescinded.			
Source: Cited <i>Federal Register</i> notices.			

Administrative Reviews of Drill Pipe^{25 26}

Commerce completed four antidumping duty order administrative reviews with regard to subject imports of drill pipe from Japan. Antidumping administrative reviews of drill pipe were rescinded for the periods of August 1, 1999 to July 21, 2000 and August 1, 2004 to July 31, 2005.²⁷ The results of the completed administrative reviews are shown in table I-10.

²⁴ 62 FR 19309, April 21, 1997; 66 FR 26830, May 15, 2001; 67 FR 56269, September 3, 2002; 68 FR 52894, September 8, 2003; and 69 FR 6254, February 10, 2004.

²⁵ The original orders on Korea and Italy did not cover drill pipe. The orders on drill pipe from Argentina and Mexico were revoked following negative determinations by the Commission in its first reviews.

²⁶ No duty absorption findings were made for any of the subject countries.

²⁷ 66 FR 45004, August 27, 2001, and 71 FR 55166, September 21, 2006.

Table I-10**Drill pipe: Administrative reviews of the antidumping duty order for Japan**

Date results published	Period of review	Producer or exporter	Margin
September 16, 1997 (62 FR 48594) ¹	8/11/1995 - 7/31/1996	NKK	44.20
		All others	44.20
March 22, 2000 (65 FR 15305) ²	8/1/1997 - 7/31/1998	Sumitomo	0.00 ³
		All others	44.20
March 5, 2001 (66 FR 13285) ⁴	8/1/1998 - 7/31/1999	Hallmark Tubulars	44.20
		Itochu	44.20
		Itochu Project Management	44.20
		Nippon Steel	44.20
		All others	44.20
January 3, 2006 (71 FR 95) ⁵	8/1/2003 - 7/31/2000	JFE Steel	44.20
		Nippon Steel	44.20
		All others	44.20
¹ HEBRA included in the initial review, but subsequently rescinded. 62 FR 25889, May 12, 1997. ² Results amended on April 28, 2000. 65 FR 24916. ³ De minimis margin (i.e., margin is less than 0.5 percent), therefore no cash deposit was required to be paid to Customs. ⁴ SMI included in the initial review, but subsequently rescinded. 65 FR 54838, September 11, 2000. ⁵ SMI and NKK included in initial review, but subsequently rescinded.			
Source: Cited <i>Federal Register</i> notices.			

Results of Expedited and Full Five-Year Reviews

Commerce has issued final determinations with respect to all subject countries. Tables I-11 and I-12 present the margins calculated by Commerce in its original investigations, first reviews, and recently completed second reviews.

Table I-11

OCTG: Commerce's original, first five-year, and second five-year antidumping duty margins for producers/exporters, by subject country

Producer/exporter	Original margin (percent)	First five-year review margin (percent)	Second five-year review margin (percent)
Argentina¹			
Siderca	1.36	1.36	1.36
Acindar	(²)	(²)	60.73
All others	1.36	1.36	1.36
Italy³			
Dalmine	49.78	49.78	49.78
Acciaierie Tubificio Arvedi	49.78	49.78	49.78
General Sider Europa	49.78	49.78	49.78
All others	49.78	49.78	49.78
Japan⁴			
Nippon Steel	44.20	44.20	44.20
SMI	44.20	44.20	44.20
All others	44.20	44.20	44.20
Korea⁵			
Hyundai Steel Pipe Co.	0.00	(⁶)	(⁶)
Union Steel	12.17	12.17	12.17
All others	12.17	12.17	12.17
Mexico⁷			
TAMSA	21.70 ⁸	21.70	21.70
Hylsa	(²)	21.70	0.62
All others	21.70 ⁸	21.70	21.70
<p>¹ Antidumping duty order, 60 FR 41055, August 11, 1995; final results of first expedited sunset review, 65 FR 66701, November 7, 2000 OR URAA notice of implementation 71 FR 19873, April 18, 2006; final results of second expedited sunset review, 71 FR 59074, October 6, 2006.</p> <p>² No rate specified.</p> <p>³ Antidumping duty order, 60 FR 41057, August 11, 1995; final results of first expedited sunset review, 65 FR 66701, November 7, 2000; final results of second expedited sunset review, 71 FR 59074, October 6, 2006.</p> <p>⁴ Antidumping duty order, 60 FR 41058, August 11, 1995; final results of first expedited sunset review, 65 FR 66701, November 7, 2000; final results of second expedited sunset review, 71 FR 59074, October 6, 2006.</p> <p>⁵ Antidumping duty order, 60 FR 41057, August 11, 1995; final results of first expedited sunset review, 65 FR 66701, November 7, 2000; final results of second expedited sunset review, 71 FR 59074, October 6, 2006.</p> <p>⁶ Hyundai was excluded from the antidumping duty order. 61 FR 41057, August 11, 1995.</p> <p>⁷ Antidumping duty order, 60 FR 41056, August 11, 1995; final results of first full sunset review, 66 FR 14131, March 9, 2001; final results of second full sunset review, 72 FR 24563, May 3, 2007.</p> <p>⁸ Amended final antidumping duty determination in accordance with decision upon remand, 62 FR 5612, February 6, 1997.</p>			
Source: Cited <i>Federal Register</i> notices.			

Table I-12

OCTG: Commerce’s original, first five-year, and second five-year countervailing duty margins for producers/exporters in Italy

Producer/exporter	Original margin (percent)	First five-year review margin (percent)	Second five-year review margin (percent)
All producers/exporters	1.47	1.47	(¹)

¹ Negative determination by Commerce; order revoked on December 26, 2006.

Source: Countervailing duty order, 60 FR 40822, August 10, 1995; final results of first full sunset review, 66 FR 13910, March 8, 2001; final results of second expedited sunset review, 71 FR 77383, December 26, 2006.

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

The Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”) (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.²⁸ During the review period, qualified U.S. producers of OCTG were eligible to receive disbursements from the U.S. Customs and Border Protection (“Customs”) under CDSOA relating to one countervailing duty and five antidumping duty orders on the subject product beginning in Federal fiscal year 2001.²⁹ Tables I-13 and I-14 present CDSOA disbursements and claims for Federal fiscal years 2001-06³⁰ by source and by firm, respectively.

Table I-13

OCTG: CDSOA disbursements, by source, Federal fiscal years 2001-06

Item	Federal fiscal year					
	2001	2002	2003	2004	2005	2006
Disbursements (1,000 dollars)						
Argentina	0	133	0	231	1	175
Italy (AD)	0	(¹)	3	7	0	(¹)
Italy (CVD)	0	0	0	0	0	0
Japan	0	7,131	1,847	1,167	76	1,708
Korea	0	499	1,987	(944)	0	14
Mexico	0	0	400	324	36	0
Total	0	7,763	4,237	785	113	1,897

¹ Less than \$500.

Note.--Negative disbursement amounts are the result of refunds to importers as a result of liquidations or court cases. Because of rounding, figures may not add to the totals shown.

Source: U.S. Customs and Border Protection’s CDSOA *Annual Reports*. Retrieved from www.cbp.gov/xp/cgov/import/add_cvd.

²⁸ Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)).

²⁹ 19 CFR 159.64 (g).

³⁰ The Federal fiscal year begins on October 1 and ends on September 30.

Table I-14

OCTG: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2001-06

Item	Federal fiscal year					
	2001	2002	2003	2004	2005	2006
Disbursements (1,000 dollars)						
IPSCO Tubulars	0	371	153	70	10	144
Lone Star Steel	0	203	960	153	21	425
Maverick Tube	0	2,310	884	162	30	388
Newport Steel	0	0	537	(52)	0	269
U.S. Steel	0	3,787	1,353	367	42	536
V & M Star ¹	0	1,092	351	85	11	136
Total	0	7,763	4,237	785	113	1,897
Claims (1,000 dollars)						
Total	20,758,348	28,441,122	43,485,554	36,554,238	55,366,676	72,379,139
¹ V & M Star became the successor to North Star Steel after 2001. Note.--Negative disbursement amounts are the result of refunds to importers as a result of liquidations or court cases. Because of rounding, figures may not add to the totals shown. Source: U.S. Customs and Border Protection's CDSOA <i>Annual Reports</i> . Retrieved from www.cbp.gov/xp/cgov/import/add_cvd .						

THE SUBJECT MERCHANDISE

Commerce's Scope

Imports covered by these orders consist of OCTG, hollow steel products of circular cross section, including only oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute ("API") or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). The scope does not cover casing or tubing containing 10.5 percent or more by weight of chromium, or (with the exception of the order covering Japan) drill pipe.^{31 32}

³¹ Commerce has clarified previous ambiguity in its scope language regarding drill pipe from Japan, which is subject merchandise. Commerce's Memorandum-to-the-file, *Scopes of the Antidumping Orders on Oil Country Tubular Goods from Argentina, Italy, Japan, and Korea*, May 1, 2007.

³² *Oil Country Tubular Goods From Argentina, Italy, Japan, and Korea; Final Results of Five-Year ("Sunset") Reviews of Antidumping Duty Orders*, 71 FR 59074, October 6, 2006. *Oil Country Tubular Goods from Mexico; Final Results of the Sunset Review of Antidumping Duty Order*, 72 FR 24563, May 3, 2007.

Tariff Treatment

The imported OCTG subject to these orders are classified in the 2006 Harmonized Tariff Schedule (HTS) of the United States in subheadings 7304.21 (drill pipe), 8431.43 (drill pipe fitted with tool joints), 7304.29 (seamless casing and tubing), and 7305.20 and 7306.20 (welded casing and tubing).³³ Casing and tubing was imported under the following HTS statistical reporting numbers: 7304.29.1010, 7304.29.1020, 7304.29.1030, 7304.29.1040, 7304.29.1050, 7304.29.1060, 7304.29.1080, 7304.29.2010, 7304.29.2020, 7304.29.2030, 7304.29.2040, 7304.29.2050, 7304.29.2060, 7304.29.2080, 7304.29.3010, 7304.29.3020, 7304.29.3030, 7304.29.3040, 7304.29.3050, 7304.29.3060, 7304.29.3080, 7304.29.4010, 7304.29.4020, 7304.29.4030, 7304.29.4040, 7304.29.4050, 7304.29.4060, 7304.29.4080, 7304.29.5015, 7304.29.5030, 7304.29.5045, 7304.29.5060, 7304.29.5075, 7304.29.6015, 7304.29.6030, 7304.29.6045, 7304.29.6060, 7304.29.6075, 7305.20.2000, 7305.20.4000, 7305.20.6000, 7305.20.8000, 7306.20.1030, 7306.20.1090, 7306.20.2000, 7306.20.3000, 7306.20.4000, 7306.20.6010, 7306.20.6050, 7306.20.8010, and 7306.20.8050. Drill pipe is currently imported under the following HTS statistical reporting numbers: 7304.21.3000, 7304.21.6030, 7304.21.6045, 7304.21.6060, and 8431.43.8040.^{34 35} The column 1- general (most-favored-nation) rate of duty for these subheadings, applicable to products of the countries subject to review, is free.

THE DOMESTIC LIKE PRODUCT

In the original investigations, the Commission found two separate like products: (1) casing and tubing and (2) drill pipe, based on the distinctive physical characteristics and end uses of drill pipe and other OCTG (casing and tubing), the lack of interchangeability between drill pipe and casing or tubing, the different customer and producer perceptions, and the differences in price.³⁶ In the first reviews, the Commission observed that none of the parties advocated a change from the original like product finding and concluded that nothing in the record indicated that it should depart from the previous finding. Therefore, the Commission found two domestic like products, one consisting of casing and tubing and the other consisting of drill pipe, for the reasons stated in the original determinations.³⁷

In these second reviews domestic interested party U.S. Steel indicated that it did not object to the Commission's definition of the domestic like product,³⁸ while domestic interested parties IPSCO, Lone Star, Koppel, Maverick, Newport, and V&M Star supported the like product definitions the Commission

³³ As of February 3, 2007, the HTS classifies stainless steel separate from "alloy" steel for casing and tubing. The basic structure of the classification system was maintained but there was renumbering of the six digit subheadings to maintain separate classifications of stainless steel and other alloy steel. Changes to the tariff treatment of OCTG in 2007 appear in appendix E.

³⁴ *See, e.g., Oil Country Tubular Goods From Argentina, Italy, Japan, and Korea; Final Results of Five-Year ("Sunset") Reviews of Antidumping Duty Orders*, 71 FR 59074, October 6, 2006.

³⁵ The HTS statistical reporting numbers are provided for convenience and customs purposes. The written description remains dispositive.

³⁶ *Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain, Investigations Nos. 701-TA-363 and 364 (Final) and Investigations Nos. 731-TA-711-717 (Final)*, USITC Publication 2911, August 1995, pp. I-8 - I-10. The Commission also found heavy-weight drill pipe *not* to be a separate domestic like product, distinct from standard-weight drill pipe. *Ibid.*, p. I-10.

³⁷ *Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico, Investigations Nos. 701-TA-364 (Review) and 731-TA-711 and 713-716 (Review)*, USITC Publication 3434, June 2001, pp. 2-4.

³⁸ Hearing transcript, pp. 162-163 (Leland).

made in the original determinations and first reviews.³⁹ Korean respondent interested parties Husteel and SeAH indicated that they did not object to the Commission's definition of the domestic like product.⁴⁰ The Tenaris respondent interested parties (Dalmine, Siderca, TAMSA, and NKK) affirmatively stated that they had no views on the domestic like product.⁴¹ The remaining Mexican producer (Hylsa) and Japanese producers (Nippon Steel, JFE, and Sumitomo) did not address this issue. Likewise, none of the domestic or respondent interested parties listed above requested revisions to the draft questionnaires so as to alter the Commission's definition of the domestic like product.⁴²

Description and Applications⁴³

OCTG are tubular steel products used in oil and gas wells and include casing, tubing, and drill pipe. Figure I-1 shows a simplified schematic arrangement of a typical well with a system of casing and tubing and figure I-2 presents a more detailed representation of an oil or gas well, including descriptions of different types of casing by depth and function. A schematic annotating drill pipe is shown in figure I-3.

Casing is a circular pipe that serves as the structural retainer for the walls of the well with an outside diameter (O.D.) ranging from 4.5 to 20 inches.⁴⁴ In 1994, pipe in diameters greater than 4.5 inches accounted for *** percent of total reported OCTG shipments (domestic and imported).⁴⁵ Pipe in diameters greater than 10.75 inches accounted for *** percent of total shipments.⁴⁶ Japanese producers,⁴⁷ Tenaris,⁴⁸ and U.S. Steel⁴⁹ quoted data from SPEARS⁵⁰ which estimates that, in 2006, the U.S. market share of the demand for seamless and welded casing with an O.D. greater than 9⁵/₈ inch was about 10 percent, or about 444,000 to 460,000 metric tons. Preston Pipe reports that in 2000, the over-

³⁹ IPSCO, et. al., prehearing brief, p. 1, n. 1; Maverick prehearing brief, p. 6.

⁴⁰ Response to the Commission's notice of institution by Husteel and SeAH, p. 7.

⁴¹ Response to the Commission's notice of institution by Dalmine, p. 9; Siderca, p. 9; TAMSA, p. 9; and NKK, p. 9.

⁴² In contrast, Shell Exploration and Production Company ("SEPCo"), an importer and purchaser of casing and tubing, did request separate data for sour service OCTG "to assess changes in the market that have occurred since 2001." SEPCo's comments on draft questionnaires, p. 2. In its questionnaire comments, SEPCo advanced no argument as to why it believes sour service OCTG may be a separate domestic like product. Nonetheless, as presented in subsequent sections of this report, Staff collected shipment data for sour service products.

⁴³ Except as noted, information presented in the "Description and Applications" and "Manufacturing Processes" is drawn from *Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain, Investigations Nos. 701-TA-363 and 364 (Final) and Investigations Nos. 731-TA-711-717 (Final)*, USITC Publication 2911, August 1995, and from *Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico, Investigations Nos. 701-TA-364 (Review) and 731-TA-711 and 713-716 (Review)*, USITC Publication 3434, June 2001.

⁴⁴ American Iron and Steel Institute, *Instructions for Reporting Steel Shipment Statistics*, January 1988.

⁴⁵ Original confidential report (INV-S-100, July 18, 1995), table 21.

⁴⁶ *Ibid.*

⁴⁷ Posthearing brief of Sumitomo, JFE, and Nippon Steel, Exhibit 9, p. 1.

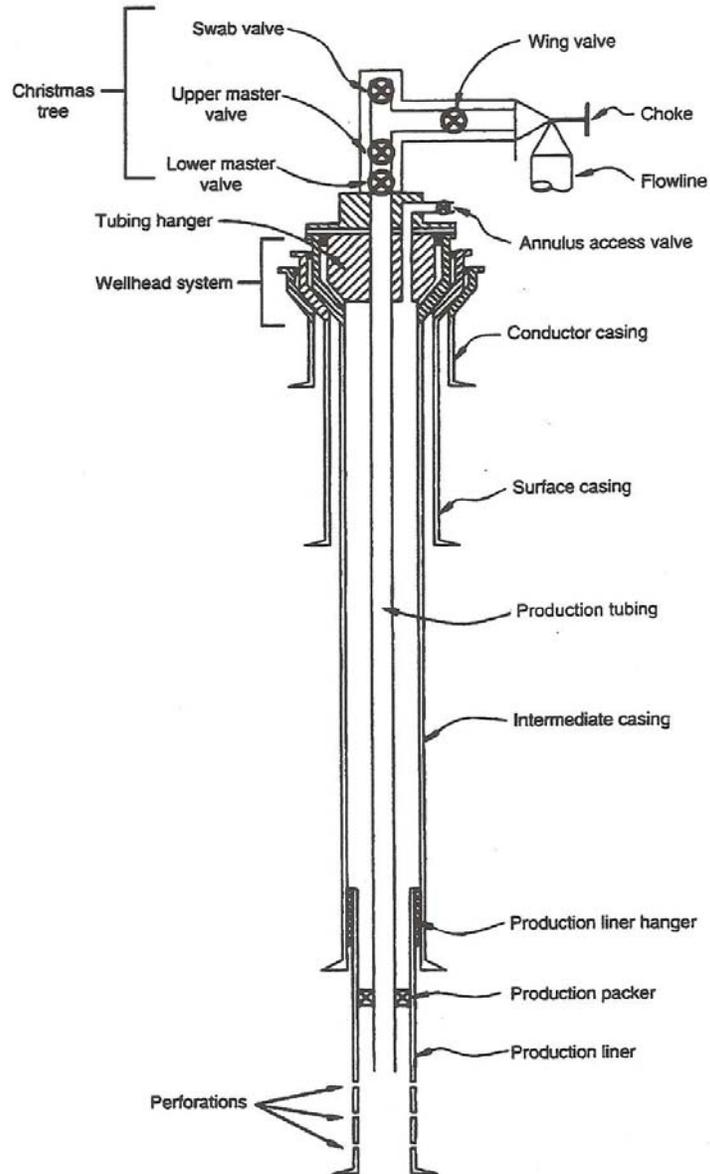
⁴⁸ Posthearing brief of Siderca, Dalmine, and Tamsa, response to Question 15.

⁴⁹ Posthearing brief of U.S. Steel, Exhibit 1, p. 13 and p. 42.

⁵⁰ *Pipe Logix OCTG Demand Report*, Spears & Associates, Inc., October 2006, p. 84. Spears & Associates' affiliate Pipe Logix Inc., Santa Fe, NM, provides pricing information on the OCTG market.

9⁵/₈ inch portion of the market was approximately 17 percent, declining to 10 percent in 2001 and 7 percent in 2006.⁵¹

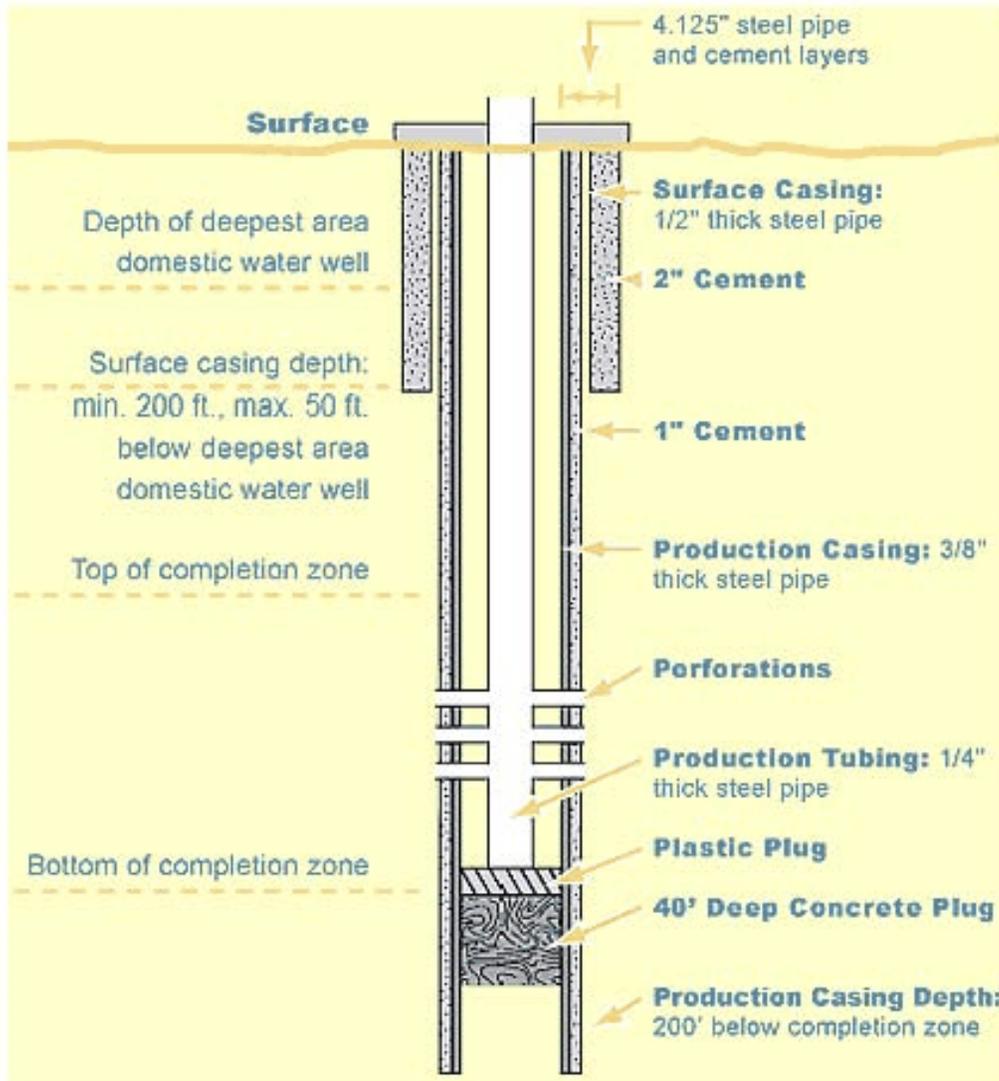
Figure I-1
Casing and tubing: Simplified diagrammatic representation of a well showing the casing strings and production tubing



Source: *Introduction to Oil and Gas Production, Fifth Edition*, American Petroleum Institute, June 1996, p. 11.

⁵¹ E-mail from *** to staff on April 26, 2007.

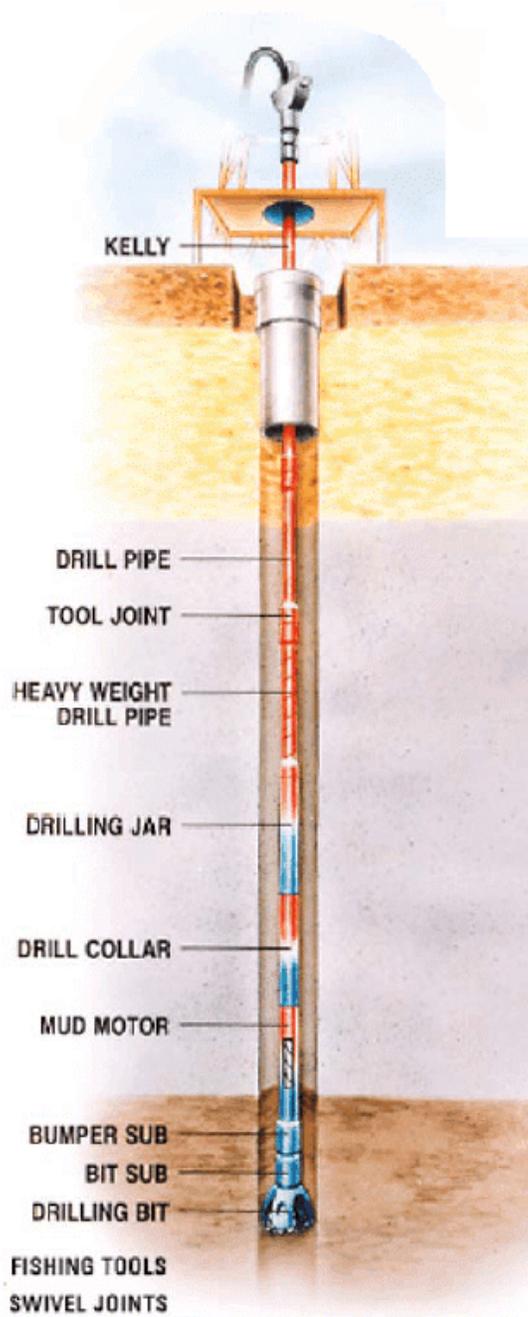
Figure I-2
Casing and tubing: Subsurface components of an oil or gas well, including descriptions of different types of casing by depth and function



Source: La Plata Energy Council (Durango, CO), from <http://www.energycouncil.org/images2/CasingDiag.gif>, retrieved on March 20, 2007.

Figure I-3

Drill pipe: Drill string showing relative position of drill pipe, heavy weight drill pipe, and connecting tool joints.



Source: Timken, retrieved from www.timken.com, February 7, 2007.

Casing is used in the drill hole to provide a firm foundation for the drill string⁵² by supporting the walls of the hole to prevent caving in both during drilling and after the well is completed. After the casing is set, concrete is usually pumped between the outside of the casing and the wall of the hole to provide a secure anchor. Casing also serves as a surface pipe designed to prevent contamination of the recoverable oil and gas by surface water, gas, sand, or limestone. Casing must be sufficiently strong to carry its own weight and to resist both external pressure and pressure within the well. Casing can be threaded at both ends and connected with other casing pieces with couplings or connectors. Because the amount of open hole that can be drilled at any one time is limited, a string of concentric layers of casing rather than a single casing is used for larger wells. Several sizes of casing may be set inside the well after it has been drilled, with the larger sizes set at the top of the well and the smaller sizes set toward the bottom.⁵³

Tubing is a smaller-diameter pipe (between 1.050 and 4.500 inches in O.D.) installed inside a larger-diameter casing that is used to conduct the oil or gas from the subsurface strata to the surface either through natural flow or through pumping.⁵⁴ Substances (such as lubricant) are also pumped into the well through the tubing for well treatment. Tubing must be strong enough to support its own weight, that of the oil or gas, and that of any pumping equipment suspended on the string.

Drill pipes, each about 30 feet long with an O.D. from 2.375 to 6.625 inches, are seamless and joined to one another by tool joints to form the drill string. The drill string is used to transmit power from the drilling motor above ground to the drill bit, and to conduct drilling fluid (mud) down to the drill bit to flush drill cuttings to the surface for removal.⁵⁵ Drill pipe must have sufficient tensile strength to support its own weight, the weight of the contained drilling fluids, and that of drill collars and the drill bit. Drill pipe is subject to stress caused by shear and vibration, and consequently fatigue.

⁵² The drill string is composed of drill pipes, drill collars, and the drill bit. Drill collars are thick, machined pipes that are designed to concentrate weight on the drill bit; the drill bit is the cutting or pulverizing head which bores through underground formations. If the well is drilled in a hard formation, the oil-producing zone may be left entirely open, with no perforated casing or liner used to protect the hole. This is called an open-hole completion. Retrieved from http://www.grantprideco.com/drilling/drilling_products.asp on May 7, 2007.

⁵³ In the original investigations, several U.S. producers stated that there is a continuum of different sizes of casing with no clear dividing line between the large and small sizes and that different sizes of casing are used in the same well. Because of this, they view the different sizes of casing as the same product. *Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain*, Invs. Nos. 701-TA-363-364 and 731-TA-711-717 (Final), USITC Publication 2911 (August 1995), p. II-7.

⁵⁴ American Iron and Steel Institute, Instructions for Reporting Steel Shipment Statistics, January 1988.

⁵⁵ As drilling progresses, additional lengths of drill pipe are added at the top to lengthen the string. In the course of drilling a well, it is necessary from time to time to remove the drill stem from the hole in order to service the drill bit. That process requires disconnecting and removing the individual lengths of drill pipe to reach the drill bit, then reconnecting the individual pieces in order to resume drilling.

Casing, tubing, and drill pipe have distinct end uses and are produced to different specifications. Casing and tubing are both usually produced in accordance with API specification 5CT.⁵⁶ Drill pipe (other than heavy-weight drill pipe)⁵⁷ is usually produced to API specification 5D.

Manufacturing Processes

The manufacturing process for OCTG includes two phases, namely forming and finishing phases. The forming phase takes place entirely at the manufacturing facility or mill. Finishing, by contrast, may take place at the mill, at a wholly owned processing or threading facility, or at an independent processing or threading facility.

Forming Phase

Although casing and tubing can be manufactured using a seamless process, they are subject to much less direct pressure, shear, and vibration than drill pipe. Therefore, casing and tubing are manufactured either by the seamless process or by the electric resistance-welding (“ERW”) process, a lower cost method than the seamless process, depending on the service requirements. Drill pipe, which is subject to torsional stresses and fatigue, must be manufactured using a seamless method and subsequently heat-treated to optimize its strength in order to meet API specifications.

⁵⁶ Grades for OCTG (casing, tubing, and drill pipe) are provided by the API in 5CT for casing and tubing and 5D for drill pipe. For casing and tubing, the grades include a letter (e.g., H, J, K) which typically corresponds to a minimum tensile strength level (with “H” being the weakest and “Q” the strongest), followed by a number (e.g., 55, 80). The number specifies the minimum yield strength in thousands of pounds per square inches (psi) of the pipe material. Thus, grade J55 or K55 requires that the subject OCTG has minimum yield strength of 55,000 psi but differs in minimum tensile strength. An OCTG grade may include several types. Each specific grade, in combination with a specific type (e.g., grade L80, type 9 Cr), is required to have certain mechanical properties (including yield strength), chemical compositions, methods of production (seamless or welded), heat treatments, testing procedures, and other engineering specifications, depending on customers’ requirements. For example grade L80, type 1 contains no chromium, can be seamless or welded, and the pipe has to be quenched and tempered. Grade L80, type 9 Cr must contain between 8 to 10 percent chromium by weight, is seamless, tempered and quenched. Certain OCTG must be heat treated (discussed below) to achieve certain physical characteristics for particular applications, such as sour service.

⁵⁷ Heavy-weight drill pipe is a form of drill pipe whose walls are thicker and collars are longer than conventional drill pipe. It is characterized by the absence of an internal upset and the presence of an external upset about midway in the tube. The product’s attributes are not covered in API standards. Heavy-weight drill pipe is intended primarily for directional drilling. As noted in the original investigations, heavy-weight drill pipe is used in critical applications as a transitional drill string member between standard-weight drill pipe and drill collars to provide both weight and flexibility. *See Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain*, Invs. Nos. 701-TA-363-364 and 731-TA-711-717 (Final), USITC Publication 2911 (August 1995), p. II-7.

ERW process

In the ERW process (figure I-4), the starting material is steel sheet in coil form. The steel sheet is slit to the exact width needed to form a tube of the desired diameter. The slit sheet is formed into tubular shape by passing it through a series of rollers while cold. The edges are then heated by electrical resistance⁵⁸ and welded by heat and pressure, without the addition of filler metal. 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 outside and the inside surfaces.

Seamless process

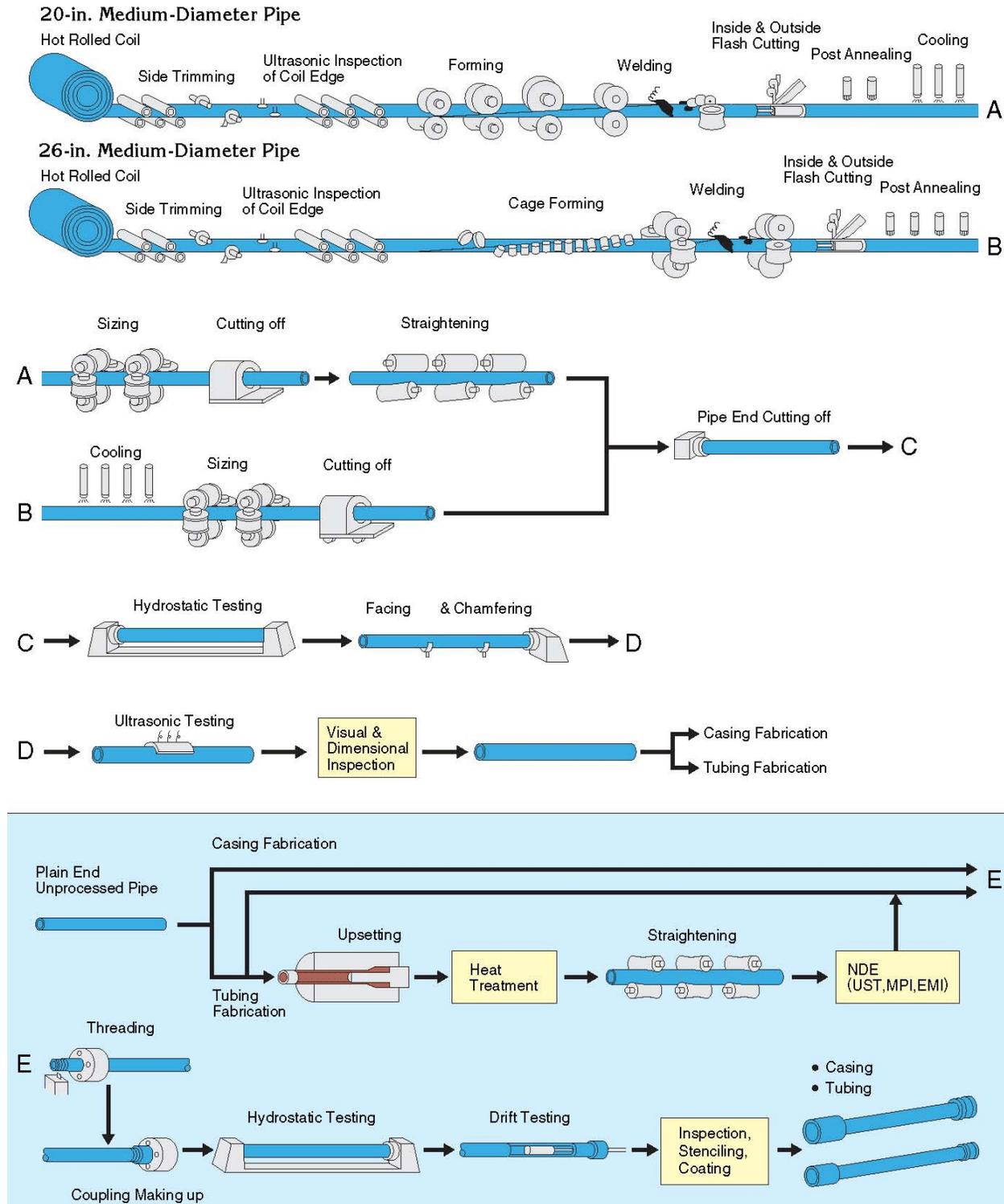
Seamless OCTG (figure I-5) is manufactured by either of two high temperature methods to form a central cavity in a solid steel billet, namely, the rotary piercing method and the hot extrusion method. The starting material for seamless tubing is a round or square steel billet. If a square billet is used, it is first forced through a single circular roll pass, producing a round billet for the piercing operation.

In the *rotary piercing method*, the heated billet is gripped by angled rolls, which cause it to rotate and advance over a piercer point, forming a hole through its length. In the *extrusion method*, the billet is hot punch-pierced and then extruded axially through a die and over a mandrel, forming a hollow shell.

The hollow shell produced by either method is then rolled with either a fixed plug or a continuous mandrel inside the shell to reduce the wall thickness, increasing the length. Finally, the shell is rolled in a sizing mill or a stretch reducing mill where it is formed to size.

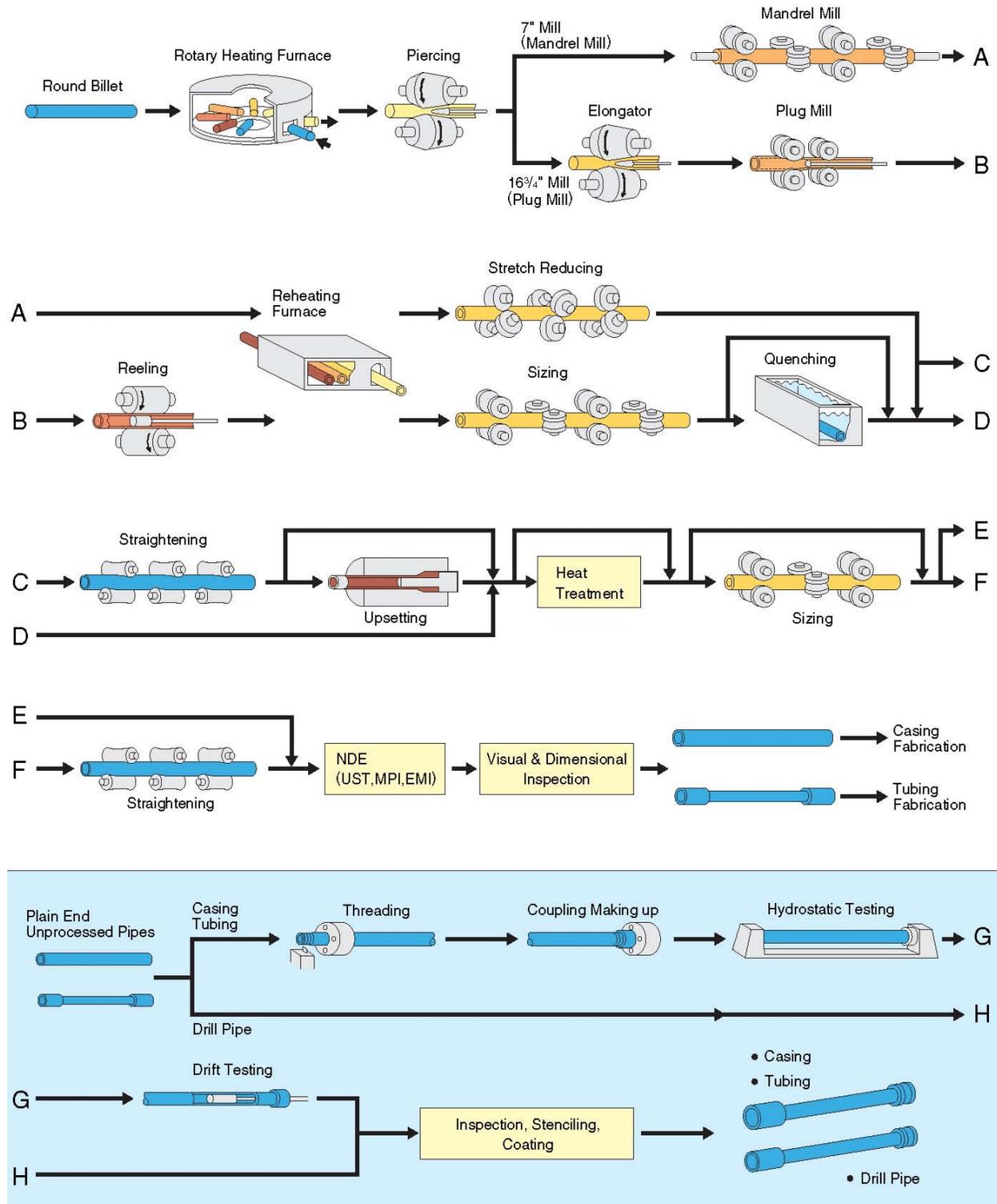
⁵⁸ The heat for welding is generated by resistance of the steel to the flow of electric current. In one process, a low frequency (typically 60 to 360 hertz) is conducted to the strip edges by a pair of copper alloy discs which rotate as the pipe is propelled under them. A second variation uses high frequency current (in the range of 400 to 500 kilohertz) which enters the tubing through shoes which act as sliding contacts. An induction coil can also be used with the high frequency current to induce current in the edges of the steel. No direct contact between the induction coil and the tubing is required. American Iron and Steel Institute, *Steel Products Manual Steel-Specialty Tubular Products*, October 1980, pp. 19–20.

Figure I-4
Casing and tubing: ERW manufacturing process



Source: JFE OCTG (Catalog), p. 9, from <http://www.jfe-steel.co.jp/en/>, retrieved on March 20, 2007.

Figure I-5
Casing and tubing: Seamless manufacturing process



Source: JFE OCTG (Catalog), p. 8, from <http://www.jfe-steel.co.jp/en/>, retrieved on March 20, 2007.

Finishing Phase

Subsequent to the forming phase, the pipe goes through the finishing phase. Alloy OCTG and some carbon steel OCTG require heat treating.⁵⁹ Heat treating may involve one or more heating cycles in either a continuous furnace or in a batch furnace, with controlled rates of cooling. Specific heat treating requirements depend on the grade of steel being processed. For welded pipe, the heat treatment (which may be done while the pipe is still in the continuous processing line) may cover the welded seam only or the full cross-section of the pipe. Subsequently, sizing rolls will shape the tube to accurate diameter tolerances. The product is cooled and then cut to length at the end of the tube mill.⁶⁰

Casing and tubing are finished by threading and the attachment of a suitable coupling to one end of each length. For some casing or tubing that is subject to severe or sour service,⁶¹ it is necessary to provide additional strength in the joint, and for this reason, the ends of the pipe are upset before the threads are cut. In the upsetting process, the end of the pipe is heated to forging temperature, then inserted endwise into an upsetting machine. The machine pushes the hot metal back, creating a thicker wall at the end of the pipe. The upsetting may be controlled to displace the extra thickness to the inside or to the outside of the pipe.

Finishing operations on casing and tubing are often performed by specialists called “processors” and “threaders” rather than by pipe manufacturers (mills). Processors operate facilities that are capable of

⁵⁹ During the steel making process, certain alloys are added to the mix to achieve the desired characteristics. The American Iron and Steel Institute specifies three broad categories of steels, depending on their chemical compositions: (1) The first group is carbon steels containing by weight 2 percent or less of carbon. Carbon steel is used in standard applications. (2) The second group is stainless steels containing by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements and a minimum of 50 percent iron. These steels are used in applications requiring resistance to oxidation and corrosion. *These products are excluded from the subject reviews.* (3) Alloy steels are those that are not classified as carbon or stainless steels and have a specified maximum contents of elements including manganese, silicon, copper, nickel, lead or any other elements added to obtain a desired alloying effect. Depending on the specific applications, OCTG are required to be made from a specific category of steel as determined by its grades and types. For standard operations, OCTG of grades H40, J55, K55, and N80 are used. For severe services including harsh weather or high stress operations, higher grades of OCTG are required. Specification for Group 1 API grades found in: *(Tenaris) Oilfield Services: Products and Services for the Oil and Gas Industry*, p. 4, retrieved on March 14, 2007 from www.tenaris.com/oilfield.

⁶⁰ United States Steel, “Manufacture of Steel Tubular Products,” in *The Making, Shaping, and Treating of Steel*, 10th ed. (Pittsburgh, PA: Herbick & Held, 1985), p. 1,029.

⁶¹ Sour crude oil (sour crude) or sour gas is defined as an oil/gas containing common impurities such as water, carbon dioxide, hydrogen sulfide, and oxygen which are thoroughly mixed in with the oil during extraction, and are very difficult to eliminate. These impurities corrode and cause cracking in steel, albeit without any observable change in appearance prior to failure. For this reason, specific equipment must be used to monitor and detect the corrosion effects on a regular basis.

Sour service OCTG must have physical, chemical, and metallurgical characteristics that ensure their appropriate resistance to corrosion and/or hydrogen sulfide cracking. The steel must have high strength and be made of either high quality alloy steel (subject to these reviews) or grade L80 with type 9 Cr. (subject to these reviews) or 13 Cr. (a stainless steel not subject to these reviews). There is no industry-wide standard definitions of “sour service,” which can vary by degree from light sour-service to heavy sour-service. As such, sour-service OCTG includes many different grades. Certain high API grades can be used in light sour service, such as API grades L80, C90, and T95. Some OCTG can have low Chromium (Cr) contents (e.g., C90 for casing) but can still be regarded as sour-service OCTG. Even J55 and K55 OCTG, if properly heat-treated, can be used as sour service OCTG. Several sour-service OCTG designations are proprietary grades (C110 for example). A description of the steel grades required for sour service, as well as other stressful environments for OCTG found in: *(Tenaris) Oilfield Services: Products and Services for the Oil and Gas Industry*, p. 4, retrieved on March 14, 2007 from www.tenaris.com/oilfield.

full body heat treatment as well as upsetting ends. Threaders are capable of threading and coupling, hydrostatic testing, and measuring the length of OCTG products. Most processors are also threaders⁶² but there are many threaders that are not processors. Some processors and threaders may also manufacture couplings that become part of the finished OCTG.

Figure I-6 presents a schematic for the manufacturing of drill pipe. Finishing operations on drill pipe are different from casing and tubing because the method of joining lengths of drill pipe is different. As described above, after the forming process, drill pipe may be heat-treated and upset. A tool joint is then welded to each end of each length of the pipe. A tool joint is a heavy coupling element having coarse, tapered threads and designed to sustain the weight of the drill stem, withstand the strain of repeated connection and disconnection, and provide a leakproof seal.⁶³ The male tool joint section (or pin) is attached to one end of a length of drill pipe and the female tool joint section (or box) is attached to the other end. Finishing of drill pipe is performed by drill pipe processors that are capable of heat-treating, upsetting ends, and welding tool joints onto unfinished drill pipe. Drill pipe processors normally are not also processors of casing and tubing.

⁶² For this reason, the term “processor” in this and other sections of this report is meant to include processors who are also threaders. Discussion of independent threaders is limited in this report, as the Commission has not deemed threaders to be part of the domestic industries producing casing, tubing, or drill pipe. *Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico, Investigations Nos. 701-TA-364 (Review) and 731-TA-711 and 713-716 (Review)*, USITC Publication 3434, June 2001, p. 5.

⁶³ This welding is accomplished by rotational friction. The heat for the weld is created by pressuring one piece of metal against another piece which is rotated at high speed. No filler is used. Tool joints may be welded to the pipe, screwed onto the pipe, or a combination of screwed on and welded. Most commonly, tool joints are permanently welded to the pipe.

Figure I-6
Drill pipe: Manufacturing process

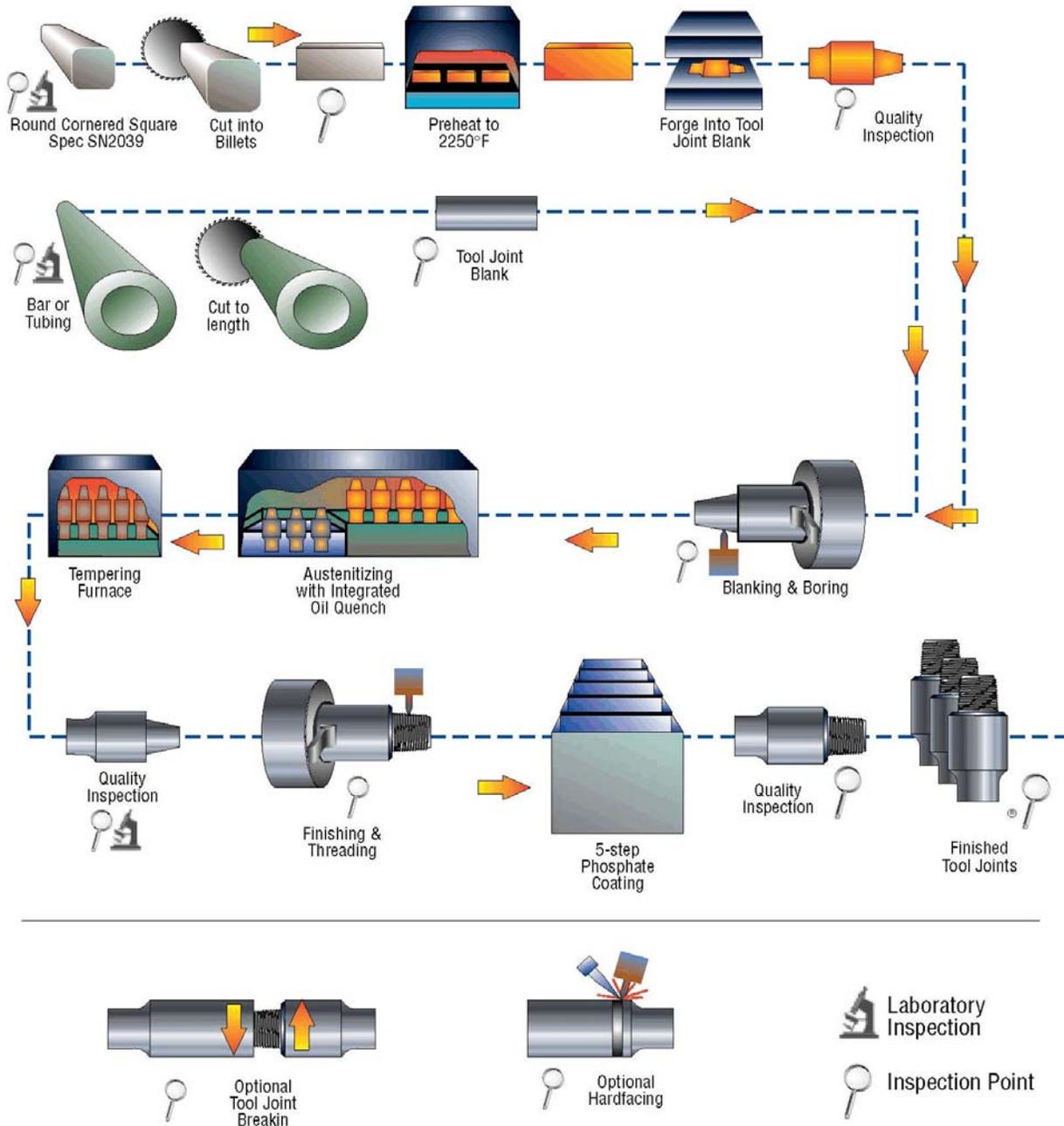
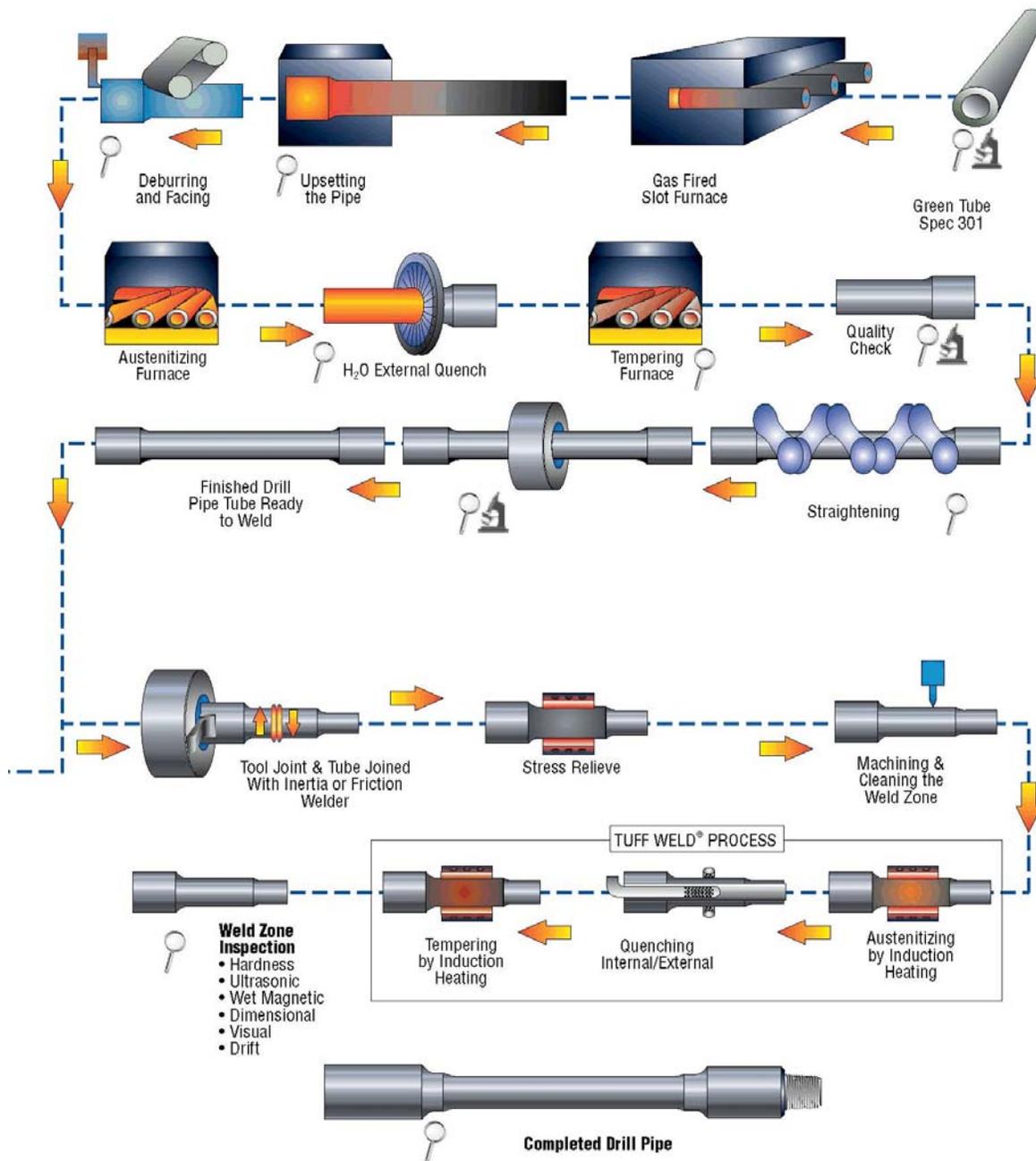


Figure continued on the following page.

Figure I-6--Continued
Drill pipe: Manufacturing process



Source: Grant Prideco, from http://www.grantprideco.com/drilling/manufacturing_drillpipe_manproc.asp, retrieved on February 6, 2007.

Channels of Distribution

Table I-15 presents channels of distribution for casing and tubing as well as drill pipe. Nearly all sales of casing and tubing by mills, processors, and importers are to distributors. Reported sales of drill pipe by mills and processors are largely to end users, as are a majority of drill pipe sales by importers.

Table I-15
OCTG: U.S. producers' and U.S. importers' channels of distribution, 2001–06

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Share (percent)						
Share of U.S. casing and tubing mill shipments--						
To distributors	99.9	99.9	99.9	99.9	99.9	99.9
To end users	0.1	0.1	0.1	0.1	0.1	0.1
Share of U.S. casing and tubing processor shipments--						
To distributors	***	***	***	***	***	***
To end users	***	***	***	***	***	***
Share of U.S. drill pipe mill shipments--						
To distributors	***	***	***	***	***	***
To end users	***	***	***	***	***	***
Share of U.S. drill pipe processor shipments--						
To distributors	***	***	***	***	***	***
To end users	***	***	***	***	***	***
Share of reported U.S. importers' shipments of casing and tubing--						
To distributors	96.7	98.7	98.9	99.2	98.5	97.0
To end users	3.3	1.3	1.1	0.8	1.5	3.0
Share of reported U.S. importers' shipments of drill pipe--						
To distributors	35.0	41.1	44.9	42.4	48.7	46.9
To end users	65.0	58.9	55.1	57.6	51.3	53.1
Source: Compiled from data submitted in response to Commission questionnaires.						

U.S. MARKET PARTICIPANTS

U.S. Producers

Eleven U.S. producers operating 17 mills and related finishing facilities responded to the Commission's questionnaire with usable data or otherwise provided information regarding their operations. Ten companies operating 16 mills and related finishing facilities reported their production of casing and tubing; two of those mills also produce drill pipe, as does Timken, which only produces drill pipe. One non-toll and five toll producers reported data or otherwise provided information regarding the processing of casing and tubing, while two non-toll and two toll processors reported data or otherwise

provided information regarding the processing of drill pipe.⁶⁴ Table I-16 presents data on producers, their positions on continuation of the orders, locations of production facilities, parent firms, related foreign producers, and shares of reported U.S. production in 2006.⁶⁵

Table I-16

OCTG: U.S. mills and processors, locations, shares of 2006 production, parent companies, and positions on the orders

Firm	Production locations	Type of production and size range	Share of 2006 production (percent)	Parent company/related foreign producer	Position on the orders
U.S. casing and tubing mills					
Camp Hill	McKeesport, PA	welded 8.625" - 20"	***	Land and equipment ***% U.S. Steel	***
IPSCO Enterprises ¹	Camanche, IA; Blytheville, AR	welded 1.9" - 8.625"	***	***% IPSCO (Canada) ²	***
	Koppel, PA	seamless 1.9" - 5"	***		
	Newport, KY; Catoosa, OK	welded 4½" - 9⅝"	***		
Lone Star Steel	Lone Star, TX	welded 1" - 16"	***	***% Lone Star Technologies ³	***
Maverick Tube Corp.	Chesterfield, MO	welded 0.750" - 16"	***	***% Tenaris S.A (Luxembourg)	***
Paragon Industries	Sapula, OK	welded 4½" - 16"	***	None	***
Rocky Mountain Steel Mills (CF & I)	Pueblo, CO	seamless 7.0" - 10"	***	***% Oregon Steel Mills	***
Stupp Corporation	Baton Rouge, LA	welded 10.750" - 24"	***	***% Stupp Bros.	***
Tex-Tube	Houston, TX	welded 2⅜" - 8⅝"	***	***% The Villacero Group (Mexico)	***
U.S. Steel	Fairfield, AL Lorain, OH	seamless 2.375" - 26"	***	None	***
V&M Star	Youngstown, OH Houston, TX	seamless 5" - 10¾" ³	***	***% V&M Tubes (France) ***% Sumitomo (Japan)	***

Table continued on the following page.

⁶⁴ ***.

⁶⁵ During the period examined in the Commission's original investigations (January 1992 - March 1995), U.S. OCTG producers included 16 mills and 11 processors. See original staff report (INV-S-100, July 18, 1995), pp. I-20 and I-21. However, there has been substantial merger and acquisition activity among U.S. OCTG producers. Taking into account mergers among U.S. mills and acquisitions and consolidations of processing facilities by and with U.S. mills, the only producers identified in the original investigations that still have API 5CT or 5D certification but have not provided any response to the Commission are ***, which collectively accounted for *** percent of processing operations in 1994. *** was a toll processor while *** was a non-toll processor. These processors were issued a questionnaire and each was issued a follow-up request to provide data. However, staff was unable to obtain further information.

Table I-16—Continued

OC7G: U.S. mills and processors, locations, shares of 2006 production, parent companies, and positions on the orders

Firm	Production locations	Type of production and size range	Share of 2006 production (percent)	Parent company/related foreign producer	Position on the orders
U.S. drill pipe mills					
IPSCO Enterprises	Koppel, PA	seamless 1.9" - 5"	***	***% IPSCO (Canada)	***
Timken	Canton, OH	seamless 0.8" - 7"	***	None	***
U.S. Steel	Fairfield, AL Lorain, OH	seamless 2.375" - 7"	***	None	***
U.S. casing and tubing non-toll processors					
Tubular Corporation of America	Muskogee, OK	seamless 4.5" - 16"	***	*** % Grant Prideco	***
U.S. drill pipe non-toll processors					
Grant Prideco	Navasota, TX	seamless 2.375" - 7"	***	None	***
OMSCO (V&M Star)	Youngstown, OH Houston, TX	seamless 2 ⁵ / ₈ " - 6 ⁵ / ₈ "	***	***% V&M Tubes (France) ***% Sumitomo (Japan)	***
U.S. casing and tubing toll processors					
Delta Tubular Processing, LP	Houston, TX	welded 2 ⁵ / ₈ " - 16 ¹ / ₈ "	***	***% Lonestar Technologies, Inc.	***
Tejas Tubular	Houston, TX	seamless 1.050" - 5 ¹ / ₂ "	***	None	***
Texas Steel Conversion	Houston, TX	welded 1" - 10"	***	None	***
Tubular Corporation of America	Muskogee, OK	seamless 4.5" - 16"	***	*** % Grant Prideco	***
Tubular Services, LP	Houston, TX	welded 1.315" - 13 ³ / ₈ "	***	None	***
U.S. drill pipe toll processors					
Tejas Tubular	Houston, TX	seamless 3 ³ / ₄ " - 13 ³ / ₈ "	***	None	***
Texas Steel Conversion	Houston, TX	seamless 3 ³ / ₄ " - 13 ³ / ₈ "	***	None	***
<p>¹ Hearing transcript, p. 117-8 (Sutherland). IPSCO reported that its production during 2001-06 was limited to a maximum diameter of 8⁵/₈" until an acquisition of a facility in December 2006, which will increase their maximum diameter production to 16".</p> <p>² SSAB is acquiring IPSCO for \$160 per share, or for a total of \$7.7 billion (<i>SBB Daily Briefing, Global Edition</i>, May 4, 2007).</p> <p>³ U.S. Steel is expected to purchase Lone Star in second or third quarter of 2007.</p> <p>⁴ ***</p> <p>⁵ Hearing transcript, p. 115 (Hornet).</p> <p>⁶ ***</p>					
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. Importers

Twenty-three firms reported imports of casing and tubing and eight firms reported imports of drill pipe since 2001. Data on U.S. producers' imports of OCTG are presented in Part III. Table I-17 presents data on importers, source(s) of imports, locations of headquarters, and parent firms.

Table I-17
OCTG: U.S. importers, sources of imports, U.S. headquarters, and parent companies

Firm	Source of imports	Headquarters	Parent company
Casing and tubing			
Benteler Steel & Tube	***	Houston, TX	Benteler Stahl/Rohr International (Germany) ***%
Commercial Metals	***	Irving, TX	None
Corus America	***	Schaumburg, IL	Corus Group (UK) ***%
The Crispin Company	***	Houston, TX	None
Drill Pipe Industries	***	---	---
Duferco	***	Matawan, NJ	Nina Finance (Luxembourg) ***%
Hylsa	***	Nuevo León, Mexico	Ternium S.A. (Luxembourg) ***%
IPSCO Tubulars	***	Camanche, IA	IPSCO (Canada) ***%
Kenilworth Pipe	***	Oak Brook, IL	None
Lone Star Steel	***	Dallas, TX	Lone Star Technologies ***%
MAN Ferrostaal	***	Houston, TX	MAN Capitol 100%
Marubeni-Itochu Tubulars	***	Houston, TX	Marubeni-Itochu Steel (Japan) ***%
Maverick	***	Chesterfield, MO	Tenaris
MC Tubular Products	***	Houston, TX	Metal One Holdings America ***%
Mitsui Tubular Products	***	Houston, TX	Mitsui Steel Holding ***%
Petroleum Pipe Americas	***	Houston, TX	None
Salzgitter Mannesmann	***	Houston, TX	Salzgitter (Germany) ***%
SEPCo	***	Houston, TX	Shell Oil Co. ***
Tenaris Global Services	***	Houston, TX	Tenaris (Luxembourg) ***%
TPCO Enterprise	***	Houston, TX	Tianjin Pipe International (China) ***% Look Ease Enterprise ***%
Tubular Solutions	***	Anchorage, AK	Sumitomo ***%
Vallourec & Mannesmann Tubes	***	Houston, TX	V&M Tubes (France) ***%
Voest-Alpine Tubular	***	Houston, TX	Voestalpine-Tubulars (Austria) ***%

Table continued on the following page.

Table I-17--Continued

OCTG: U.S. importers, sources of imports, U.S. headquarters, and parent companies

Firm	Source of imports	Headquarters	Parent company
Drill pipe			
Benteler Steel & Tube	***	Houston, TX	Benteler Stahl/Rohr International (Germany) ***%
Grant Prideco	***	Houston, TX	None
MAN Ferrostaal	***	Houston, TX	MAN Capitol ***%
MC Tubular Products	***	Houston, TX	Metal One Holdings America ***%
Mitsui Tubular Products	***	Houston, TX	Mitsui Steel Holding ***%
Tenaris Global Services	***	Houston, TX	Tenaris (Luxembourg) ***%
TPCO Enterprise	***	Houston, TX	Tianjin Pipe International (China) ***% Look Ease Enterprise ***%
Vallourec & Mannesmann Tubes	***	Houston, TX	V&M Tubes (France) ***%
<p>¹ No countries specified, but the company indicated that it was a consignee of the imported products.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

U.S. Purchasers

The Commission received responses from 42 purchasers. Four are processors and another seven are non-processor end users. The others are all distributors. Thirty are located in Texas and four in Oklahoma. The remainder are located throughout the United States, primarily in the central and western parts of the country.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-18 presents apparent U.S. consumption for casing and tubing for the review period and table I-19 presents apparent U.S. consumption for drill pipe. Tables I-20 and I-21 present U.S. market shares for the same period. To avoid double-counting, U.S. shipments of the domestic like product are based on such shipments reported by U.S. mills.⁶⁶

⁶⁶ U.S. shipments by U.S. processors consist of heat-treated (and in the case of drill pipe, tool-joined) OCTG. The green tubing comprising the principal raw material of the processors is acquired from U.S. mills or (particularly in the case of drill pipe) U.S. imports. Thus, all shipments of finished OCTG by processors include U.S. shipments already recorded by U.S. mills or U.S. importers.

Table I-18
Casing and tubing: U.S. mill shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2001-06

Item	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
U.S. mills' U.S. shipments	2,064,563	1,572,592	2,107,724	2,465,952	2,664,581	2,747,087
U.S. imports from--						
Argentina	29,440	505	172	300	722	2,025
Italy	222	99	152	9	5	1,335
Japan	***	***	***	***	***	***
Korea, subject	***	***	***	***	***	***
Mexico	8,626	3,554	18,954	18,583	16,914	428
Subtotal, subject	***	***	***	***	***	***
Korea, nonsubject	***	***	***	***	***	***
Other sources	722,843	356,152	540,739	829,596	1,324,875	1,651,205
Subtotal, nonsubject	***	***	***	***	***	***
Total imports	861,471	400,919	663,178	976,026	1,508,182	1,856,135
Apparent U.S. consumption	2,926,034	1,973,511	2,770,902	3,441,978	4,172,763	4,603,222
Value (\$1,000)						
U.S. mills' U.S. shipments	1,433,605	1,006,490	1,318,560	2,405,026	3,614,660	3,950,390
U.S. imports from--						
Argentina	13,381	347	44	236	774	1,740
Italy	708	248	194	23	33	2,024
Japan	***	***	***	***	***	***
Korea, subject	***	***	***	***	***	***
Mexico	4,172	1,928	9,818	13,885	16,351	173
Subtotal, subject	***	***	***	***	***	***
Korea, nonsubject	***	***	***	***	***	***
Other sources	377,327	212,161	311,461	624,367	1,359,198	1,778,210
Subtotal, nonsubject	***	***	***	***	***	***
Total imports	443,743	230,795	371,123	724,702	1,523,600	1,951,106
Apparent U.S. consumption	1,877,348	1,237,285	1,689,683	3,129,728	5,138,260	5,901,496
<p>Note.-- Subject imports from Korea exclude those by Hyundai, which in turn are included in nonsubject imports.</p> <p>Source: Producers' shipments are compiled from data submitted in response to Commission questionnaires; U.S. imports from Korea (subject) and Japan are from responses to Commission questionnaires; U.S. imports from Hyundai in Korea are imports from Korea for which Hyundai is listed as the importer of record; U.S. imports from Argentina, Italy, and Mexico are from official Commerce statistics; and imports from "other sources" are from official Commerce statistics, as adjusted to remove imports of stainless steel OCTG reported in Commission questionnaires.</p>						

Table I-19

Drill pipe: U.S. mill shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2001-06

Item	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
U.S. mills' U.S. shipments	***	***	***	***	***	***
U.S. imports from-- Japan	21	2,646	1,432	2,014	563	755
Other sources	45,679	49,378	57,572	77,445	97,139	158,907
Total imports	45,700	52,024	59,004	79,459	97,702	159,662
Apparent U.S. consumption	***	***	***	***	***	***
Value (\$1,000)						
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from-- Japan	63	2,185	3,893	5,015	2,293	922
Other sources	38,221	37,190	46,898	65,433	125,635	267,991
Total imports	38,284	39,375	50,791	70,448	127,928	268,914
Apparent U.S. consumption	***	***	***	***	***	***
Note.--Domestic data for 2001-02 do not include ***.						
Source: Producers' shipments are compiled from data submitted in response to Commission questionnaires and U.S. imports are compiled from official Commerce statistics.						

Table I-20
Casing and tubing: U.S. market shares, 2001-06

Item	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Apparent U.S. consumption	2,926,034	1,973,511	2,770,902	3,441,978	4,172,763	4,603,222
Value (1,000 dollars)						
Apparent U.S. consumption	1,877,348	1,237,285	1,689,683	3,129,728	5,138,260	5,901,496
Share of quantity (percent)						
U.S. mills' U.S. shipments	70.6	79.7	76.1	71.6	63.9	59.7
U.S. imports from—						
Argentina	1.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
Japan	***	***	***	***	***	***
Korea, subject	***	***	***	***	***	***
Mexico	0.3	0.2	0.7	0.5	0.4	0.0
Subtotal, subject sources	***	***	***	***	***	***
Korea, nonsubject	***	***	***	***	***	***
All other sources	24.7	18.0	19.5	24.1	31.8	35.9
Subtotal, nonsubject	***	***	***	***	***	***
Total imports	29.4	20.3	23.9	28.4	36.1	40.3
Share of value (percent)						
U.S. mills' U.S. shipments	76.4	81.3	78.0	76.8	70.3	66.9
U.S. imports from—						
Argentina	0.7	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
Japan	***	***	***	***	***	***
Korea, subject	***	***	***	***	***	***
Mexico	0.2	0.2	0.6	0.4	0.3	0.0
Subtotal, subject sources	***	***	***	***	***	***
Korea, nonsubject	***	***	***	***	***	***
All other sources	20.1	17.1	18.4	19.9	26.5	30.1
Subtotal, nonsubject	***	***	***	***	***	***
Total imports	23.6	18.7	22.0	23.2	29.7	33.1
<p>Note: Subject imports from Korea exclude those by Hyundai, which in turn are included in nonsubject imports.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce import statistics, as adjusted by Commission staff.</p>						

Table I-21
Drill pipe: U.S. market shares, 2001-06

* * * * *

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

U.S. MARKET CHARACTERISTICS

OCTG is sold across the United States, with sales concentrated in major oil- and gas- producing regions. All 11 responding producers¹ reported making sales of OCTG to the Central Southwest, nine producers also reported making sales to the Mountain region, seven to the Midwest, six to the Southeast and Pacific coast, and five producers reported making sales to the Northeast. Five of 11 responding producers indicated making sales to all of these regions. Also, four responding producers specifically reported making sales to Alaska. Four responding importers reported making sales to the Central Southwest and three responding importers reported making sales to the Mountain region. The only responding importer that reported making sales of OCTG to other regions was ***, which reported making sales to all regions except the Northeast and *** which reported making sales to Alaska.

CHANNELS OF DISTRIBUTION

As discussed in greater detail in Part I, domestically produced and imported casing and tubing is sold in large measure through distributors, while drill pipe is primarily sold to end users. In the original investigations, U.S. mills and U.S. importers primarily sold OCTG to distributors which, in turn, sell to other distributors or to end users.²

Some market participants and observers have expressed uncertainty about the future role of distributors, at least with respect to Tenaris and its newly-acquired U.S. mill, Maverick. Because of the emphasis Tenaris places on direct sales with global accounts, there is speculation that future sales of OCTG by Tenaris (including and especially those by Maverick) in the United States might bypass distributors, particularly for large accounts.³ However, in its prehearing brief, Maverick claims that “such speculation is unfounded” since Maverick plans to continue to sell primarily to distributors because of the nature of the U.S. market.⁴

¹ The “producer” refers to mills and processors that responded to the Commission’s producer questionnaire, or otherwise provided information to the Commission.

² See original confidential report (INV-S-100, July 18, 1995), p. I-10.

³ See “Speculation over Tenaris' intent is running red hot along the pipeline,” American Metal Markets, January 12, 2007, found at http://amm.com/2007-01-13_11-59-17.html, retrieved on March 21, 2007. The article concludes that distributors are likely to remain a force in the broader U.S. OCTG market, regardless of Tenaris’ approach to shipments by Maverick, and points out distinctive characteristics of the U.S. market. “Distribution in the United States is unlike other parts of world, where a dominant driller might have multiple wells in close proximity and use a lot of the same products. The U.S. market poses different challenges because of the size of the country, with a lot of companies - some small, some big - drilling in far-flung places using a myriad of products in a myriad of applications.” Ibid.

⁴ Maverick's prehearing brief, pp. 12-13.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

U.S. Producers

Based on available information, U.S. OCTG producers are likely to respond to changes in demand with moderate changes in the quantity shipped to the U.S. market. For casing and tubing, supply responsiveness is enhanced by the availability of unused capacity and some inventories and constrained by a limited ability to use alternative markets or production alternatives. For drill pipe, supply responsiveness is enhanced by the ability to use alternative markets and some inventories and constrained by a limited ability to use unused capacity or production alternatives.

Five of 11 responding U.S. producers indicated that they anticipate an increase in the availability of U.S.-produced OCTG in the U.S. market in the future, while the six remaining producers expected no change in availability of U.S.-produced OCTG. Thirty of 39 responding purchasers indicated that changes have occurred in factors affecting supply that affected the availability of U.S.-produced OCTG in the U.S. market since 2001. Several purchasers indicated that there were supply shortages during this period, with some, but not all, of these purchasers indicating that there are currently supply shortages.

Industry capacity

Capacity utilization rates for OCTG fluctuated between 2001 and 2006 for both U.S. mills and processors. Capacity utilization rates for mills increased irregularly for casing and tubing from 58.6 percent in 2001 to 69.4 percent in 2006 and for drill pipe increasing irregularly from *** percent in 2001 to *** percent in 2006. Capacity utilization rates for nontoll processors decreased irregularly for casing and tubing from *** percent in 2001 to *** percent in 2006 and for drill pipe increased irregularly from *** percent in 2001 to *** percent in 2006. Toll processors of casing and tubing saw capacity utilization rise from *** percent in 2001 to *** percent in 2006. Similarly, capacity utilization for toll processors of drill pipe increased from *** percent in 2007 to *** percent in 2006. This level of capacity utilization indicates that U.S. producers still have some unused capacity with which they could increase production of casing and tubing in the event of a price change, although independent heat-treating capacity is somewhat restricted. However, the U.S. producers of drill pipe have limited unused capacity.

Alternative markets

Ten of 11 responding producers indicated that their ability to shift sales of OCTG between the U.S. market and alternative country markets is at least somewhat limited. Obstacles cited by producers included export controls and duties and low prices in other markets.

Exports of OCTG by mills fluctuated between 2001 and 2006, increasing for casing and tubing from 8.9 percent of U.S. mills' total shipments in 2001 to 9.1 percent in 2006 and increasing for drill pipe from *** percent of U.S. mills' total shipments in 2001 to *** percent in 2006. Exports of OCTG by processors also fluctuated between 2001 and 2006, decreasing for casing and tubing from *** percent of U.S. processors' total shipments in 2001 to *** percent in 2006 and increasing for drill pipe from *** percent of U.S. processors' total shipments in 2001 to *** percent in 2006. Exports by toll processors are extremely limited. These data and questionnaire responses indicate that U.S. producers have a limited ability to divert shipments of casing and tubing to or from alternative markets in response to price changes. However, U.S. processors of drill pipe have the ability to divert shipments of drill pipe to other markets.

Inventory levels

U.S. mills' inventories as a ratio of their total shipments fluctuated between 2000 and 2006, decreasing irregularly for casing and tubing from 12.4 percent of their shipments in 2001 to 11.2 percent in 2006 and increasing irregularly for drill pipe from *** percent of their shipments in 2001 to *** percent in 2006. U.S. processors' inventories as a ratio of their total shipments fluctuated between 2000 and 2006, increasing irregularly for casing and tubing from *** percent of their shipments in 2001 to *** percent in 2006 and decreasing irregularly for drill pipe from *** percent of their shipments in 2001 to *** percent in 2006. Toll processors maintain no inventories of casing, tubing, or drill pipe. These data indicate that U.S. producers have some ability to use inventories as a means of increasing shipments of OCTG to the U.S. market.

Production alternatives

Five of 11 responding producers indicated that since 2001 they produced, or anticipate producing in the future, other products on the same equipment and machinery used in the production of OCTG and/or using the same production and related workers employed to produce OCTG. Producers reported producing both welded and seamless oil/gas well casing and tubing, standard/line/pressure pipe, mechanical tubing on the same equipment.⁵ Five of the 13 responding U.S. producers reported the ability to switch production between OCTG and other products in response to a relative change in the price of OCTG vis-a-vis the price of other products, using the same equipment and labor. *** indicated that it could switch production in 60 days or less. *** indicated that it generally does not switch between product lines in response to short term changes in relative prices.

Subject Imports

Based on available information, subject imports of OCTG are likely to respond to changes in demand with moderate changes in the quantity shipped to the U.S. market. Supply responsiveness is enhanced by the ability to ship to alternate markets and some inventories, but limited by the lack of unused capacity in most subject countries and a limited ability to use production alternatives.

Eighteen of 41 responding purchasers indicated that their firm purchased casing and tubing from subject sources before 1995. Eight of these 18 purchasers indicated that their firm decreased purchases from subject sources because of the antidumping orders, seven of these purchasers indicated that their firm discontinued purchases from subject sources because of the antidumping orders,⁶ one purchaser indicated that it did not change the pattern of its purchases from subject sources, and one purchaser indicated that it changed the pattern of its purchases from subject sources for reasons other than the orders. Two of 40 responding purchasers indicated that their firm purchased drill pipe from subject sources before 1995. One of these two purchasers indicated that its firm decreased purchases from subject sources because of the antidumping order and the other indicated that it did not change the pattern of its purchases from subject sources.

⁵ See Part III for amounts of other products produced on the same equipment and machinery used in the production of OCTG.

⁶ One of these six purchasers (***) indicated that it continues to purchase some subject Korean casing and tubing. Also, the purchase data the purchaser provided in its response indicated some purchases of product produced in ***.

Industry capacity

Between 2001 and 2006, reported capacity utilization rates for casing and tubing increased from *** percent to *** percent for the reporting Argentine producer, increased from *** percent to *** percent for the Italian producer, increased from 84.9 percent to 98.3 percent for Japanese producers, increased from *** percent to *** percent for Korean producers, and increased from *** percent to *** percent for Mexican producers. Between 2001 and 2006, reported capacity utilization rates for drill pipe increased from *** percent to *** percent for Japanese producers. This level of capacity utilization indicates that subject producers have little unused capacity with which they could increase production of OCTG in the event of a price change.

Alternative markets

*** reported shipments of casing and tubing from *** producers more than *** percent of shipments from Japanese producers went to markets other than the U.S. market between 2001 and 2006. Between 2001 and 2006, shipments to other markets for casing and tubing from other subject producers fluctuated, increasing irregularly from *** to *** percent of shipments for Mexican producers and increasing irregularly from *** to *** percent of shipments for Korean producers.

Between 2001 and 2006, shipments for casing and tubing to the home market from subject producers fluctuated, decreasing irregularly from *** to *** percent of shipments for the reporting Argentine producer, decreasing irregularly from *** to *** percent of shipments for the Italian producer, decreasing irregularly from 1.1 to 0.8 percent of shipments for Japanese producers, and increasing irregularly from *** to *** percent of shipments for Mexican producers. ***. In 2006, at least *** percent of shipments of casing and tubing to export markets other than the United States for each subject country were to markets other than the European Union and China.

*** shipments of drill pipe from Japanese producers went to markets other than the U.S. market between 2001 and 2006. In 2006, about *** of these shipments were to China. Shipments for drill pipe to the home market from Japanese producers fluctuated, decreasing irregularly from *** to *** percent of shipments between 2001 and 2006.

These data indicate that producers in subject countries have the ability at the present time to shift shipments from alternative markets since there are presently little or no shipments to the U.S. market.

Inventory levels

Subject producers' inventories of casing and tubing, as a share of their total shipments, fluctuated between 2001 and 2006, increasing from *** to *** percent for the reporting Argentine producer, decreasing from *** to *** percent for the Italian producer, increasing from 3.3 to 5.2 percent for Japanese producers, increasing from *** to *** percent for Korean producers, and increasing from *** to *** percent for Mexican producers. Subject producers' inventories of drill pipe, as a share of their total shipments, fluctuated between 2001 and 2006, increasing from *** to *** percent for Japanese producers. These data indicate that subject producers have some ability to use inventories as a means of increasing shipments of OCTG to the U.S. market.

Production alternatives

All responding foreign producers indicated that, since 2001, they produced, or anticipate producing in the future, other products on the same equipment and machinery used in the production of OCTG. In addition to producing the same products as U.S. producers, some foreign producers also

reported producing pressure tubing.⁷ One of the Korean producers was the only responding foreign producer to reported the ability to switch production between OCTG and other products in response to a relative change in the price of OCTG vis-a-vis the price of other products, using the same equipment and labor. However, the ***. Several of the other foreign producers indicated that while switching production was technically possible, it would lead to inefficiencies that would reduce total capacity and be limited by commitments to produce other products.

Nonsubject Imports

Based on available information, imports of OCTG from nonsubject countries are likely to respond to changes in demand with large changes in the quantity shipped to the U.S. market. Supply responsiveness is enhanced by an expected increase in imports from China.

All six responding U.S. producers, 15 of 19 responding importers, all four responding producer/importers⁸ indicated that the availability of nonsubject imported OCTG has changed since 2001. Many responses indicated that the imports of OCTG from China have increased.

Thirteen of 38 responding purchasers indicated that their firm increased purchases from nonsubject countries because of the antidumping duty orders;⁹ nine responding purchasers indicated that their firm did not purchase from nonsubject sources before or after the antidumping duty orders; nine responding purchasers indicated that their pattern of purchasing is unchanged since 1995; seven responding purchasers indicated that their pattern of purchases of casing and tubing from nonsubject countries changed for reasons other than the antidumping duty order. Sixteen of 31 responding purchasers indicated that their firms did not purchase drill pipe from nonsubject sources before or after the antidumping duty order; eight responding purchasers indicated that their pattern of purchasing is unchanged since 1995; five responding purchasers indicated that their pattern of purchases of casing and tubing from nonsubject countries changed for reasons other than the antidumping duty order; and two purchasers indicated that their firm increased purchases from nonsubject countries because of the antidumping duty orders.

Thirty-one of 41 responding purchasers indicated that new OCTG suppliers have entered the market since 2001, with many of the responses citing new Chinese suppliers. Twenty-five of 37 responding purchasers indicated that they expect new OCTG suppliers to enter the market in the future, with many of the responses expecting new Chinese suppliers.

U.S. Demand

Based on the available information it is likely that changes in the price level of OCTG will result in a small change in the quantity of OCTG demanded. The main contributing factors to the small degree of responsiveness of demand is the lack of substitutability of other products for OCTG and the fact that OCTG represents a low share of overall drilling costs.

Demand Characteristics

U.S. OCTG demand depends both on the number of active rotary or workover rigs drilling for oil and natural gas in the United States in which is it used and the depth of the rigs on which the OCTG is

⁷ See Part IV for the amounts and types of other products produced on the same equipment.

⁸ “Producer/importer” refers to responses to general questions regarding the U.S. market for OCTG by four firms (***) that responded to both the producer and importer questionnaire.

⁹ This includes one purchaser (***) that also indicated that their pattern of purchases of casing and tubing from nonsubject countries changed for reasons other than the antidumping duty order.

used. As the depth increases, the amount of OCTG needed increases even more, as overall footage increases and larger outer diameter casing is needed at the top of the well.¹⁰

U.S. Steel indicates that the percentage of wells defined as “shallow,” i.e., wells of 10,000 feet or less, *** and contends ***.¹¹ ISPCO and V&M Star cite data from the Smith Tool Rig count which indicate that ***.¹²

The number of active rotary or workover rigs depends on the demand for oil and natural gas. Figures II-1 and II-2 show changes in the Baker-Hughes monthly rig count, and rig permits issued with monthly average crude oil and natural gas prices. Figure II-3 shows predicted prices for crude oil and natural gas. Between January 2001 and January 2007, the monthly average number of oil rigs increased by 13 percent, the number of gas rigs increased by 64 percent, and the total number of rig permits¹³ increased by 70 percent (since January 2002). Between January 2000 and January 2007, the monthly average prices of oil and natural gas fluctuated, with the price of crude oil increasing by 116 percent and the price of natural gas increasing by 128 percent.

Tool Pushers Supply indicated that the number of drilling permits in the U.S. has “significantly” decreased in the previous months and is the most direct indicator of future drilling for oil and gas wells.¹⁴ ISPCO and V&M star indicated that permits for rigs have been in an overall decline since August 2006, falling from 1,659 to 1,214 by January 2007 and that permits per rig have been in overall decline since spring 2006, falling from approximately 1.05 per rig to only about 0.70 per rig in January 2007.¹⁵ However, more recent data indicate that rig permits have increased to 1,656 permits and about 0.95 permits per rig in March 2007 and then fell to 1,539 permits and about 0.88 permits per rig in April 2007.¹⁶

Six of eight responding producers, 16 of 17 responding importers, two of four responding producer/importers, 37 of 40 responding purchasers, and all eight responding foreign producers indicated that demand for OCTG has increased since 2001. Most of these firms indicated that demand had increased because of the increase in demand for energy and therefore drilling oil and natural gas wells. The remaining responding producers, producer/importers, and purchasers indicated that demand had fluctuated. The remaining responding importer indicated that demand had not changed. Seven of nine responding purchasers reported that demand for their products using OCTG has increased since 2001, with the remaining two responding purchasers indicating that demand was unchanged.

¹⁰ *Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain*, Investigations Nos. 701-TA-363 and 364 (Final) and 731-TA-711-717 (Final), USITC Publication 2911 (August 1995).

¹¹ U.S. Steel’s posthearing brief, exhibit 1, p. 32.

¹² ISPCO and V&M Star’s posthearing brief, p. 12 and exhibit 9.

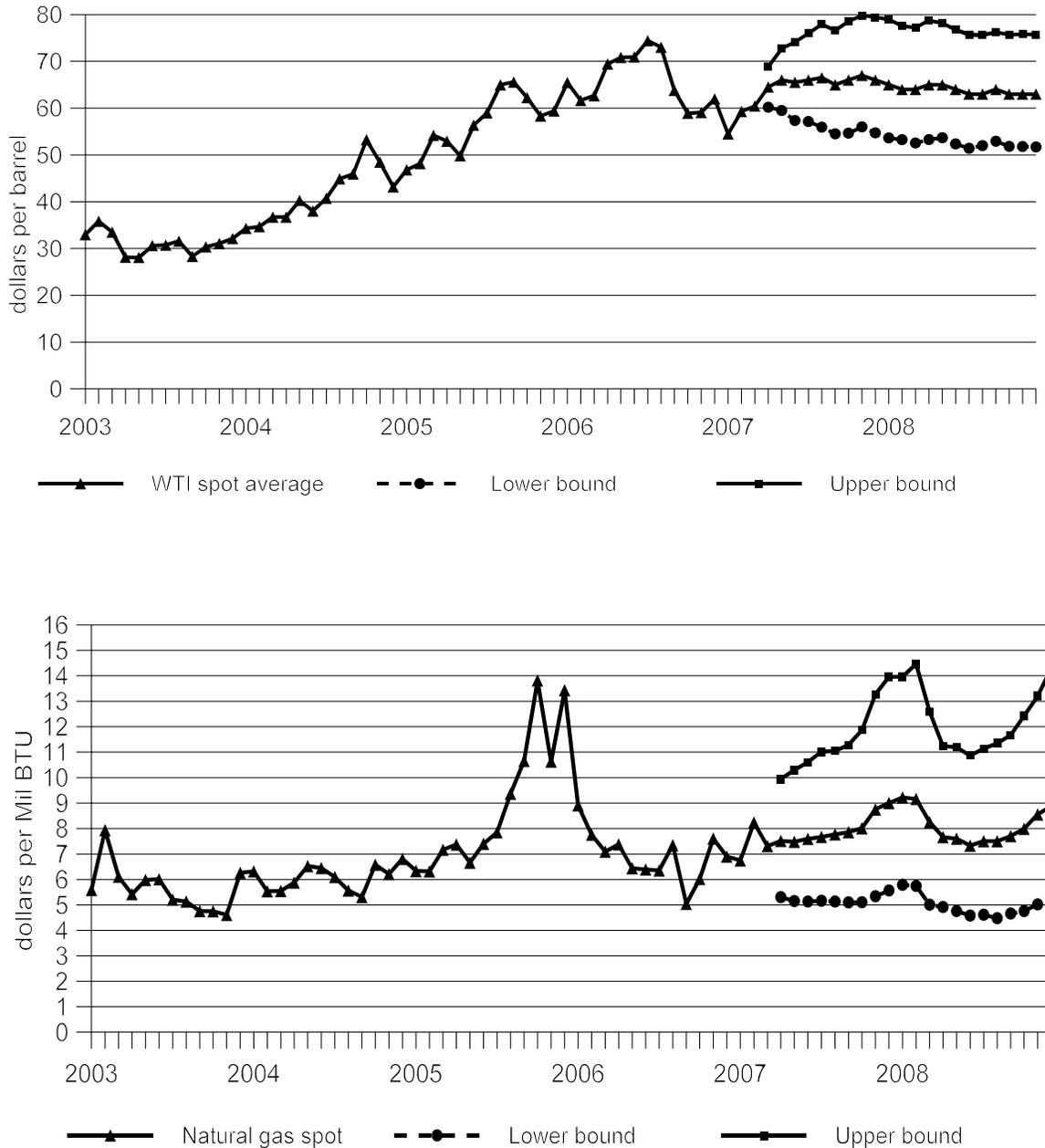
¹³ The number of rig permits represents the number of drilling permits issued to drilling companies in the United States. This number includes permits issued for all oil and gas wells, wildcats (an exploratory well), and offshore wells. Rigdata.

¹⁴ Hearing transcript, pp. 176-77 (True).

¹⁵ ISPCO and V&M Star’s prehearing brief, pp. 29-30, exhibit 10.

¹⁶ Baker Hughes and Rig Data, “Our Permit Count,” downloaded May 14, 2007.
<http://www.rigdata.com/samples/PermitCounts2007.pdf>

Figure II-3
Oil and gas: Short term actual and predicted monthly West Texas crude oil prices and Henry Hub spot prices of natural gas, January 2003 to December 2008 base case and 95 percent confidence interval



Source: U.S. EIA, <http://www.eia.doe.gov/emeu/steo/pub/steo-gallery.ppt> retrieved April 6, 2007.

Six of eight responding U.S. producers, 13 of 16 responding importers, two of four responding producer/importers, and 30 of 32 responding purchasers indicated that demand for OCTG outside the U.S. market had increased since 2001, while one responding purchaser and one responding importer indicated that it had decreased. All nine responding foreign producers indicated that demand for OCTG outside of the U.S. market and their home market has increased since 2001. The sole responding Argentine and Mexican producers indicated that demand had increased in their home markets since 2001, while the sole responding Italian producer indicated that demand for OCTG has been unchanged in its home market. Two of four responding Japanese producers indicated that there was little demand for OCTG in Japan and both responding Korean producers indicated that there was no demand for OCTG in Korea.

Three of six responding producers, 10 of 19 responding importers, two of four responding producer/importers, 18 of 40 responding purchasers, and seven of nine responding foreign producers indicated that they anticipate future changes in OCTG demand in the United States and other markets. There were a variety of responses as to how demand is expected to change in the future. Some responses indicated that demand would fluctuate with oil and gas prices and the rotary rig count. Some responses expected demand to increase as a result of increased demand for energy while others indicated that demand for OCTG would decrease as demand for energy shifts to sources other than oil and gas.

One producer (***) submitted two forecasts for the rig count with its questionnaire response. One (***) forecasts the U.S. rig count to fall from 1,668 in 2006 and 2007 to 1,168 in 2009, and then increase back to 1,668 in 2011, while the other (***) forecasts an increase from 1,648 rigs in 2006 to 2,124 rigs in 2011, or about 29 percent.

Substitute Products

Two of five responding producers, four of 18 responding importers, one of four responding producer/importers, seven of 23 responding purchasers, and none of six responding foreign producers reported that there were substitute products for OCTG. Substitute products mentioned included coiled tubing, fiberglass pipe, line pipe, standard pipe, and structural pipe. No responding producers or producer/importers, one of 17 responding importers, and two of eight responding purchasers indicated that changes in the prices of substitute products have affected the price for OCTG.

Cost Share

Thirty-two of 40 responding purchasers indicated that end uses for OCTG have not changed since 2001. One purchaser (***) indicated there has been increased use of high performance drill pipe, another (***) indicated that as well depths have increased, the demand of high strength, high temperature resistance and better corrosion resistance OCTG has increased, and another (***) indicated that there has been an increase in OCTG as a drillstring and production liner/string but this is still a small share of the market.¹⁷ Thirty-five of 40 responding purchasers indicated that they do not expect end uses for OCTG to change in the future.

One purchaser (***) estimated that OCTG made up about 15 percent of the cost of oil and gas well drilling and completion, while another (***) indicated that OCTG made up about 12 to 18 percent of the cost of an oil or gas well.¹⁸ One producer (***) indicated that the total share of well costs accounted for by

¹⁷ Another three purchasers based their response of a change in end uses on a general change in market conditions and not changes in specific end uses.

¹⁸ In its prehearing brief, U.S. Steel indicates that the cost share for casing and tubing is smaller than these estimates, claiming that these purchasers failed to distinguish between casing and tubing and drill pipe, account for other project costs essential to drilling, and account for the costs of a well over its lifetime. U.S. Steel's prehearing (continued...)

OCTG is 10 to 15 percent, another producer (***) indicated that OCTG makes up from 3 to 5 percent of the cost of drilling, and one importer (***) indicated that Korean OCTG accounts for 5 to 10 percent of the cost of a shallow well.

SUBSTITUTABILITY ISSUES

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

Factors Affecting Purchasing Decisions

Purchasers were asked a variety of questions to determine what factors influence their decisions when buying OCTG. Information obtained from their responses indicates that both quality and price are important factors.

As indicated in table II-1, price was named by nine of 39 responding purchasers as the number one factor generally considered in deciding from whom to purchase OCTG, and as the number two factor by 13 purchasers and the number three factor by 14 other responding purchasers. Also, as indicated in tables II-2 and II-3, all but three of the responding purchasers (***) indicated that price was a “very important” factor in their purchase decisions for tubing and casing and all but one responding purchaser (***) indicated that price was a “very important” factor in their purchase decisions for drill pipe.¹⁹ Twenty-one responding purchasers indicated that the lowest-priced OCTG “sometimes” will win a sale, 17 reported “usually,” two reported “never,” and one reported “always.”²⁰

Quality was named by 16 of the 39 responding purchasers as the number one factor generally considered in deciding from whom to purchase OCTG, and as the number two or number three factor by nine other responding purchasers. All but one responding purchaser indicated that quality meeting industry standards (***) was a “very important” factor in its purchasing decision for casing and tubing and all responding purchasers indicated that quality was a “very important” factor in their purchase decisions for drill pipe. Also, 16 of 39 responding purchasers indicated that quality exceeding industry standards was a “very important” factor. Several purchasers defined the “quality” of OCTG as based on meeting API specifications, ability to handle claims, testing, and acceptance of end users. Also, 36 of 41 responding purchasers reported that they require their suppliers to become certified or pre-qualified for at least some of their purchases.

¹⁸ (...continued)

brief, attachment A, p. 11. However, while reporting purchases of casing and tubing since 2001, neither of these purchasers reported purchasing drill pipe. In its response to question IV-B-10 of the producer questionnaire, U.S. Steel indicated that ***.

¹⁹ However, two of these purchasers (***) and (***) indicated that price was the number two factor generally considered in deciding from whom to purchase OCTG and the *** indicated that it only purchases from one supplier (***) which stocks tubing on its yard because the supplier is the purchaser’s toll threader.

²⁰ *** and *** were the two purchasers that responded "never."

Table II-1**OCTG: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers**

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Quality ¹	16	5	4
Price	9	13	14
Prearranged contracts	3	1	0
Reputation	2	3	0
End user acceptance	2	1	1
Availability ²	2	14	9
Certified	1	2	2
Terms	1	0	1
Traditional supplier	1	0	0
Delivery ³	0	0	5
Other	2	0	4
¹ Includes one instance of "quality meets industry standard", one instance of "meets specs," and one instance of "quality meeting specifications and/or exceeding industry standards" for the number one factor, and one instance of "quality meeting specs" for the number two factor. ² Includes one instance of "availability, consistency of supply" for the number one factor. ³ Includes one instance of "assurance of supply including on time delivery" for the number two factor.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Seven of 41 responding purchasers indicated that since 2001 some domestic or foreign producers failed in their attempts to certify or qualify their OCTG or have lost their approved status. Two purchasers indicated that U.S. producers failed in their attempts to certify or qualify OCTG. ***, ***. Six purchasers indicated that nonsubject producers failed in their attempts to certify or qualify their OCTG and no responding purchasers indicated that subject sources failed in their attempts to certify or qualify their OCTG.

Table II-2
Casing and tubing: Importance of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important ¹	Somewhat important	Not important
Quality meets industry standards ²	37	1	0
Availability	37	2	0
Delivery time	36	3	0
Price	36	3	0
Product consistency	35	3	1
Reliability of supply ²	33	5	0
Delivery terms	21	15	3
Discounts offered	20	16	3
Technical support/service	20	15	3
Product range	18	19	1
Quality exceeds industry standards	16	21	2
Extension of credit	14	10	15
U.S. transportation costs	9	19	11
Minimum quantity requirements	8	26	5
Packaging ²	4	14	21

¹ Includes one response of "important" for delivery time, price, delivery terms, U.S. transportation costs, and packaging.
² Does not include the response of purchaser *** that quality meeting industry standards and reliability of supply are both very and somewhat important.

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

Table II-3**Drill pipe: Importance of factors used in purchasing decisions, as reported by U.S. purchasers**

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	5	0	0
Delivery time	5	0	0
Quality meets industry standards	5	0	0
Reliability of supply	5	0	0
Price	4	1	0
Product consistency	4	1	0
Quality exceeds industry standards	4	1	0
Technical support/service	3	2	0
Delivery terms	2	3	0
Discounts offered	2	3	0
Product range	2	3	0
Minimum quantity requirements	2	2	1
Extension of credit	1	3	1
U.S. transportation costs	0	4	1
Packaging	0	5	0

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

Exxon Mobil indicates that because of long lead-times starting in late 2003 (particularly for sour service grades), it has been forced to accept and use OCTG that, while meeting industry standards, did not always meet its more stringent material specifications.²¹ BP indicates that certain high grade sour service OCTG such as T-95 and C-110 grades were in short supply in early 2004 and continuing at the present time (April 2007) because of the increased number of wells being drilled in harsh conditions requiring this grade of OCTG and the limited capability and capacity of U.S. producers to manufacture this grade of OCTG.²² SEPCo indicates that no U.S. mill or processor is qualified to produce all of SEPCo's proprietary grades, such as C-100 or T-95 sour service OCTG.²³ U.S. Steel indicates that it regularly produces T-95 grade OCTG to API specifications, successfully produced casing to Shell's C-100 specification in 2002, and offers its own C-100 grade, as well as a C-110 grade product that it claims is even stronger than Shell's C-100 grade.²⁴ U.S. Steel also indicated that "while Shell's claims go to whether domestic producers can meet its proprietary specifications, at the hearing Shell's witnesses conceded that over the last 10 years,

²¹ Exxon Mobil's prehearing brief, p. 4.

²² BP's posthearing brief, pp. 1-2.

²³ SEPCo's posthearing brief, addendum D, p. 1.

²⁴ U.S. Steel's posthearing brief, exhibit 1, pp. 3-4.

Shell has regularly waived these requirements.”²⁵ IPSCO and V&M Star indicate that some purchasers such as Shell, Exxon Mobil, and BP have their own requirements for certain grades of OCTG that focus on the most critical well conditions imaginable and are occasionally very difficult to produce.²⁶ However, they indicate that when mills cannot meet the very critical specifications, waivers are often given to the mills and that OCTG purchased are suitable for the actual well conditions.²⁷

All but two responding purchasers indicated that availability was a “very important” factor in their purchasing decisions or casing and tubing and all five responding purchasers indicated that this was the case for drill pipe. While only two of 39 responding purchasers reported that availability was the highest factor in their purchasing decisions, 25 of 39 responding purchasers indicated that availability was one of the three highest factors.

Eighteen of 40 responding purchasers indicated that buying OCTG that is produced in the United States is an important factor in their purchases of OCTG. Many purchasers indicated that lead times and other logistical advantages of domestic product were important factors in their purchases of OCTG. Twelve purchasers indicated that at least some of their purchases of domestic product were required by their customers.

As shown in the tabulation below, 29 of 40 responding purchasers indicated that their firm at least usually makes purchasing decisions for OCTG based on the producer, but only 17 of 40 responding purchasers indicated that they usually make purchasing decisions based on the country of origin of OCTG. Twenty-four of 36 responding purchasers indicated that their customers at least usually base their purchasing decisions based on the producer of OCTG and 12 of 34 responding purchasers reported that their customers at least usually make purchasing decisions based on the country of origin of OCTG.

<u>Purchaser/customer decision</u>	<u>Always</u>	<u>Usually</u>	<u>Sometimes</u>	<u>Never</u>
Purchaser makes decision based on producer	13	16	10	1
Purchaser’s customer makes decision based on producer	3	21	11	1
Purchaser makes decision based on country	4	13	16	7
Purchaser’s customer makes decision based on country	1	11	19	3

Seventeen of 41 responding purchasers indicated that either they or their customers sometimes specifically order OCTG from one country in particular over other possible sources of supply. Nine of these 17 purchasers indicated that at least some of their customers specifically order U.S.-produced OCTG.

Also, 16 of 39 responding purchasers indicated that certain grades/types/sizes of OCTG are available from only a single source. Two purchasers indicated that large diameter pipe is only available from U.S. Steel and another indicated that large diameter pipe is only available from certain sources. Two purchasers (***) indicated certain sour service grades (such as T-95 and C-110) are only available from Japanese mills & U.S. mill V&M Star.

Three of 11 responding producers and five of 22 responding importers indicated that there have been significant changes in the product range, product mix, or marketing (including sales over the internet) of OCTG since 2001. Several producers and importers indicated that there has been more demand for higher grade, higher strength, and sour service pipe. *** and *** indicated that there has been a shift from offshore drilling to onshore drilling. ***.

²⁵ U.S. Steel’s posthearing brief, exhibit 1, pp. 3-4.

²⁶ IPSCO and V&M Star’s posthearing brief, p. A-9.

²⁷ IPSCO and V&M Star’s posthearing brief, p. A-9.

Comparisons of Domestic Products and Subject Imports

As indicated in table II-4, all producer/importers, all or all but one U.S. producer, and at least one-half of responding purchasers reported that casing and tubing produced in the United States and subject countries were “always” used interchangeably. All or all but one responding importer indicated that U.S. casing and tubing imported from subject countries were at least “frequently” used interchangeably.

As indicated in table II-5, all but one responding producer reported that differences other than price between casing and tubing produced in the United States and subject countries were “never” a significant factor in their firm’s sales of the products. At least one-half of responding importers and producer/importers indicated that differences other than price between casing and tubing produced in the United States and subject countries were either “sometimes” or “never” a significant factor in their firm’s sales of the products. Purchasers were also asked to compare casing and tubing produced in the United States and subject countries on the basis of different purchasing factors (see table II-6).

As indicated in table II-7, two of three responding producers, five of six responding importers, all three responding producer/importers, and four of six responding purchasers indicated that drill pipe produced in the United States and Japan were “always” used interchangeably. All of the remaining responding producers, importers, and purchasers indicated that drill pipe produced in the United States and Japan were “frequently” used interchangeably. As indicated in table II-8, one of two responding producers, three of five responding importers, and two of three responding purchasers reported that differences other than price between drill pipe produced in the United States and Japan were “never” a significant factor in their firm’s sales of the products. Purchasers were also asked to compare drill pipe produced in the United States and subject countries on the basis of different purchasing factors (see table II-9).

Comparisons of Domestic Products and Nonsubject Imports

Three of five responding producers, three of 13 responding importers, three of four responding producer/importers, and 14 of 23 responding purchasers reported that casing and tubing produced in the United States and nonsubject countries were “always” used interchangeably. Four of five responding producers, nine of 13 responding importers, all four responding producer/importers, and 20 of 23 responding purchasers indicated that casing and tubing produced in the United States and nonsubject countries were at least “frequently” used interchangeably. All four responding producers, eight of 13 responding importers, and two of three responding producer/importers reported that differences other than price between casing and tubing produced in the United States and nonsubject countries were at most “sometimes” a significant factor in their firm’s sales of the products.

Two of four responding importers, all three responding producer/importers, and three of four responding purchasers reported that drill pipe produced in the United States and nonsubject countries were “always” used interchangeably. All responding producers and importers one responding producer/importer reported that differences other than price between drill pipe produced in the United States and nonsubject countries were at most “sometimes” a significant factor in their firm’s sales of the products.

Table II-4

Casing and tubing: U.S. firms' perceived degree of interchangeability of products produced in the United States, Argentina, Italy, Japan, Korea, Mexico, and nonsubject countries¹

Country comparison	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. producer/importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N	A	F	S	A
U.S. vs. Argentina	5	0	0	0	7	5	1	0	4	0	0	0	17	6	2	0
U.S. vs. Italy	5	1	0	0	7	6	0	0	4	0	0	0	17	6	3	0
U.S. vs. Japan	5	1	0	0	8	4	1	0	4	0	0	0	17	7	2	0
U.S. vs. Korea	5	0	0	0	3	7	1	0	4	0	0	0	13	8	3	0
U.S. vs. Mexico	5	0	0	0	6	5	1	0	4	0	0	0	16	5	4	0
U.S. vs. nonsubject	3	1	1	0	3	6	4	0	3	1	0	0	14	6	3	0
Argentina vs. Italy	4	0	0	0	8	5	0	0	4	0	0	0	16	6	2	0
Argentina vs. Japan	4	0	0	0	7	5	1	0	4	0	0	0	15	6	2	0
Argentina vs. Korea	4	0	0	0	3	7	1	0	4	0	0	0	12	6	3	0
Argentina vs. Mexico	4	0	0	0	7	4	1	0	4	0	0	0	15	6	2	0
Argentina vs. nonsubject	3	1	0	0	2	6	3	0	3	1	0	0	12	5	1	0
Italy vs. Japan	4	0	0	0	7	5	1	0	4	0	0	0	14	5	2	0
Italy vs. Korea	4	0	0	0	3	7	1	0	4	0	0	0	11	5	3	0
Italy vs. Mexico	4	0	0	0	7	5	0	0	4	0	0	0	13	6	1	0
Italy vs. nonsubject	3	1	0	0	2	6	3	0	3	1	0	0	11	5	1	0
Japan vs. Korea	4	0	0	0	3	6	2	0	4	0	0	0	12	5	3	0
Japan vs. Mexico	4	0	0	0	6	4	2	0	4	0	0	0	14	5	2	0
Japan vs. nonsubject	3	1	0	0	2	5	4	0	3	1	0	0	12	4	2	0
Korea vs. Mexico	4	0	0	0	5	5	2	0	4	0	0	0	13	5	2	0
Korea vs. nonsubject	3	1	0	0	2	6	3	0	3	1	0	0	12	5	1	0
Mexico vs. nonsubject	3	1	0	0	2	6	3	0	3	1	0	0	11	4	2	0

¹ Producers, importers, and purchasers were asked if casing and tubing produced in the United States and in other countries is used interchangeably.

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

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

Table II-5

Casing and tubing: Perceived significance of differences other than price between products produced in the United States, Argentina, Italy, Japan, Korea, Mexico and nonsubject countries¹

Country comparison	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. producer/importers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Argentina	1	0	0	4	0	1	4	3	1	0	1	1
U.S. vs. Italy	1	0	0	4	0	1	4	3	1	0	1	1
U.S. vs. Japan	1	0	0	4	0	3	4	3	1	0	1	1
U.S. vs. Korea	1	0	0	4	0	2	2	3	1	0	0	2
U.S. vs. Mexico	1	0	0	4	0	1	4	3	1	0	1	1
U.S. vs. nonsubject	0	0	1	3	1	2	5	3	1	0	1	1
Argentina vs. Italy	0	0	0	4	0	1	2	5	1	0	0	2
Argentina vs. Japan	0	0	0	4	0	2	2	5	1	0	0	2
Argentina vs. Korea	0	0	0	4	0	2	3	2	1	0	1	1
Argentina vs. Mexico	0	0	0	4	0	1	2	5	1	0	0	2
Argentina vs. nonsubject	0	0	1	3	1	1	4	2	1	0	1	1
Italy vs. Japan	0	0	0	4	0	2	2	5	1	0	0	2
Italy vs. Korea	0	0	0	4	0	2	3	2	1	0	1	1
Italy vs. Mexico	0	0	0	4	0	1	2	5	1	0	0	2
Italy vs. nonsubject	0	0	1	3	1	1	4	2	1	0	1	1
Japan vs. Korea	0	0	0	4	0	3	3	2	1	0	1	1
Japan vs. Mexico	0	0	0	4	0	2	3	4	1	0	1	1
Japan vs. nonsubject	0	0	1	3	1	2	4	2	1	0	1	1
Korea vs. Mexico	0	0	0	4	0	2	3	3	1	0	1	1
Korea vs. nonsubject	0	0	1	3	1	2	3	2	1	0	1	1
Mexico vs. nonsubject	0	0	1	3	1	1	4	2	1	0	1	1

¹ Producers and importers were asked if differences other than price between casing and tubing produced in the United States and in other countries were a significant factor in their sales of the products.

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

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

Table II-6

Casing and tubing: Purchasers' comparisons of domestic and subject products

Factor	U.S. vs. Italy			U.S. vs. Japan			U.S. vs. Korea			U.S. vs. Mexico		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	1	0	0	0	1	1	2	2	0	1	0	0
Delivery terms	0	1	0	0	3	0	0	4	0	0	1	0
Delivery time	1	0	0	2	0	1	3	0	1	1	0	0
Discounts offered	0	1	0	0	3	0	0	4	0	0	1	0
Extension of credit	0	1	0	0	3	0	0	4	0	0	1	0
Lower price	0	1	0	1	2	0	1	1	2	0	0	1
Lower transport costs	1	0	0	1	2	0	0	3	1	0	1	0
Min quantity requirements	0	1	0	0	1	2	0	3	1	0	1	0
Packaging	0	1	0	1	2	0	0	4	0	0	1	0
Product consistency	0	1	0	1	0	2	1	3	0	0	1	0
Product range	0	1	0	0	1	2	1	2	1	1	0	0
Quality exceeds industry standards	0	1	0	1	0	2	1	3	0	1	0	0
Quality meets industry standards	0	1	0	0	3	0	0	4	0	1	0	0
Reliability of supply	0	1	0	0	2	1	1	3	0	1	0	0
Technical support	0	1	0	0	1	2	1	2	1	1	0	0

Note.—S = domestic product superior, C = domestic product comparable, I = domestic product inferior. Does not include response of “***”.

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

Table II-7

Drill pipe: U.S. firms' perceived degree of interchangeability of products produced in the United States, Japan, and nonsubject countries¹

Country comparison	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. producer/importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Japan	2	1	0	0	5	1	0	0	3	0	0	0	4	2	0	0
U.S. vs. nonsubject	1	1	1	0	2	1	1	0	3	0	0	0	3	1	0	0
Japan vs. nonsubject	0	1	0	0	3	1	0	0	3	0	0	0	4	0	0	0

¹ Producers, importers, and purchasers were asked if drill pipe produced in the United States and in other countries is used interchangeably.

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

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

Table II-8

Drill pipe: Perceived significance of differences other than price between products produced in the United States, Japan, and nonsubject countries¹

Country comparison	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. producer/importers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Japan	1	0	0	1	0	1	1	3	1	0	0	2
U.S. vs. nonsubject	1	0	1	0	0	0	3	1	1	0	0	1
Japan vs. nonsubject	0	0	1	0	0	0	2	1	1	0	0	1

¹ Producers and importers were asked if differences other than price between drill pipe produced in the United States and in other countries were a significant factor in their sales of the products.

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

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

Table II-9
Drill pipe: Purchasers' comparisons of domestic and subject products

Factor	U.S. vs. Japan		
	S	C	I
Availability	0	2	1
Delivery terms	1	2	0
Delivery time	1	2	0
Discounts offered	0	3	0
Ext of credit	0	2	1
Lower price	0	1	2
Lower transport costs	1	1	1
Min quantity requirements	0	3	0
Packaging	0	3	0
Product consistency	0	3	0
Product range	0	3	0
Quality exceeds industry standards	0	3	0
Quality meets industry standards	0	3	0
Reliability of supply	1	2	0
Technical support	0	3	0
Note.—S = domestic product superior, C = domestic product comparable, I = domestic product inferior.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Comparisons of Subject Imports and Nonsubject Imports

Three of four responding producers, three of four responding producer/importers, and at least one-half of responding purchasers reported that casing and tubing produced in the subject and nonsubject countries were “always” used interchangeably. At least one-half of responding importers indicated that casing and tubing produced in the subject and nonsubject countries were at least “frequently” used interchangeably. All four responding producers, over one-half of responding importers, and two of three responding producer/importers reported that differences other than price between casing and tubing produced in the subject and nonsubject countries were at most “sometimes” a significant factor in their firm’s sales of the products.

Three of four responding importers, all three responding producer/importers, and all four responding purchasers reported that drill pipe produced in Japan and nonsubject countries were “always” used interchangeably. All responding producers and importers and one of two responding producer/importers reported that differences other than price between drill pipe produced in the subject and subject countries were at most “sometimes” a significant factor in their firm’s sales of the products.

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for OCTG measures the sensitivity of the quantity supplied by U.S. producers to a change in the U.S. market price of OCTG. 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 the production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced OCTG.²⁸

Analysis of these factors earlier indicates that the U.S. industry has a moderate ability to increase or decrease shipments to the U.S. market given a change in price levels. Staff estimates that the supply elasticity is between 3 and 6 for casing and tubing and also drill pipe. U.S. Steel contends that the supply elasticity for casing and tubing is likely to be the lower bound of this range because of what it characterizes as the "lumpiness of expanding capacity utilization and U.S. producer caution in light of the surge of non-subject Chinese imports."²⁹

U.S. Demand Elasticity

The U.S. demand elasticity for OCTG measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of OCTG. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of OCTG in the production of downstream products. Based on available information, the demand elasticity for OCTG is likely to be in the range of -0.25 to -0.50 for casing and tubing and also drill pipe. U.S. Steel contends that the U.S. demand elasticity for casing and tubing is likely to be at the bottom end of this range because of what it characterizes as the "lack of significant observed substitution" and the belief that the cost share of casing and tubing in extraction of oil gas is lower than reported in purchaser questionnaire responses.³⁰

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.³¹ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, surfaces, coil sizes) and conditions of sale (e.g., service, availability, delivery).

U.S. Steel suggests that the mid-point elasticity of substitution between U.S.-produced casing and tubing and subject imported casing tubing is 8, while the elasticity of substitution between U.S.-produced casing and tubing and nonsubject imports and between subject imports and nonsubject imports is 2.³² They claim that casing and tubing produced in subject countries is highly substitutable with U.S.-produced

²⁸ Domestic supply response is assumed to be symmetrical for both an increase and a decrease in demand for the domestic product. Therefore, factors affecting increased quantity supplied to the U.S. market also affect decreased quantity supplied to the same extent.

²⁹ U.S. Steel's prehearing brief, exhibit 1, p. 9. However, U.S. Steel indicated that the import supply elasticity for both subject and nonsubject imports is very high because of what they characterized as ***. U.S. Steel's prehearing brief, exhibit 1, p. 14.

³⁰ See the "cost share" section for a further discussion.

³¹ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and U.S. domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject product (or vice versa) when prices change.

³² U.S. Steel's prehearing brief, exhibit 1, p. 12.

casing and tubing since purchasers expect consistency of quality, reliability of supply, technical service and support, delivery time, and product consistency and that purchasers are very sensitive to liability concerns.³³ U.S. Steel claims that nonsubject imports include a large share of Chinese OCTG that is perceived as less substitutable and that Chinese imports compete mostly with welded commodity products and that the liability concerns of certain end users have also contributed to their lack of substitutability.³⁴

However, in 2006 about 56 percent of nonsubject imports came from countries other than China and nonsubject imports from other countries made up a larger annual share of nonsubject imports between 2001 and 2005. Also, the number of firms indicating U.S.-produced casing and tubing and nonsubject imports were “always” interchangeable or that differences other than price were “never” a significant factor was typically only slightly lower (and in some cases the same or higher) than the number that indicated that this was true for U.S.-produced casing and tubing and subject imports.³⁵ Therefore based on this and other available information, the elasticity of substitution between U.S.-produced OCTG and subject imported OCTG is likely to be in the range of 3 to 5 assumed in the prehearing report for casing and tubing and also drill pipe and that the elasticities of substitution between U.S.-produced OCTG and nonsubject imports and between subject imports and nonsubject imports are likely to be in the same range.³⁶

Finally, in its prehearing brief, U.S. Steel estimates that the impact of subject imports increasing their market share to 10 percent would decrease the unit value and volume of U.S.-produced casing and tubing by *** percent to *** percent and *** percent to *** percent respectively, depending on the base year used.³⁷ U.S. Steel’s analysis assumes that casing and tubing produced in the United States and subject countries is much more substitutable with each other than with casing and tubing produced in nonsubject countries and that elasticities for aggregate demand and U.S. supply are at the lower endpoints of the estimates provided in the prehearing staff report.³⁸ The analysis depends on these elasticity assumptions and further assumes that market share for subject imports increases to 10 percent as a result of revocation of the order and does not consider the impact if revocation of the orders resulted in a smaller or larger market share for subject imports.

³³ U.S. Steel’s prehearing brief, exhibit 1, pp. 12-13.

³⁴ Ibid.

³⁵ ***.

³⁶ Additionally, the elasticities of substitution between U.S.-produced OCTG and nonsubject imports and between subject imports and nonsubject imports are likely to be in the same range.

³⁷ U.S. Steel’s prehearing brief, exhibit 1, table 1.

³⁸ U.S. Steel’s prehearing brief, exhibit 1. U.S. Steel’s elasticity assumption are discussed further above. U.S. Steel uses a “nested” Armington model that allows for the substitution elasticity to vary between different sources by assuming that the choice of source is sequential compared with an Armington model with only one nest that assume that the substitution elasticity is the same between all sources.

PART III: CONDITION OF THE U.S. INDUSTRY

Information in this part of the report is based upon the questionnaire responses (except where noted) of nine producers with one or mills and/or auxiliary facilities and six processors (believed to account for the nearly all of U.S. production of OCTG in 2006); secondary research; and background information provided by two additional mills and one processor. Table III-1 presents important industry events during 2000-07.

Table III-1
OCTG: Important industry events, 2000-07

Year	Company	Description of event (merger, shutdown, bankruptcy, change in capacity)
2000	Maverick	Acquisition: Maverick acquires Prudential Steel (Canada).
	Lone Star	Acquisition: Lone Star acquires Belleville Tube Corporation, \$*** in March 2000.
	LTV	Bankruptcy: Files for Chapter 11 bankruptcy protection.
2001	U.S. Steel	Upgrade: (2001-03), Installation of new heat treat facility at Lorain, OH, plant for tubes with OD up to 24".
2002	IPSCO	Upgrade: \$*** upgrade of heat treatment/processing at Camanche, IA, as well as upsetting and threading at Hickman, AR.
	Lone Star	Acquisition & upgrade: 2002-06, \$*** to purchase and upgrade Delta Tubular Processors, Delta Casing International, and Formex heat treatment facilities.
	LTV	Bought out: ISG purchases assets of LTV.
	U.S. Steel	Upgrade: 2002-06, \$*** upgrades of seamless OCTG line.
	V&M Tubes (France)	Acquisition: V & M acquires North Star Steel Co.
	Maverick	Upgrade: 2002-06, \$*** upgrading of heat treatment facilities, with a production increase of *** percent.
	Maverick	Acquisition: Maverick purchases LTV tube and pipe production facilities including OCTG lines in Counce, OH (164,000 tons), and Youngstown, OH, which is subsequently closed and sold to Jindal Steel (India) in 2003.
	NS Group	Upgrade: 2002-06, \$*** capital improvement at Koppel, PA,\$*** upgrade, increasing Koppel production ***; upgrade at Erlanger heat treatment facilities.
2003	Lone Star	Acquisition: Lone Star acquires and upgrades Delta Tubular Processing (\$***) in May 2003; Lone Star acquired Frank's Tubular International (\$***) in June 2003; Lone Star enters into agreement with U.S. Steel for Delta to continue to finish U.S. Steel's tubing.
	Villacero Group (Mexico)	Acquisition: Villacero completes the purchase and becomes the sole owner of Tex-Tube Co. (A minor producer of casing and tubing).
	Rocky Mountain (Oregon Steel)	Shutdown: Rocky Mountain idles Pueblo, CO, facility due to market conditions.
2004	NS Group	Upgrade: Koppel Steel upgrades reheat facility.
2005	V & M Tubes (France)	Acquisition: V & M Tubes acquires drill pipe processor OMSCO.
	Rocky Mountain (Oregon Steel)	Restart: Oregon Steel restarts Rocky Mountain (Pueblo, CO), with investment from \$*** before start-up.

Table continued on the following page.

Table III-1—Continued
OCTG: Important industry events, 2000-07

Year	Company	Description of event (merger, shutdown, bankruptcy, change in capacity)
2006	IPSCO (Canada)	Merger: IPSCO completes merger with NS Steel (Newport, KY) in December 2006 (\$1.46 billion).
	Lone Star (Houston)	Joint ventures: Lone Star forms a joint venture with Grupo Peixoto de Castro (Brazil) to produce finished welded oilfield tubular products in Brazil. Acquisition: Lone Star acquires a 50-percent ownership stake in Apolo Mecanica e Estruturas LTDA, an oilfield tubular products facility in southeastern Brazil that is operated by Apolo, for approximately \$42 million. Acquisition: Lone Star increased its equity holding in Chinese steel makers Hunan Valin Steel Tube & Wire Co. and Hengyang Valin MPM Steel Tube Co.
	Tenaris (Luxembourg)	Merger: Tenaris, a producer of seamless OCTG, merges with Maverick in October 2006 (\$3.2 billion).
2007	Rocky Mountain (Oregon Steel)	Acquisition: Evraz Group S.A. (Russia) purchases Oregon Steel Mills Inc. (\$2.3 billion)
	Tenaris	Acquisition: Tenaris purchases Houston-based Hydril Co. (\$2 billion).
	U.S. Steel	Acquisition: U.S. Steel is expected to complete a purchase of Lone Star (for \$2.1 billion) in the second or third quarter of 2007.
	IPSCO	Upgrade: IPSCO Inc. announces the construction of a \$*** OCTG heat treat facility adjacent to its Blytheville, Arkansas pipe mill. Commercial production is expected in the third quarter of 2007. Merger activity: SSAB is purchasing IPSCO for \$160 per share, or an approximate value of \$7.7 billion.

Sources: *Preston Pipe and Tube Reports*, several issues; SBB Daily Briefing, Global Edition - May 4, 2007: "SSAB to Purchase IPSCO for \$7.7bn Cash;" Press Releases from Strasburger & Price, LLP: "Lone Star Technologies, Inc. Completes Purchase of Bellville Tube Corporation's Assets," and "Strasburger Represents Lone Star Technologies in Two Strategic Announcements;" companies' financial reports; and staff telephone interviews.

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Casing, Tubing, and Drill Pipe Operations

Ten companies operating 16 mills and auxiliary facilities provided the Commission with data or otherwise supplied the Commission with information regarding their casing and tubing mill operations,¹ as did five processors (four of which maintain tolling operations and one of which maintains both toll and non-toll operations).² Similarly, three mills (two of which also produce casing and tubing) provided the Commission with data or otherwise supplied the Commission with information regarding their drill pipe operations,³ as did four processors (two of which maintain tolling operations and two of which maintain non-toll operations).⁴ The data collected by the Commission are believed to represent all or virtually all casing, tubing, and drill pipe mill operations in the United States, as well as the large majority of toll and non-toll processing of casing, tubing, and drill pipe.

¹ IPSCO, IPSCO/Koppel, IPSCO/Newport, Lone Star, Maverick, Paragon, RMSM, Stupp, U.S. Steel, and V&M Star ***; Tex-Tube ***; and Camp Hill ***.

² TCA ***; Delta Tubular Processing, Texas Steel Conversion, and Tubular Services ***; and Tejas Tubular ***.

³ IPSCO/Koppel, Timken, and U.S. Steel ***.

⁴ Grant Prideco and OMSCO ***; Texas Steel Conversion ***; and Tejas Tubular ***.

U.S. mills' and processors' production and capacity data for casing and tubing are presented in table III-2, and data for drill pipe are presented in table III-3. Mill capacity for casing and tubing rose by 11 percent during 2001-06 as production increased by 32 percent.⁵ The single reporting non-toll processor of casing and tubing saw its capacity decrease by nearly *** percent while production dropped by about *** percent. Tollers reported that capacity for casing and tubing increased by *** percent from 2001-06.

Casing and tubing mill capacity increased from 3.8 million short tons in 2001 to 4.3 million short tons in 2006. Mill production fell from 2.2 million short tons in 2001 to 1.7 million short tons in 2002, then rose to 2.9 million short tons in 2005 and 3.0 million short tons 2006. TCA's casing and tubing processing capacity increased from *** tons in 2001 to *** tons in 2004 before slipping to *** in 2006. The company's processing fluctuated from *** tons in 2001 to a low of *** tons in 2003, then fluctuated at higher levels, reaching *** tons in 2006. Toll processing capacity increased by *** short tons between 2001 and 2006, while production rose by *** short tons.⁶

Table III-2
Casing and tubing: U.S. producers' capacity, production, and capacity utilization, 2001-06

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Mills:						
Capacity (<i>short tons</i>)	3,830,204	3,796,887	4,135,629	4,068,584	4,346,569	4,264,870
Production (<i>short tons</i>)	2,243,266	1,718,955	2,322,681	2,596,643	2,940,098	2,960,616
Capacity utilization (<i>percent</i>)	58.6	45.3	56.2	63.8	67.6	69.4
Nontoll processor:						
Capacity (<i>short tons</i>)	***	***	***	***	***	***
Production (<i>short tons</i>)	***	***	***	***	***	***
Capacity utilization (<i>percent</i>)	***	***	***	***	***	***
Toll processors:						
Capacity (<i>short tons</i>)	***	***	***	***	***	***
Production (<i>short tons</i>)	***	***	***	***	***	***
Capacity utilization (<i>percent</i>)	***	***	***	***	***	***

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

⁵ During this period, capacity at most mills fluctuated moderately while production increased. Overall, *** accounted for much of the growth in capacity, while *** accounted for the largest portion of production growth.

⁶ U.S. mills IPSCO, Lone Star, V&M, U.S. Steel, and Maverick submitted data indicating that their production of casing and tubing totaled *** short tons in the first quarter of 2007, *** percent lower than in the first quarter of 2006. Posthearing Brief on Behalf of IPSCO Tubulars Inc., Lone Star Steel Company, Tubular Corporation of America, IPSCO Koppel Tubulars Corp., IPSCO Tubulars (Kentucky) Inc., and V&M Star ("IPSCO et. al."), exhibit 10; Posthearing Brief of United States Steel Corporation, appendix 23; and submission on behalf of Maverick, May 21, 2007. Non-toll processor TCA indicated that it produced *** short tons in the first quarter of 2007, *** percent *** than in the first quarter of 2006. Posthearing Brief on Behalf of IPSCO et. al., exhibit 10.

Table III-3
Drill pipe: U.S. producers' capacity, production, and capacity utilization, 2001-06

* * * * *

Mill drill pipe capacity initially fell from *** short tons in 2001 to a low of *** short tons in 2002, a decline of *** percent.⁷ After 2002, rising prices for natural gas and petroleum products, both domestically and internationally, caused drilling activity to increase. The ensuing increase in demand for drill pipe was accompanied by an increase in mill capacity of *** percent during 2002-06. Mill production of drill pipe followed a similar, if more pronounced, pattern as capacity during 2001-06, initially declining from *** short tons in 2000 to *** short tons in 2002, and then increasing by *** percent during 2002-06. Capacity utilization in mills also increased from *** percent in 2001 to *** percent in 2006. Processor drill pipe capacity *** during 2001-05, before increasing by *** percent during 2005-06. Production of drill pipe by processors from 2001 to 2006 increased by *** percent. Three of the five reporting firms noted capital investments to increase capacity at production facilities; one, ***, noted a *** of drill pipe capacity related to “***.”⁸

U.S. producers reported no production of OCTG that is intentionally produced to non-API standards or production of casing, tubing, or drill pipe containing 10.5 percent or more (by weight) of chromium.

The following tabulation presents data on U.S. producers' production of sour service casing and tubing that meets or exceeds API T95 or C100 standards in short tons and \$1,000. Sour service OCTG, both casing and tubing, as well as drill pipe, is designed for severe environments, particularly those with higher resistance to sulfide stress corrosion cracking.^{9 10}

Item	2001	2002	2003	2004	2005	2006
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	\$***	\$***	\$***	\$***	\$***	\$***

The tabulation below presents data on U.S. producers' production of heavyweight drill pipe. Heavyweight drill pipe is a distinctive form of drill pipe intended primarily for directional drilling. Heavyweight drill pipe is produced in the United States by Timken¹¹ (in its unfinished form) and by Grant Prideco and OMSCO (in its finished form).

⁷ Compiled from data submitted in response to Commission questionnaires. Because *** was unable to compile historic data, mill drill pipe volumes are *** understated in 2001 and 2002.

⁸ Tollers reported ***. Reported toll production for OCTG drill pipe increased by *** percent from 2001-06.

⁹ “Products and Services for the Oil and Gas Industry ,” a Tenaris brochure describing various oilfield services: <http://www.tenaris.com/archivos/documents/2003/530.pdf>, retrieved on March 14, 2007.

¹⁰ Domestic producers maintain that they currently produce, and are adding enough specialized treatment capacity to satisfy almost all of the demand for sour service and other specialized OCTG requirements of the oil and gas industry, the exception amounting to “*** tons.” Posthearing Brief on Behalf of IPSCO et. al., pp. A-13 - A-15. Shell Exploration and Production Co. (SEPCo) agrees that the most demanding sour service OCTG-proprietary grade products are consumed in relatively small amounts, but identifies several projects for which no U.S. producer is qualified by SEPCo to supply the required sour service/premium OCTG. Posthearing brief of SEPCo, pp. 6 and 9.

¹¹ *** was unable to provide 2001 and 2002 data.

Timken

Item	2001	2002	2003	2004	2005	2006
<i>Quantity</i>	***	***	***	***	***	***
<i>Value</i>	***	***	***	***	***	***
<i>Unit value</i>	***	***	\$***	\$***	\$***	\$***

Grant Prideco and OMSCO

Item	2001	2002	2003	2004	2005	2006
<i>Quantity</i>	***	***	***	***	***	***
<i>Value</i>	***	***	***	***	***	***
<i>Unit value</i>	\$***	\$***	\$***	\$***	\$***	\$***

Alternative Products

Table III-4 shows capacity and production of other products produced on the same machinery and equipment as is used for the production of casing and tubing and table III-5 presents similar data for drill pipe. Of the welded pipe and tubing produced on shared equipment in 2006, approximately 62 percent was oil/gas well casings and nearly 28 percent was standard/line/pressure pipe. The remaining welded products were oil/gas well tubing, mechanical tubing, and other; pressure tubing was not reported as being produced on these lines. Approximately one-half of the reported seamless production was oil/gas well casing and slightly more than one-fifth was standard/line/pressure pipe. The remaining seamless products were mechanical tubing, oil/gas well tubing, drill pipe, pressure pipe, and other.

Reporting non-toll processors produced only seamless drill pipe and seamless oil/gas well casing on shared equipment. Of that, they produced *** oil/gas well casing and *** drill pipe.

Contains Business Proprietary Information

**Table III-4
OCTG: Reporting mills' capacity and production of other products on same equipment/machinery,
2001-06**

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Capacity:						
Welded pipe & tubing	3,485,000	3,485,000	3,485,000	3,485,000	3,512,000	3,521,000
Seamless pipe & tubing	2,266,000	2,266,000	2,762,822	2,812,736	2,880,136	2,912,349
Total	5,751,000	5,751,000	6,247,822	6,297,736	6,392,136	6,433,349
Production (welded):						
Oil/gas well casing	***	***	***	***	***	***
Oil/gas well tubing	***	***	***	***	***	***
Standard/line/pressure pipe	***	***	***	***	***	***
Pressure tubing	***	***	***	***	***	***
Mechanical tubing	***	***	***	***	***	***
Other	***	***	***	***	***	***
Total welded	1,745,003	1,578,162	1,905,440	1,999,029	2,164,227	2,353,505
Production (seamless):						
Oil/gas well casing	***	***	***	***	***	***
Oil/gas well tubing	***	***	***	***	***	***
Drill pipe	***	***	***	***	***	***
Standard/line/pressure pipe	***	***	***	***	***	***
Pressure tubing	***	***	***	***	***	***
Mechanical tubing	***	***	***	***	***	***
Other	***	***	***	***	***	***
Total seamless	1,592,133	1,216,986	1,683,791	2,072,708	2,216,888	2,170,546
Capacity utilization (percent)						
Welded pipe & tubing	50.1	45.3	54.7	57.4	61.6	66.8
Seamless pipe and tubing	70.3	53.7	60.9	73.7	77.0	74.5
Source: Compiled from data submitted in response to Commission questionnaires.						

U.S. PRODUCERS' DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS

Table III-6 presents data on reporting mills' U.S. domestic shipments, and export shipments of casing and tubing and table III-7 presents data of reporting non-toll processors. Table III-8 presents such data for reporting drill pipe mills and table III-9 for reporting non-toll processors.¹²

None of the firms reported any internal consumption or company transfers of either product. U.S. casing and tubing mills' shipments increased by 33 percent while processors' shipments decreased *** percent during 2001-06. Domestic drill pipe shipments from mills increased *** percent during 2001-06, while processors' domestic shipments increased *** percent.^{13 14}

Reported exports of U.S. producers of casing and tubing accounted for *** percent of total shipments during 2001-06, ***. Exports of drill pipe accounted for *** percent of total drill pipe shipments, of which less than *** percent were from mills during 2001-06.^{15 16}

U.S. producers' exports of casing and tubing increased by *** percent during 2001-06, the majority of which were accounted for by mills. U.S. producers' exports of drill pipe increased *** percent during 2001-06, and were primarily from processors (*** percent). ***, accounted for the bulk of casing and tubing exports; ***, accounted for the bulk of drill pipe exports. The primary export markets for OCTG were ***.¹⁷

¹² Data for toll processors, which capture their sale of processing services, are presented in appendix C.

¹³ U.S. mills IPSCO, Lone Star, V&M, U.S. Steel, and Maverick submitted data indicating that their U.S. shipments of casing and tubing totaled *** short tons in the first quarter of 2007, *** percent lower than in the first quarter of 2006, with average unit values of \$***, *** percent lower than in the first quarter of 2006. Posthearing Brief on Behalf of IPSCO et. al., exhibit 10; Posthearing Brief of United States Steel Corporation, appendix 23; and submission on behalf of Maverick, May 21, 2007. Non-toll processor TCA indicated that generated *** short tons of U.S. shipments in the first quarter of 2007, *** percent *** than in the first quarter of 2006, but that its average unit values were *** percent *** at \$*** per short ton. Posthearing Brief on Behalf of IPSCO et. al., exhibit 10.

¹⁴ Toll processors reported shipments of OCTG casing and tubing increased by *** percent from 2001-06. Reported toll shipments of OCTG drill pipe increased by *** percent from 2001-06. See tables C-3 and C-4.

¹⁵ U.S. mills IPSCO, Lone Star, V&M, U.S. Steel, and Maverick submitted data indicating that their export shipments of casing and tubing totaled *** short tons in the first quarter of 2007, *** percent lower than in the first quarter of 2006, with average unit values of \$***, *** percent higher than in the first quarter of 2006. Posthearing Brief on Behalf of IPSCO et. al., exhibit 10; Posthearing Brief of United States Steel Corporation, appendix 23; and submission on behalf of Maverick, May 21, 2007. Non-toll processor TCA ***. Posthearing Brief on Behalf of IPSCO et. al., exhibit 10.

¹⁶ Tollers reported exports of OCTG casing and tubing increased from *** short tons in 2001 to *** short tons in 2006. There were *** of tolled OCTG drill pipe from 2001-06. See tables C-3 and C-4.

¹⁷ Responses to Commission's questionnaire.

Table III-6
Casing and tubing: U.S. mills' shipments, by types, 2001-06

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Commercial shipments	2,064,563	1,572,592	2,107,724	2,465,952	2,664,581	2,747,087
Internal shipments	0	0	0	0	0	0
Transfers to related firms	0	0	0	0	0	0
U.S. shipments	2,064,563	1,572,592	2,107,724	2,465,952	2,664,581	2,747,087
Export shipments	202,550	148,722	242,257	173,530	238,882	274,031
Total	2,267,113	1,721,314	2,349,981	2,639,482	2,903,463	3,021,118
Value (1,000 dollars)						
Commercial shipments	1,433,605	1,006,490	1,318,560	2,405,026	3,614,660	3,950,390
Internal shipments	0	0	0	0	0	0
Transfers to related firms	0	0	0	0	0	0
U.S. shipments	1,433,605	1,006,490	1,318,560	2,405,026	3,614,660	3,950,390
Export shipments	143,569	100,114	157,380	161,104	320,838	370,803
Total	1,577,174	1,106,604	1,475,940	2,566,130	3,935,498	4,321,193
Unit value (per short ton)						
Commercial shipments	\$694	\$640	\$626	\$975	\$1,357	\$1,438
Internal shipments	(¹)					
Transfers to related firms	(¹)					
U.S. shipments	694	640	626	975	1,357	1,438
Export shipments	709	673	650	928	1,343	1,353
Average	696	643	628	972	1,355	1,430
Share of shipment quantity (percent)						
Commercial shipments	91.1	91.4	89.7	93.4	91.8	90.9
Internal shipments	0.0	0.0	0.0	0.0	0.0	0.0
Transfers to related firms	0.0	0.0	0.0	0.0	0.0	0.0
U.S. shipments	91.1	91.4	89.7	93.4	91.8	90.9
Export shipments	8.9	8.6	10.3	6.6	8.2	9.1
Average	100.0	100.0	100.0	100.0	100.0	100.0
¹ Not applicable.						
Source: Compiled from data submitted in response to Commission questionnaires.						

**Table III-7
Casing and tubing: U.S. non-toll processors' shipments, by types, 2001-06**

* * * * *

**Table III-8
Drill pipe: U.S. mills' shipments, by types, 2001-06**

* * * * *

**Table III-9
Drill pipe: U.S. non-toll processors' shipments, by types, 2001-06**

* * * * *

U.S. PRODUCERS' INVENTORIES

U.S. inventories of casing and tubing held by producers are presented in table III-10, and table III-11 presents such data for drill pipe.^{18 19} No data are shown for toll processors, as product awaiting shipment is owned by the tollee rather than the toller.

Distributors also hold inventories of U.S. produced casing and tubing. According to ***, total U.S. OCTG inventory including both those held by distributors and producers during first quarter 2007 *** percent from the fourth quarter 2006, but increased by *** percent compared to first quarter 2006.²⁰ A second source indicates that the months of available inventory have increased steadily during December 2004 through March 2007, from *** months to *** months.²¹

U.S. PRODUCERS' IMPORTS

Four producers reported imports of casing and tubing or drill pipe during 2001-06 all from nonsubject countries (tabulation below). Grant Prideco imported *** of all the drill pipe imported during 2001-06 from Voest Alpine, its Austrian affiliate.

* * * * *

¹⁸ U.S. mills IPSCO, Lone Star, V&M, U.S. Steel, and Maverick submitted data indicating that their U.S. inventories of casing and tubing totaled *** short tons in the first quarter of 2007, *** percent lower than in the first quarter of 2006. Posthearing Brief on Behalf of IPSCO et. al., exhibit 10; Posthearing Brief of United States Steel Corporation, appendix 23; and submission on behalf of Maverick, May 21, 2007. Non-toll processor TCA indicated that it held inventories of *** short tons of casing and tubing in the first quarter of 2007, *** percent *** than in the first quarter of 2006. Posthearing Brief on Behalf of IPSCO et. al., exhibit 10.

¹⁹ Tollers reported *** inventories of OCTG casing and tubing or drill pipe. See tables C-3 and C-4.

²⁰ Posthearing Brief on Behalf of IPSCO et. al., exhibit 7.

²¹ According to ***. Posthearing Brief on Behalf of IPSCO et. al., exhibit 8.

Table III-10
Casing and tubing: U.S. producers' end-of-period inventories, 2001-06

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Mills:						
Inventories (<i>short tons</i>)	281,374	299,657	332,497	318,651	380,269	337,752
Ratio to production (<i>percent</i>)	12.5	17.4	14.3	12.3	12.9	11.4
Ratio to U.S. shipments (<i>percent</i>)	13.6	19.1	15.8	12.9	14.3	12.3
Ratio to total shipments (<i>percent</i>)	12.4	17.4	14.1	12.1	13.1	11.2
Non-toll processor:						
Inventories (<i>short tons</i>)	***	***	***	***	***	***
Ratio to production (<i>percent</i>)	***	***	***	***	***	***
Ratio to U.S. shipments (<i>percent</i>)	***	***	***	***	***	***
Ratio to total shipments (<i>percent</i>)	***	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.						

Table III-11
Drill pipe: U.S. producers' end-of-period inventories, 2001-06

* * * * *

U.S. PRODUCERS' PURCHASES

Four producers reported purchases of casing and tubing, and drill pipe and are presented in the following tabulation. ***. In addition, ***. ***. Also, ***.

* * * * *

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-12 presents data on the U.S. employment, wages, and productivity for casing and tubing, and table III-13 presents such data for drill pipe. Mill employment related to casing and tubing fluctuated, increasing by 36.5 percent from 2001 to 2006, as did hourly wages, which increased by 5.0 percent. Productivity during 2001-06 declined by 3.7 percent. Non-toll processor employment also fluctuated, decreasing by *** percent, while hourly wages increased by *** percent. Productivity decreased by *** percent. Toll processor employment rose by *** percent, and hourly wages rose by *** percent. Productivity fluctuated, but changed minimally between the beginning and end of the period.

Drill pipe mill employment dropped by *** percent between 2001 and 2002, then rose steadily by nearly ***. Employment for non-toll processors followed similar trends, falling initially by *** percent then rising by *** percent. Employment for toll processors of drill pipe rose by *** percent. Hourly wages fluctuated for mills, non-toll processors, and toll processors during 2001-2006. Mills had *** percent higher hourly wages than non-toll processors and *** percent higher hourly wages than toll

Table III-12

Casing and tubing: Average number of production and related workers, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2001-06

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Mills:						
Production and related workers	3,549	3,090	3,742	3,938	4,265	4,843
Hours worked (1,000)	7,839	6,446	8,106	8,717	9,358	10,739
Wages paid (\$1,000)	177,063	148,668	175,841	198,539	230,339	254,569
Hourly wages	\$22.59	\$23.06	\$21.69	\$22.78	\$24.61	\$23.71
Productivity (short tons per 1,000 hours)	286.2	266.7	286.5	298.0	314.2	275.7
Unit labor costs (per short ton)	\$78.93	\$86.49	\$75.71	\$76.41	\$78.34	\$85.99
Non-toll processors:						
Production and related workers	***	***	***	***	***	***
Hours worked (1,000)	***	***	***	***	***	***
Wages paid (\$1,000)	***	***	***	***	***	***
Hourly wages	\$***	\$***	\$***	\$***	\$***	\$***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	***
Unit labor costs (per short ton)	\$***	\$***	\$***	\$***	\$***	\$***
Toll processors:						
Production and related workers	***	***	***	***	***	***
Hours worked (1,000)	***	***	***	***	***	***
Wages paid (\$1,000)	***	***	***	***	***	***
Hourly wages	\$***	\$***	\$***	\$***	\$***	\$***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	***
Unit labor costs (per short ton)	\$***	\$***	\$***	\$***	\$***	\$***
Mills and processors:¹						
Production and related workers	4,496	3,833	4,629	4,935	5,478	6,173
Hours worked (1,000)	10,498	8,337	10,289	11,658	12,898	14,716
Wages paid (\$1,000)	206,192	170,918	201,220	233,958	274,585	304,465
Hourly wages	\$19.64	\$20.50	\$19.56	\$20.07	\$21.29	\$20.69
¹ Unlike other trade data, non-ratio employment data are additive.						
Source: Compiled from data submitted in response to Commission questionnaires.						

Table III-13

Drill pipe: Average number of production and related workers, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2001-06

* * * * *

processors, and were *** in 2006. Mill productivity rose steadily during the period of review whereas non-toll processors' productivity fluctuated with an overall increase for the period of *** percent.²² Toll processors reported employment in the production of OCTG casing and tubing increased by *** percent from 2001-06; wages increased by *** percent; and productivity increased by *** percent. Employment reported in toll production of OCTG drill pipe increased by *** percent from 2001-06; wages increased by *** percent; and productivity increased by *** percent.

FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

Background

Ten U.S. mills and three processors provided usable financial data on their operations on casing and tubing,²³ while three U.S. mills and two processors provided usable financial data on their operations on drill pipe.²⁴ These data are believed to account for virtually all U.S. mill operations on casing, tubing, and drill pipe, as well as the large majority of toll and non-toll processing of such products. No firms reported internal consumption or transfers to related firms on either casing and tubing or drill pipe. Three firms reported independent tolling operations on casing and tubing; however, such operations accounted for *** percent of total net sales value in 2006. Accordingly, data for such operations are not presented separately in this section of the report.²⁵ All firms reported a fiscal year end of December 31.

Operations on Casing and Tubing

Income-and-loss data for U.S. mills and processors on their combined operations on casing and tubing are presented in table III-14, while selected financial data, by firm, are presented in table III-15. The domestic industry experienced operating losses in 2002 and 2003, then rebounded sharply in 2004 and continued to improve in 2005 and 2006. Net sales quantities for mills increased from 2001 to 2006 by 33.3 percent, while processor TCA reported a *** percent decline in net sales quantities during this timeframe. For mills and processors combined, net sales values increased from 2001 to 2006 by *** percent (174.3 percent for mills and *** percent for processor TCA). The declines in operating income

²² U.S. mills IPSCO, Lone Star, V&M, U.S. Steel, and Maverick submitted data indicating that their workforce included *** PRWs working *** hours in the first quarter of 2007, *** percent and *** percent lower than in the first quarter of 2006, respectively. Overall productivity was *** percent lower in the first quarter of 2007 than in the first quarter of 2006. Total wages were *** percent lower than in the first quarter of 2006, while hourly wages were *** percent higher. Posthearing Brief on Behalf of IPSCO et. al., exhibit 10; Posthearing Brief of United States Steel Corporation, appendix 23; and submission on behalf of Maverick, May 21, 2007. Non-toll processor TCA indicated that its workforce included *** PRWs working *** hours in the first quarter of 2007, *** percent and *** percent *** than in the first quarter of 2006, respectively. Overall productivity was *** in the first quarter of 2007 while wages were ***. Posthearing Brief on Behalf of IPSCO et. al., exhibit 10.

²³ The mills are ***.

²⁴ The mills are ***. U.S. mill *** was unable to provide financial data for 2001 and 2002.

²⁵ Separate tolling data are presented in app. C. Consolidated operating income margins are presented as a companion calculation in footnote 1 of table III-14.

from 2001 to 2003 cut across the industry, as all ten firms operating continuously from 2001 to 2003 reported a decrease in operating profits or deepening losses in 2003 as compared to 2001.

Table III-14
Casing and tubing: Results of operations of U.S. mills and processors, 2001-06

* * * * *

Table III-15
Casing and tubing: Results of operations of U.S. mills and processors, by firm, 2001-06

Item	Fiscal year					
	2001	2002	2003	2004	2005	2006
Net sales:	Quantity (short tons)					
U.S. mills						
IPSCO	***	***	***	***	***	***
IPSCO/Koppel	***	***	***	***	***	***
IPSCO/Newport	***	***	***	***	***	***
Lone Star	***	***	***	***	***	***
Maverick	***	***	***	***	***	***
Paragon	***	***	***	***	***	***
RMSM ¹	***	***	***	***	***	***
Stupp	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
V&M Star	***	***	***	***	***	***
Subtotal	2,252,676	1,700,672	2,294,204	2,610,758	2,882,790	3,003,133
U.S. non-toll processor						
TCA	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Net sales:	Value (\$1,000)					
U.S. mills						
IPSCO	***	***	***	***	***	***
IPSCO/Koppel	***	***	***	***	***	***
IPSCO/Newport	***	***	***	***	***	***
Lone Star	***	***	***	***	***	***
Maverick	***	***	***	***	***	***
Paragon	***	***	***	***	***	***
RMSM ¹	***	***	***	***	***	***
Stupp	**	**	**	**	**	**
U.S. Steel	**	**	**	**	**	**
V&M Star	**	**	**	**	**	**
Subtotal	1,567,626	1,094,773	1,442,983	2,540,922	3,909,139	4,299,144
U.S. non-toll processor						
TCA	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Total	***	***	***	***	***	***

Table continued on the following page.

Table III-15--Continued

Casing and tubing: Results of operations of U.S. mills and processors, by firm, 2001-06

Item	Fiscal year					
	2001	2002	2003	2004	2005	2006
Operating income or (loss):	Value (\$1,000)					
U.S. mills						
IPSCO ²	***	***	***	***	***	***
IPSCO/Koppel	***	***	***	***	***	***
IPSCO/Newport	***	***	***	***	***	***
Lone Star	***	***	***	***	***	***
Maverick	***	***	***	***	***	***
Paragon	***	***	***	***	***	***
RMSM ¹	***	***	***	***	***	***
Stupp	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
V&M Star	***	***	***	***	***	***
Subtotal	191,850	(8,698)	(19,377)	467,994	1,039,694	1,142,581
U.S. non-toll processor						
TCA	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Total	***	***	***	***	***	***
Operating income or (loss):	Ratio to net sales (percent)					
U.S. mills						
IPSCO ²	***	***	***	***	***	***
IPSCO/Koppel	***	***	***	***	***	***
IPSCO/Newport	***	***	***	***	***	***
Lone Star	***	***	***	***	***	***
Maverick	***	***	***	***	***	***
Paragon	***	***	***	***	***	***
RMSM ¹	***	***	***	***	***	***
Stupp	**	**	**	**	**	**
U.S. Steel	**	**	**	**	**	**
V&M Star	**	**	**	**	**	**
Average	12.2	(0.8)	(1.3)	18.4	26.6	26.6
U.S. non-toll processor						
TCA	***	***	***	***	***	***
Average	***	***	***	***	***	***
Total average	***	***	***	***	***	***

Table continued on the following page.

Table III-15--Continued

Casing and tubing: Results of operations of U.S. mills and processors, by firm, 2001-06

Item	Fiscal year					
	2001	2002	2003	2004	2005	2006
Net sales:	<i>Unit value (per short ton)</i>					
U.S. mills						
IPSCO	***	***	***	***	***	***
IPSCO/Koppel	***	***	***	***	***	***
IPSCO/Newport	***	***	***	***	***	***
Lone Star	***	***	***	***	***	***
Maverick	***	***	***	***	***	***
Paragon	***	***	***	***	***	***
RMSM ¹	***	***	***	***	***	***
Stupp	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
V&M Star	***	***	***	***	***	***
Average	\$696	\$644	\$629	\$973	\$1,356	\$1,432
U.S. non-toll processor						
TCA	***	***	***	***	***	***
Average	***	***	***	***	***	***
COGS:	<i>Unit value (per short ton)</i>					
U.S. mills						
IPSCO ²	***	***	***	***	***	***
IPSCO/Koppel	***	***	***	***	***	***
IPSCO/Newport	***	***	***	***	***	***
Lone Star	***	***	***	***	***	***
Maverick	***	***	***	***	***	***
Paragon	***	***	***	***	***	***
RMSM ¹	***	***	***	***	***	***
Stupp	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
V&M Star	***	***	***	***	***	***
Average	\$569	\$591	\$588	\$740	\$943	\$998
U.S. non-toll processor						
TCA	***	***	***	***	***	***
Average	***	***	***	***	***	***
Note.— Separate data on seamless and welded casing and tubing are presented in app. F.						
1 ***.						
2 ***.						
Source: Compiled from data submitted in response to Commission questionnaires.						

The industry-wide financial decline reversed from 2003 to 2006. Operating margins substantially improved during this timeframe, increasing by *** percentage points (27.9 percentage points for mills and *** percentage points for processor TCA). The increase in per-unit net sales values (\$803 per short ton for mills and \$*** per short ton for processor TCA) was much greater than the effect of increases in unit cost of goods sold (“COGS”) (\$411 per short ton for mills and \$*** per short ton for processor

TCA). The 2003 to 2006 increase in operating profitability cut across the industry, as all nine firms operating continuously during this timeframe reported increased operating profits in 2006 as compared to 2003, although several mills (***) reported declines in 2006 operating income margins as compared to the previous one or two years.^{26 27}

Operations on Drill Pipe

Income-and-loss data for U.S. mills and processors on their combined operations on drill pipe are presented in table III-16, while selected financial data, by firm, are presented in table III-17. The domestic industry experienced an overall decline in operating income from 2001 to 2002, then experienced increasing profitability from 2002 to 2006. Net sales quantities for mills increased from 2001 to 2006 by *** percent, while net sales quantities for processors increased by *** percent during this timeframe. For mills and processors combined, net sales values increased from 2001 to 2006 by *** percent (***) . The declines in operating income from 2001 to 2002 were experienced by three of the four firms that reported operations during this timeframe (***) .²⁸

The industry-wide financial decline reversed from 2002 to 2006. Operating margins substantially improved during this timeframe, increasing by *** percentage points (***) . The increase in per-unit net sales values (***) was much greater than the effect of increases in unit COGS (***) . All four firms operating continuously during this time reported increased operating profits.

²⁶ ***.

²⁷ ***.

²⁸ U.S. mill *** was unable to provide financial data for 2001 and 2002.

Table III-16
Drill pipe: Results of operations of U.S. mills and processors, 2001-06

Item	Fiscal year					
	2001	2002	2003	2004	2005	2006
Value (\$1,000)						
Total net sales	***	***	164,576	295,608	495,315	740,179
COGS	***	***	132,397	220,777	344,780	493,685
Gross profit	***	***	32,179	74,831	150,535	246,494
SG&A expenses	***	***	14,723	21,006	25,030	31,279
Operating income	***	***	17,456	53,825	125,505	215,215
Interest expense	***	***	335	684	1,184	2,109
CDSOA income	***	***	0	0	0	0
Other income/(expense)	***	***	2,704	(3,438)	239	(2,682)
Net income	***	***	19,825	49,703	124,560	210,424
Depreciation	***	***	7,867	10,214	10,388	12,452
Cash flow	***	***	27,692	59,917	134,948	222,876
Ratio to net sales (percent)						
COGS:						
Raw materials	***	***	32.6	30.4	37.7	38.8
Direct labor	***	***	7.7	7.3	7.0	5.9
Other factory costs	***	***	40.2	37.0	24.9	22.0
Total COGS	***	***	80.4	74.7	69.6	66.7
Gross profit	***	***	19.6	25.3	30.4	33.3
SG&A expenses	***	***	8.9	7.1	5.1	4.2
Operating income	***	***	10.6	18.2	25.3	29.1
Net income	***	***	12.0	16.8	25.1	28.4
Number of firms reporting						
Operating losses	***	***	2	0	0	0
Data	***	***	5	5	5	5
<p>Note.— For mills and processors, revenue, COGS, and operating expenses were combined. Quantity data are not included because of the likelihood of double counting. Although the same underlying product could be reported more than once using this approach (e.g., a drill pipe sale from a mill to a processor may also be reported as a sale of drill pipe by a processor), the effect is reflected in both revenue and COGS and therefore results in a fair presentation of the industry's operations. Table III-17 provides certain separate data for mill operations and non-toll processor operations. No toll processors provided financial data.</p> <p>Note.— U.S. mill *** was unable to provide financial data for 2001 and 2002.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>						

Table III-17

Drill pipe: Results of operations of U.S. mills and processors, by firm, 2001-06

Item	Fiscal year					
	2001	2002	2003	2004	2005	2006
Net sales:	Quantity (short tons)					
U.S. mills						
IPSCO/Koppel	***	***	***	***	***	***
Timken ¹	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
U.S. non-toll processors						
Grant Prideco	***	***	***	***	***	***
OMSCO	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Net sales:	Value (\$1,000)					
U.S. mills						
IPSCO/Koppel	***	***	***	***	***	***
Timken ¹	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
U.S. non-toll processors						
Grant Prideco	***	***	***	***	***	***
OMSCO	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Total	***	***	164,576	295,608	495,315	740,179
Operating income or (loss):	Value (\$1,000)					
U.S. mills						
IPSCO/Koppel	***	***	***	***	***	***
Timken ¹	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
U.S. non-toll processors						
Grant Prideco	***	***	***	***	***	***
OMSCO	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Total	***	***	17,456	53,825	125,505	215,215

Table continued on next page.

Table III-17--Continued

Drill pipe: Results of operations of U.S. mills and processors, by firm, 2001-06

Item	Fiscal year					
	2001	2002	2003	2004	2005	2006
Operating income or (loss):	Ratio to net sales (percent)					
U.S. mills						
IPSCO/Koppel	***	***	***	***	***	***
Timken ¹	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
Average	***	***	***	***	***	***
U.S. non-toll processors						
Grant Prideco	***	***	***	***	***	***
OMSCO	***	***	***	***	***	***
Average	***	***	***	***	***	***
Total average	***	***	10.6	18.2	25.3	29.1
Net sales:	Unit value (per short ton)					
U.S. mills						
IPSCO/Koppel	***	***	***	***	***	***
Timken ¹	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
Average	***	***	***	***	***	***
U.S. non-toll processors						
Grant Prideco	***	***	***	***	***	***
OMSCO	***	***	***	***	***	***
Average	***	***	***	***	***	***
COGS:	Unit value (per short ton)					
U.S. mills						
IPSCO/Koppel	***	***	***	***	***	***
Timken ¹	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***
Average	***	***	***	***	***	***
U.S. non-toll processors						
Grant Prideco	***	***	***	***	***	***
OMSCO	***	***	***	***	***	***
Average	***	***	***	***	***	***
¹ U.S. mill *** was unable to provide financial data for 2001 and 2002.						
Source: Compiled from data submitted in response to Commission questionnaires.						

Variance Analyses

Variance analyses for casing and tubing and drill pipe are presented in tables III-18 and III-19, respectively. The information for the variance analysis on casing and tubing is derived from table III-14, while the information for the variance analysis on drill pipe is derived from table III-16. The variance analyses provide an assessment of changes in profitability as it relates to changes in pricing, cost, and volume. Both analyses show that ***.

Table III-18

Casing and tubing: Variance analysis on operations of U.S. mills and processors, 2001-06

* * * * *

Table III-19

Drill pipe: Variance analysis on operations of U.S. mills and processors, 2001-06

* * * * *

Capital Expenditures and Research and Development Expenses

The responding firms’ aggregate data on capital expenditures and research and development (“R&D”) expenses are shown in table III-20 for casing and tubing and table III-21 for drill pipe. Eight mills and one processor provided capital expenditure data for casing and tubing, while three mills and one processor provided R&D expense data for casing and tubing. Three mills and two processors provided capital expenditure data for drill pipe, while one mill and two processors provided R&D expense data for drill pipe. Capital expenditures for *** casing and tubing *** irregularly increased from 2001 to 2006, with the large increases in 2006 for casing and tubing primarily attributable to ***²⁹ and ***.³⁰ ***.

Table III-20

Casing and tubing: Capital expenditures and research and development expenses of U.S. mills and processors, 2001-06

Item	Fiscal year					
	2001	2002	2003	2004	2005	2006
Value (\$1,000)						
Capital expenditures:						
Mills	38,473	53,504	43,192	25,321	36,760	97,329
Non-toll processor	***	***	***	***	***	***
Total	***	***	***	***	***	***
R&D expenses:						
Mills	***	***	***	***	***	***
Non-toll processor	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

Table III-21

Drill pipe: Capital expenditures and research and development expenses of U.S. mills and processors, 2001-06

* * * * *

Assets and Return on Investment

The Commission’s questionnaire requested data on assets used in the production, warehousing, and sale of casing and tubing and drill pipe to compute return on investment (“ROI”) for each product group. Although ROI can be computed in many different ways, a commonly used method is income

²⁹ E-mail response from ***, March 6, 2007.

³⁰ E-mail response from ***, March 5, 2007.

divided by total assets. Therefore, ROI is calculated as operating income divided by total assets used in the production, warehousing, and sale of casing and tubing and drill pipe, respectively.

Data on the U.S. mills' and processors' total assets and their ROI are presented in table III-22 for casing and tubing and table III-23 for drill pipe. Total assets for casing and tubing increased from \$*** to \$*** during the period of review, and the ROI ranged from negative *** percent (in 2003) to *** percent (in 2005). Total assets for drill pipe increased irregularly from \$*** to \$*** during the period of review, and the ROI ranged from *** percent (in 2002) to *** percent (in 2006).

Table III-22

Casing and tubing: Asset values and return on investment of U.S. mills and processors, 2001-06

* * * * *

Table III-23

Drill pipe: Asset values and return on investment of U.S. mills and processors, 2001-06

* * * * *

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

U.S. IMPORTS

The Commission issued 140 importers' questionnaires to companies believed to account for the bulk of imports of casing and tubing, and drill pipe. Questionnaires were also sent to all U.S. producers. Twenty-five companies returned usable questionnaire responses, 34 responded that they had not imported OCTG since 2001, and the remaining firms did not respond.¹ No importer other than ***² and ***,³ reported imports or arrangements for importation of casing and tubing, or drill pipe, from any subject country for delivery after December 31, 2006.

Casing and Tubing Imports

Twenty-four U.S. importers provided the Commission with data related to imports of casing and tubing.⁴ Import data in table IV-1 were compiled from official U.S. Department of Commerce statistics and questionnaire responses, as adjusted by Commission staff.⁵ Table IV-1 presents data on U.S. imports of casing and tubing, by sources, during 2001-06. The data show that the quantity of casing and tubing subject imports from subject countries increased by *** percent between 2001 and 2006, and the quantity of nonsubject imports increased by *** percent. Nearly all nonsubject imports of casing and tubing were from China, Canada, Germany, Russia, Austria, Brazil, Colombia, Venezuela, Ukraine, and Greece, which collectively accounted for 79 percent of total imports of casing and tubing in 2006. U.S. imports of nonsubject casing and tubing are presented in the tabulation following table IV-1.

¹ Responding importers accounted for approximately 45 percent of total casing and tubing as reported by official Commerce statistics with Korean imports the bulk of these reported imports. Drill pipe imports, as reported on importers' questionnaires, were nearly *** of official Commerce statistics with nearly all reported from nonsubject countries.

² ***.

³ ***.

⁴ See table I-17.

⁵ Import data for subject casing and tubing from Japan are from foreign producer questionnaires. Import data for subject and nonsubject Korean casing and tubing are from Customs data; casing and tubing from Argentina, Italy, and Mexico are from official Commerce statistics; and imports from "all other" sources are from official Commerce statistics adjusted for the removal of imports of stainless casing and tubing, as reported in questionnaire responses. In this report, official import statistics, noted in Part I *Tariff Treatment*, are presented for casing and tubing.

Table IV-1
Casing and tubing: U.S. imports, by sources, 2001-06

Source	Calendar year					
	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Argentina	29,440	505	172	300	722	2,025
Italy	222	99	152	9	5	1,335
Japan	***	***	***	***	***	***
Korea (subject)	***	***	***	***	***	***
Mexico	8,626	3,554	18,954	18,583	16,914	428
Subtotal	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All others	722,843	356,152	540,739	829,596	1,324,875	1,651,205
Subtotal	***	***	***	***	***	***
Total	861,471	400,919	663,178	976,026	1,508,182	1,856,135
Value (1,000 dollars)						
Argentina	13,381	347	44	236	774	1,740
Italy	708	248	194	23	33	2,024
Japan	***	***	***	***	***	***
Korea (subject)	***	***	***	***	***	***
Mexico	4,172	1,928	9,818	13,885	16,351	173
Subtotal	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All others	377,327	212,161	311,461	624,367	1,359,198	1,778,210
Subtotal	***	***	***	***	***	***
Total	443,743	230,795	371,123	724,702	1,523,600	1,951,106
Unit value (per short ton)						
Argentina	\$455	\$688	\$258	\$789	\$1,073	\$859
Italy	3,189	2,499	1,273	2,465	6,514	1,517
Japan	***	***	***	***	***	***
Korea (subject)	***	***	***	***	***	***
Mexico	484	543	518	747	967	405
Subtotal	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All others	522	596	576	753	1,026	1,077
Subtotal	***	***	***	***	***	***
Total	515	576	560	743	1,010	1,051

Table continued on the following page.

Table IV-1--Continued
Casing and tubing: U.S. imports, by sources, 2001-06

Source	Calendar year					
	2001	2002	2003	2004	2005	2006
Share of quantity (percent)						
Argentina	3.4	0.1	(²)	(²)	(²)	0.1
Italy	(²)	0.1				
Japan	***	***	***	***	***	***
Korea (subject)	***	***	***	***	***	***
Mexico	1.0	0.9	2.9	1.9	1.1	0.0
Subtotal	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All others	83.9	88.8	81.5	85.0	87.8	89.0
Subtotal	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)						
Argentina	3.0	0.2	(²)	(²)	0.1	0.1
Italy	0.2	0.1	0.1	(²)	(²)	0.1
Japan	***	***	***	***	***	***
Korea (subject)	***	***	***	***	***	***
Mexico	0.9	0.8	2.6	1.9	1.1	0.0
Subtotal	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All others	85.0	91.9	83.9	86.2	89.2	91.1
Subtotal	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of import quantity to U.S. production by mills and processors (percent)						
Argentina	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea (subject)	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All others	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Total	***	***	***	***	***	***

¹ Not applicable.

² Less than 0.05 percent.

Note.--Imports from Japan are based on exports of OCTG to the United States as reported by foreign producers. Imports from all other sources are adjusted to remove imports of high-chromium OCTG as reported by importers. Imports from Korea are divided between Hyundai and all other using Customs data.

Source: Compiled from official Commerce statistics, data submitted in response to Commission questionnaires, and Customs data.

Source	Calendar year					
	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Austria	83,026	24,757	56,678	67,591	66,486	84,093
Brazil	18,218	13,748	23,991	41,527	50,383	76,351
Canada	18,982	12,249	40,200	52,170	116,125	146,355
China	95,583	61,520	118,230	171,490	457,924	725,027
Colombia	28,263	18,938	40,948	42,581	59,557	70,451
Germany	142,558	85,742	61,723	93,735	124,959	122,275
Greece	23,464	9,484	3,387	2,980	3,625	36,505
Russia	3,306	7,527	4,710	43,774	92,971	97,478
Ukraine	6,509	6,650	17,419	45,720	56,065	47,379
Venezuela	56,256	28,780	37,111	70,799	59,619	60,893
All other	246,857	86,804	136,560	198,034	237,841	185,843
Total	723,024	356,199	540,957	830,403	1,325,555	1,652,651

Drill Pipe Imports

The Commission received eight questionnaire responses⁶ related to imports of drill pipe, although only one importer reported imports of drill pipe from Japan. Owing to the incomplete reporting of import data on the questionnaires, import data for use in this report are derived from official statistics of the U.S. Department of Commerce.⁷ Table IV-2 presents data on U.S. imports of drill pipe, by sources, during 2001-06. The data show that the quantity of drill pipe imports from Japan fluctuated, but increased overall during this period, and that subject imports accounted for less than one percent of total drill pipe imports in 2006. The quantity of nonsubject⁸ imports increased by 247.9 percent.

⁶ MAN Ferrostaal, TPCO Enterprise, Benteler Steel & Tube, V&M Tubes, Grant Prideco, Mitsui Tubular Products, LLC, and Tenaris Global Services Corp. reported imports ***; MC Tubular Products reported imports of drill pipe ***.

⁷ Consistent with data presented in the first reviews, data for drill pipe are compiled from HTS statistical reporting numbers 7304.21.3000, 7304.21.6030, 7304.21.6045, 7304.21.6060, and 8431.84.3060. Data for HTS statistical reporting number 8431.84.3060 are included where the collected data are compatible. Quantity data for statistical reporting number 8431.84.3060 are reported in units, which staff converted to short tons at a ratio of ***, consistent with ***'s estimate. Staff also deducted imports of drill pipe with tool joints from Mexico, as such imports were ***.

⁸ Nearly all nonsubject imports of drill pipe were from Austria, China, and Germany; 96 percent of total imports of drill pipe were from these countries in 2006. As noted by Grant Prideco in its Form 10-K for fiscal year end December 31, 2001, "The seamless green drill pipe tubes utilized by us to manufacture drill pipe are manufactured primarily by our 50.01% owned subsidiary, Voest-Alpine Stahlrohr Kindberg GmbH & Co. KG (Voest-Alpine), located in Kindberg, Austria."

Table IV-2
Drill pipe: U.S. imports, by sources, 2001-06

Source	Calendar year					
	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Japan ¹	21	2,646	1,432	2,014	563	755
All others	45,679	49,378	57,572	77,445	97,139	158,907
Total	45,700	52,024	59,004	79,459	97,702	159,662
Value (1,000 dollars)						
Japan ¹	63	2,185	3,893	5,015	2,293	922
All others	38,221	37,190	46,898	65,433	125,635	267,991
Total	38,284	39,375	50,791	70,448	127,928	268,914
Unit value (per short ton)						
Japan ¹	\$2,974	\$826	\$2,718	\$2,490	\$4,072	\$1,221
All others	837	753	815	845	1,293	1,686
Total	838	757	861	887	1,309	1,684
Share of quantity (percent)						
Japan ¹	(²)	5.1	2.4	2.5	0.6	0.5
All others	100.0	94.9	97.6	97.5	99.4	99.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)						
Japan ¹	0.2	5.5	7.7	7.1	1.8	0.3
All others	99.8	94.5	92.3	92.9	98.2	99.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of import quantity to U.S. production by mills and processors (percent)						
Japan ¹	(²)	4.6	1.9	2.0	0.4	0.4
All others	40.4	86.7	78.3	76.0	68.8	83.9
Total	40.4	91.4	80.3	77.9	69.2	84.3
¹ NKK Tubes reported *** short tons of Japanese drill pipe imports into the United States for 2006 as "****." See NKK Tubes Foreign Producers' Questionnaire Response, Section II-19 (pages 14-15). ² Less than 0.05 percent.						
Note.--Quantity data for drill pipe with tool joints were converted from units using a ratio of *** units per short ton. Imports of drill pipe with tool joints from Mexico that were ***.						
Source: Compiled from official Commerce statistics, as adjusted.						

U.S. imports of drill pipe by source are shown in the following tabulation. The total quantity of unfinished drill pipe⁹ imports from all sources increased from 2001 to 2006 by 256 percent; imports of finished drill pipe¹⁰ from all sources increased from 2001 to 2006 by 160 percent.¹¹ Austria accounted for 57 percent of 2006 total unfinished drill pipe imports; Canada's share of total finished drill pipe imports

⁹ HTS statistical reporting numbers 7304.21.3000, 7304.21.6030, 7304.21.6045, and 7304.21.6060. Includes all drill pipe with the exception of drill pipe already fitted with tool joints.

¹⁰ HTS statistical reporting number 8431.43.8040. This category is drill pipe already fitted with tool joints.

¹¹ Imports reported for Mexico under statistical reporting number 8431.43.8040 were subtracted from the number reported as such imports were ***.

decreased from 89 percent in 2001 to 10 percent in 2006. In 2006, Japan accounted for less than 0.4 percent of unfinished drill pipe imports and less than 0.8 percent of finished drill pipe imports.

Source	Calendar year					
	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Unfinished drill pipe:						
Austria	30,566	36,294	37,511	54,865	63,602	86,958
China	1,222	2,446	2,938	4,048	7,444	31,493
Germany	9,141	6,008	4,480	5,167	20,288	27,171
All other	1,698	6,315	12,203	11,224	4,639	6,048
Total	42,627	51,064	57,131	75,304	95,972	151,670
Finished drill pipe:						
Canada	2,729	488	1,574	1,648	1,238	816
China	0	296	0	462	365	3,331
Romania	0	0	0	0	0	3,050
All other	344	177	298	2,044	127	795
Total	3,074	961	1,873	4,154	1,729	7,992

CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission considers the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part I and Part II of this report. Additional information concerning fungibility, geographic markets, and simultaneous presence in the market is presented below.

Fungibility

Imports of sour-service OCTG, as seen in the following tabulation, were reported by *** importers, ***, all of which were sourced from nonsubject countries.¹² Such imports had much higher unit values than those of all OCTG imports (see tables IV-1 and IV-2). A comparison between the unit values of these nonsubject imports and the sour service OCTG produced domestically indicates that although the U.S. unit values of the shipments of sour-service OCTG were higher in five of six years, there were similarities in the pattern of the changes seen, both increasing and decreasing during the same timeframes.¹³

¹² Responses to Commission’s importers questionnaire. Only *** reported any imports of drill pipe, so the *** of sour-service imports are known to be ***.

¹³ ***. E-mail from ***, Jones Walker, May 9, 2007.

* * * * *

Geographic Markets

Table IV-3 and table IV-4 present the ports of entry for subject imports of casing and tubing during 2001-06. Houston-Galveston, TX, is the largest single port of entry, accounting for 87 percent of total imports during 2001-06,¹⁴ followed by New Orleans, LA, and Laredo, TX, with more limited entries into the ports of Los Angeles, CA, and Seattle, WA.

Presence in the Market

Table IV-5 presents information on the monthly presence of subject imports.¹⁵

¹⁴ These data are compiled from official Commerce statistics and therefore, as noted previously, substantially overstate the level of subject imports from Japan and Korea.

¹⁵ These data are compiled from official Commerce statistics and therefore, as noted previously, substantially overstate the level of subject imports from Japan and Korea.

Table IV-3
Casing and tubing: U.S. imports from subject countries, by Customs district, 2001-06¹

Customs district	Calendar year					
	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Anchorage, AK	1,064	1,084	0	0	410	0
Baltimore, MD	0	0	0	0	0	25
Boston, MA	16	0	0	0	0	0
Charleston, SC	0	13	63	0	0	0
Chicago, IL	13	0	14	20	1	4
Cleveland, OH	27	27	5	18	0	0
Dallas-Fort Worth, TX	0	0	0	3	0	0
Detroit, MI	23	0	1	1	248	32
Duluth, MN	0	0	0	0	270	0
Great Falls, MT	14	9	269	268	160	108
Houston-Galveston, TX	190,980	69,600	130,131	168,080	210,632	253,832
Laredo, TX	5,108	2,218	18,368	16,362	14,626	3
Los Angeles, CA	4,828	2,012	1,434	718	727	920
Minneapolis, MN	72	56	0	0	0	0
New Orleans, LA	12,956	5,341	8,423	16,326	10,216	13,821
New York, NY	33	4	705	10	0	126
Norfolk, VA	17	15	0	0	0	0
Ogdensburg, NY	0	0	0	0	132	0
Pembina, ND	7	0	3	13	101	168
Portland, ME	370	18	0	0	0	0
San Diego, CA	71	638	0	0	0	0
San Francisco, CA	600	346	0	0	0	0
Savannah, GA	14	1	1	0	0	0
Seattle, WA	27	833	974	1,177	3,073	7,912
Total	216,241	82,216	160,391	202,995	240,596	276,950

¹ These data are compiled from official Commerce statistics and therefore, as noted previously, substantially overstate the level of subject imports from Japan and Korea.

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

Source: Compiled from official Commerce statistics.

Table IV-4
Casing and tubing: U.S. imports from subject countries, by country of origin and Customs district, 2001-06

Customs district	Calendar year					
	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Argentina:						
Houston-Galveston, TX	29,423	505	172	283	364	2,025
All others	17	0	0	17	358	0
Total	29,440	505	172	300	722	2,025
Italy:						
Houston-Galveston, TX	50	0	75	1	4	1,159
New York, NY	32	4	0	0	0	105
All others	140	95	77	8	1	71
Total	222	99	152	9	5	1,335
Japan:¹						
Houston-Galveston, TX	60,784	29,314	28,772	38,416	42,338	49,367
New Orleans, LA	12,945	5,341	8,423	16,326	10,216	13,821
Seattle, WA	27	833	974	1,176	3,073	7,912
All others	4,438	1,963	609	718	1,679	920
Total	78,194	37,451	38,778	56,636	57,306	72,020
Korea:¹						
Houston-Galveston, TX	97,671	39,102	100,526	127,160	165,648	200,857
All others	2,088	1,506	1,809	307	0	285
Total	99,759	40,608	102,335	127,467	165,648	201,142
Mexico:						
Houston-Galveston, TX	3,052	680	586	2,221	2,277	425
Laredo, TX	5,108	2,218	18,368	16,362	14,626	3
All others	466	656	0	0	11	0
Total	8,626	3,554	18,954	18,583	16,914	428
Total for all	216,241	82,217	160,391	202,995	240,595	276,950

¹ These data are compiled from official Commerce statistics and therefore, as noted previously, substantially overstate the level of subject imports from Japan and Korea.

Note.--Because of rounding figures may not add to totals shown in table IV-3.

Source: Compiled from official Commerce statistics.

Table IV-5

Casing and tubing: U.S. imports, monthly entries into the United States, by source, 2001-06

Source	Month												Total number of months
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2001													
Argentina													12
Italy													11
Japan													12
Korea													12
Mexico													12
2002													
Argentina													3
Italy													9
Japan													12
Korea													11
Mexico													12
2003													
Argentina													2
Italy													7
Japan													12
Korea													12
Mexico													12
2004													
Argentina													5
Italy													4
Japan													12
Korea													12
Mexico													12
2005													
Argentina													7
Italy													5
Japan													12
Korea													12
Mexico													12
2006													
Argentina													2
Italy													10
Japan													12
Korea													12
Mexico													5

Note.--Shaded squares indicate that imports of casing and tubing entered into the United States in the specified month.

Source: Compiled from official Commerce statistics.

U.S. IMPORTERS' INVENTORIES

Inventories of imports as reported are presented for casing and tubing (table IV-6) and drill pipe (table IV-7). Broader measures of inventories of U.S.-produced and imported OCTG are presented in Part III of this report.

Table IV-6

Casing and tubing: U.S. importers' end-of-period inventories of imports, by source, 2001-06

* * * * *

Table IV-7

Drill pipe: U.S. importers' end-of-period inventories of imports, by source, 2001-06

* * * * *

DUMPING IN THIRD-COUNTRY MARKETS

In 2001 the Canadian International Trade Tribunal announced that, as a result of Expiry Review No. RR-2000-001, it would rescind the antidumping duty order on oil and gas well casing from Korea, as well as the order on such casing from the United States (both resulting from a 1986 finding). In responses to Commission questionnaires, no known outstanding antidumping duty orders or ongoing investigations concerning casing, tubing, or drill pipe were reported.

THE INDUSTRY IN ARGENTINA

Overview

The Commission identified two producers of OCTG in Argentina in the original investigations -- Siderca, S.A.I.C. ("Siderca") and Tubhier (which provided no information) -- and two such producers -- Siderca and Acindar -- in the first reviews.¹⁶ In the current second reviews, the Commission issued questionnaires to Siderca, Tubhier, and Acindar¹⁷ (acquired by Tenaris in 2006),¹⁸ and received data from one, Siderca, a wholly owned subsidiary of Tenaris¹⁹ and the only known producer of seamless OCTG pipe in Argentina. Siderca estimates that its production of seamless OCTG accounted for *** percent of OCTG production in Argentina in 2006.²⁰ OCTG accounted for *** percent of Siderca's sales in its most recent fiscal year. Table IV-8 presents comparative information available from the original investigations, the first reviews, and these second reviews.

¹⁶ USITC Publication 2911, p. II-29 and note 56; USITC Publication 3434, p. IV-1.

¹⁷ Acindar ceased OCTG production in 2001.

¹⁸ "Tenaris completes acquisition of Acindar Welded Pipe Plant," OilOnline, February 01, 2006, retrieved from http://www.oilonline.com/news/headlines/mergers/20060201.Tenaris_.20231.asp on March 13, 2007. Acindar reportedly no longer produces OCTG. Siderca's response to the Commission notice of institution, exhibit 2.

¹⁹ Tenaris owns OCTG producers Maverick (United States), Dalmine (Italy), Siderca (Argentina), TAMSA (Mexico), Algoma Tubes (Canada), Prudential (Canada), TAVSA (Venezuela), Silcotub (Romania), NKK Tubes (Japan), and Tubos del Caribe (Colombia), and is affiliated with Hylsa (Mexico). Tenaris does not own a controlling interest in (and does not otherwise control) Hylsa or Hylsa's parent Ternium, and neither Hylsa nor Ternium own a controlling interest in (or otherwise control) Tenaris.

²⁰ Siderca reported that ***. Siderca's response to the Commission's notice of institution, p. 8.

Table IV-8
Casing and tubing: Comparison of select Argentine industry data, 1994, 2000, and 2006

Item	1994	2000	2006
Capacity (<i>short tons</i>)	***	***	***
Production (<i>short tons</i>)	***	***	***
Capacity utilization (<i>percent</i>)	***	***	***
Exports/shipments (<i>percent</i>)	***	***	***
Inventories/shipments (<i>percent</i>)	***	***	***

Note.--Data for 1994, 2000, and 2006 were provided by Siderca and, for 2000, Acindar.

Source: Confidential first review report (INV-Y-109, May 31, 2001), table IV-4; revision memo (INV-Y-115, June 6, 2001), table IV-4; and 2006 questionnaire response.

Casing and Tubing Operations²¹

Table IV-9 presents Siderca's capacity, production, shipments, and inventories for 2001-06 as well as projections for 2007 and 2008. Siderca reported that it has been investing in new equipment ***. These investments have been directed toward ***.²²

Table IV-9
Casing and tubing: Siderca's production capacity, production, shipments, and inventories, 2001-06, with projections for 2007-08

* * * * *

While the specific data are confidential, Siderca's reported capacity and production increased between 2001 and 2006, while capacity utilization remained above *** percent in each year of the period for which data were collected except ***. Siderca attributed shifts in its overall production and capacity to ***.

Siderca's shipments increased overall between 2001 and 2006, reflecting growth in home market and export sales.²³ Overall, however, export shipments increased as a share of total shipments, as higher shares of shipments to *** more than offset declining shares accounted for by shipments to ***. Siderca's exports of casing and tubing face no tariff or non-tariff barriers to trade, nor are they subject to

²¹ Siderca reports that ***. E-mail to Commission staff from ***, White and Case, May 9, 2007.

²² Siderca's foreign producer questionnaire, question II-1. Siderca noted that its parent company, Tenaris, had grown through the acquisitions of Algoma (Canada, 2004), Silcotub (Romania, 2004), and Maverick (United States, 2006), and increased threading capabilities in Nigeria (2005) and China (2007). Ibid.

²³ Argentina's home market consists of oil and gas companies, end user companies, and distributors. Siderca, the only producer of seamless OCTG in Argentina, indicates that its competition is from imports from other countries. Siderca's foreign producer questionnaire, question III-21.

any current investigations in any country other than the United States.²⁴ Siderca reported developing *** export markets as a result of the antidumping duty order in the United States.²⁵

Siderca reported *** plans to add or shut down production capacity. Rather, ongoing investments (a ***) are “****.”²⁶ Siderca reported increasing demand in the U.S., Argentine, and other world markets during 2001-06, and anticipates *** going forward.^{27 28} Specifically, Siderca reported in its response to the Commission’s notice of institution that

(a)s a result of demand in Latin America and other third country markets, Siderca is currently operating effectively at full capacity and expects to continue at this level for the foreseeable future. Siderca must supply the Latin American market for OCTG, which is substantial and projected to grow. Also, due to the global increased demand for oil and gas, Siderca will continue to ship export {sic} OCTG to other third country markets.²⁹

Alternative Products

Siderca reported that it produces other products on the same equipment, and with the same workers, that produce OCTG.³⁰ As shown in table IV-10, Siderca also produces standard/line/pressure pipe, pressure tubing, mechanical tubing, and other seamless tubular products.

Table IV-10
Casing and tubing: Siderca’s capacity and production of other products on shared equipment and machinery, 2001-06

* * * * *

Casing and tubing account for the *** share of the company’s seamless tubular production operations, and seamless casing in particular has increased *** between 2001 and 2006. However, Siderca reported that it *** able to shift production between OCTG and other products in response to a relative price change, citing ***.³¹

²⁴ Siderca’s foreign producer questionnaire, questions II-11-12. Indeed, Siderca observes that its OCTG shipments receive duty free treatment in many markets, including MERCOSUR and the EU. Ibid., question II-21.

²⁵ Siderca’s foreign producer questionnaire, question II-13. Siderca noted that it already exported to more than *** countries in 1995.

²⁶ Siderca’s foreign producer questionnaire, question II-4.

²⁷ Siderca’s foreign producer questionnaire, question II-18-19.

²⁸ In this regard, Siderca is expected to ship *** if the subject order is revoked. Tenaris Posthearing Brief, response to question 2.

²⁹ Siderca’s response to the Commission notice of institution, pp. 3-4. Siderca further noted statements by Tenaris referencing strong growth in the Middle East and Africa. Ibid., p. 4.

³⁰ Siderca’s foreign producer questionnaire, questions II-6-7.

³¹ Siderca’s foreign producer questionnaire, question II-10a.

THE INDUSTRY IN ITALY

Overview

During the original investigations, there were two Italian producers (Dalmine and Arvedi); as of the first review only one Italian producer, Dalmine, a wholly owned subsidiary of Tenaris,³² remained actively producing OCTG.³³ Dalmine reported that in 2006 it accounted for *** percent of Italian production of seamless OCTG. Dalmine reported *** during 2001-06. Table IV-11 presents comparative information available from the original investigations, the first reviews, and these second reviews.

Table IV-11

Casing and tubing: Comparison of select Italian industry data, 1994, 2000, and 2006

Item	1994	2000	2006
Capacity (<i>short tons</i>)	***	***	***
Production (<i>short tons</i>)	***	***	***
Capacity utilization (<i>percent</i>)	***	***	***
Exports/shipments (<i>percent</i>)	***	***	***
Inventories/shipments (<i>percent</i>)	***	***	***
Note.--Data for 1994 were provided by Arvedi and Dalmine. Data for 2000 and 2006 were provided by Dalmine. Source: Confidential first review report (INV-Y-109, May 31, 2001), table IV-6; and 2006 questionnaire responses identified above.			

Casing and Tubing Operations³⁴

Table IV-12 presents Dalmine's capacity, production, shipments, and inventories for 2001-06 as well as projections for 2007 and 2008. Dalmine reported that a "***." "****" as shown also in table IV-13. Dalmine's production capacity *** during 2001-06, through means such as ***, in lieu of other seamless pipe and tubing products.³⁵ Dalmine stated that it ***.³⁶ "****".³⁷ Dalmine's exports of casing and tubing face no tariff or non-tariff barriers to trade, nor are they subject to any current investigations in

³² Tenaris owns OCTG producers Maverick (United States), Dalmine (Italy), Siderca (Argentina), TAMSA (Mexico), Algoma Tubes (Canada), Prudential (Canada), TAVSA (Venezuela), Silcotub (Romania), NKK Tubes (Japan), and Tubos del Caribe (Colombia), and is affiliated with Hylsa (Mexico). Tenaris does not own a controlling interest in (and does not otherwise control) Hylsa or Hylsa's parent Ternium, and neither Hylsa nor Ternium own a controlling interest in (or otherwise control) Tenaris.

³³ Arvedi ceased production of OCTG between 1995-2000. USITC Publication 3434, pp. II-7 and II-8. The company has confirmed that it does not produce OCTG in the current reviews.

³⁴ Tenaris reports that ***. E-mail to Commission staff from ***, White and Case, May 9, 2007.

³⁵ Dalmine's foreign producer questionnaire, question II-19.

³⁶ Dalmine's foreign producer questionnaire, question II-2.

³⁷ Dalmine's foreign producer questionnaire, question II-1 and II-2.

any country other than the United States.³⁸ Dalmine reported developing *** export markets as a result of the antidumping duty order in the United States.³⁹

Table IV-12

Casing and tubing: Dalmine's production capacity, production, shipments, and inventories, 2001-06, with projections for 2007-08

* * * * *

While the specific data are confidential, Dalmine's reported capacity and production fluctuated between 2001 and 2006, as did capacity utilization, which ranged between *** and *** percent. Dalmine reported no plans to add or shut down production capacity. Dalmine reported:

"***".⁴⁰

Alternative Products

Dalmine reported that it produces other products on the same equipment, and with the same workers, that produce OCTG.⁴¹ As shown in table IV-13, Dalmine produces standard/line/pressure pipe, pressure tubing, mechanical tubing, and other seamless tubular products; they produce no welded products. ***, however, account for the *** share of the company's seamless tubular production operations. In response to the Commission's question regarding its ability to switch production between OCTG and other Dalmine reported:

"***."

Table IV-13

Casing and tubing: Dalmine's capacity and production of other products on shared equipment and machinery, 2001-06

* * * * *

THE INDUSTRIES IN JAPAN

Overview

During the original investigations, there were five Japanese producers, four of which reported data to the Commission: Kawasaki (a seamless and welded casing, tubing, and standard- and heavy-weight drill pipe producer); Nippon Steel (a seamless and welded casing, tubing, and standard-weight drill pipe producer); NKK (a seamless and welded casing, tubing, and standard-weight drill pipe producer), jointly owned by JFE Engineering and Tenaris⁴²; and Sumitomo Metal (a seamless,

³⁸ Dalmine's foreign producer questionnaire, question II-12.

³⁹ Dalmine's foreign producer questionnaire, question II-13.

⁴⁰ Dalmine's foreign producer questionnaire, question II-15.

⁴¹ Dalmine's foreign producer questionnaire, questions II-6-7.

⁴² Tenaris owns OCTG producers Maverick (United States), Dalmine (Italy), Siderca (Argentina), TAMSA (Mexico), Algoma Tubes (Canada), Prudential (Canada), TAVSA (Venezuela), Silcotub (Romania), NKK Tubes (continued...)

welded casing and tubing producer).⁴³ In the first review, data were only provided by NKK.⁴⁴ NKK reported that in 2000 it accounted for *** percent of Japanese production of seamless OCTG, *** percent of drill pipe production, and *** percent of Japanese exports to the United States of casing and tubing. NKK reported *** exports to the United States of drill pipe ***.⁴⁵ NKK also reported in the first review that OCTG accounted for *** percent of its total sales in the most recent fiscal year, and that its export markets other than the United States included ***.⁴⁶

There were four responses from Japanese producers of OCTG in the current review: JFE Steel,⁴⁷ Nippon Steel, NKK, and Sumitomo Steel. The following tabulation, based on questionnaire responses, shows the relative size of the Japanese producers of casing and tubing by production type, in short tons, for 2006:

* * * * *

Sumitomo accounted for *** percent of total Japanese casing and tubing production and *** percent of seamless casing and tubing production in 2006. NKK accounted for *** percent and *** percent, respectively, and JFE accounted for *** percent and *** percent. Nippon accounted for *** percent of total Japanese casing and tubing production and *** percent of welded casing and tubing production in 2006. JFE accounted for the remaining *** percent of welded production in 2006.

Table IV-14 and table IV-15 present comparative information available from the original investigations, the first reviews, and these second reviews related to Japan’s casing and tubing operations, and drill pipe operations.⁴⁸ The four Japanese producers of OCTG reported that they currently account for *** percent of the Japanese production of subject OCTG.⁴⁹

⁴² (...continued)

(Japan), and Tubos del Caribe (Colombia), and is affiliated with Hylsa (Mexico). Tenaris does not own a controlling interest in (and does not otherwise control) Hylsa or Hylsa's parent Ternium, and neither Hylsa nor Ternium own a controlling interest in (or otherwise control) Tenaris.

⁴³ The four reporting companies that provided data to the Commission represented virtually all OCTG production in Japan. The Commission received no information from the U.S. Embassy in Tokyo regarding the operations of Maruichi. USITC Publication 2911, p. II-31.

⁴⁴ USITC Publication 3434, p. VI-6.

⁴⁵ Confidential first review report (INV-Y-109, May 31, 2001), p. IV-4.

⁴⁶ Confidential first review report (INV-Y-109, May 31, 2001), p. IV-4.

⁴⁷ JFE was formed through the merger of Kawasaki and NKK.

⁴⁸ Data for 2000 are not comparable owing to the response of only one producer (NKK) during the first review.

⁴⁹ Response to Notice of Institution of NKK Tubes, July 21, 2006, p. 8 and Response of JFE Steel Corporation, Nippon Steel Corporation, and Sumitomo Metal Industries, Ltd. (Collectively, the “Japanese Producers”) to the Notice of Institution of Five-Year (“Sunset”) Reviews, July 21, 2006, p. 7.

Table IV-14**Casing and tubing: Comparison of select Japanese industry data, 1994, 2000, and 2006**

Item	1994	2000	2006
Capacity (<i>short tons</i>)	***	(¹)	912,033
Production (<i>short tons</i>)	***	(¹)	896,981
Capacity utilization (<i>percent</i>)	***	(¹)	98.3
Exports/shipments (<i>percent</i>)	***	(¹)	99.2
Inventories/shipments (<i>percent</i>)	***	(¹)	5.2

¹ Not available for the Japanese industry as a whole.

Note.--Data for 1994 were provided by Kawasaki, Nippon Steel, NKK, and Sumitomo Metal. Data for 2000 were not available and data for 2006 were provided by JFE Steel, Nippon Steel, NKK, and Sumitomo Steel.

Source: Confidential original report (INV-S-100, July 18, 1995), table E-4; and 2006 questionnaire responses identified above.

Table IV-15**Drill pipe: Comparison of select Japanese industry data, 1994, 2000, and 2006**

* * * * *

Casing and Tubing Operations

Data for production, shipments, and exports of Japanese casing and tubing are presented in table IV-16. Capacity rose over the period of review by 7,508 short tons and is projected to increase by 2,965 short tons by 2008. Capacity utilization increased from 84.9 percent in 2001 to 98.3 percent in 2006, reflecting increased production and export levels relative to those during 2001-05. Exports to the United States dropped from *** short tons (***) in 2001 to *** in 2006 and are projected to remain at this level in 2007 and 2008.

JFE reported a *** capacity for casing and tubing production during 2001-06.⁵⁰ Overall, capacity *** in 2001 to *** in 2006.⁵¹ JFE reports that it expects to *** for 2007 and 2008.⁵² NKK also reports a continuing *** and anticipated that focus will result in ***.⁵³ During 2001-06, NKK's casing and tubing capacity *** short tons; its production ***.⁵⁴

⁵⁰ JFE's foreign producer questionnaire, question II-6.

⁵¹ Ibid.

⁵² JFE's foreign producer questionnaire, question II-2.

⁵³ Ibid.

⁵⁴ NKK's foreign producer questionnaire, question II-6.

Table IV-16
Casing and tubing: Japan's production capacity, production, shipments, and inventories, 2001-06,
with projections for 2007-08

Item	Calendar year						Projected	
	2001	2002	2003	2004	2005	2006	2007	2008
Quantity (short tons)								
Capacity	904,525	891,323	854,787	850,622	873,321	912,033	899,998	914,998
Production	767,919	694,422	615,490	688,515	770,228	896,981	870,925	892,267
End of period inventories	26,293	35,080	38,371	35,223	46,492	46,879	30,546	29,946
Shipments:								
Internal consumption	0	0	0	0	0	0	0	0
Home market	8,703	6,434	8,376	5,571	8,448	7,414	6,683	6,683
Exports to--								
The United States	***	***	***	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***
Other Asia	***	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***	***
Total exports	786,810	679,201	603,822	686,095	750,512	889,178	872,184	886,184
Total shipments	795,513	685,635	612,198	691,666	758,960	896,592	878,867	892,867
Value (\$1,000)								
Commercial shipments:								
Home market	6,716	4,928	6,594	4,745	8,692	7,719	7,626	7,626
Exports to--								
The United States	***	***	***	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***
Other Asia	***	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***	***
Total exports	583,346	543,207	473,613	568,874	979,126	1,486,541	1,481,290	1,507,565
Total commercial shipments	590,062	548,135	480,207	573,619	987,818	1,494,260	1,488,916	1,515,191

Table continued on the following page.

Table IV-16--Continued

Casing and tubing: Japan's production capacity, production, shipments, and inventories, 2001-06

Item	Calendar year						Projected	
	2001	2002	2003	2004	2005	2006	2007	2008
Unit value (per short ton)								
Commercial shipments:								
Home market	\$772	\$766	\$787	\$852	\$1,029	\$1,041	\$1,141	\$1,141
Exports to--								
The United States	***	***	***	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***
Other Asia	***	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***	***
Total exports	741	800	784	829	1,305	1,672	1,698	1,701
Total commercial shipments	742	799	784	829	1,302	1,667	1,694	1,697
Ratios and shares (percent)								
Capacity utilization	84.9	77.9	72.0	80.9	88.2	98.3	96.8	97.5
Inventories to production	3.4	5.1	6.2	5.1	6.0	5.2	3.5	3.4
Inventories to total shipments	3.3	5.1	6.3	5.1	6.1	5.2	3.5	3.4
Share of total quantity of								
Internal consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	1.1	0.9	1.4	0.8	1.1	0.8	0.8	0.7
Exports to--								
The United States	***	***	***	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***
Other Asia	***	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***	***
All export markets	98.9	99.1	98.6	99.2	98.9	99.2	99.2	99.3
¹ Not applicable.								
Note.--Projections are based on the assumption that the subject order remains in effect. If the subject order were to be revoked, all responding Japanese producers indicated ***.								
Source: Compiled from data submitted in response to Commission questionnaires.								

Nippon reports *** its casing and tubing production capacity *** during 2001-06.⁵⁵ Nippon's overall casing and tubing production *** from *** in 2001 to *** in 2006.⁵⁶ Nippon's plans include ***.⁵⁷

Finally, Sumitomo reports casing and tubing capacity *** short tons during 2001-06.⁵⁸ Sumitomo's production of OCTG, all of which is seamless, *** during 2001-06.⁵⁹ Sumitomo also plans to increase ***.⁶⁰ In its prehearing brief, Sumitomo emphasizes its focus on "higher value products,"⁶¹ as opposed to other foreign and domestic companies' broader spectrum approach to supplying high volumes of a wide range of OCTG products.⁶²

Japanese exports of casing and tubing face no tariff or non-tariff barriers to trade, nor are they subject to any current investigations in any country other than the United States.⁶³ Japanese producers reported developing *** export markets as a result of the antidumping duty order in the United States.⁶⁴

Drill Pipe Operations

Japan's production of drill pipe declined during 1994-2006, but with the current increased world market prices for crude petroleum and natural gas (compared with price levels in 2000) and the resurgence in demand for drilling materials, Japan's production in 2006 has almost returned to 1994 levels. Table IV-17 presents data for Japanese drill pipe as reported by Nippon⁶⁵ and NKK.⁶⁶ Export markets other than the United States include ***. Japanese OCTG exports are not subject to any tariff or non-tariff barriers in any countries other than the United States.

Table IV-17

Drill pipe: Japan's production capacity, production, shipments, and inventories, 2001-06, with projections for 2007-08

* * * * *

NKK is a joint venture between JFE Engineering (***) and Tenaris S.A. (***)⁶⁷ NKK reports that it accounts for *** percent of Japan's production of drill pipe. NKK reports that it shut down its

⁵⁵ Nippon's foreign producer questionnaire, question II-6.

⁵⁶ Ibid.

⁵⁷ Nippon's foreign producer questionnaire, question II-2.

⁵⁸ Sumitomo's foreign producer questionnaire, question II-6.

⁵⁹ Ibid.

⁶⁰ Sumitomo's foreign producer questionnaire, question II-2.

⁶¹ Sumitomo's prehearing brief, p. 20.

⁶² Hearing transcript, pp. 46 (Lighthizer), 56 (Surma), 61 (Lindgen), 70 (Broglie), and 119-120 (Verellen).

⁶³ Japanese foreign producer questionnaire, question II-12.

⁶⁴ Japanese foreign producer questionnaire, question II-13.

⁶⁵ ***.

⁶⁶ Kawasaki exited drill pipe production in 1996.

⁶⁷ NKK questionnaire, p. 3.

cold-drawn mill as of December 2005 to ***.⁶⁸ NKK also reports no production of heavy-weight drill pipe.⁶⁹

Although Nippon Steel reports production of drill pipe, it has no production facility for finished drill pipe (with tool joints). Nippon Steel reports only production of green tube for drill pipe or unfinished drill pipe, and ***.⁷⁰

Alternative Products

Japanese producers reported that they produce other products on the same equipment, and with the same workers, that produce OCTG.⁷¹ As shown in table IV-18, the Japanese industry produces both welded and seamless pipe and tubing. Most of this production is reported by ***.⁷²

Table IV-18
OCTG: Japanese capacity and production of other products on shared equipment and machinery, 2001-06

* * * * *

Sumitomo reported in its questionnaire that its capacity utilization for casing and tubing (seamless) in 2006 was *** percent. NKK reported capacity utilization of *** percent (seamless) in 2006 and JFE reported *** percent (seamless). Nippon reported capacity utilization of *** percent (welded) and JFE reported *** percent (welded) in 2006. JFE *** throughout 2001-06.⁷³ In response to the Commission's question regarding its ability to switch production between OCTG and other products, all four responding producers ***.

THE INDUSTRY IN KOREA

Overview

During the original investigations, there were three subject Korean producers, Dongbu, Pusan, and Union Steel. In the first reviews, data were provided by SeAH and Shinho. Husteel, Nexteel, and SeAH Steel provided complete questionnaires in these reviews.⁷⁴ Korea's capacity, production, capacity utilization, ratio of exports to shipments, and ratio of inventories to shipments are presented in table IV-19, for years 1994, 2000, and 2006.

Table IV-19
Casing and tubing: Comparison of select Korean industry data, 1994, 2000, and 2006

* * * * *

⁶⁸ NKK questionnaire, p. 5.

⁶⁹ NKK questionnaire, p. 11.

⁷⁰ Nippon Steel questionnaire, p. 2.

⁷¹ Japanese foreign producer questionnaires, questions II-6-7.

⁷² JFE and Nippon's foreign producer questionnaires, question II-19.

⁷³ JFE's foreign producer questionnaire, question II-19.

⁷⁴ Husteel is the successor to Shinho and Korea Steel. SeAH is the successor to Pusan Steel.

Casing and Tubing Operations

Data for the current review are provided by Husteel, Nexteel, and SeAH Steel and are presented in table IV-20; Hyundai's production is not subject to the duties.⁷⁵ Export markets other than the United States include ***. As noted previously, Korean oil well casing was subject to a 67-percent tariff in Canada until 2001. Husteel reported that it had begun production of OCTG at the end of 2001, with *** production line at its Inchon plant. Husteel shut down *** line at the end of 2004 and moved production in 2005 to a new plant located in Dangjin with *** production lines.⁷⁶ Husteel's reported capacity during 2000-04 was *** short tons; after moving production to its new plant, capacity ***.⁷⁷ Husteel's production fluctuated during 2001-06, ***. Nexteel began production of OCTG in 2006 in its ***.⁷⁸ A new OCTG line will start in May 2007 at its ***; Nexteel uses the ***.⁷⁹ SeAH reported production capacity *** short tons during 2001-06; its reported production ***, nearly *** from ***.⁸⁰

Table IV-20

Casing and tubing: Korea's production capacity, production, shipments, and inventories, 2001-06, with projections for 2007-08

* * * * *

Korean exports of casing and tubing face no tariff or non-tariff barriers to trade, nor are they subject to any current investigations in any country other than the United States.⁸¹ Korean producers reported developing *** export markets as a result of the antidumping duty order in the United States.⁸²

Alternative Products

Korean firms reported that they produced other products on the same equipment, and with the same workers, that produce OCTG.⁸³ As shown in table IV-21, Korean firms produced only welded pipe and tubing. Both Husteel and SeAH report production of products other than OCTG. In response to the Commission's question regarding its ability to switch production between OCTG and other products, SeHA said ***.

⁷⁵ No estimate was made of the share of Korean production for which Husteel and SeAH accounted. Husteel and SeAH reported their combined share of all Korean exports of OCTG to the United States in 2005 was approximately *** percent. Response of Husteel Co. Ltd. and SeAH Steel Corporation to the Commission's Notice of Institution of Five-Year Review, p. 6.

⁷⁶ Husteel's foreign producer questionnaire, question II-1.

⁷⁷ Husteel's foreign producer questionnaire, question II-6.

⁷⁸ Nexteel's foreign producer questionnaire, question II-1.

⁷⁹ Nexteel's foreign producer questionnaire, question II-5. Capacity is based on *** per year; capacity is based on actual production (fn 1, question II-19).

⁸⁰ SeAH's foreign producer questionnaire, question II-6.

⁸¹ Korean foreign producer questionnaire, question II-12.

⁸² Korean foreign producer questionnaire, question II-13.

⁸³ Korean foreign producer questionnaires, questions II-6-7.

Table IV-21

Casing and tubing: Korean capacity and production of other products on shared equipment and machinery, 2001-06

* * * * *

THE INDUSTRY IN MEXICO

Overview

During the original investigations and first reviews, there were two Mexican producers, Hylsa⁸⁴ and Tubos de Acer de Mexico (“TAMSA”) (now a member of the Tenaris Group).⁸⁵ Both companies also provided data in the current reviews. Mexico’s capacity, production, capacity utilization, ratio of exports to shipments, and ratio of inventories to shipments are presented in table IV-22, for years 1994, 2000, and 2006.

Table IV-22

Casing and tubing: Comparison of select Mexican industry data, 1994, 2000, and 2006

* * * * *

Casing and Tubing Operations

Data for the current review are provided by Hylsa and TAMSA and are presented in table IV-23. Export markets other than the United States include ***. Mexican OCTG exports are not subject to any tariff or non-tariff barriers in any countries other than the United States.

Table IV-23

Casing and tubing: Mexico’s production capacity, production, shipments, and inventories, 2001-06, with projections for 2007-08

* * * * *

Hylsa was acquired in August 2005 by Ternium (owned in part by the Tenaris Group); and in December 2005, nine of its former subsidiaries were merged into Hylsa (none of those subsidiaries produced any tubular products).⁸⁶ Hylsa’s production of OCTG, which was reported to be ***, ceased in January 2006.⁸⁷

TAMSA cites the ***.⁸⁸ TAMSA reports that it has “***.”⁸⁹ TAMSA reports that it is investing “***.”

⁸⁴ Tenaris does not own a controlling interest in (and does not otherwise control) Hylsa or Hylsa's parent Ternium, and neither Hylsa nor Ternium own a controlling interest in (or otherwise control) Tenaris.

⁸⁵ Tenaris owns OCTG producers Maverick (United States), Dalmine (Italy), Siderca (Argentina), TAMSA (Mexico), Algoma Tubes (Canada), Prudential (Canada), TAVSA (Venezuela), Silcotub (Romania), NKK Tubes (Japan), and Tubos del Caribe (Colombia), and is affiliated with Hylsa (Mexico).

⁸⁶ Hylsa’s foreign producer questionnaire, question II-1.

⁸⁷ Ibid., questions II-1 and II-5.

⁸⁸ TAMSA’s foreign producer questionnaire, question II-2.

⁸⁹ TAMSA’s foreign producer questionnaire, question II-4.

Hylsa reported casing and tubing production capacity *** from *** in 2001 to *** in 2005 when they ended production of casing and tubing.⁹⁰ Hylsa's production *** from *** during 2001-05 when they ended production.⁹¹ TAMSA reported production capacity for casing and tubing *** from *** in 2001 to *** in 2006.⁹² TAMSA reported production *** from *** in 2001 to *** in 2006.⁹³

Mexican exports of casing and tubing face no tariff or non-tariff barriers to trade, nor are they subject to any current investigations in any country other than the United States.⁹⁴ Mexican producers reported developing *** export markets as a result of the antidumping duty order in the United States.⁹⁵ If the subject order is revoked, TAMSA is expected to ***.⁹⁶

Alternative Products

Mexican firms reported that they produce other products on the same equipment, and with the same workers, that produce OCTG.⁹⁷ As shown in table IV-24, Mexican firms produced both welded and seamless pipe and tubing. Hylsa accounts for ***, while TAMSA accounts for ***.

Table IV-24

Casing and tubing: Mexican capacity and production of other products on shared equipment and machinery, 2001-06

* * * * *

Hylsa, a producer of both welded and seamless pipe and tubing, reported production capacity of welded pipe and tubing *** from *** in 2001 to *** in 2006.⁹⁸ Hylsa's production *** from *** during 2001-06.⁹⁹ TAMSA reported production capacity for seamless pipe and tubing only, *** from *** in 2001 to *** in 2006.¹⁰⁰ TAMSA reported production, primarily of ***, *** from *** in 2001 to *** in 2006.¹⁰¹

In response to the Commission's question regarding its ability to switch production between OCTG and other products, Tubos de Acero said ***, Hylsa stated that "****."

⁹⁰ Hylsa's foreign producer questionnaire, question II-6.

⁹¹ Hylsa's foreign producer questionnaire, question II-6.

⁹² TAMSA's foreign producer questionnaire, question II-6.

⁹³ TAMSA's foreign producer questionnaire, question II-6.

⁹⁴ Mexican foreign producer questionnaire, questions II-12.

⁹⁵ Mexican foreign producer questionnaire, question II-13.

⁹⁶ Tenaris Posthearing Brief, response to question 2.

⁹⁷ Mexican foreign producer questionnaires, questions II-6-7.

⁹⁸ Hylsa's foreign producer questionnaire, question II-6.

⁹⁹ Hylsa's foreign producer questionnaire, question II-6.

¹⁰⁰ TAMSA's foreign producer questionnaire, question II-6.

¹⁰¹ TAMSA's foreign producer questionnaire, question II-6.

GLOBAL MARKET

Supply

Although figures for global OCTG production are not generally available, the International Iron and Steel Institute (IISI) publishes data on the global production of the larger product grouping of all seamless and welded pipe and tube.¹⁰² During the 11-year period from 1995 to 2005 (tables IV-25-IV-28), total global pipe and tube production increased by 20 percent, rising by 12 million tons to nearly 75 million tons.¹⁰³

Table IV-25
Global welded tube and pipe production, by region, 1995-2000

Region	Calendar year					
	1995	1996	1997	1998	1999	2000
Quantity (1,000 short tons)						
North America ¹	5,814	6,591	7,587	6,972	6,748	6,914
European Union (15) ²	9,808	9,478	10,408	10,535	10,445	10,059
Asia, excluding China ³	15,301	16,132	17,661	14,786	14,897	15,503
China	5,465	4,740	6,325	4,967	5,495	5,754
CIS ⁴	2,747	3,179	3,135	2,264	2,292	2,791
South America ⁵	1,655	2,015	2,459	2,584	1,609	1,258
Other	3,440	2,964	3,802	3,403	3,187	1,334
Total	44,230	45,099	51,378	45,511	44,673	43,612
<p>¹ Between 1995 and 2000, welded tube production in Mexico increased by 44 percent from 389 thousand short tons to 561 thousand short tons.</p> <p>² Between 1995 and 2000, welded tube production in Italy increased by 1 percent from 2,972 thousand short tons to 3,009 short tons.</p> <p>³ Between 1995 and 2000, welded tube production in Korea decreased by 25 percent from 4,062 thousand short tons to 3,057 thousand short tons; welded tube production in Japan increased by 9 percent from 7,294 thousand short tons to 7,927 thousand short tons.</p> <p>⁴ Commonwealth of Independent States (CIS) consists of 11 republics of the former Soviet Union.</p> <p>⁵ Between 1995 and 1999, welded tube production in Argentina increased by 32 percent from 395 thousand short tons to 521 thousand short tons. No data were available for Argentina after 1999.</p> <p>Note.—The data presented in this table are for all welded tubes, and so are substantially overstated with respect to OCTG subject to these reviews. In addition, the relatively low volume beginning in 2000 reflects the absence of reported Argentine and Turkish production beginning in that year. Original data were published in metric tons, which were converted to short tons by multiplying by 1.102311. Because of rounding, figures may not add to the totals shown.</p> <p>Source: International Iron and Steel Institute, <i>Steel Statistical Yearbook 2005</i> and <i>Steel Statistical Yearbook 2006</i>.</p>						

¹⁰² IISI, *Steel Statistical Yearbooks 2005* and *2006*. Global and regional production data as published by IISI refer to welded and seamless tube (including, for example, line pipe and standard pipes), and are therefore substantially broader than the subject merchandise. As such, global and regional production data represent general trends and are for illustrative purposes only.

¹⁰³ One reputable source, Preston Pipe and Tube Report (“PPTR”), reported that total global pipe and tube production rose to almost 94 million tons in 2005. The differences in 2005 tube and pipe production as reported by Preston and the IISI likely reflect differences in reporting. E-mail from PPTR to staff, February 15, 2007.

Table IV-26
Global welded tube and pipe production, by region, 2001-05

Region	Calendar year				
	2001	2002	2003	2004	2005
Quantity (1,000 short tons)					
North America ¹	4,001	6,340	6,196	4,892	6,662
European Union (15) ²	10,567	10,364	9,916	10,049	9,984
Asia, excluding China ³	14,644	14,176	14,315	15,200	14,601
China	7,059	7,729	11,363	14,344	17,274
CIS ⁴	3,332	3,048	3,891	--	--
South America ⁵	1,803	--	--	--	--
Other	1,278	1,398	1,362	2,088	2,146
Total	42,685	43,055	47,043	46,573	50,668

¹ Between 2001 and 2005, welded tube production in Mexico increased by 7 percent from 595 thousand short tons to 639 thousand short tons.

² Between 2001 and 2005, welded tube production in Italy increased by 4 percent from 2,906 thousand short tons to 3,029 thousand short tons.

³ Between 2001 and 2005, welded tube production in Korea decreased by 1 percent from 4,521 thousand short tons to 4,467 thousand short tons; welded tube production in Japan increased by 3 percent from 6,887 thousand short tons to 7,081 thousand short tons.

⁴ Commonwealth of Independent States (CIS) consists of 11 republics of the former Soviet Union.

⁵ Argentine production was not reported during 2001-05.

Note.--The data presented in this table are for all welded tubes, and so are substantially overstated with respect to the welded OCTG subject to these reviews. In addition, the relatively low volume beginning in 2000 reflects the absence of reported Argentine and Turkish production beginning in that year. Subsequently, reporting of Brazilian, and Thai production ceased after 2001. Finally, Canadian production was not reported in 2001. Original data were published in metric tons, which were converted to short tons by multiplying by 1.102311. Because of rounding, figures may not add to the totals shown.

Note.--Data not published for the CIS in 2004-05 or for South America in 2002-05.

Source: International Iron and Steel Institute, *Steel Statistical Yearbook 2005* and *Steel Statistical Yearbook 2006*.

Table IV-27
Global seamless tube and pipe production, by region, 1995-2000

Region	Calendar year					
	1995	1996	1997	1998	1999	2000
Quantity (1,000 short tons)						
North America ¹	2,655	2,946	3,166	2,658	1,896	2,738
European Union (15) ²	3,804	3,642	4,004	4,039	3,018	3,780
Asia, excluding China ³	2,405	2,287	2,271	2,308	1,849	2,034
China	3,605	3,682	3,974	3,822	3,897	4,586
CIS ⁴	3,127	2,950	2,832	2,556	2,592	2,586
South America ⁵	1,145	1,263	1,308	1,034	872	1,299
Other	1,443	1,488	1,388	1,371	988	1,188
Total	18,185	18,259	18,942	17,788	15,100	18,210

¹ Between 1995 and 2000, seamless tube production in Mexico increased by 33 percent from 495 thousand short tons in 1995 to 659 thousand short tons in 2000.

² Between 1995 and 2000, seamless tube production in Italy decreased by 7 percent from 868 thousand short tons in 1995 to 809 thousand short tons in 2000.

³ Between 1995 and 2000, seamless tube production in Korea increased by 46 percent from 12 thousand short tons in 1995 to 18 thousand short tons in 2000; seamless tube production in Japan decreased by 11 percent from 2,272 thousand short tons in 1995 to 2,016 thousand short tons in 2000.

⁴ Commonwealth of Independent States (CIS) consists of 11 republics of the former Soviet Union.

⁵ Between 1995 and 2000, seamless tube production in Argentina increased by 3 percent from 811 thousand short tons in 1995 to 832 thousand short tons in 2000.

Note.--Data as reported by the IISI include seamless pipe and tube beyond the scope of the reviews. Original data published in metric tons, which were converted to short tons by multiplying by 1.102311. Because of rounding, figures may not add to the totals shown.

Source: International Iron and Steel Institute, *Steel Statistical Yearbook, 2005* and *Steel Statistical Yearbook, 2006*.

Table IV-28
Global seamless tube and pipe production, by region, 2001-05

Region	Calendar year				
	2001	2002	2003	2004	2005
Quantity (1,000 short tons)					
North America ¹	2,747	2,237	2,359	2,826	3,006
European Union (15) ²	4,106	3,590	3,471	4,091	4,317
Asia, excluding China ³	2,154	1,910	1,887	2,124	2,258
China	5,653	6,705	8,082	9,349	11,542
CIS ⁴	2,625	2,592	2,835	n/a	n/a
South America ⁵	1,392	1,240	1,348	1,540	1,547
Other	700	1,036	945	1,319	1,365
Total	19,376	19,310	20,927	21,249	24,034

¹ Between 2001 and 2005, seamless tube production in Mexico increased by 11 percent from 740 thousand short tons in 2001 to 822 thousand short tons in 2005.

² Between 2001 and 2005, seamless tube production in Italy decreased by 1 percent from 859 thousand short tons in 2001 to 847 thousand short tons in 2005.

³ Between 2001 and 2005, seamless tube production in Korea increased by 19 percent from 18 thousand short tons in 2001 to 21 thousand short tons in 2005; seamless tube production in Japan decreased by 5 percent from 2,136 thousand short tons in 2001 to 2,237 thousand short tons in 2005.

⁴ Commonwealth of Independent States (CIS) consists of 11 republics of the former Soviet Union.

⁵ Between 2001 and 2005, seamless tube production in Argentina increased by 14 percent from 837 thousand short tons in 2001 to 950 thousand short tons in 2005.

Note.--Data as reported by the IISI include seamless pipe and tube beyond the scope of the reviews. Original data published in metric tons, which were converted to short tons by multiplying by 1.102311. Because of rounding, figures may not add to the totals shown.

Note.--Data not published for the CIS in 2004-05.

Source: International Iron and Steel Institute, *Steel Statistical Yearbook, 2005* and *Steel Statistical Yearbook, 2006*.

A leading global development in the steel tube and pipe industry since 1995 has been China's emergence as the world's leading producer. China's tube and pipe production rose by 218 percent or 20 million short tons, reaching 29 million short tons¹⁰⁴ and accounting for nearly 40 percent of the world's total tube and pipe production in 2005. According to IISI, China became the world's leading producer of seamless tubular products prior to 1995 and, in 2001, overtook Japan as the world's top producer of welded tubular products. In 2005, China's welded and seamless tubular production stood at 17 million tons and 12 million tons, respectively.

Metal Bulletin Report (MBR) reports that China's export rebate for tubular products remains unchanged at 13 percent,¹⁰⁵ reflecting the role of tube and pipe production and exports within China's greater steel industry. MBR expects continued growth of Chinese tube and pipe production in 2007,¹⁰⁶ and anticipates that seamless pipe producers will continue to focus on exports, primarily the United States

¹⁰⁴ IISI, *Steel Statistical Yearbooks 2005* and *2006*, tables 28 and 29.

¹⁰⁵ MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 5.

¹⁰⁶ MBR, *Welded Steel Tube & Pipe Monthly*, March 2006, p. 5. MBR is a London-based market research consultant in the metal trade.

and Middle East markets, mostly in commodity grade material.¹⁰⁷ China has also increased its export capacity through sharp increases in its production of welded tubular products. During the first nine months of 2006, its average output reportedly increased by an annualized rate of 51 percent.¹⁰⁸ MBR reports that the number of Chinese seamless pipe producers has increased rapidly and that intensive competition will decrease OCTG prices across a wide range of pipe grades in both the domestic and global markets.^{109 110} However, even as China increases production and exports, it also faces more domestic competition from imports. For example, MBR points out that while Chinese production increased, Japan's share of the seamless casing market in China did not significantly decline in 2006.¹¹¹

MBR contends that in China, there is a clear divide between the OCTG prices of its top-tier companies and those offered by smaller mills. Thus, while the Chinese market has shown signs of slight price firming, its export prices remain below prevailing market levels as new OCTG producers enter the field.¹¹² With respect to welded pipe, MBR maintains that substrate price increases has exerted upward pressure on Chinese tube and pipe (including OCTG) but price increases are expected to be modest. MBR expects Chinese low-cost exports to continue to exert downward pressure on global prices during the second and third quarters, although products used in more demanding applications are likely to experience greater price stability.¹¹³

With respect to Japan, Sumitomo and NKK have reportedly shifted focus to the large Asian markets and face some competition with Chinese products.¹¹⁴ Nonetheless, competition with Chinese non-heat-treated OCTG is not believed to be "aggressive" as Japanese producers tend to supply such product on a contract basis to threaders for major projects.¹¹⁵ Because Japanese producers are particularly noted for OCTG produced for demanding applications, they continue to supply Asian and Middle Eastern markets with heat-treated and premium connection OCTG.¹¹⁶ In early 2007, Japanese mills were characterized as "extremely busy,"¹¹⁷ with a particular reference to Sumitomo, which "reportedly plans to expand the OCTG capacity of its seamless mill in Wakayama by 30 percent in 2008."¹¹⁸

Although much of the emphasis by published sources is on expanding capacity and production in China, additional new or expanded production capability outside of China has come on-stream or is projected to come on-stream. As discussed previously, Nexteel of Korea began production of welded OCTG in 2006 and is bringing a new OCTG production line into operation in 2007. Additional capacity for seamless OCTG and related seamless tubular products is being added in areas of high or growing demand, such as Russia, Brazil, and the Middle East.¹¹⁹

¹⁰⁷ MBR, *Seamless Steel Tube & Pipe Monthly*, April 2007, p. 7

¹⁰⁸ MBR, *Welded Steel Tube & Pipe Monthly*, December 2006, p. 6.

¹⁰⁹ MBR, *Seamless Steel Tube & Pipe Monthly*, January 2006, p. 3.

¹¹⁰ MBR, *Welded Steel Tube & Pipe Monthly*, December 2006, p. 6, and MBR, *Seamless Steel Tube & Pipe Monthly*, April 2007, p. 8.

¹¹¹ MBR, *Seamless Steel Tube & Pipe Monthly*, April 2007, p. 8.

¹¹² MBR, *Seamless Steel Tube & Pipe Monthly*, April 2007, p. 7.

¹¹³ MBR, *Seamless Steel Tube & Pipe Monthly*, April 2007, p. 7.

¹¹⁴ MBR, *Seamless Steel Tube & Pipe Monthly*, December 2006, p. 6.

¹¹⁵ MBR, *Seamless Steel Tube & Pipe Monthly*, February 2007, p. 7.

¹¹⁶ MBR, *Seamless Steel Tube & Pipe Monthly*, February 2007, p. 7; March 2007, p. 5; and April 2007, p. 7.

¹¹⁷ MBR, *Seamless Steel Tube & Pipe Monthly*, February 2007, p. 7.

¹¹⁸ MBR, *Seamless Steel Tube & Pipe Monthly*, December 2006, p. 8.

¹¹⁹ MBR, *Seamless Steel Tube & Pipe Monthly*, February 2007, p. 4 (Russia); April 2007, p. 2 (Brazil); and March 2007, p. 5 (Middle East).

Other developments directly impacting OCTG global supply include consolidations, mergers, and alliances among producers and distributors. Notable examples include:

- (1) Tenaris' (Luxembourg)¹²⁰ merger with Maverick in the United States, which expanded Tenaris' OCTG operations in the United States, Canada, and Colombia;
- (2) Tenaris' merger with Hydril (U.S.);
- (3) IPSCO's (Canada) merger with NS Steel (U.S.);
- (4) Lone Star's (U.S.) joint venture with Grupo Peixoto de Castro (Brazil) to produce welded finished oil field tubular product in Brazil;
- (5) Lone Star's strategic alliance with Chinese OCTG producer Hengyang Valin MPM Steel Tube Co.;
- (6) U.S. Steel's acquisition of Lone Star Steel (pending); and
- (7) IPSCO's potential acquisition by SSAB of Sweden (pending).

According to MBR, the consolidation among steel pipe and tube producers has raised concern among OCTG end users and distributors relative to the enhanced market power of larger producers.¹²¹ It notes that U.S. producers, recently facing an oversupply of welded OCTG, have reduced welded OCTG supply by 10 percent to 20 percent to decrease distributor inventories and stabilize product prices.¹²²

Demand

The demand for OCTG directly depends on oil and gas drilling activities, which are commonly measured by the Baker Hughes¹²³ rig count (tables IV-29 and IV-30 and figure IV-1). Drilling activities are influenced by the prices of OCTG, oil, and natural gas which are, in turn, affected by factors such as global demand for oil and gas, weather, seasonality, inventory levels, and geopolitical and overall economic developments.

According to Preston, the U.S. OCTG market performed "extremely" well in 2006, driven by "frantic" drilling, resulting in strong demand for all tube and pipe categories.¹²⁴ Preston concludes that 2006 was a very good year for all types of tubular products, including OCTG.¹²⁵ It notes that monthly rig counts in 2005 and 2006 increased steadily, assisted by high crude prices,¹²⁶ and have remained above 1,700 since August 2006.¹²⁷ Barring unforeseen geopolitical or economic factors, it predicts U.S. OCTG demand to remain strong through 2007, as it did in 2006.¹²⁸ Preston maintains that cold weather in early 2007 reduced excess oil and gas storage,¹²⁹ and stabilized oil and gas prices at levels that will sustain

¹²⁰ Tenaris is a leading global manufacturer and supplier of tubular products and services for the oil and gas industry worldwide.

¹²¹ MBR, *Seamless Steel Tube & Pipe Monthly*, January 2007, p. 4.

¹²² MBR, *Welded Steel Tube & Pipe Monthly*, December 2006, p. 2 and e-mail to staff from ***, January 7, 2007.

¹²³ The Baker Hughes rig count is part of a monthly report regarding the number of active rigs in different regions in the world. The report is issued by Houston, TX-based Baker Hughes Co.

¹²⁴ *PPTR*, January 2007, p. 1.

¹²⁵ *PPTR*, January 2007, p. 1.

¹²⁶ Crude prices in 2006 were well above the 25-year average. *See PPTR*, January 2007, p. 14.

¹²⁷ *PPTR*, January 2007, p. 14.

¹²⁸ *PPTR*, February 2007, p. 14.

¹²⁹ *PPTR*, February 2007, p. 14.

strong drilling activities.¹³⁰ Overall, during the period of review, the United States had about 52 percent of the world-wide drilling rigs, with Canada (about 15 percent), Latin American countries (about 11 percent), Middle East (about 9 percent), Far East (about 8 percent), Europe (about 3 percent), and Africa (about 2 percent) accounting for the remainder.

Table IV-29

Worldwide rig count: Global and regional annual averages of operating rigs, 1995-2000

Region	Calendar year					
	1995	1996	1997	1998	1999	2000
Quantity (number of rigs)						
Latin America	272	282	277	243	187	227
Europe	112	120	113	99	81	83
Africa	66	79	80	74	42	46
Middle East	128	136	159	166	140	156
Far East	181	176	180	173	139	140
Canada	230	271	375	260	246	344
United States	724	777	944	829	622	916
Total	1,713	1,841	2,128	1,843	1,457	1,913

Source: Baker Hughes Inc., *Worldwide Rig Count*, 1/7/2007.

Table IV-30

Worldwide rig count: Global and regional annual averages of operating rigs, 2001-06¹

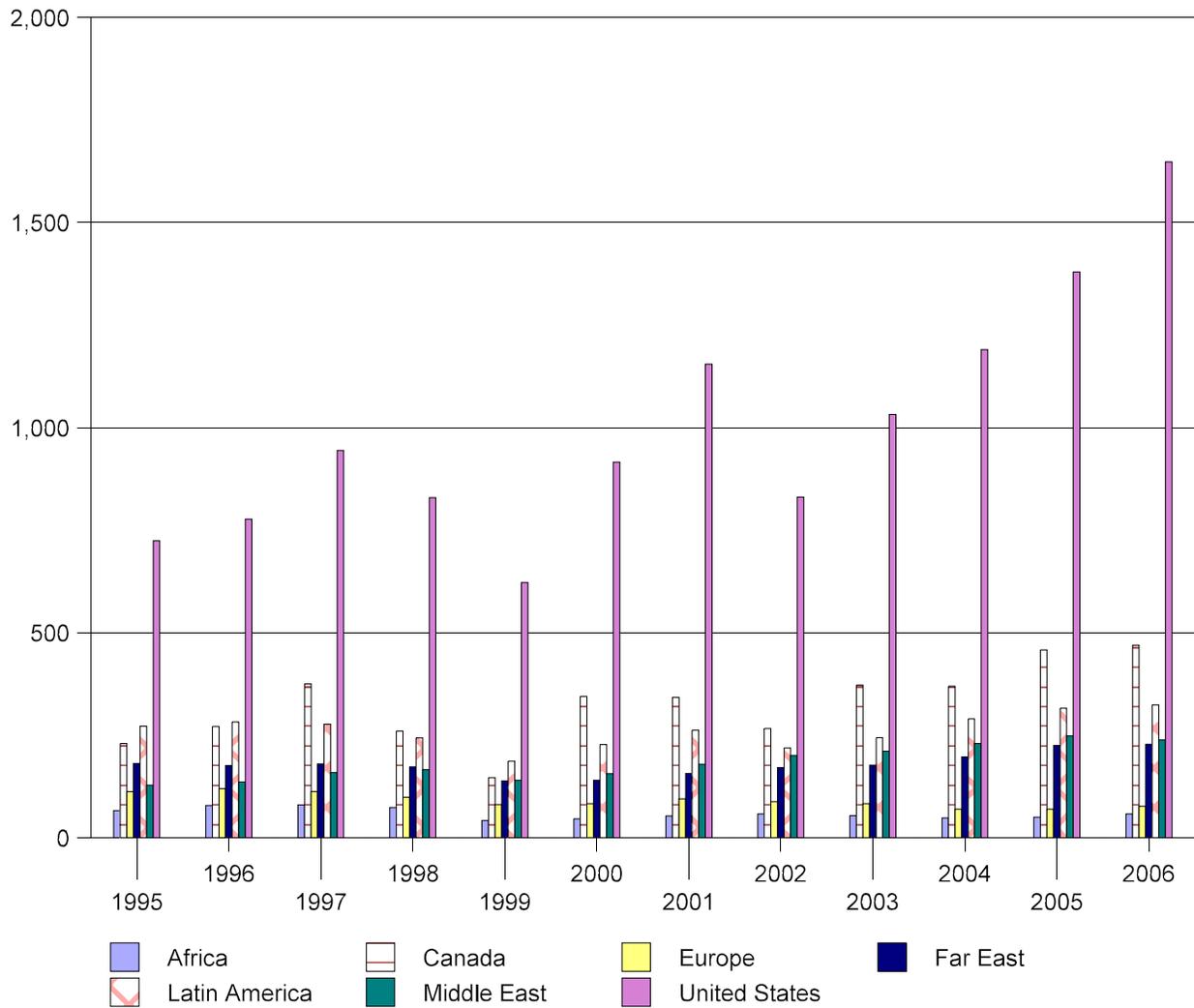
Region	2001	2002	2003	2004	2005	2006
	Quantity (number of rigs)					
Latin America	262	214	244	290	316	324
Europe	95	88	83	70	70	77
Africa	53	58	54	48	50	58
Middle East	179	201	211	230	248	238
Far East	157	171	177	197	225	228
Canada	342	266	372	369	458	470
United States	1,155	831	1,032	1,190	1,380	1,648
Total	2,242	1,829	2,174	2,395	2,746	3,043

¹ Rig counts for YTD 2007 are as follows: Latin America (352); Europe (78); Africa (65); Middle East (256); Far East (232); Canada (403); and the United States (1,738).

Source: Baker Hughes Inc., *Worldwide Rig Count*, 5/4/2007.

¹³⁰ *PPTR*, February 2007, p. 14. Preston states that although there are regions where drilling activities may decrease in 2007, it continues to maintain that overall demand for OCTG will remain strong.

Figure IV-1
Baker Hughes worldwide rig count, by regions, 1995-2006



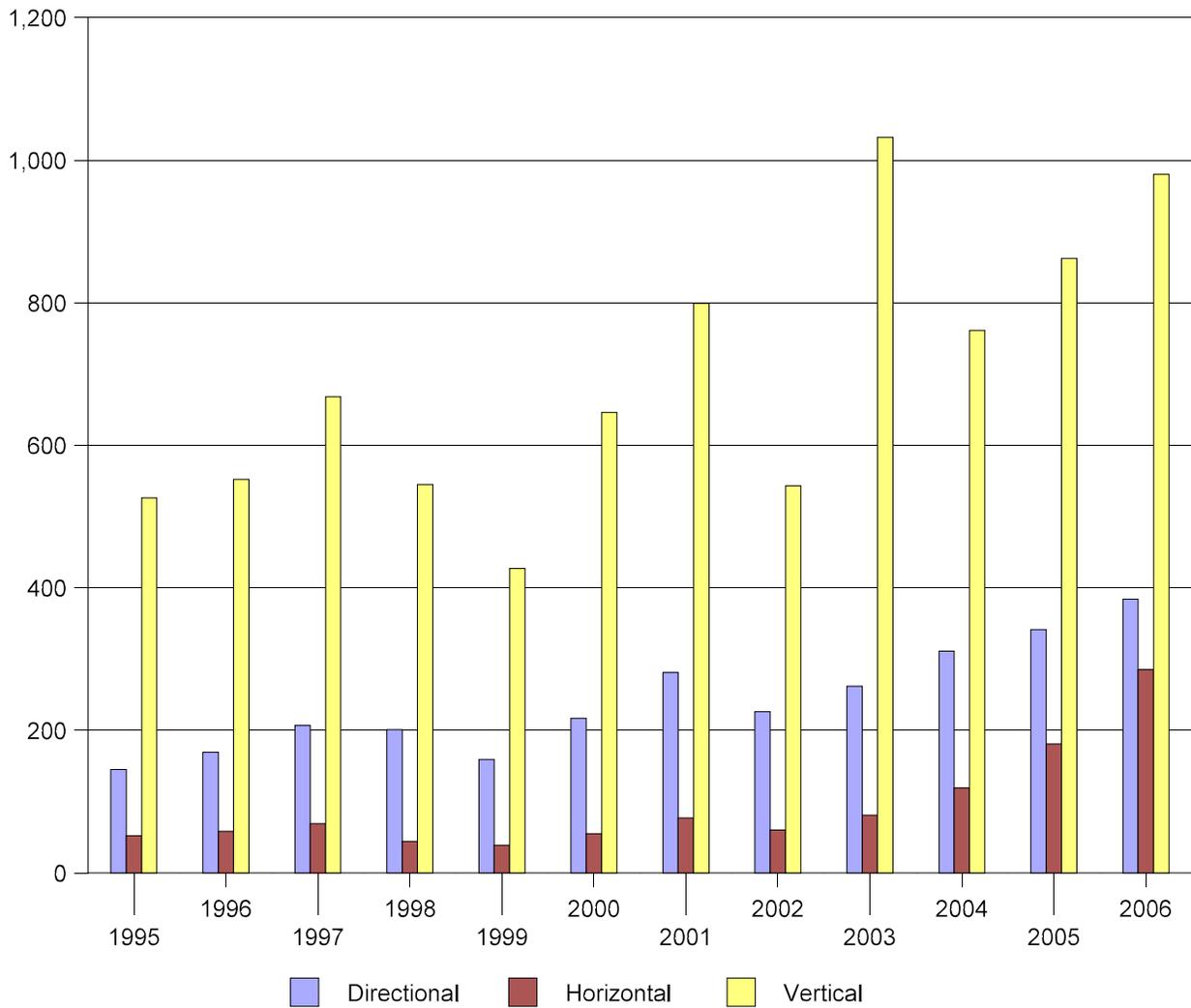
Source: Baker Hughes Incorporated.

Figure IV-2 shows the Baker Hughes U.S.-wide rig count by type of drilling. Vertical drilling has been the predominate drilling type U.S.-wide, peaking at 75 percent of U.S. total in 2003 but steadily declining to 59 percent in 2006. Directional drilling¹³¹ remained fairly constant, ranging from 24 percent of U.S.-wide drilling in 2001, peaking in 2002 (27 percent), and fluctuating down to 23 percent in 2006. Horizontal¹³² drilling rose from nearly 7 percent in 2001 to 17 percent of U.S.-wide drilling in 2006.

¹³¹ Directional drilling covers intentional drilling which is at an angle from the vertical.

¹³² Horizontal drilling covers all intentional deviation of the borehole at least 80 degrees from vertical, penetrating a productive formation almost in parallel to the formation.

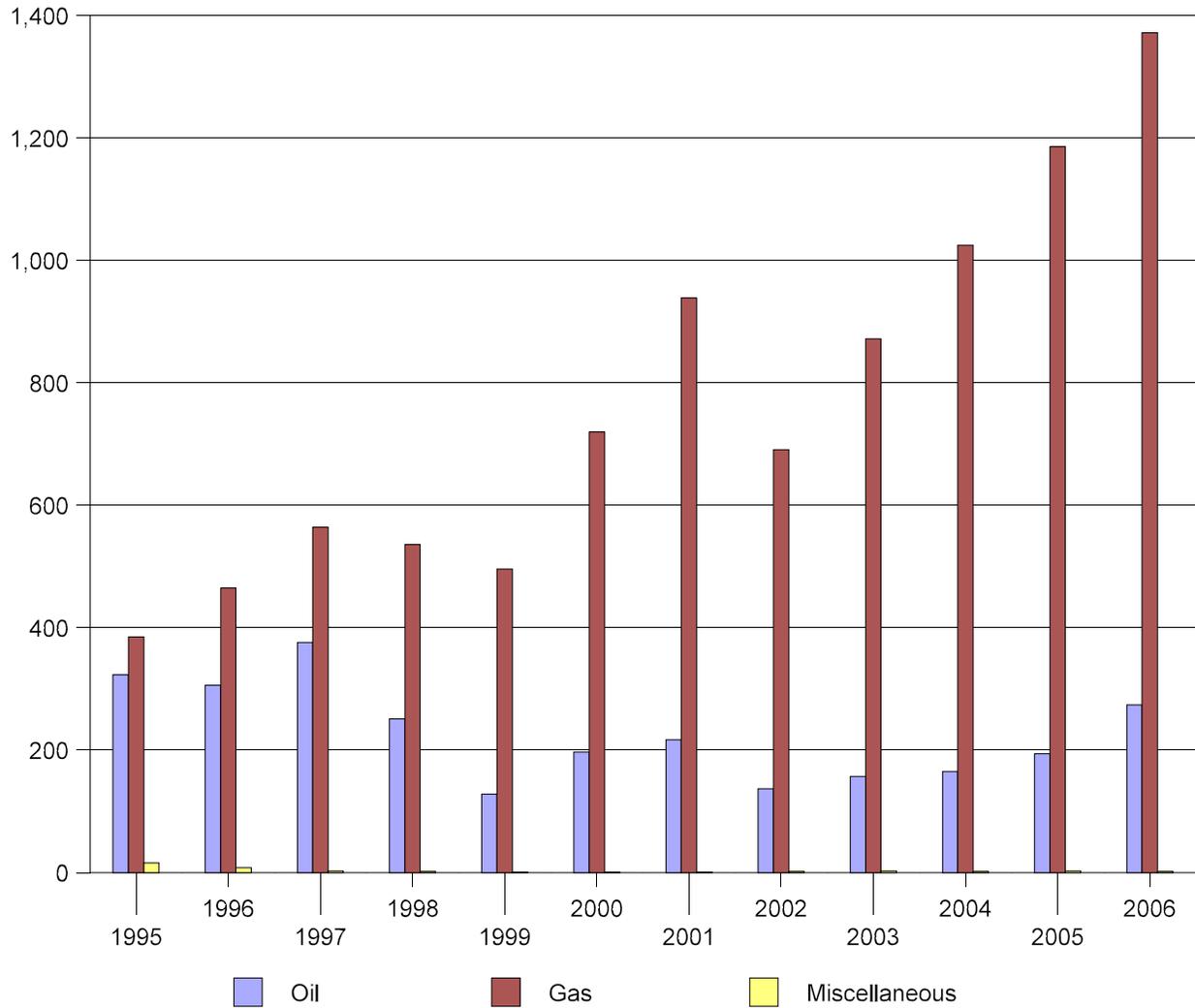
Figure IV-2
Baker Hughes U.S. rig count, by type of drilling, 1995-2006



Source: Baker Hughes Incorporated.

Figure IV-3 shows the Baker Hughes U.S.-wide rig count by well type. Rigs drilling for gas rose from 81 percent of all rigs (939 rigs) in 2001 to 83 percent (1,372 rigs) in 2006 as oil rigs declined from 19 percent (217 rigs) in 2001 to 17 percent (274 rigs) in 2006; miscellaneous rigs remained constant at less than 0.5 percent throughout the period of review (1 rig in 2001 and 2 rigs in 2006).

Figure IV-3
Baker Hughes U.S. rig count, by type of well, 1995-2006



Source: Baker Hughes Incorporated.

Although 2006 was a very strong year overall for the global tube and pipe market, MBR notes that seasonality may be a reason for the softened OCTG global demands in late 2006, as service centers in Europe and North America tend to reduce inventory levels towards the end of their fiscal years.¹³³ It points out that, in December 2006, overall tube and pipe demand also decreased in China due to a decline in industrial activities, resulting in decreased tubular export prices. Most industry sources suggest that

¹³³ MBR, *Seamless Steel Tube & Pipe Monthly*, December 2006, p.1.

these factors are temporary, and that demand for OCTG will recover in the first half of 2007¹³⁴ as drilling activities remain strong.¹³⁵ MBR maintains that demand weakness in the first quarter of 2007 is limited and a gradual decrease in inventories in the United States should stabilize the domestic and global market.¹³⁶

Market sources suggest that other factors also temporarily reduced demand for OCTG in late 2006. First, the lower crude prices in the fourth quarter of 2006 reduced end-of-year OCTG purchasing budgets. Second, the increase of low-priced imports in the U.S. market caused many buyers to delay OCTG purchases.¹³⁷

Industry sources such as MBR and Tenaris contend that the leading growth regions globally for OCTG in 2007 will be the Middle East and North Africa markets.¹³⁸ MBR notes that OCTG demand in North Africa markets, specifically Algeria and Nigeria, has risen due to the EU's current efforts to minimize exposure to Russian energy supplies.¹³⁹

Prices

Two responding producers, one responding importer, and two responding producer/importers indicated that prices in the U.S. market were higher than in at least some other markets. In addition, one of these two producer/importers (***) indicated that prices in the U.S. and Canadian markets are generally comparable. Three responding importers indicated that prices are about the same in the U.S. and other markets and one responding producer/importer indicated that prices in the U.S. market are lower than those in the Canadian market.

Rising energy and raw material costs, high inventories, seasonality, and weather reportedly temporarily softened demand for OCTG and caused spot prices to decline to the lowest level for the year in December 2006.¹⁴⁰ However, since the energy market remains fundamentally strong, drilling activities and demand for OCTG are expected to increase in the first quarter of 2007.¹⁴¹ In 2007, while prices have stabilized globally, MBR stresses that U.S. producers are still concerned with the presence of low-priced imports from China.¹⁴² With regard to recent softening of the OCTG spot prices in the first quarter of 2007, some industry sources cautioned that, in spite of the general health of the industry, high inventories and the weakness of certain products—for example, large-diameter pipe used in off-shore drilling— could

¹³⁴ Sam Kusic, "OCTG Tags Slide in Dec., Rally Expected in 1st Quarter," *AMM*, December 29, 2006.

¹³⁵ Sam Kusic, "OCTG Tags Slide in Dec., Rally Expected in 1st Quarter," *AMM*, December 29, 2006. Michael Cowden, "OCTG's Signal Mixed; Tag Drift Lower in April," *American Metal Market*, May 4, 2007.

¹³⁶ MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 1; *Seamless Steel Tube & Pipe Monthly*, April 2007, pp.3-4.

¹³⁷ From mid-September to December 2006, oil prices fluctuated around \$60 per barrel, much lower than the peak price of \$78.40 per barrel in July 2006. Imports of OCTG in November increased by 33 percent over the year-ago level. See Sam Kusic, "OCTG Tags Slide in Dec., Rally Expected in 1st Quarter", *AMM*, December 29, 2006.

¹³⁸ MBR, *Seamless Steel Tube & Pipe Monthly*, December 2006, p. 4.

¹³⁹ MBR, *Seamless Steel Tube & Pipe Monthly*, December 2006, p. 5.

¹⁴⁰ Sam Kusic, "OCTG Tags Slide in December, Rally Expected in First Quarter," *AMM*, December 29, 2006.

¹⁴¹ Sam Kusic, "OCTG Tags Slide in December, Rally Expected in 1st Quarter," *AMM*, December 29, 2006. According to Pipe Logix Inc., an OCTG market research firm based in Santa Fe, NM, OCTG distributor spot prices averaged \$1,463 per ton in December 2006, a decrease of \$15 a ton from November and a decrease of 3.4 percent from December 2005.

¹⁴² MBR, *Welded Steel Tube & Pipe Monthly*, December 2006, pp. 1, 2 and 5.

lead to a price decline.¹⁴³ However, MBR believes that price weakness in the first quarter of 2007 is limited and a gradual decrease in inventories in the United States should stabilize OCTG prices in the domestic and global markets.¹⁴⁴

Table IV-31 highlights recent prices for one specific grade¹⁴⁵ of seamless casing in various markets.¹⁴⁶ The data indicate that monthly prices in the U.S. domestic market remained generally higher than in Western Europe, China, and Eastern European markets during March 2006 through April 2007.

Table IV-31
OCTG: Global pricing for API 5CT J55 seamless casing, March 2006 - April 2007

* * * * *

According to Preston, U.S. year-to-date price levels appear flat in early 2007,¹⁴⁷ but no evidence of price abatement exists. It states that welded tubular product prices have remained fairly stable, while the upward momentum of seamless OCTG prices appears to continue.¹⁴⁸ Figure IV-4 shows global seamless tube and pipe prices. These data, however, are collected based on different product categories, timing, and commercial considerations, and so are distinct from the pricing data presented in Part V of this report, which are collected directly from U.S. producers and importers according to precise product definitions. Industry sources observe that, following a wave of mergers and acquisitions in the steel and tubular industries, companies are increasingly willing to limit their production in order to stabilize prices. This suggests to some that any industry-wide price reduction will be shorter-lived and less dramatic than that occurring two years ago.¹⁴⁹ Domestic mills have recently demonstrated production discipline by operating at 50 percent to 60 percent of their tubular production capacity levels.¹⁵⁰

Figure IV-4
Global seamless tube and pipe base price (\$ per metric ton), October 2005 to October 2007 (forecast)

* * * * *

¹⁴³ Michael Cowden, "OCTG's Signal Mixed; Tag Drift Lower in April," *American Metal Market*, May 4, 2007.

¹⁴⁴ MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 1.

¹⁴⁵ API 5CT J55 seamless casing.

¹⁴⁶ MBR, *Seamless Steel Tube & Pipe Monthly*, March 2006 - April 2007.

¹⁴⁷ *PPTR*, February 2007, p. 14. Preston expects the average price for seamless OCTG to remain stable with import prices rising to \$1,260 per ton.

¹⁴⁸ *PPTR*, February 2007, p. 14.

¹⁴⁹ Anne Jolis, "European Steel Shares Likely to Hold Allure." *Wall Street Journal*, January 16, 2007; p. C10.

¹⁵⁰ *AMM*, September 1, 2006.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw materials as a share of cost of goods sold for domestic producers of OCTG increased between 2001 and 2006, increasing from *** percent of the cost of goods sold in 2001 to *** percent in 2006 for casing and tubing and from *** to *** percent between 2001 and 2006 for drill pipe. The key costs in producing OCTG are raw materials such as hot-rolled steel and billets; inputs such as coke, scrap, pig iron, and hot-briqueted iron; and energy and labor costs. The price of scrap has fluctuated at historically high levels since the beginning of 2004, and increased noticeably in 2007 (figure V-1). The price of hot-rolled coil increased during 2004 and has remained relative stable since 2004 (figure V-2). In addition, electricity, natural gas, iron ore, and blast furnace coke costs have all increased since 2004 (table V-1).¹

U.S. Inland Transportation Costs

Four of 10 responding producers and six of 15 responding importers indicated that their firm generally arranges for transportation to the customers' locations, with one producer indicating that both the firm or purchaser arranges for transportation. U.S. producers estimated their U.S. inland transportation costs were between 2.5 and 10 percent, with importers estimating their transportation costs from zero to 10 percent.

Transportation Costs to the U.S. Market

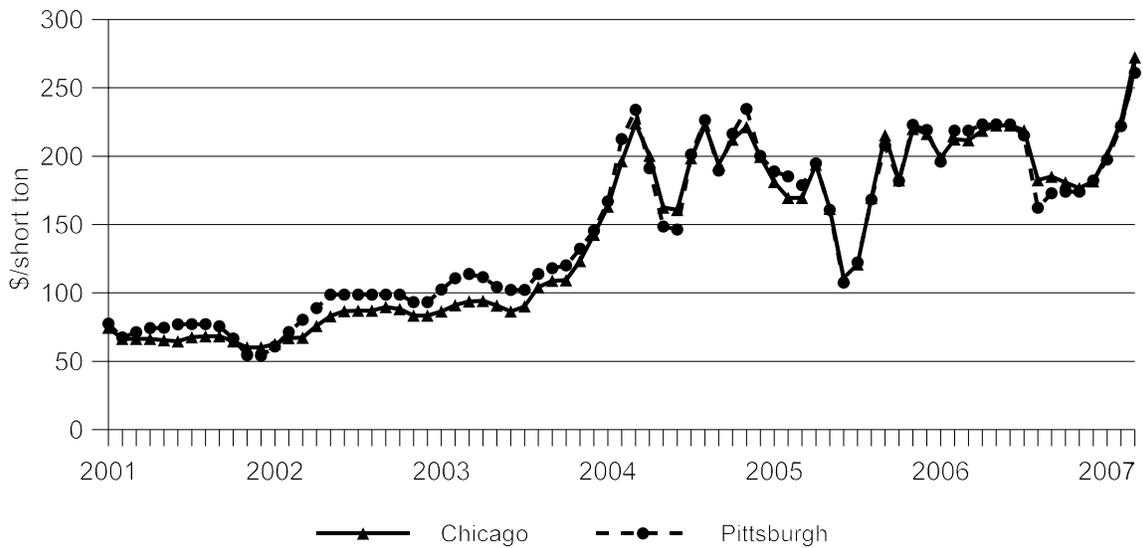
Transportation costs from foreign to U.S. markets are estimated to be the following percentages of the 2006 customs value. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.²

	Argentina	Italy	Japan	Korea	Mexico
Casing and tubing	12.1	5.0	2.7	10.8	9.9
Drill pipe	-	-	4.1	-	-

¹ Iron-ore prices are projected to continue to rise in 2007, based on negotiations between major iron-ore producers and steelmakers. "Iron-Ore Prices Get Boost from Asia," *The Wall Street Journal*, December 28, 2006, p. A12.

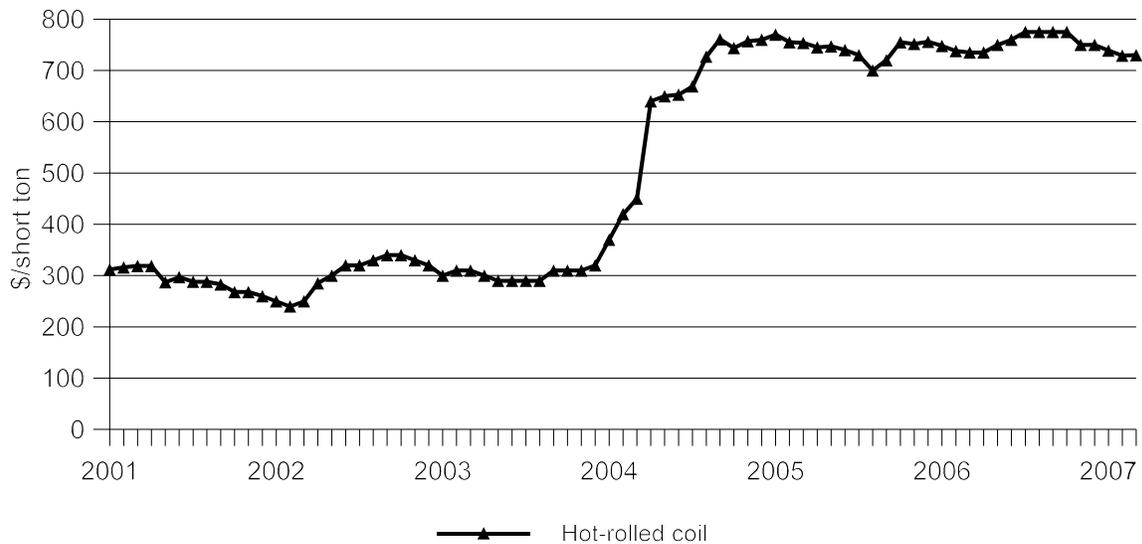
² This includes import data from the following HTS numbers for drill pipe: 7304.21 and for casing and tubing: 7304.29, 7305.20, and 7306.20. Note that this includes any excluded product within these HTS numbers.

Figure V-1
Ferrous scrap prices: No. 1 heavy melt, Chicago and Pittsburgh average consumer prices, monthly, January 2001 to March 2007



Source: American Metal Market LLC.

Figure V-2
Hot-rolled coil prices: Purchasing magazine prices, monthly, January 2001 to March 2007



Source: Purchasing magazine.

Table V-1**U.S. natural gas, electricity, iron ore, and blast furnace coke prices, 2001-06**

Item	2001	2002	2003	2004	2005	2006
U.S. natural gas industrial price ¹	\$5.24	\$4.02	\$5.89	\$6.56	\$8.46	\$7.89
Electricity industrial price ²	5.05	4.88	5.11	5.25	5.73	5.79
Iron ore (per metric ton)	23.87	26.04	32.30	37.92	44.00	52.00
Blast furnace coke (per metric ton)	120.00	120.00	121.00	122.00	123.00	135.00

¹ Price to industrial users in dollars per thousand cubic feet.
³ Price to industrial users in cents per kilowatt-hour.

Sources: U.S. Energy Information Administration, <http://www.eia.doe.gov>, official statistics of the U.S. Department of Energy, http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/feoremcs06.pdf, http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/feoremcs07.pdf, and USGS estimate.

Exchange Rates

Nominal and real values of the currency of Argentina, Japan, Italy, Korea, and Mexico from 2001-06 are presented in figure V-3. With the exception of the Argentine peso and Mexican peso, the nominal values of these currencies appreciated relative to the U.S. dollar between the first quarter of 2001 and the last quarter of 2006.

Figure V-3
Exchange rates: Indices of the nominal and real exchange rates of the currencies of Argentina, Italy, Japan, Korea, and Mexico in relation to the U.S. dollar, by quarters, January 2001 through December 2006

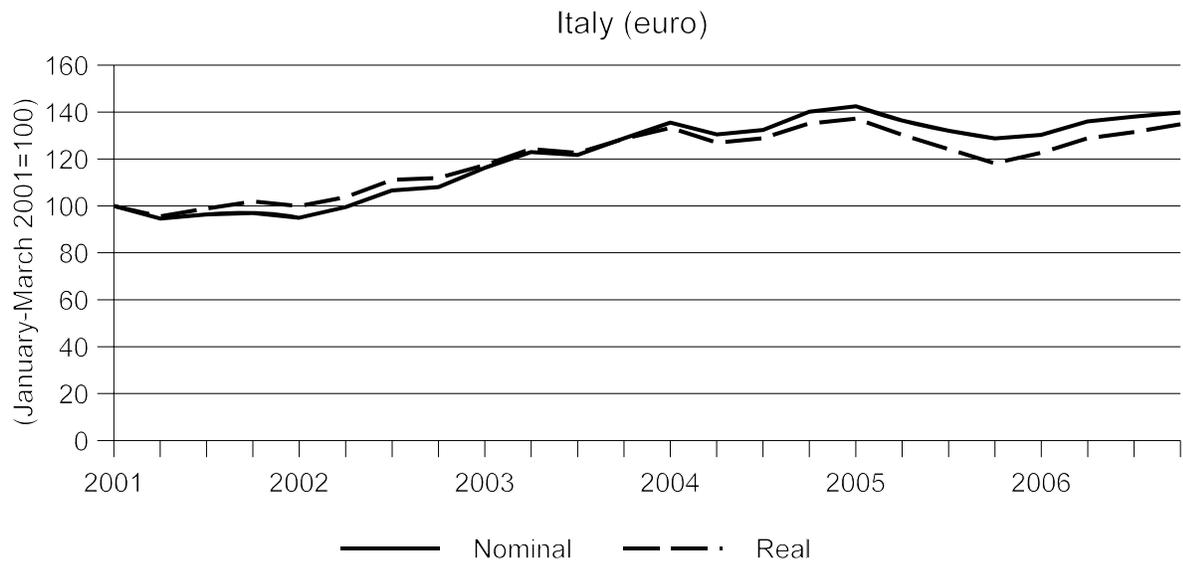
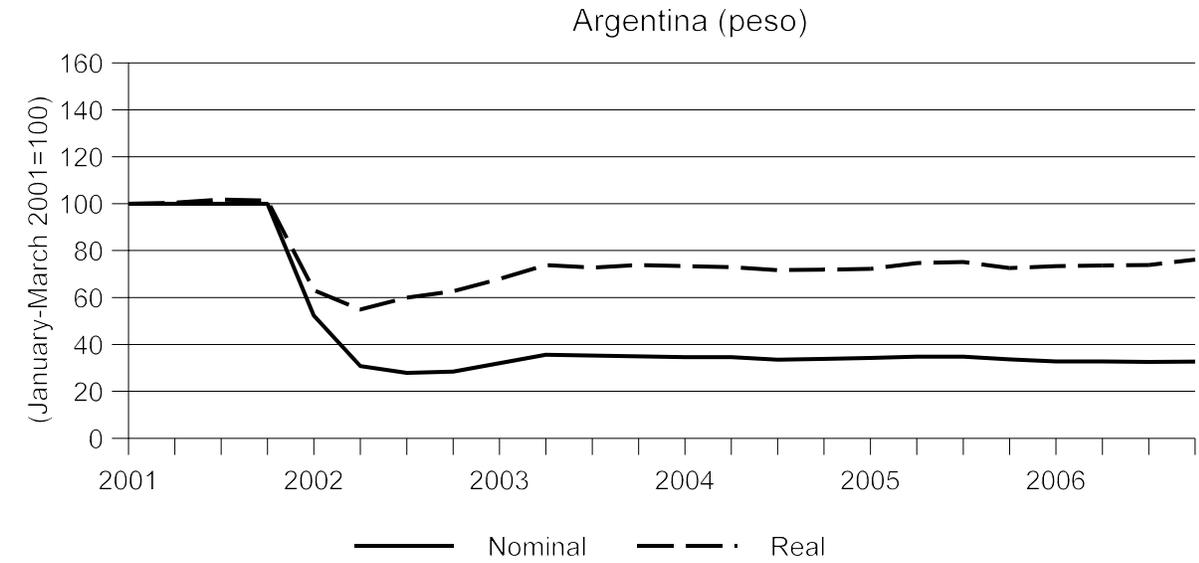


Figure continued on the following page.

Figure V-3—Continued

Exchange rates: Indices of the nominal and real exchange rates of the currencies of Argentina, Italy, Japan, Korea, and Mexico in relation to the U.S. dollar, by quarters, January 2001 through December 2006

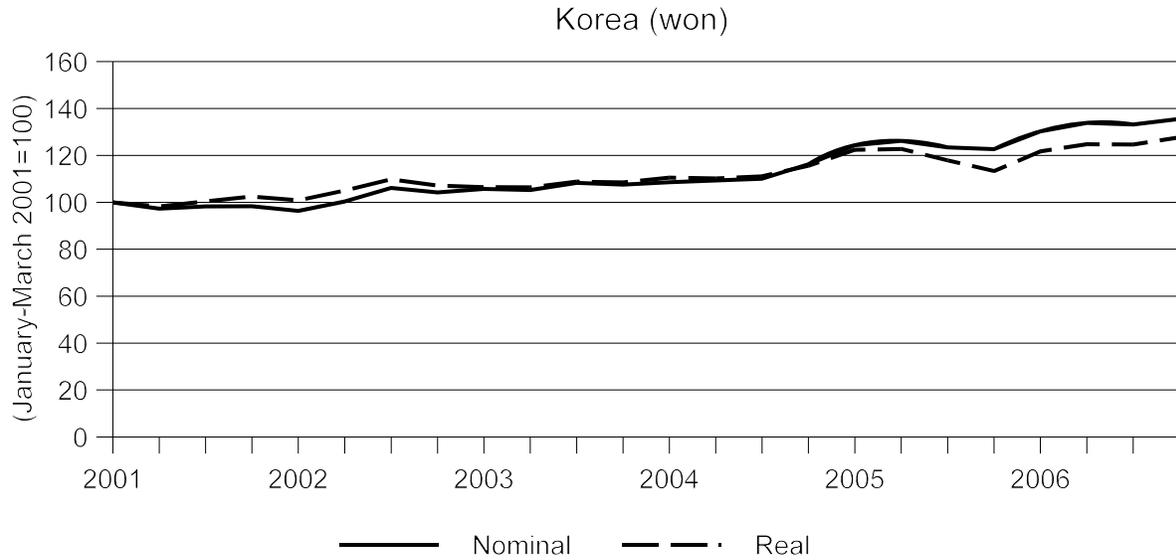
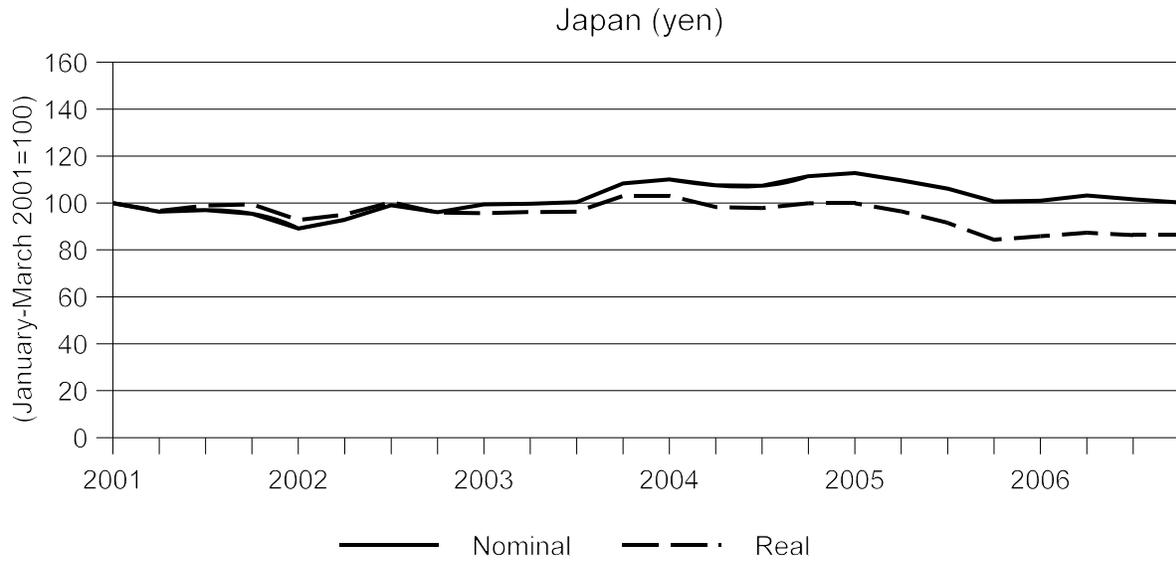
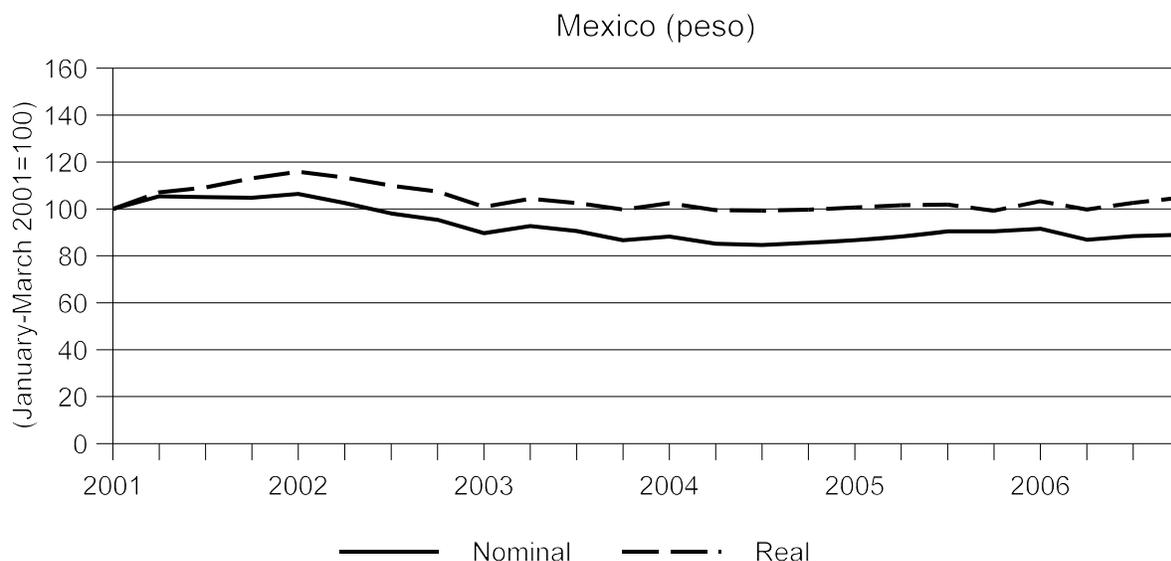


Figure continued on the following page.

Figure V-3—Continued

Exchange rates: Indices of the nominal and real exchange rates of the currencies of Argentina, Italy, Japan, Korea, and Mexico in relation to the U.S. dollar, by quarters, January 2001 through December 2006



Source: International Monetary Fund, *International Financial Statistics*,

<http://ifs.apdi.net/imf/ifsbrowser.aspx?branch=ROOT> retrieved February 28, 2007.

PRICING PRACTICES

Pricing Methods

Ten of 12 responding producers indicated that their prices were determined on a transaction-by-transaction basis, with four of these 10 producers also using contracts, and another using contracts and a set price list. One of the remaining responding producers (***) reported using a price list and another *** reported using contracts. Eighteen of 21 responding importers determined prices on a transaction-by-transaction basis, three of which also used contracts and another of which used contracts and price lists. The three remaining responding importers only used contracts.

Twenty-nine responding purchasers indicated that there are price leaders in the U.S. market for OCTG.³ Among the companies most mentioned were U.S. Steel, which was named by 21 purchasers, and Lone Star, which was named by 12 purchasers. Only one U.S. producer, Grant Prideco, was specifically identified by one purchaser (***) as a price leader for drill pipe. However, two others purchasers that only reported purchases of drill pipe each also reported price leaders; *** identified Grant Prideco and *** identified U.S. Steel.

³ In addition, three purchasers responded that they did not know if there were price leaders.

Sales Terms and Discounts

Five of 11 responding producers and six of 21 responding importers reported using discounts. Two producers and four importers reported offering quantity discounts. Producers varied widely with respect to how many of their sales were spot versus contract.

Seven of 11 responding producers and two of three responding importers reported making all of their sales to order, with three producers and two importers reporting making more than 60 percent of their sales from inventory.

Producers reported lead times of 1-30 days from inventory or 7-300 days to order. Seven of 12 responding producers indicated that lead times for U.S. shipments have been unchanged since 2001, with two producers indicating that lead times had increased and the three remaining responding producers indicated that lead times had fluctuated. Seven of eight importers reported that lead times have remained unchanged since 2001. Nine of 11 responding producers expect that lead times will remain unchanged in the future with the remaining two responding producers expecting lead times to decrease. Eight of nine importers expect lead times to remain unchanged in the future with the remaining responding importer expecting lead times to decrease.

PRICE DATA

The Commission asked for quarterly sales value price and quantity data for U.S. producers' and importers' sales of the following 13 tubing and casing products during January 2001 to December 2006:

Product 1.—Tubing, grade J-55, 2⁷/₈" O.D., 6.5 lbs./ft., API 8 round, threaded and coupled, range 2, welded (full body normalized)

Product 2.—Tubing, grade N-80, 2⁷/₈" O.D., 6.5 lbs./ft., external upset ends, threaded and coupled, seamless

Product 3.—Tubing, grade J-55, 2³/₈" O.D., 4.7 lbs./ft., 0.190" wall, external upset ends, threaded and coupled, range 2, welded, other than full body normalized

Product 4.—Tubing, grade J-55, 2³/₈" O.D., 4.7 lbs./ft., 0.190" wall, external upset ends, threaded and coupled, range 2, welded, full body normalized

Product 5.—Tubing, grade L-80, 2⁷/₈" O.D., 6.5 lbs./ft., external upset ends, threaded and coupled, seamless

Product 6.—Tubing, grade J-55, 2⁷/₈" O.D., 6.5 lbs./ft., API 8 round, threaded and coupled, range 2, welded (not full body normalized)

Product 7.—Casing, grade N-80, 5¹/₂" O.D., 17.0 lbs./ft., long threaded and coupled, range 3, seamless

Product 8.—Casing, grade P-110, 9⁵/₈" O.D., 53.5 lbs./ft., long threaded and coupled, range 3, seamless

Product 9.—Casing, grade N-80, 4¹/₂" O.D., 11.6 lbs./ft., long threaded and coupled, range 3, seamless

Product 10.—Casing, grade J-55, 5¹/₂" O.D., 15.5 lbs./ft., 0.275" wall, long threaded and coupled, range 3, welded

Product 11.—Casing, grade P-110, 7" O.D., 23.0 lbs./ft., long threaded and coupled, range 3, seamless

Product 12.—Casing, grade API T-95, 7-5/8" O.D., 58.3 lbs./ft., plain end, range 3, seamless

Product 13.—Casing, grade L-80 or N-80, 13-3/8" O.D., 72.00 lbs./ft., plain end, range 3, seamless

Eight U.S. producers (***) provided usable pricing data for sales of the requested casing and tubing products, although not all firms reported pricing for all products for all quarters. Price data reported by these firms accounted for *** percent of U.S. producers' commercial shipments of casing and tubing in 2006. One importer (***) provided pricing data for welded tubing from Korea; these data accounted for *** percent of casing and tubing imports from Korea. No price data were reported for Argentina, Italy, Japan, or Mexico.

In response to a posthearing inquiry from the Commission, all responding interested parties characterized the J-55 grade welded casing and tubing pricing products as "low-end" and seamless product 12 (the only API T-95 grade product) as either "high-end" or "proprietary and sour service." The remaining seamless products were characterized as either "mid-range" or "high-end" by all responding interested parties except for the Argentine, Italian, and Mexican producers who characterized all of the casing and tubing products except for product 12 as "low-end." The two P-110 grade seamless products (products 8 and 11) were characterized as "high-end" by four of six responding interested parties, the two seamless products which could be L-80 grade (products 5 and 13) were characterized as "high-end" by three of the six responding interested parties, and the two N-80 grade seamless products (products 7 and 9) were characterized as "high-end" by two of six responding interested parties.⁴

Sales value and quantity data were also requested for the following two drill pipe products:

Product 14.—Drill pipe, green tubes, 5" O.D., 17.93 lbs./ft., 0.362" wall, seamless

Product 15.—Drill pipe, finished, 5" O.D., 19.5 lbs./ft., Grade G-105 with tool joints attached

Two U.S. mills (***) provided price data for drill pipe green tube and two U.S. processors (***) provided price data for drill pipe with attached tool joints. Price data reported by these firms accounted for *** percent of U.S. mills' and processors' combined commercial shipments of drill pipe in 2006. No drill pipe price data for subject imports were reported.

Price data for casing and tubing products are presented in tables V-2 to V-14 and figure V-4. Price data for drill pipe are presented in tables V-15 to V-16 and figure V-5.

Table V-2

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, and margins of underselling/(overselling), by type of sale, 2001-06

* * * * *

Table V-3

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic product 2, sales to distributors, 2001-06

* * * * *

⁴ U.S. Steel's posthearing brief, exhibit 1, p. 43; IPSCO and Lone Star's posthearing brief, p. A-18. Japanese producers' posthearing brief, part II, p. 18; Korean producers' posthearing brief, exhibit 1, pp. 15-16; Argentine, Italian, and Mexican producers' posthearing brief, response to question 14; SEPCo's posthearing brief, addendum C. Maverick did not respond to this request.

Table V-4

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,¹ and margins of underselling/(overselling), by type of sale, 2001-06

Period	Sales to distributors					Sales to end users	
	United States		Korea			Korea	
	Price (per ton)	Quantity (short tons)	Price (per ton)	Quantity (short tons)	Margin (percent)	Price (per ton)	Quantity (short tons)
2001:							
January-March	\$***	***	-	-	-	\$***	***
April-June	***	***	-	-	-	-	-
July-September	796	11,735	-	-	-	-	-
October-December	770	9,926	-	-	-	-	-
2002:							
January-March	709	12,473	-	-	-	-	-
April-June	707	11,426	-	-	-	-	-
July-September	722	12,103	-	-	-	-	-
October-December	695	6,379	\$***	***	***	***	***
2003:							
January-March	689	9,050	***	***	***	-	-
April-June	706	12,639	-	-	-	-	-
July-September	717	13,669	***	***	***	-	-
October-December	737	13,052	***	***	***	***	***
2004:							
January-March	805	14,545	***	***	***	-	-
April-June	1,121	11,389	***	***	***	-	-
July-September	1,112	12,006	***	***	***	-	-
October-December	1,152	9,320	***	***	***	-	-
2005:							
January-March	1,270	11,135	***	***	***	-	-
April-June	***	***	***	***	***	***	***
July-September	1,257	7,719	***	***	***	***	***
October-December	1,252	10,244	***	***	***	***	***
2006:							
January-March	1,244	9,722	***	***	***	***	***
April-June	1,257	11,965	-	-	-	***	***
July-September	***	***	***	***	***	***	***
October-December	1,279	9,168	-	-	-	***	***

¹ Product 3.—Tubing, grade J-55, 2 $\frac{3}{8}$ " O.D., 4.7 lbs./ft, 0.190" wall, external upset ends, threaded and coupled, range 2, welded, other than full body normalized.

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

Table V-5

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, and margins of underselling/(overselling), by type of sale, 2001-06

* * * * *

Table V-6

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic product 5, sales to distributors, 2001-06

* * * * *

Table V-7

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic and imported product 6, and margins of underselling/(overselling), by type of sale, 2001-06

* * * * *

Table V-8

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic product 7, sales to distributors, 2001-06

* * * * *

Table V-9
Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic product 8,¹ sales to distributors, 2001-06

Period	Sales to distributors	
	United States	
	Price (per ton)	Quantity (short tons)
2001:		
January-March	\$767	24,085
April-June	793	33,284
July-September	741	9,357
October-December	***	***
2002:		
January-March	723	4,821
April-June	687	9,763
July-September	689	17,934
October-December	689	8,796
2003:		
January-March	672	9,630
April-June	664	17,495
July-September	656	15,635
October-December	***	***
2004:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
2005:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
2006:		
January-March	1,624	30,788
April-June	1,645	18,797
July-September	***	***
October-December	1,713	16,755

¹ Product 8.—Casing, grade P-110, 9 $\frac{5}{8}$ " O.D., 53.5 lbs./ft., long threaded and coupled, range 3, seamless.

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

Table V-10
Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic product 9, sales to distributors, 2001-06

* * * * *

Table V-11
Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic and imported product 10,¹ and margins of underselling/(overselling), by type of sale, 2001-06

Period	Sales to distributors					Sales to end users	
	United States		Korea			Korea	
	Price (per ton)	Quantity (short tons)	Price (per ton)	Quantity (short tons)	Margin (percent)	Price (per ton)	Quantity (short tons)
2001:							
January-March	\$***	***	-	-	-	-	-
April-June	***	***	-	-	-	-	-
July-September	***	***	-	-	-	-	-
October-December	***	***	-	-	-	-	-
2002:							
January-March	505	6,300	-	-	-	-	-
April-June	498	6,378	-	-	-	-	-
July-September	524	7,242	-	-	-	-	-
October-December	498	5,296	-	-	-	-	-
2003:							
January-March	500	12,043	-	-	-	-	-
April-June	***	***	\$***	***	***	-	-
July-September	519	14,556	-	-	-	-	-
October-December	530	13,056	***	***	***	-	-
2004:							
January-March	684	12,077	-	-	-	-	-
April-June	855	10,093	***	***	***	\$***	***
July-September	941	13,465	***	***	***	***	***
October-December	***	***	***	***	***	***	***
2005:							
January-March	1,054	10,962	-	-	-	-	-
April-June	1,125	9,644	-	-	-	***	***
July-September	1,080	9,081	***	***	***	***	***
October-December	1,095	10,585	***	***	***	***	***
2006:							
January-March	1,043	9,507	***	***	***	***	***
April-June	1,029	10,954	-	-	-	***	***
July-September	1,047	13,172	-	-	-	***	***
October-December	1,067	11,722	-	-	-	***	***

¹ Product 10.—Casing, grade J-55, 5½" O.D., 15.5 lbs./ft., 0.275" wall, long threaded and coupled, range 3, welded.

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

Table V-12

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic product 11, sales to distributors, 2001-06

* * * * *

Table V-13

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic product 12, sales to distributors, 2001-06

* * * * *

Table V-14

Casing and tubing: Weighted-average f.o.b. prices and quantities of domestic product 13, sales to distributors, 2001-06

* * * * *

Table V-15

Drill pipe: Weighted-average f.o.b. prices and quantities of domestic product 14, sales to end users, 2001-06

* * * * *

Table V-16

Drill pipe: Weighted-average f.o.b. prices and quantities of domestic product 15, by type of sale, 2001-06

* * * * *

Figure V-4

Casing and tubing: Weighted-average f.o.b. prices of products 1-13, by country and type of sale, 2001-06

* * * * *

Figure V-5

Drill pipe: Weighted-average f.o.b. prices of products 14-15, by country and type of sale, 2001-06

* * * * *

Price Trends

Prices for U.S.-produced casing and tubing products to distributors did not vary much between 2001 and 2003, increased in 2004 and 2005, and then for most products leveled off or were stable in 2006. The increase in price from the first quarter of 2001 to the fourth quarter of 2006 ranged from *** percent (welded J-55 tubing product 3) to 123.1 percent (seamless P-110 casing product 8). U.S. producers did not report any price data for sales of casing and tubing products to end users.

Reported prices for subject imports of casing and tubing products from Korea also increased from 2001 to 2006. Prices of subject welded tubing from Korea were reported for products 1, 3, 4, 6, and 10, for sales to both distributors and end users. For sales to distributors, prices increased by *** percent (product 1) and by *** percent (product 4).⁵ For sales to end users, prices increased by *** percent (product 3) and by *** percent (product 4).

Pricing data for the requested drill pipe products (products 14 and 15) were reported only by U.S. producers; no sales of subject imports were reported. Unlike casing and tubing products for which there were no reported U.S. sales of the requested products to end users, most of the drill pipe sales of the requested products were to end users. Prices of product 14 to end users increased by *** percent from January-March 2001 to October-December 2006, while prices of product 15 to end users increased by *** percent. For U.S. producers' sales of product 15 to distributors, prices increased by *** percent; no sales of product 14 to distributors were reported.

Price Comparisons

There were 80 instances where prices for domestic casing and tubing and imported subject casing and tubing from Korea could be compared. Price comparisons were possible only for products 1, 3, 4, 6, and 10, and only for sales to distributors. U.S.-produced casing and tubing products were priced higher than imports from Korea in 47 of the 80 possible comparisons with margins of underselling ranging from 0.1 to 33.3 percent. In the other 33 comparisons, the Korean products were priced higher, with margins of overselling ranging from 0.1 to 33.5 percent.

In the original investigations, data were collected for 17 tubing and casing products, and for 2 drill pipe products. The following tabulation shows a summary of price comparisons, for the relevant countries, from the original investigations.

⁵ Percentage changes are reported for first quarter 2001 to fourth quarter 2006, and are only reported for products in which data were reported in these quarters.

Casing and tubing				
Country	Number of quarters underselling	Number of quarters overselling	Range of margins of underselling (percent)	Range of margins of overselling (percent)
Argentina ¹	8	38	***	***
Italy ²	14	9	***	***
Japan ³	16	24	***	***
Korea ⁴	16	25	***	***
Mexico ⁵	14	6	***	***
Drill pipe				
Japan	3	0	***	-
<p>¹ With respect to Argentina, underselling occurred in 8 of 46 comparisons of seamless products; there were no comparisons for welded products.</p> <p>² With respect to Italy, underselling occurred in 9 of 11 comparisons of welded products and in 5 of 12 comparisons of seamless products.</p> <p>³ With respect to Japan, underselling occurred in 3 of 9 comparisons of welded products and in 13 of 31 comparisons of seamless products.</p> <p>⁴ With respect to Korea, underselling occurred in 16 of 41 comparisons of welded product; there were no comparisons for seamless products.</p> <p>⁵ With respect to Mexico, underselling occurred in all 7 comparisons of welded products and in 7 of 13 comparisons of seamless products.</p> <p>Note.--In one quarter, prices for U.S. and Korean product were the same.</p> <p>Source: <i>Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain</i>, Investigations Nos. 701-TA-363 and 364 (Final) and 731-TA-711-717 (Final), USITC Publication 2911 (August 1995).</p>				

APPENDIX A

***FEDERAL REGISTER* NOTICES AND STATEMENT ON ADEQUACY**

Approved by Designated Federal Officer:
Andrew J. Heimert,
Executive Director & General Counsel,
Antitrust Modernization Commission.
 [FR Doc. E6-8445 Filed 5-31-06; 8:45 am]
BILLING CODE 6820-YH-P

Administration, International Trade Administration, U.S. Department of Commerce, 14th and Constitution Ave., NW., Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205-3193.

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Five-Year (“Sunset”) Reviews

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: In accordance with section 751(c) of the Tariff Act of 1930, as amended (“the Act”), the Department of Commerce (“the Department”) is automatically initiating a five-year (“Sunset Review”) of the antidumping and countervailing duty orders listed below. The International Trade Commission (“the Commission”) is publishing concurrently with this notice its notice of *Institution of Five-Year Review* which covers these same orders.

DATES: *Effective Date:* June 1, 2006.

FOR FURTHER INFORMATION CONTACT: The Department official identified in the *Initiation of Review(s)* section below at AD/CVD Operations, Import

SUPPLEMENTARY INFORMATION:

Background

The Department’s procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-Year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). Guidance on methodological or analytical issues relevant to the Department’s conduct of Sunset Reviews is set forth in the Department’s Policy Bulletin 98.3—*Policies Regarding the Conduct of Five-Year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) (“*Sunset Policy Bulletin*”).

Initiation of Reviews

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping and countervailing duty orders:

DOC case No.	ITC case No.	Country	Product	Department contact
A-357-810	731-TA-711	Argentina	Oil Country Tubular Goods (2nd Review).	Dana Mermelstein, (202) 482-1391.
A-475-816	731-TA-713	Italy	Oil Country Tubular Goods (2nd Review).	Dana Mermelstein, (202) 482-1391.
C-475-817	701-TA-364	Italy	Oil Country Tubular Goods (2nd Review).	Dana Mermelstein, (202) 482-1391.
A-588-835	731-TA-714	Japan	Oil Country Goods (2nd Review)	Dana Mermelstein, (202) 482-1391.
A-580-825	731-TA-715	South Korea	Oil Country Tubular Goods (2nd Review).	Dana Mermelstein, (202) 482-1391.
A-201-817	731-TA-716	Mexico	Oil Country Tubular Goods (2nd Review).	Dana Mermelstein, (202) 482-1391.
A-357-809	731-TA-707	Argentina	Seamless Line and Pressure Pipe (2nd Review).	Dana Mermelstein, (202) 482-1391.
A-351-826	731-TA-708	Brazil	Seamless Line and Pressure Pipe (2nd Review).	Dana Mermelstein, (202) 482-1391.
A-428-820	731-TA-709	Germany	Seamless Line and Pressure Pipe (2nd Review).	Dana Mermelstein, (202) 482-1391.

Filing Information

As a courtesy, we are making information related to Sunset proceedings, including copies of the Department’s regulations regarding Sunset Reviews (19 CFR 351.218) and *Sunset Policy Bulletin*, the Department’s schedule of Sunset Reviews, case history information (*i.e.*, previous margins, duty absorption determinations, scope language, import volumes), and service lists available to the public on the Department’s sunset

Internet Web site at the following address: “<http://ia.ita.doc.gov/sunset/>.” All submissions in these Sunset Reviews must be filed in accordance with the Department’s regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103(c), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is

requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order (“APO”) immediately following publication in the **Federal Register** of the notice of initiation of the sunset review. The Department’s

regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304–306.

Information Required From Interested Parties

Domestic interested parties (defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b)) wishing to participate in these Sunset Reviews must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the orders without further review. *See* 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department's regulations provide that *all parties* wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the Commission's information requirements. Please consult the Department's regulations for information regarding the Department's conduct of Sunset Reviews.¹ Please consult the Department's regulations at 19 CFR Part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218(c).

Dated: May 22, 2006.

Thomas F. Futtner,
*Acting Office Director, AD/CVD Operations,
Office 4 for Import Administration.*

[FR Doc. E6–8510 Filed 5–31–06; 8:45 am]

BILLING CODE 3510–DS–P

¹ In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests for extension of that five-day deadline based upon a showing of good cause.

**INTERNATIONAL TRADE
COMMISSION****[Investigation Nos. 701-TA-364 and 731-TA-711 and 713-716 (Second Review)]****Oil Country Tubular Goods From
Argentina, Italy, Japan, Korea, and
Mexico****AGENCY:** United States International Trade Commission.**ACTION:** Institution of five-year reviews concerning the countervailing duty order on oil country tubular goods ("OCTG") from Italy and the antidumping duty orders on OCTG from Argentina, Italy, Japan, Korea, and Mexico.**SUMMARY:** The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the countervailing duty order on OCTG from Italy and the antidumping duty orders on OCTG from Argentina, Italy, Japan, Korea, and Mexico would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is July 21, 2006. Comments on the adequacy of responses may be filed with the Commission by August 14, 2006. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).**DATES:** *Effective Date:* June 1, 2006.**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202-205-3193), Office of

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 06-5-153, expiration date June 30, 2008. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background. On August 10, 1995, the Department of Commerce ("Commerce") issued a countervailing duty order on imports of OCTG from Italy (60 FR 40822). On August 11, 1995, Commerce issued antidumping duty orders on imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico (60 FR 41055). Following five-year reviews by Commerce and the Commission, effective July 25, 2001, Commerce issued a continuation of the countervailing duty order on imports of OCTG from Italy and the antidumping duty orders on imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico (66 FR 38630). The Commission is now conducting second reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions. The following definitions apply to these reviews:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by Commerce.

(2) The *Subject Countries* in these reviews are Argentina, Italy, Japan, Korea, and Mexico.

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations and its full five-year review determinations, the Commission

found two *Domestic Like Products* consisting of (1) OCTG excluding drill pipe (*i.e.*, casing and tubing) and (2) drill pipe. In light of the current scope of the orders, the drill pipe domestic like product is applicable only to the reviews concerning the countervailing duty order from Italy and the antidumping duty order from Japan.

(4) The *Domestic Industry* is the U.S. producers as a whole of the *Domestic Like Product*, or those producers whose collective output of the *Domestic Like Product* constitutes a major proportion of the total domestic production of the product. In its original determinations and its full five-year review determinations, the Commission found two *Domestic Industries* consisting of (1) producers of OCTG excluding drill pipe (*i.e.*, casing and tubing) and (2) producers of drill pipe. The Commission also found that processors should be included in both the domestic casing and tubing industry and in the domestic drill pipe industry, but those firms that only perform basic threading and coupling operations should not be included.

(5) An *Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the *Subject Merchandise* into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list. Persons, including industrial users of the *Subject Merchandise* and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek

informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list. Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification. Pursuant to § 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions. Pursuant to § 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is July 21, 2006. Pursuant to § 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is August 14, 2006. All written submissions must conform with the provisions of §§ 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also

conform with the requirements of §§ 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information. Pursuant to § 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response to This Notice of Institution: Please provide the requested information separately for each *Domestic Like Product*, as defined by the Commission in its original and full five-year review determinations, and for each of the products identified by Commerce as *Subject Merchandise*. If you are a domestic producer, union/worker group, or trade/business association; import/export *Subject Merchandise* from more than one *Subject Country*; or produce *Subject Merchandise* in more than one *Subject Country*, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent *Subject Country*. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and e-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the *Domestic Like Product*, a U.S. union

or worker group, a U.S. importer of the *Subject Merchandise*, a foreign producer or exporter of the *Subject Merchandise*, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the countervailing and antidumping duty orders on each *Domestic Industry* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on each *Domestic Industry*.

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Product*. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in each *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries after 2000.

(7) If you are a U.S. producer of the *Domestic Like Product*, provide the following information on your firm's operations on that product during calendar year 2005 (report quantity data in short tons and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the *Domestic Like Product* accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Countries*, provide the following information on your firm's(s') operations on that product during calendar year 2005 (report quantity data in short tons and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from each *Subject Country* accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of *Subject Merchandise* imported from each *Subject Country*; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of *Subject Merchandise* imported from each *Subject Country*.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Countries*, provide the following information on your firm's(s') operations on that product during calendar year 2005 (report quantity data in short tons and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of *Subject Merchandise* in each *Subject Country* accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of *Subject Merchandise* and, if known, an estimate of the percentage of total exports to the United States of *Subject Merchandise* from each *Subject Country* accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Countries* after 2000, and significant changes, if any, that are likely to occur within a reasonably

foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, *Subject Merchandise* produced in the *Subject Countries*, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry*; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: May 24, 2006.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6-8305 Filed 5-31-06; 8:45 am]

BILLING CODE 7020-02-P

**INTERNATIONAL TRADE
COMMISSION**

[Investigation Nos. 701-TA-364 and 731-TA-711 and 713-716 (Second Review)]

**Oil Country Tubular Goods From
Argentina, Italy, Japan, Korea, and
Mexico**

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the countervailing duty order on oil country tubular goods ("OCTG") from Italy and the antidumping duty orders on OCTG from Argentina, Italy, Japan, Korea, and Mexico.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the countervailing duty order on OCTG from Italy and the antidumping duty orders on OCTG from Argentina, Italy, Japan, Korea, and Mexico would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* September 5, 2006.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the

Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: On September 5, 2006, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that both the domestic and respondent interested party group responses to its notice of institution (71 FR 31207, June 1, 2006) were adequate. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: September 11, 2006.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6-15359 Filed 9-14-06; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-364 and 731-TA-711 and 713-716 (Second Review)]

Oil Country Tubular Goods From Argentina, Italy, Japan, Korea, and Mexico

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty order on oil country tubular goods from Italy and the antidumping duty orders on oil country tubular goods from Argentina, Italy, Japan, Korea, and Mexico.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the countervailing duty order on oil country tubular goods from Italy and the antidumping duty orders on oil country tubular goods from Argentina, Italy, Japan, Korea, and Mexico would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B). For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: September 22, 2006.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202-205-3187), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for

these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—On September 5, 2006, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (71 FR 54520, September 15, 2006). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the reviews and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the reviews will be placed in the nonpublic record on March 22, 2007, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on April

12, 2007, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before April 3, 2007. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on April 5, 2007, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is April 2, 2007. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is April 23, 2007; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before April 23, 2007. On May 22, 2007, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before May 24, 2007, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8,

2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II(C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: September 25, 2006.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6-16077 Filed 9-28-06; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-351-810, A-475-816, A-588-835, A-580-825]

Oil Country Tubular Goods From Argentina, Italy, Japan, and Korea; Final Results of Five-Year (“Sunset”) Reviews of Antidumping Duty Orders

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On June 1, 2006, the Department of Commerce (“the Department”) initiated the second sunset reviews of the antidumping duty (“AD”) orders on oil country tubular goods (“OCTG”) from Argentina, Italy, Japan, and Korea pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”). On the basis of notices of intent to participate, and adequate substantive responses filed on behalf of the domestic interested parties, and inadequate responses received from respondent interested parties, the Department has conducted expedited sunset reviews, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2). As a result of these sunset reviews, the Department finds that revocation of the AD orders would be likely to lead to continuation or recurrence of dumping at the margins indicated in the “Final Results of Review” section of this notice.

DATES: *Effective Date:* October 6, 2006.

FOR FURTHER INFORMATION CONTACT: Martha Douthit, Fred Baker, or Dana Mermelstein, AD/CVD Operations, Office 6-7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-5050, (202) 482-2924, or (202) 482-1391, respectively.

SUPPLEMENTARY INFORMATION:

Background

On June 1, 2006, the Department initiated sunset reviews of the AD orders on OCTG from Argentina, Italy, Japan, and Korea pursuant to section 751(c) of the Act. See *Initiation of Five-Year (“Sunset”) Reviews*, 71 FR 31153 (June 1, 2006). The Department received notices of intent to participate from IPSCO Tubulars, Inc., Lone Star Steel Company, Koppel Steel (“NS Group”), Maverick Tube Corporation, Newport Steel Company (“NS Group”), V&M Star LP, and United States Steel Corporation (“U.S. Steel”) (collectively “domestic interested parties”), within the deadline

specified in 19 CFR 351.218(d)(1)(i).¹ The domestic interested parties claimed interested party status under section 771(9)(C) of the Act as U.S. producers, manufacturers, and wholesalers of the domestic like product. We received complete substantive responses from the domestic interested parties in all four cases within the deadline specified in 19 CFR 351.218(d)(3)(i). We received an inadequate response from respondent interested parties of the AD order from Argentina, and no responses from respondent interested parties with respect to the AD orders from Italy, Japan, and Korea. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR. 351.218(e)(1)(ii)(C)(2), the Department has conducted expedited reviews of these AD orders.

Scope of the Orders

Argentina, Italy, Japan, Korea

The products covered by these orders consists of oil country tubular goods, hollow steel products of circular cross-section, including only oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). The scope does not cover casing or tubing pipe containing 10.5 percent or more of chromium, or drill pipe. The products subject to this review are currently classified in the following Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings: 7304.20.10.10, 7304.20.10.20, 7304.20.10.30, 7304.20.10.40, 7304.20.10.50, 7304.20.10.60, 7304.20.10.80, 7304.20.20.10, 7304.20.20.20, 7304.20.20.30, 7304.20.20.40, 7304.20.20.50, 7304.20.20.60, 7304.20.20.80, 7304.20.30.10, 7304.20.30.20, 7304.20.30.30, 7304.20.30.40, 7304.20.30.50, 7304.20.30.60, 7304.20.30.80, 7304.20.40.10, 7304.20.40.20, 7304.20.40.30, 7304.20.40.40, 7304.20.40.50, 7304.20.40.60, 7304.20.40.80, 7304.20.50.15, 7304.20.50.30, 7304.20.50.45, 7304.20.50.60, 7304.20.50.75, 7304.20.60.15, 7304.20.60.30, 7304.20.60.45, 7304.20.60.60, 7304.20.60.75, 7305.20.20.00,

¹ U.S. Steel and USS/Kobe Steel were petitioners in the investigation. U.S. Steel notes that Lorain Tubular Company LLC became the successor-in-interest to USS/Kobe Steel in August 1999. In December 1999, U.S. Steel took ownership of 100 % of the equity of Lorain Tubular, making U.S. Steel the owner of Lorain Tubular.

7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.20.10.30, 7306.20.10.90, 7306.20.20.00, 7306.20.30.00, 7306.20.40.00, 7306.20.60.10, 7306.20.60.50, 7306.20.80.10, and 7306.20.80.50.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these orders is dispositive.

Analysis of Comments Received

All issues raised in these reviews are addressed in the Issues and Decision Memorandum (“Decision Memorandum”) from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated September 29, 2006, which is hereby adopted by this notice. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit room, B-099 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>, under the heading October 2006. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

The Department determines that revocation of the AD orders on OCTG from Argentina, Italy, Japan, and Korea would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/exporters/producers	Weighted-average margin (percent)
Argentina	
Siderca S.A.I.C	1.36
Acindar Industria Argentina de Aceros S.A	60.73
All Others	1.36
Italy	
Dalmine S.p.A	49.78
Acciaierie Tubificio Arvedi S.p.A	49.78
General Sider Europa S.p.A	49.78
All Others	49.78
Japan	
Nippon Steel Corporation	44.20
Sumitomo Metal Industries, Ltd	44.20
All Others	44.20

Korea	
Union Steel Manufacturing Company	12.17
All Others	12.17
Hyundai Steel Pipe Company, Ltd., succeeded by Hyundai Hysco, was excluded from the order.	

This notice serves as the only reminder to parties subject to administrative protective order (“APO”) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: September 29, 2006.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

[FR Doc. E6-16607 Filed 10-5-06; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE**International Trade Administration**

(C-475-817)

Oil Country Tubular Goods from Italy: Final Results of Five-year (Sunset) Review and Revocation of the Countervailing Duty Order**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.**SUMMARY:** On June 1, 2006, the Department of Commerce (the Department) published in the **Federal Register** the notice of initiation of the second five-year sunset review of the countervailing duty order on oil country tubular goods (OCTG) from Italy, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). *See Initiation of Five-year ("Sunset") Reviews*, 71 FR 31153 (June 1, 2006) (*Second Sunset Review*). The Department has conducted an expedited sunset review as provided for in section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C). As a result of this sunset review, the Department finds that revocation of the countervailing duty order would not be likely to lead to continuation or recurrence of a countervailable subsidy. Therefore, the Department is revoking this countervailing duty order.**EFFECTIVE DATE:** July 25, 2006**FOR FURTHER INFORMATION CONTACT:** Jun Jack Zhao or Sean Carey, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-1396 or (202) 482-3964, respectively.**SUPPLEMENTARY INFORMATION:****Background**

The countervailing duty order on OCTG from Italy was published in the **Federal Register** on August 10, 1995. *See Notice of Countervailing Duty Order: Oil Country Tubular Goods ("OCTG") From Italy*, 60 FR 40822 (August 10, 1995). On March 8, 2001, the Department published in the **Federal Register** the final results of the first sunset review of the countervailing duty order on OCTG from Italy,

pursuant to the Act. *See Oil Country Tubular Goods ("OCTG") From Italy: Final Results of Sunset Review of Countervailing Duty Order*, 66 FR 13910 (March 8, 2001). In that review, the Department determined that the revocation of the CVD order would likely to lead to continuation or recurrence of countervailable subsidies at the same rate as found in the final determination. Following the affirmative injury determination by the International Trade Commission (ITC) and pursuant to 19 CFR 351.218(e)(4), the Department published a notice of continuation of the order. *See Continuation of Countervailing and Antidumping Duty Orders on Oil Country Tubular Goods From Argentina, Italy, Japan, Korea and Mexico, and Partial Revocation of Those Orders From Argentina and Mexico With Respect to Drill Pipe*, 66 FR 38630 (July 25, 2001) (*Continuation of Orders*).

On June 1, 2006, pursuant to section 751(c) of the Act, the Department initiated the second sunset review of the countervailing duty order on OCTG from Italy. *See Second Sunset Review*. The Department received notices of intent to participate from United States Steel Corporation, IPSCO Tubulars, Inc., Lone Star Steel Company, Koppel Steel (NS Group), Maverick Tube Corporation, Newport Steel (NS Group), V&M Star LP (collectively, "domestic interested parties"), within the deadline specified in 19 CFR 351.218(d)(1)(i). Domestic interested parties claimed interested party status under section 771(9)(C) of the Act, as U.S. manufacturers of the domestic like product. Moreover, certain domestic interested parties were petitioners in the original investigation and have participated in subsequent reviews before the Department.

The Department received substantive responses within the deadline specified in section 19 CFR 351.218(d)(3)(i) from domestic interested parties, the Government of Italy (GOI), the European Union/Delegation of the European Commission (EU), Dalmine S.p.A. (Dalmine), and Arvedi Tubi Acciaio S.p.A. (Arvedi).¹ The Department also received timely filed rebuttal comments from the domestic interested parties.²

¹ Dalmine is a manufacturer and exporter of the subject merchandise. Arvedi indicated in its substantive response that it no longer produces the merchandise subject to this order. Therefore, Arvedi is not an interested party in accordance with 771(9)(A) of the Act.

² On June 29 and July 5, 2006, the Department received a substantive response and rebuttal comments, respectively, from IPSCO Tubulars, Inc., Lone Star Steel Company, Koppel Steel (NS Group), Maverick Tube Corporation, Newport Steel (NS

In addition to meeting the other requirements of section 351.218(d)(3) of the Department's regulations, the GOI provided information on the volume and value of exports of subject merchandise to the United States. Further, Dalmine reported exports of zero during the period of this sunset review (January 2001 through December 2005). The Department's regulations provide that the Secretary "normally will conclude that respondent interested parties have provided adequate response to a notice of initiation where it receives complete substantive responses . . . from respondent interested parties accounting on average for more than 50 percent, on a volume basis (or value, if appropriate), of the total exports of subject merchandise to the United States over the five calendar years preceding the year of publication of the notice of initiation." (See 19 CFR 351.218(e)(1)(ii)(A)). Dalmine's exports of subject merchandise to the United States during the period 2001 - 2005 did not account for more than 50 percent of total exports of subject merchandise. As such, the Department found the respondents' responses to be inadequate and therefore, has conducted an expedited sunset review of the countervailing duty order,³ pursuant to 19 CFR 351.218(e)(1)(ii)(A) and 351.218(e)(1)(ii)(C). In accordance with 19 CFR 351.218(e)(1)(ii)(C)(2), the Department notified the ITC that respondent interested parties provided inadequate response to the notice of Initiation of Five-year ("Sunset") Review.⁴

On October 2, 2006, the Department extended the deadline to issue the final results to December 19, 2006, in accordance with sections 751(c)(5)(B) and 751(c)(5)(C) of the Act. See *Oil Country Tubular Goods from Italy: Extension of Time Limit for Final Results of Expedited Five-year (Sunset) Review of Countervailing Duty Order*, 71 FR 57922 (October 2, 2006). On November 8 and 10, 2006, the Department conducted verification in Italy of the GOI's and Dalmine's substantive responses. On November 17,

Group), V&M Star LP. On July 3 and July 14, 2006, the Department received a substantive response and rebuttal comments, respectively, from United States Steel Corporation.

³ See July 21, 2006 Memorandum from the sunset team to Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, through Barbara E. Tillman, Director, AD/CVD Operations, Office 6, *Adequacy Determination: Sunset Review of the Countervailing Duty Order on Oil Country Tubular Goods from Italy (Second Review)*

⁴ See July 25, 2006 letter to Robert Carpenter, Director, Office of Investigations, ITC, from Edward C. Yang, Senior Enforcement Coordinator, AD/CVD Operations, Office of China/NME Compliance, Import Administration.

2006, the Department issued verification reports on GOI and Dalmine. See November 17, 2006 memoranda to the file *Countervailing Duty Sunset Review of Oil Country Tubular Goods from Italy: Verification of the Government of Italy's (GOI) Substantive Questionnaire Response and Countervailing Duty Sunset Review of Oil Country Tubular Goods from Italy: Verification of Dalmine's Sales and Substantive Questionnaire Response*. On November 27, 2006, the Department received comments from the GOI regarding the verification report. The Department did not receive comments from other interested parties.

Scope of the Order

Imports covered by this order are oil country tubular goods, hollow steel products of circular cross-section, including oil well casing, tubing, and drill pipe, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). This scope does not cover casing, tubing, or drill pipe containing 10.5 percent or more of chromium. The OCTG subject to this order are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.21.30.00, 7403.21.60.00, 7304.29.10.10, 7304.29.10.20, 7304.29.10.30, 7304.29.10.40, 7304.29.10.50, 7304.29.10.60, 7304.29.10.80, 7304.29.20.10, 7304.29.20.20, 7304.29.20.30, 7304.29.20.40, 7304.29.20.50, 7304.29.20.60, 7304.29.20.80, 7304.29.30.10, 7304.29.30.20, 7304.29.30.30, 7304.29.30.40, 7304.29.30.50, 7304.29.30.60, 7304.29.30.80, 7304.29.40.10, 7304.29.40.20, 7304.29.40.30, 7304.29.40.40, 7304.29.40.50, 7304.29.40.60, 7304.29.40.80, 7304.29.50.15, 7304.29.50.30, 7304.29.50.45, 7304.29.50.60, 7304.29.50.75, 7304.29.60.15, 7304.29.60.30, 7304.29.60.45, 7304.29.60.60, 7304.29.60.75, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.20.10.30, 7306.20.10.90, 7306.20.20.00, 7306.20.30.00, 7306.20.40.00, 7306.20.60.10, 7306.20.60.50, 7306.20.80.10, and 7306.20.80.50. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Analysis of Comments Received

All issues raised in substantive responses and in comments on the verification reports by parties in this sunset review are addressed in the *Issues and Decision Memorandum for Final Results of Expedited Five-year (Sunset) Review of the Countervailing Duty Order on Oil Country Tubular Goods from Italy*, from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated September 29, 2006 (*Decision Memo*), which is hereby adopted by this notice.

Parties can find a complete discussion of all issues raised in this sunset review and the corresponding recommendation in this public memorandum which is on file in Room B-099, the Central Records Unit, of the main Commerce building. In addition, a complete version of the *Decision Memo* can be accessed directly on the Department's Web page at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the *Decision Memo* are identical in content.

Final Results of Review

The Department determines that revocation of the countervailing duty order on OCTG from Italy would not be likely to lead to continuation or recurrence of a countervailable subsidy. As a result, we are revoking this order effective July 25, 2006, the fifth anniversary of the date of publication in the **Federal Register** of the notice of continuation of the CVD order on OCTG from Italy. See *Continuation of Orders*. We will notify the ITC of these results. Furthermore, we intend to instruct U.S. Customs and Border Protection, 15 days after the publication of this notice, to terminate suspension of liquidation, effective July 25, 2006.

Notification Regarding Administrative Protective Order

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with section 351.305 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing this determination and notice in accordance with sections 751(c), 752, and 777(i) of the Act.

Dated: December 18, 2006.

David M. Spooner,

*Assistant Secretary for Import
Administration.*

[FR Doc. E6-22077 Filed 12-22-06; 8:45 am]

BILLING CODE 3510-DS-S

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 701-TA-364 (Second
Review)]

Oil Country Tubular Goods From Italy

AGENCY: United States International
Trade Commission.

ACTION: Termination of review.

SUMMARY: On December 26, 2006, the
Department of Commerce (“Commerce”)

published notice in the **Federal Register** of its determination that revocation of the countervailing duty (“CVD”) order on oil country tubular goods (“OCTG”) from Italy would not be likely to lead to continuation or recurrence of a countervailable subsidy. Commerce further stated that it was revoking the CVD order on OCTG from Italy (71 FR 77383) effective July 25, 2006.

Accordingly, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)), the five-year review of the countervailing duty order concerning OCTG from Italy (investigation No. 701–TA–364 (Second Review)) is terminated.

DATES: *Effective Date:* December 26, 2006.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202–205–3187 or fruggles@usitc.gov), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>.

Authority: This five-year review is being terminated under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.69 of the Commission’s rules (19 CFR 207.69).

By order of the Commission.

Issued: January 8, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7–260 Filed 1–10–07; 8:45 am]

BILLING CODE 7020–02–P

petitioners and respondent interested parties, the Department conducted a full sunset review of the antidumping duty order pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”), and 19 CFR 351.218(e)(2)(i). As a result of this sunset review, the Department finds that revocation of the antidumping duty order would likely lead to the continuation or recurrence of dumping at the levels listed below in the section entitled “Final Results of Review.”

EFFECTIVE DATE: May 3, 2007

FOR FURTHER INFORMATION CONTACT: John Drury or Angelica Mendoza, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC, 20230; telephone: 202-482-0195 or 202-482-3019, respectively.

SUPPLEMENTARY INFORMATION:

Background

On June 1, 2006, the Department published its notice of initiation of the sunset review of the antidumping duty order on OCTG from Mexico, in accordance with section 751(c) of the Act. *See Initiation of Five-year (“Sunset”) Reviews*, 71 FR 31153 (June 1, 2006) (“*Notice of Initiation*”).

The Department received notices of intent to participate on behalf of United States Steel Corporation and IPSCO Tubulars Inc., Lone Star Steel Company, Koppel Steel (NS Group), Maverick Tube Corporation, Newport Steel (NS Group) and V&M Star LP (collectively “petitioners”), within the 15-day deadline specified in 19 CFR 351.218(d)(1)(i). Petitioners claimed interested party status under section 771(9)(C) of the Act, as manufacturers of a domestic-like product in the United States.

The Department received complete substantive responses to the notice of initiation from the interested parties Hylsa S.A. de CV (“Hylsa”) and Tubos de Aceros de Mexico, S.A. (“TAMSA”) (collectively “respondent interested parties”) within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). The Department received rebuttal responses from petitioners to the substantive responses from the respondent interested parties on July 5, 2006, and July 14, 2006, respectively.

Section 19 CFR 351.218(e)(1)(ii)(A) provides that the Secretary normally will conclude that respondent interested parties have provided adequate response to a notice of initiation where the Department receives complete substantive responses from respondent

interested parties accounting on average for more than 50 percent, by volume, or value, if appropriate, of the total exports of the subject merchandise to the United States over the five calendar years preceding the year of publication of the notice of initiation. On July 21, 2006, the Department found that respondent interested parties accounted for more than 50 percent of exports by volume of the subject merchandise from Mexico to the United States. *See Memorandum to Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, from John K. Drury* entitled, “Adequacy Determination: Sunset Review of the Antidumping Duty Order on Oil Country Tubular Goods from Mexico,” (July 21, 2006). In accordance with 19 CFR 351.218(e)(2)(i), the Department determined to conduct a full sunset review of this antidumping duty order. On September 25, 2006, in accordance with section 751(c)(5)(B) of the Act, the Department extended the deadlines for the preliminary and final results of this sunset review by 90 days. *See Oil Country Tubular Goods from Mexico; Extension of Time Limits for Preliminary and Final Results of Full Five-year (“Sunset”) Review of Antidumping Duty Order*, 71 FR 55774.

The Department published the preliminary results of this sunset review on December 26, 2006. *See Oil Country Tubular Goods from Mexico; Preliminary Results of the Sunset Review of Antidumping Duty Order*, 71 FR 77372 (December 26, 2006). In the *Preliminary Results*, the Department found that revocation of the order would likely result in continuation or recurrence of dumping with net margins of 21.70 percent for TAMSA and “all others,” and 0.62 percent for Hylsa.

On February 14, 2007, within the deadline specified in 19 CFR § 351.309(c)(1)(i), the Department received case briefs on behalf of both TAMSA and Hylsa. On February 20, 2007, the Department rejected the case brief on behalf of Hylsa under 19 CFR § 351.302(d), as the Department determined that the brief contained new factual information submitted subsequent to the deadline for new factual information as proscribed in 19 CFR § 351.301(b)(3). The Department requested that Hylsa re-file the case brief no later than February 22, 2007, and extended the deadline for rebuttal briefs to February 28, 2007. On February 20, 2007, the Department received a rebuttal brief on behalf of petitioner IPSCO. On February 22, 2007, the Department received the corrected case brief on behalf of Hylsa. On February 28, the Department received rebuttal briefs on behalf of petitioner U.S. Steel.

DEPARTMENT OF COMMERCE

International Trade Administration

A-201-817

Oil Country Tubular Goods from Mexico; Final Results of the Sunset Review of Antidumping Duty Order

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On June 1, 2006, the Department (“the Department”) initiated a sunset review of the antidumping duty order on oil country tubular goods (“OCTG”) from Mexico. On the basis of the notice of intent to participate, adequate substantive responses, and rebuttal comments filed on behalf of the

Scope of the Order

The merchandise covered by this order is OCTG, hollow steel products of circular cross-section, including oil well casing and tubing of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute (“API”) or non-API specifications, whether finished or unfinished (including green tubes and limited-service OCTG products). The scope of this order does not cover casing or tubing pipe containing 10.5 percent or more of chromium, or drill pipe. The OCTG subject to this order are currently classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item numbers:

7304.29.10.10, 7304.29.10.20, 7304.29.10.30, 7304.29.10.40, 7304.29.10.50, 7304.29.10.60, 7304.29.10.80, 7304.29.20.10, 7304.29.20.20, 7304.29.20.30, 7304.29.20.40, 7304.29.20.50, 7304.29.20.60, 7304.29.20.80, 7304.29.30.10, 7304.29.30.20, 7304.29.30.30, 7304.29.30.40, 7304.29.30.50, 7304.29.30.60, 7304.29.30.80, 7304.29.40.10, 7304.29.40.20, 7304.29.40.30, 7304.29.40.40, 7304.29.40.50, 7304.29.40.60, 7304.29.40.80, 7304.29.50.15, 7304.29.50.30, 7304.29.50.45, 7304.29.50.60, 7304.29.50.75, 7304.29.60.15, 7304.29.60.30, 7304.29.60.45, 7304.29.60.60, 7304.29.60.75, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.20.10.30, 7306.20.10.90, 7306.20.20.00, 7306.20.30.00, 7306.20.40.00, 7306.20.60.10, 7306.20.60.50, 7306.20.80.10, and 7306.20.80.50. The Department has determined that couplings, and coupling stock, are not within the scope of the antidumping order on OCTG from Mexico. See Letter to Interested Parties; Final Affirmative Scope Decision, August 27, 1998. The HTSUS subheadings are provided for convenience and customs purposes. Our written description of the scope of this order is dispositive.

Analysis of Comments Received

All issues raised in this sunset review are addressed in the “Issues and Decision Memorandum for the Full Sunset Review of the Antidumping Duty Order on Oil Country Tubular Goods (“OCTG”) from Mexico; Final Results,” from Stephen J. Claey, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated April 27, 2007

(“Decision Memo”), which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail if the antidumping duty order were revoked. Parties can find a complete discussion of all issues raised in this sunset review and the corresponding recommendations in this public memorandum, which is on file in room B-099 of the main Department building. In addition, a complete version of the Decision Memo can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

The Department determines that revocation of the antidumping duty order on OCTG from Mexico is likely to lead to continuation or recurrence of dumping at the following weighted-average margins:

Manufacturers/Producers/Exporters	Weighted-Average Margin (Percent)
TAMSA	21.70
Hylsa	0.62
All Others	21.70

This notice also serves as the only reminder to parties subject to administrative protective orders (“APO”) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with section 351.305 of the Department’s regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation that is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: April 27, 2007.

David M. Spooner,
Assistant Secretary for Import Administration.

[FR Doc. E7-8483 Filed 5-2-07; 8:45 am]

BILLING CODE 3510-DS-S

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico,
Inv. Nos. 701-TA-364, 731-TA-711, 731-TA-713-716 (Second Review)

On September 5, 2006, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).

The Commission received two sets of responses from domestic interested parties to the notice of institution. The first response was filed collectively by six U.S. producers of oil country tubular goods (OCTG) other than drill pipe (also known as “casing and tubing”). These six producers are IPSCO Tubulars, Inc., Lone Star Steel Co., Koppel Steel, Maverick Tube Corp., Newport Steel, and V&M Star LP. The second response was filed by United States Steel Corp. (“U.S. Steel”). U.S. Steel is a domestic producer of both casing and tubing and drill pipe. Both casing and tubing and drill pipe are within the scope of the order on OCTG from Japan. The scope of the other orders subject to review is limited to casing and tubing.

The Commission found each of the individual domestic interested party responses to be adequate. The Commission additionally found that domestic interested party group response was adequate for all reviews. The seven domestic casing and tubing producers that filed responses to the notice of institution accounted for the majority of U.S. production of that product. U.S. Steel accounts for a significant proportion of U.S. drill pipe production.

With respect to the review on OCTG from Argentina, the Commission received an individually adequate respondent interested party response from Siderca S.A.I.C., a producer and exporter of subject merchandise. Because Siderca accounts for a majority of total subject OCTG production, the Commission concluded that the respondent interested party group response for this review was adequate.

With respect to the reviews on OCTG from Italy, the Commission received an individually adequate respondent interested party response from Dalmine S.p.A., a producer and exporter of subject merchandise from Italy. Because Dalmine accounts for all known subject OCTG production in Italy, the Commission concluded that the respondent interested party group response for these reviews was adequate.

The Commission received two sets of responses from respondent interested parties addressing the antidumping duty order on OCTG from Japan. The first was filed collectively by Nippon Steel Corp., JFE Steel Corp., and Sumitomo Metal Industries, Ltd. JFE and Sumitomo are Japanese producers of subject casing and tubing. Nippon Steel produces both subject casing and tubing and drill pipe in Japan. The second response was filed by NKK Tubes, a Japanese producer of both casing and tubing and drill pipe. The Commission found each producer’s response to be individually adequate. Because the responding producers account for all known production of both subject casing and tubing and subject drill pipe, the Commission concluded that the respondent interested party response for the review on OCTG from Japan was adequate.

With respect to the review on OCTG from Korea, the Commission received a joint response from Husteel Co., Ltd. and SeAH Steel Corp., each of which is a producer and exporter of subject merchandise.

The Commission found the responses of Husteel and SeAH to be individually adequate. Because Husteel and SeAH collectively account for all known production of subject OCTG in Korea, the Commission concluded that the respondent interested party response for this review was adequate.

The Commission received two individually adequate responses from respondent interested parties addressing the antidumping duty order on OCTG from Mexico. The first was filed by Hylsa, S.A. de C.V., which is a producer, exporter, and importer of subject merchandise. The second was filed by Tubos de Acero de Mexico, S.A., a producer of subject merchandise. Because the responding producers account for a majority of both subject OCTG production and imports of the subject merchandise, the Commission concluded that the respondent interested party group response for this review was adequate.

Consequently, in each of the subject reviews both the domestic interested party group response and the respondent interested party group response were adequate. The Commission accordingly determined to conduct full reviews in each of the subject reviews.

A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (www.usitc.gov).

APPENDIX B
HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico

Inv. Nos.: 731-TA-711 and 713-716 (Second Review)

Date and Time: April 12, 2007 - 9:30 a.m.

Sessions were held in connection with these second five-year reviews in the Main Hearing Room, 500 E Street (room 101), SW, Washington, D.C.

CONGRESSIONAL APPEARANCES:

The Honorable Robert P. Casey, Jr., United States Senator, Commonwealth of Pennsylvania

The Honorable Sherrod Brown, United States Senator, State of Ohio

STATE GOVERNMENT APPEARANCES:

Mark Barbash, Chief Economic Development Official, Ohio Office of Development, Office of Governor Ted Strickland, State of Ohio

The Honorable Jay Williams, Mayor of Youngstown, Ohio

**In Support of the Continuation of
the Antidumping Duty Orders:**

Schagrin Associates
Washington, D.C.
on behalf of

IPSCO Tubulars, Inc.
Lone Star Steel Company
Tubular Corporation of America
IPSCO Koppel Tubulars, Corp.
IPSCO Tubulars (Kentucky) Inc.
V&M Star LP

David Sutherland, President and CEO, IPSCO Steel, Inc.

Scott Barnes, Vice President, Commercial, IPSCO Tubular

Dan Mihalik, Tubular Product Manager, IPSCO Koppel Division

Byron Dunn, President and CEO, Lone Star Steel Company

Steve Fowler, Vice President, Sales and Marketing, Lone Star Steel Company

Didier Hornet, Chairman, V&M Star

Roger Lindgren, President and CEO, V&M Star

Ronny Clark, Vice President, Sales and Marketing, V&M Star

Ron Curtice, General Manager, Sales TCA, Tubular Corporation of America

Jim Breihan, President, Tubular Technology and Services Division, Tubular
Corporation of America

David True, President, Tool Pushers Supply

John Causey, President, Cinco Pipe and Supply

Ralph Bell, CEO, Cinco Pipe and Supply

Clay Hunt, President and CEO, Atropos Production Company

Roger B. Schagrin) – OF COUNSEL

**In Support of the Continuation of
the Antidumping Duty Orders (continued):**

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, D.C.
on behalf of

United States Steel Corporation (“U.S. Steel”)

John P. Surma, Chairman and Chief Executive Officer, U.S. Steel

Leslie J. Broglie, General Manager, Tubular Products, U.S. Steel

Thomas Verellen, Manager, Tubular Products, U.S. Steel

Martin Leland, National Sales Manager, U.S. Steel

Scott Dorn, Director, Commercial Tubular Products, U.S. Steel

William Buono, Marketing Director, Tubular Products, U.S. Steel

James Massimino, Manager, Metallurgy and Quality Assurance,
Tubular Products, U.S. Steel

Joe Zgonc, Consultant, U.S. Steel

John Shoaff, President, Sooner Pipe, LP

Jim Dionisio, Manager, OCTG Products, Red Man Pipe and Supply Company

Dick Stewart, Vice President and General Manager, J.D. Rush Corporation

James Johnson, Executive Director, Hunting Energy Services

Thomas Conway, International Vice President (Administration), United Steel Workers

Seth T. Kaplan, Economist, The Brattle Group

Robert E. Lighthizer)
James C. Hecht)
Stephen P. Vaughn) – OF COUNSEL
Stephen J. Narkin)

**In Support of the Continuation of
the Antidumping Duty Orders (continued):**

Williams Mullen
Washington, D.C.
on behalf of

Maverick Tube Corporation (“Maverick”)

Jeffrey K. Shorter, Vice President and General Manager, Maverick

Paul Vivian, Former Marketing Manager, Maverick

Germán Cura, Commercial Director, Tenaris Global Services

James R. Cannon, Jr.) – OF COUNSEL

**In Opposition to the Continuation of
the Antidumping Duty Orders:**

Troutman Sanders LLP
Washington, D.C.
on behalf of

Husteel Co. Ltd.
SeAH Steel Corporation

Gene Lee, Vice President and General Manager, Pan Meridian Tubular

Donald B. Cameron) – OF COUNSEL
Brady W. Mills)

**In Opposition to the Continuation of
the Antidumping Duty Orders:**

White & Case LLP
Washington, D.C.
on behalf of

Siderca S.A.I.C. (“Siderca”)
Dalmine S.p.A. (“Dalmine”)
NKK Tubes (“NKK”)
Tubos de Acero de Mexico, S.A. (“TAMSA”)

Guillermo Vogel, Vice President, Finance, Tenaris, S.A.

Roland Balkenende, President and General Manager, Tenaris Global Services (USA)
Corporation (“TGS USA”); *and* Commercial Director, Tenaris S.A.

Duke Altschuler, Managing Partner, Colorado Tubulars

Gregory J. Spak)
Kristina Zissis) – OF COUNSEL

Wilmer Cutler Pickering Hale and Dorr LLP
Washington, D.C.
on behalf of

Sumitomo Metal Industries, Ltd.
JFE Steel Corporation
Nippon Steel Corporation

Hirofumi Yamamoto, President, Sumitomo Metal USA

Robert C. Cassidy, Jr.)
John D. Greenwald) – OF COUNSEL

Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P.
New Orleans, LA
on behalf of

Shell Exploration & Production Company (“SEPCO”)

Lillian Skogsberg, Ph.D., FNACE, Consultant in Metallurgy and Corrosion for
Shell Global Solutions

Mark D. Brannan, Category Manager, EP Americas, SEPCO

Randy McGill, Quality Engineer, Shell International E&P

Marc C. Hebert) – OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1
Casing and tubing: Summary data concerning the U.S. market, 2001-06

(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					
	2001	2002	2003	2004	2005	2006	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06
U.S. consumption quantity:												
Amount	2,926,034	1,973,511	2,770,902	3,441,978	4,172,763	4,603,222	57.3	-32.6	40.4	24.2	21.2	10.3
Producers' share (1)	70.6	79.7	76.1	71.6	63.9	59.7	-10.9	9.1	-3.6	-4.4	-7.8	-4.2
Importers' share (1):												
Argentina	1.0	0.0	0.0	0.0	0.0	0.0	-1.0	-1.0	-0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0	-0.0	-0.0	0.0
Japan	***	***	***	***	***	***	***	***	***	***	***	***
Korea (excluding Hyundai)	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	0.3	0.2	0.7	0.5	0.4	0.0	-0.3	-0.1	0.5	-0.1	-0.1	-0.4
Subtotal (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	24.7	18.0	19.5	24.1	31.8	35.9	11.2	-6.7	1.5	4.6	7.6	4.1
Subtotal (nonsubject)	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	29.4	20.3	23.9	28.4	36.1	40.3	10.9	-9.1	3.6	4.4	7.8	4.2
U.S. consumption value:												
Amount	1,877,348	1,237,285	1,689,683	3,129,728	5,138,260	5,901,496	214.4	-34.1	36.6	85.2	64.2	14.9
Producers' share (1)	76.4	81.3	78.0	76.8	70.3	66.9	-9.4	5.0	-3.3	-1.2	-6.5	-3.4
Importers' share (1):												
Argentina	0.7	0.0	0.0	0.0	0.0	0.0	-0.7	-0.7	-0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	0.0
Japan	***	***	***	***	***	***	***	***	***	***	***	***
Korea (excluding Hyundai)	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	0.2	0.2	0.6	0.4	0.3	0.0	-0.2	-0.1	0.4	-0.1	-0.1	-0.3
Subtotal (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	20.1	17.1	18.4	19.9	26.5	30.1	10.0	-3.0	1.3	1.5	6.5	3.7
Subtotal (nonsubject)	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	23.6	18.7	22.0	23.2	29.7	33.1	9.4	-5.0	3.3	1.2	6.5	3.4
U.S. imports from:												
Argentina:												
Quantity	29,440	505	172	300	722	2,025	-93.1	-98.3	-65.9	74.1	140.9	180.4
Value	13,381	347	44	236	774	1,740	-87.0	-97.4	-87.2	432.5	227.5	124.7
Unit value	\$455	\$688	\$258	\$789	\$1,073	\$859	89.0	51.4	-62.5	205.8	36.0	-19.9
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Italy:												
Quantity	222	99	152	9	5	1,335	501.2	-55.3	53.3	-93.8	-45.9	26,243.1
Value	708	248	194	23	33	2,024	185.9	-65.0	-21.9	-88.1	43.0	6,033.8
Unit value	\$3,189	\$2,499	\$1,273	\$2,465	\$6,514	\$1,517	-52.4	-21.6	-49.1	93.5	164.3	-76.7
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Japan:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Korea (excluding Hyundai):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Mexico:												
Quantity	8,626	3,554	18,954	18,583	16,914	428	-95.0	-58.8	433.4	-2.0	-9.0	-97.5
Value	4,172	1,928	9,818	13,885	16,351	173	-95.8	-53.8	409.2	41.4	17.8	-98.9
Unit value	\$484	\$543	\$518	\$747	\$967	\$405	-16.3	12.2	-4.5	44.3	29.4	-58.1
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Subtotal (subject):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Korea (Hyundai):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:												
Quantity	722,843	356,152	540,739	829,596	1,324,875	1,651,205	128.4	-50.7	51.8	53.4	59.7	24.6
Value	377,327	212,161	311,461	624,367	1,359,198	1,778,210	371.3	-43.8	46.8	100.5	117.7	30.8
Unit value	\$522	\$596	\$576	\$753	\$1,026	\$1,077	106.3	14.1	-3.3	30.7	36.3	5.0
Ending inventory quantity	25,006	15,091	24,941	20,282	68,533	79,915	219.6	-39.7	65.3	-18.7	237.9	16.6
Subtotal (nonsubject):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All sources:												
Quantity	861,471	400,919	663,178	976,026	1,508,182	1,856,135	115.5	-53.5	65.4	47.2	54.5	23.1
Value	443,743	230,795	371,123	724,702	1,523,600	1,951,106	339.7	-48.0	60.8	95.3	110.2	28.1
Unit value	\$515	\$576	\$560	\$743	\$1,010	\$1,051	104.1	11.8	-2.8	32.7	36.1	4.1
Ending inventory quantity	40,028	28,958	45,200	34,475	93,721	107,835	169.4	-27.7	56.1	-23.7	171.9	15.1

Table continued on next page.

Table C-1--Continued
Casing and tubing: Summary data concerning the U.S. market, 2001-06

Item	Reported data						Period changes					
	2001	2002	2003	2004	2005	2006	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06
U.S. mills:												
Average capacity quantity	3,830,204	3,796,887	4,135,629	4,068,584	4,346,569	4,264,870	11.3	-0.9	8.9	-1.6	6.8	-1.9
Production quantity	2,243,266	1,718,955	2,322,681	2,596,643	2,940,098	2,960,616	32.0	-23.4	35.1	11.8	13.2	0.7
Capacity utilization (1)	58.6	45.3	56.2	63.8	67.6	69.4	10.9	-13.3	10.9	7.7	3.8	1.8
U.S. shipments:												
Quantity	2,064,563	1,572,592	2,107,724	2,465,952	2,664,581	2,747,087	33.1	-23.8	34.0	17.0	8.1	3.1
Value	1,433,605	1,006,490	1,318,560	2,405,026	3,614,660	3,950,390	175.6	-29.8	31.0	82.4	50.3	9.3
Unit value	\$694	\$640	\$626	\$975	\$1,357	\$1,438	107.1	-7.8	-2.3	55.9	39.1	6.0
Export shipments:												
Quantity	202,550	148,722	242,257	173,530	238,882	274,031	35.3	-26.6	62.9	-28.4	37.7	14.7
Value	143,569	100,114	157,380	161,104	320,838	370,803	158.3	-30.3	57.2	2.4	99.1	15.6
Unit value	\$709	\$673	\$650	\$928	\$1,343	\$1,353	90.9	-5.0	-3.5	42.9	44.7	0.7
Ending inventory quantity	281,374	299,657	332,497	318,651	380,269	337,752	20.0	6.5	11.0	-4.2	19.3	-11.2
Inventories/total shipments (1)	12.4	17.4	14.1	12.1	13.1	11.2	-1.2	5.0	-3.3	-2.1	1.0	-1.9
Production workers	3,549	3,090	3,742	3,938	4,265	4,843	36.5	-12.9	21.1	5.2	8.3	13.6
Hours worked (1,000s)	7,839	6,446	8,106	8,717	9,358	10,739	37.0	-17.8	25.8	7.5	7.4	14.8
Wages paid (\$1,000s)	177,063	148,668	175,841	198,539	230,339	254,569	43.8	-16.0	18.3	12.9	16.0	10.5
Hourly wages	\$22.59	\$23.06	\$21.69	\$22.78	\$24.61	\$23.71	4.9	2.1	-5.9	5.0	8.1	-3.7
Productivity (tons/1,000 hours)	286.2	266.7	286.5	298.0	314.2	275.7	-3.7	-6.8	7.5	4.0	5.4	-12.3
Unit labor costs	\$78.93	\$86.49	\$75.71	\$76.41	\$78.34	\$85.99	8.9	9.6	-12.5	0.9	2.5	9.8
Net sales:												
Quantity	2,252,676	1,700,672	2,294,204	2,610,758	2,882,790	3,003,133	33.3	-24.5	34.9	13.8	10.4	4.2
Value	1,567,626	1,094,773	1,442,983	2,540,922	3,909,139	4,299,144	174.2	-30.2	31.8	76.1	53.8	10.0
Unit value	\$696	\$644	\$629	\$973	\$1,356	\$1,432	105.7	-7.5	-2.3	54.7	39.3	5.6
Cost of goods sold (COGS)	1,282,282	1,005,061	1,348,016	1,931,627	2,717,150	2,998,589	133.8	-21.6	34.1	43.3	40.7	10.4
Gross profit or (loss)	285,344	89,712	94,967	609,295	1,191,989	1,300,555	355.8	-68.6	5.9	541.6	95.6	9.1
SG&A expenses	93,494	98,410	114,344	141,301	152,295	157,974	69.0	5.3	16.2	23.6	7.8	3.7
Operating income or (loss)	191,850	(8,698)	(19,377)	467,994	1,039,694	1,142,581	495.6	(3)	-122.8	(3)	122.2	9.9
Capital expenditures	38,473	53,504	43,192	25,321	36,760	97,329	153.0	39.1	-19.3	-41.4	45.2	164.8
Unit COGS	\$569	\$591	\$588	\$740	\$943	\$998	75.4	3.8	-0.6	25.9	27.4	5.9
Unit SG&A expenses	\$42	\$58	\$50	\$54	\$53	\$53	26.7	39.4	-13.9	8.6	-2.4	-0.4
Unit operating income or (loss)	\$85	(\$5)	(\$8)	\$179	\$361	\$380	346.7	(3)	-65.1	(3)	101.2	5.5
COGS/sales (1)	81.8	91.8	93.4	76.0	69.5	69.7	-12.0	10.0	1.6	-17.4	-6.5	0.2
Operating income or (loss)/ sales (1)	12.2	(0.8)	(1.3)	18.4	26.6	26.6	14.3	-13.0	-0.5	19.8	8.2	-0.0
U.S. mills' and processors:												
Production workers	4,523	3,853	4,646	4,951	5,500	6,209	37.3	-14.8	20.6	6.6	11.1	12.9
Hours worked (1,000s)	10,549	8,387	10,324	11,696	12,957	14,809	40.4	-20.5	23.1	13.3	10.8	14.3
Wages paid (\$1,000s)	206,601	171,194	201,543	234,276	274,971	305,059	47.7	-17.1	17.7	16.2	17.4	10.9
Hourly wages	\$19.58	\$20.41	\$19.52	\$20.03	\$21.22	\$20.60	5.2	4.2	-4.4	2.6	5.9	-2.9
Net sales value	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***
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. Financial data for 2001-06 do not include toll processing; such data are consolidated in footnote 1 to table III-14. 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-1A

Casing and tubing: Domestic industry data for U.S. non-toll processors, 2001-06

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Table C-1B

Casing and tubing: Domestic industry data for U.S. toll processors, 2001-06

* * * * *

Table C-2
Drill pipe: Summary data concerning the U.S. market, 2001-06

(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					
	2001	2002	2003	2004	2005	2006	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06
U.S. consumption quantity:												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from:												
Japan:												
Quantity	21	2,646	1,432	2,014	563	755	3,437.9	12,292.6	-45.9	40.6	-72.0	34.1
Value	63	2,185	3,893	5,015	2,293	922	1,352.4	3,341.6	78.2	28.8	-54.3	-59.8
Unit value	\$2,974	\$826	\$2,718	\$2,490	\$4,072	\$1,221	-58.9	-72.2	229.2	-8.4	63.5	-70.0
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
All other sources:												
Quantity	45,679	49,378	57,572	77,445	97,139	158,907	247.9	8.1	16.6	34.5	25.4	63.6
Value	38,221	37,190	46,898	65,433	125,635	267,991	601.2	-2.7	26.1	39.5	92.0	113.3
Unit value	\$837	\$753	\$815	\$845	\$1,293	\$1,686	101.6	-10.0	8.2	3.7	53.1	30.4
Ending inventory quantity	23,233	27,904	25,376	20,643	18,816	19,300	-16.9	20.1	-9.1	-18.7	-8.9	2.6
All sources:												
Quantity	45,700	52,024	59,004	79,459	97,702	159,662	249.4	13.8	13.4	34.7	23.0	63.4
Value	38,284	39,375	50,791	70,448	127,928	268,914	602.4	2.8	29.0	38.7	81.6	110.2
Unit value	\$838	\$757	\$861	\$887	\$1,309	\$1,684	101.1	-9.7	13.7	3.0	47.7	28.6
Ending inventory quantity	23,233	27,904	25,376	20,643	18,816	19,300	-16.9	20.1	-9.1	-18.7	-8.9	2.6
U.S. mills':												
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)	***	***	***	***	***	***	***	***	***	***	***	***
U.S. mills' and processors':												
Production workers	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	\$***	\$***	\$***	\$***	\$***	\$***	***	***	***	***	***	***
Net sales value	***	***	164,576	295,608	495,315	740,179	***	***	***	79.6	67.6	49.4
Cost of goods sold (COGS)	***	***	132,397	220,777	344,780	493,685	***	***	***	66.8	56.2	43.2
Gross profit or (loss)	***	***	32,179	74,831	150,535	246,494	***	***	***	132.5	101.2	63.7
SG&A expenses	***	***	14,723	21,006	25,030	31,279	***	***	***	42.7	19.2	25.0
Operating income or (loss)	***	***	17,456	53,825	125,505	215,215	***	***	***	208.3	133.2	71.5
Capital expenditures	***	***	4,610	1,641	3,611	18,935	***	***	***	-64.4	120.0	424.4
COGS/sales (1)	***	***	80.4	74.7	69.6	66.7	***	***	***	-5.8	-5.1	-2.9
Operating income or (loss)/ sales (1)	***	***	10.6	18.2	25.3	29.1	***	***	***	7.6	7.1	3.7

(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. Financial data for 2001-06 do not include toll processing; such data ***
***. 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-2A

Drill pipe: Domestic industry data for U.S. non-toll processors, 2001-06

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Table C-2B

Drill pipe: Domestic industry data for U.S. toll processors, 2001-06

* * * * *

APPENDIX D

RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS, AND FOREIGN PRODUCERS CONCERNING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. producers to describe any anticipated changes to the character of their operations or organization relating to the production of OCTG in the future if the antidumping orders on OCTG from Argentina, Italy, Japa, Korea, and Mexico were to be revoked. (Question II-4.) The following are quotations from the responses of producers.

Grant Prideco

IPSCO

Lone Star Steel

Maverick Tube Corp.

OMSCO

Paragon

Rocky Mountain Steel Mills

Stupp

Timken

TCA

U.S. Steel

V & M STAR

The Commission requested U.S. producers to describe the significance of the existing antidumping orders covering imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico in terms of its effect on their firm's production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-18.) The following are quotations from the responses of producers.

Grant Prideco

IPSCO

Lone Star Steel

Maverick Tube Corp.

OMSCO

Paragon

Rocky Mountain Steel Mills

Stupp

Timken

TCA

U.S. Steel

V & M STAR

The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values relating to the production of OCTG in the future if the existing antidumping duty orders were revoked. (Question II-19.) The following are quotations from the responses of producers.

Grant Prideco

IPSCO

IPSCO

Lone Star Steel

Maverick Tube Corp.

OMSCO

Paragon

Rocky Mountain Steel Mills

Stupp

Timken

TCA

U.S. Steel

V & M STAR

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested importers to describe any anticipated changes to the character of their operations or organization relating to the importation of OCTG in the future if the antidumping duty order covering imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico were revoked. (Question II-4.) The following are quotations from the responses of importers.

Benteler Steel & Tube Corp.

Bunker Steel Corp.

Commercial Metals Co.

Corus America Inc.

Drill Pipe Industries, Inc.

Duferco Steel, Inc.

Grant Pridcco, Inc.

Husteel USA Inc.

Hylsa, S.A. de C.V.

IPSCO Tubulars Inc.

Kenilworth Pipe

Lone Star

MAN Ferrostaal, Inc.

Marubeni-Itochu Tubulars America, Inc.

Maverick Tube Corp.

MC Tubular Products, Inc.

Mitsui Tubular Products, LLC

Petroleum Pipe Americas

Salzgitter Mannesmann International, Inc.

SeAH Steel America, Inc.

SEPCo

Tenaris Global Services

The Crispin Company

TPCO Enterprise, Inc.

Tubular Solutions Alaska, LLC

V & M Tubes Corp.

Voest-Alpine TCA

The Commission requested importers to describe the significance of the existing antidumping duty orders covering imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico in terms of their effect on their imports, U.S. shipments of imports, and inventories. (Question II-11) The following are quotations from the responses of importers.

Benteler Steel & Tube Corp.

Bunker Steel Corp.

Commercial Metals Co.

Corus America Inc.

Drill Pipe Industries, Inc.

Duferco Steel, Inc.

Grant Pridcco, Inc.

Husteel USA Inc.

Hylsa, S.A. de C.V.

IPSCO Tubulars Inc.

Kenilworth Pipe

Lone Star

MAN Ferrostaal, Inc.

Marubeni-Itochu Tubulars America, Inc.

Maverick Tube Corp.

MC Tubular Products, Inc.

Mitsui Tubular Products, LLC

Petroleum Pipe Americas

Salzgitter Mannesmann International, Inc.

SeAH Steel America, Inc.

SEPCo

Tenaris Global Services

The Crispin Company

TPCO Enterprise, Inc.

Tubular Solutions Alaska, LLC

V & M Tubes Corp.

Voest-Alpine TCA

The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of OCTG in the future if the existing antidumping duty orders were revoked. (Question II-12.) The following are quotations from the responses of importers.

Benteler Steel & Tube Corp.

Bunker Steel Corp.

Commercial Metals Co.

Corus America Inc.

Drill Pipe Industries, Inc.

Duferco Steel, Inc.

Grant Prideco, Inc.

Husteel USA Inc.

Hylsa, S.A. de C.V.

IPSCO Tubulars Inc.

Kenilworth Pipe

Lone Star

MAN Ferrostaal, Inc.

Marubeni-Itochu Tubulars America, Inc.

Maverick Tube Corp.

MC Tubular Products, Inc.

Mitsui Tubular Products, LLC

Petroleum Pipe Americas

Salzgitter Mannesmann International, Inc.

SeAH Steel America, Inc.

SEPCo

Tenaris Global Services

The Crispin Company

TPCO Enterprise, Inc.

Tubular Solutions Alaska, LLC

V & M Tubes Corp.

Voest-Alpine TCA

**U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. purchasers to describe any potential effects on (1) the future activities of your firm and (2) the U.S. market as a whole if the antidumping duty orders covering imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico were revoked. (Question III-35). The following are quotations from the responses of purchasers.

* * * * *

**FOREIGN PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested foreign producers to describe any anticipated changes to the character of their operations or organization relating to the production of OCTG in the future if the antidumping orders covering imports of OCTG from Argentina, Italy, Japan, Korea, and Mexico were revoked. (Question II-3.)

Dalmine SpA

Husteel Co., Ltd.

Hylsa

JFE Steel Corp.

Nexteel, Ltd.

Nippon Steel Corp.

NKK

SeAH Steel Corp.

Siderca

Sumitomo Metal Industries, Ltd.

Tubos de Acero de México S.A.

The Commission requested foreign producers to describe whether any of their projected figures, such as shipments to the United States, would be different if the orders were revoked. (Question II-20b.)

Dalmine SpA

Husteel Co., Ltd.

Hylsa

JFE Steel Corp.

Nexteel, Ltd.

Nippon Steel Corp.

NKK

SeAH Steel Corp.

Siderca

Sumitomo Metal Industries, Ltd.

Tubos de Acero de México S.A.

APPENDIX E
2007 TARIFF TREATMENT

Harmonized Tariff Schedule of the United States (2007)

Annotated for Statistical Reporting Purposes

XV
73-4

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
7304 (con.)		Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel (con.):				
		Casing, tubing and drill pipe, of a kind used in drilling for oil or gas:				
7304.22.00		Drill pipe of stainless steel	Free		35%	
		Having an outside diameter not exceeding 168.3 mm:				
	30	Having a wall thickness not exceeding 9.5 mm	kg			
	45	Having a wall thickness exceeding 9.5 mm	kg			
	60	Having an outside diameter exceeding 168.3 mm	kg			
7304.23		Other drill pipe:				
7304.23.30	00	Of iron or nonalloy steel	kg	Free		25%
7304.23.60		Of alloy steel		Free		35%
		Having an outside diameter not exceeding 168.3 mm:				
	30	Having a wall thickness not exceeding 9.5 mm	kg			
	45	Having a wall thickness exceeding 9.5 mm	kg			
	60	Having an outside diameter exceeding 168.3 mm	kg			

Harmonized Tariff Schedule of the United States (2007)

Annotated for Statistical Reporting Purposes

XV
73-6

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
7304 (con.)		Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel (con.):				
7304.29		Casing, tubing and drill pipe, of a kind used in drilling for oil or gas (con.):				
		Other:				
		Casing:				
		Of iron or nonalloy steel:				
		Threaded or coupled		Free		20%
	10	Having an outside diameter less than 215.9 mm:				
		Having a wall thickness less than 12.7 mm	kg			
	20	Having a wall thickness of 12.7 mm or more	kg			
		Having an outside diameter of 215.9 mm or more but not exceeding 285.8 mm:				
	30	Having a wall thickness less than 12.7 mm	kg			
	40	Having a wall thickness of 12.7 mm or more	kg			
		Having an outside diameter exceeding 285.8 mm but not exceeding 406.4 mm:				
	50	Having a wall thickness less than 12.7 mm	kg			
	60	Having a wall thickness of 12.7 mm or more	kg			
	80	Having an outside diameter exceeding 406.4 mm	kg			
7304.29.20		Other		Free		1%
	10	Having an outside diameter less than 215.9 mm:				
		Having a wall thickness less than 12.7 mm	kg			
	20	Having a wall thickness of 12.7 mm or more	kg			
		Having an outside diameter of 215.9 mm or more but not exceeding 285.8 mm:				
	30	Having a wall thickness less than 12.7 mm	kg			
	40	Having a wall thickness of 12.7 mm or more	kg			
		Having an outside diameter exceeding 285.8 mm but not exceeding 406.4 mm:				
	50	Having a wall thickness less than 12.7 mm	kg			
	60	Having a wall thickness of 12.7 mm or more	kg			
	80	Having an outside diameter exceeding 406.4 mm	kg			

Harmonized Tariff Schedule of the United States (2007)

Annotated for Statistical Reporting Purposes

XV
73-7

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
7304 (con.)		Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel (con.):				
7304.29 (con.)		Casing, tubing and drill pipe, of a kind used in drilling for oil or gas (con.):				
		Other (con.):				
		Casing (con.):				
		Of other alloy steel:				
7304.29.31		Threaded or coupled		Free		28%
		Having an outside diameter less than 215.9 mm:				
	10	Having a wall thickness less than 12.7 mm	kg			
	20	Having a wall thickness of 12.7 mm or more	kg			
		Having an outside diameter of 215.9 mm or more but not exceeding 285.8 mm:				
	30	Having a wall thickness less than 12.7 mm	kg			
	40	Having a wall thickness of 12.7 mm or more	kg			
		Having an outside diameter exceeding 285.8 mm but not exceeding 406.4 mm:				
	50	Having a wall thickness less than 12.7 mm	kg			
	60	Having a wall thickness of 12.7 mm or more	kg			
	80	Having an outside diameter exceeding 406.4 mm	kg			
7304.29.41		Other		Free		8.5%
		Having an outside diameter less than 215.9 mm:				
	10	Having a wall thickness less than 12.7 mm	kg			
	20	Having a wall thickness of 12.7 mm or more	kg			
		Having an outside diameter of 215.9 mm or more but not exceeding 285.8 mm:				
	30	Having a wall thickness less than 12.7 mm	kg			
	40	Having a wall thickness of 12.7 mm or more	kg			
		Having an outside diameter exceeding 285.8 mm but not exceeding 406.4 mm:				
	50	Having a wall thickness less than 12.7 mm	kg			
	60	Having a wall thickness of 12.7 mm or more	kg			
	80	Having an outside diameter exceeding 406.4 mm	kg			

Harmonized Tariff Schedule of the United States (2007)

Annotated for Statistical Reporting Purposes

XV
73-8

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
7304 (con.)		Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel (con.):				
7304.29 (con.)		Casing, tubing and drill pipe, of a kind used in drilling for oil or gas (con.):				
		Other (con.):				
		Tubing:				
7304.29.50		Of iron or nonalloy steel		Free		25%
	15	Having an outside diameter not exceeding 114.3 mm:				
		Having a wall thickness not exceeding 9.5 mm	kg			
	30	Having a wall thickness exceeding 9.5 mm	kg			
	45	Having an outside diameter exceeding 114.3 mm but less than 215.9 mm	kg			
	60	Having an outside diameter of 215.9 mm or more but not exceeding 406.4 mm	kg			
	75	Having an outside diameter exceeding 406.4 mm	kg			
7304.29.61		Of other alloy steel		Free		35%
	15	Having an outside diameter not exceeding 114.3 mm:				
		Having a wall thickness not exceeding 9.5 mm	kg			
	30	Having a wall thickness exceeding 9.5 mm	kg			
	45	Having an outside diameter exceeding 114.3 mm but less than 215.9 mm	kg			
	60	Having an outside diameter of 215.9 mm or more but not exceeding 406.4 mm	kg			
	75	Having an outside diameter exceeding 406.4 mm	kg			

Harmonized Tariff Schedule of the United States (2007)

Annotated for Statistical Reporting Purposes

XV
73-14

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
7305.20		Casing of a kind used in drilling for oil or gas:				
7305.20.20	00	Of iron or nonalloy steel:				
		Threaded or coupled	kg	Free		20%
7305.20.40	00	Other	kg	Free		1%
7305.20.60	00	Of alloy steel:				
		Threaded or coupled	kg	Free		28%
7305.20.80	00	Other	kg	Free		8.5%
7305.31		Other, welded:				
7305.31.20	00	Longitudinally welded:				
		Tapered pipes and tubes of steel principally used as parts of illuminating articles	kg	Free		45%
7305.31.40	00	Other:				
		Of iron or nonalloy steel	kg	Free		5.5%
7305.31.60	00	Of alloy steel	kg	Free		10%
7305.39		Other:				
7305.39.10	00	Of iron or nonalloy steel	kg	Free		5.5%
7305.39.50	00	Of alloy steel	kg	Free		10%
7305.90		Other:				
7305.90.10	00	Of iron or nonalloy steel	kg	Free		5.5%
7305.90.50	00	Of alloy steel	kg	Free		10%

Harmonized Tariff Schedule of the United States (2007)

Annotated for Statistical Reporting Purposes

XV
73-15

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
		Other:				
		Casing:				
7306.29.10	30	Of iron or nonalloy steel:				
	90	Threaded or coupled	kg	Free		20%
	00	Imported with coupling	kg			
7306.29.20	00	Other	kg	Free		1%
		Other:				
7306.29.31	00	Threaded or coupled	kg	Free		28%
7306.29.41	00	Other	kg	Free		8.5%
		Tubing:				
7306.29.60	10	Of iron or nonalloy steel		Free		5.5%
	50	Imported with coupling	kg			
	00	Other	kg			
7306.29.81	10	Other		Free		10%
	50	Imported with coupling	kg			
	00	Other	kg			

APPENDIX F

SELECTED DATA CONCERNING SEAMLESS AND WELDED OCTG

Table F-1
Seamless casing and tubing: Summary data concerning U.S. mills, 2001-06

* * * * *

Table F-2
Welded casing and tubing: Domestic data concerning U.S. mills, 2001-06

* * * * *

Table F-3
Seamless OCTG: U.S. imports, by source, 2001-06

COUNTRY	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Argentina	1,452	505	172	300	422	2,025
Italy	38	22	142	1	4	1,272
Japan	***	***	***	***	***	***
Korea (excluding Hyundai)	***	***	***	***	***	***
Mexico	3,517	1,336	628	1,966	1,200	427
Subtotal (subject)	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All other	396,960	216,852	374,085	590,293	914,691	1,074,397
Subtotal (nonsubject)	***	***	***	***	***	***
Total	402,574	218,726	375,783	592,650	916,334	1,078,447
LDP value (\$1,000)						
Argentina	986	347	44	236	598	1,740
Italy	19	49	157	3	13	1,910
Japan	***	***	***	***	***	***
Korea (excluding Hyundai)	***	***	***	***	***	***
Mexico	1,421	799	851	1,334	687	164
Subtotal (subject)	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All other	256,691	145,021	228,721	455,837	973,989	1,278,438
Subtotal (nonsubject)	***	***	***	***	***	***
Total	259,944	146,244	231,127	457,606	975,357	1,282,555
LDP unit value (dollars per short ton)						
Argentina	679	688	258	789	1,415	859
Italy	499	2,219	1,104	4,993	3,085	1,502
Japan	***	***	***	***	***	***
Korea (excluding Hyundai)	***	***	***	***	***	***
Mexico	404	598	1,356	678	572	384
Average (subject)	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All other	647	669	611	772	1,065	1,190
Average (nonsubject)	***	***	***	***	***	***
Average	646	669	615	772	1,064	1,189

Note.--Imports from Japan based on exports of seamless OCTG to United States as reported by NKK; imports from "all other" adjusted to remove imports of seamless high-chromium OCTG as reported by importers; imports from Korea divided between Hyundai and all other using Customs data.

Source: Compiled from official Commerce statistics (as adjusted using Commission questionnaires and Customs data).

Table F-4
Welded OCTG: U.S. imports, by source, 2001-06

COUNTRY	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
Argentina	27,988	0	0	0	300	0
Italy	184	77	10	9	1	63
Japan	***	***	***	***	***	***
Korea (excluding Hyundai)	***	***	***	***	***	***
Mexico	5,108	2,218	18,327	16,617	15,715	2
Subtotal (subject)	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All other	325,883	139,300	166,654	239,303	410,184	576,808
Subtotal (nonsubject)	***	***	***	***	***	***
Total	458,897	182,192	287,394	383,377	591,848	777,688
LDP value (\$1,000)						
Argentina	12,395	0	0	0	177	0
Italy	689	198	36	20	20	114
Japan	***	***	***	***	***	***
Korea (excluding Hyundai)	***	***	***	***	***	***
Mexico	2,751	1,130	8,967	12,552	15,664	10
Subtotal (subject)	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All other	120,636	67,140	82,740	168,529	385,209	499,772
Subtotal (nonsubject)	***	***	***	***	***	***
Total	183,798	84,550	139,996	267,096	548,243	668,550
LDP unit value (dollars per short ton)						
Argentina	443	----	----	----	590	----
Italy	3,738	2,580	3,758	2,306	24,180	1,824
Japan	***	***	***	***	***	***
Korea (excluding Hyundai)	***	***	***	***	***	***
Mexico	538	509	489	755	997	5,990
Average (subject)	***	***	***	***	***	***
Korea (Hyundai)	***	***	***	***	***	***
All other	370	482	496	704	939	866
Average (nonsubject)	***	***	***	***	***	***
Average	401	464	487	697	926	860

Note.--Imports from Japan based on exports of welded OCTG to United States as reported by Nippon Steel; imports from Korea divided between Hyundai and all other using Customs data.

Source: Compiled from official Commerce statistics (as adjusted using Commission questionnaires and Customs data).

