

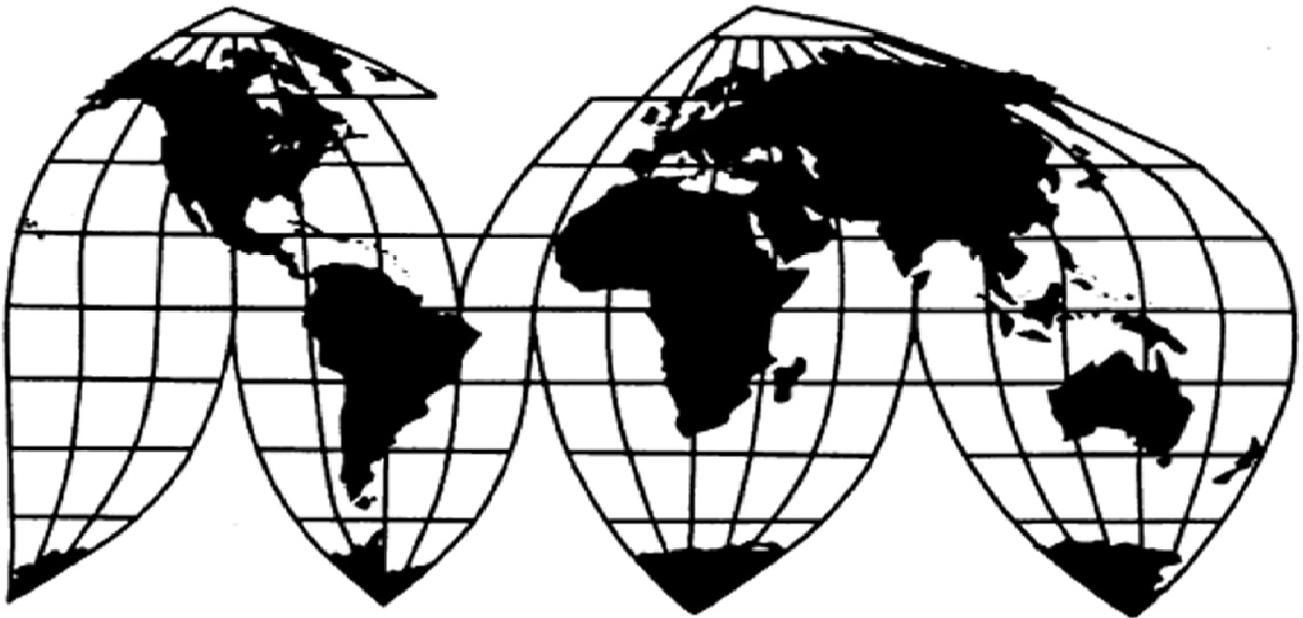
Circular Welded Carbon-Quality Steel Pipe From China

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

Publication 3938

July 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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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. 701-TA-447 and 731-TA-1116 (Preliminary)

CIRCULAR WELDED CARBON-QUALITY STEEL PIPE FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a) and 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured² or threatened with material injury³ by reason of imports from China of circular welded carbon-quality steel pipe, provided for in subheading 7306.30 of the Harmonized Tariff Schedule of the United States, that are alleged to be subsidized by the Government of China and sold in the United States at less than fair value (LTFV).⁴

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

BACKGROUND

On June 7, 2007, a petition was filed with the Commission and Commerce by Allied Tube & Conduit, Harvey, IL; IPSCO Tubulars, Inc., Camanche, IA; Northwest Pipe Co., Portland, OR; Sharon Tube Co., Sharon, PA; Western Tube & Conduit Corp., Long Beach, CA; Wheatland Tube Co., Collingswood, NJ; and the United Steelworkers, Pittsburgh, PA, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and LTFV imports

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 Vice Chairman Shara L. Aranoff, Commissioner Charlotte R. Lane, and Commissioner Irving A. Williamson determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of circular welded carbon-quality steel pipe from China.

³ Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of circular welded carbon-quality steel pipe from China.

⁴ Commissioner Dean A. Pinkert recused himself to avoid any conflict of interest or appearance of a conflict.

of circular welded carbon-quality steel pipe from China. Accordingly, effective June 7, 2007, the Commission instituted countervailing duty investigation No. 701-TA-447 (Preliminary) and antidumping duty investigation No. 731-TA-1116 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of June 14, 2007 (72 FR 32862). The conference was held in Washington, DC, on June 28, 2007, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of circular welded carbon-quality steel pipe (“CWP”) from China that is allegedly subsidized by the government of China and sold in the United States at less than fair value (“LTFV”).¹

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

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

II. BACKGROUND

A. In General

CWP is produced in various grades of carbon, alloy, or stainless steel and is frequently distinguished by its wide variety of end use applications, including plumbing applications, structural applications, and more specific applications (e.g., shells for electrical conduit, scaffolding components, and fencing).

The petition was filed on June 7, 2007, by Allied Tube & Conduit, Harvey, IL; IPSCO Tubulars, Inc., Camanche, IA; Northwest Pipe Co., Portland OR; Sharon Tube Co., Sharon, PA; Western Tube & Conduit Corp., Long Beach, CA; Wheatland Tube Co., Collingswood, NJ; and the United Steelworkers, Pittsburgh, PA. Twenty firms that are estimated to account for more than 90 percent of U.S. production of CWP during 2006 provided responses to the Commission’s producer questionnaires. Of these firms, three producers, Wheatland, Allied, and Bull Moose, together accounted for approximately *** percent of reported 2006 production of CWP.

Chinese producers and exporters of CWP supplied 21 questionnaire responses, accounting for an estimated 70 percent of production of CWP in China in 2006, and an estimated 77 percent of 2006 Chinese exports of CWP to the United States.⁴ Reported data indicate that *** is the largest Chinese

¹ Chairman Pearson and Commissioner Okun determine that the domestic industry is threatened with material injury by subject imports. See Separate Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Concerning Threat of Material Injury. They join in parts I, II, III, IV, and V.A of these Views.

² 19 U.S.C. § 1673b(a); see also, e.g., Co-Steel Raritan, Inc. v. United States, 357 F.3d 1294 (Fed. Cir. 2004); American Lamb Co. v. United States, 785 F.2d 994, 1001-1004 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

³ American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

⁴ The estimate of 77 percent of total exports from China came from questionnaire responses. Reported exports in 2006 were equivalent to 78 percent of 2006 imports of CWP from China according to official statistics (as adjusted (continued...))

producer of CWP, followed by ***. Together these *** producers accounted for approximately *** percent of both reported Chinese capacity and Chinese production as well as about *** of estimated total CWP production in China.⁵

Twenty-nine firms responded to the Commission's importer questionnaires. Three importers, ***, together accounted for approximately *** percent of reported U.S. imports of CWP from China.⁶

B. Previous and Related Investigations⁷

CWP from a number of countries, including China, has been the subject of numerous countervailing duty and antidumping duty investigations since the mid-1980s.⁸ Antidumping duty orders are currently outstanding on CWP from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, and a countervailing duty order is outstanding on CWP from Turkey.⁹ In 1986 and 2001- 02, the Commission conducted antidumping duty investigations concerning CWP from China and reached negative determinations in those investigations.¹⁰

In 2001, the Commission also conducted a safeguard investigation of steel products, including carbon and certain alloy welded pipe other than oil country tubular goods (encompassing standard pipe), pursuant to section 201 *et seq.* of the Trade Act of 1974,¹¹ and found that such welded pipe was being imported into the United States in such increased quantities as to be a substantial cause of the threat of serious injury to the domestic industries producing articles like or directly competitive with the imported article.¹² On March 5, 2002, the President announced safeguard measures, effective March 20, 2002, for a

⁴ (...continued)

to include dual-stenciled pipe for use in standard and structural applications).

⁵ Confidential Report ("CR") and Public Report ("PR") at Table VII-1.

⁶ CR/PR at I-3.

⁷ Each antidumping or countervailing duty investigation is *sui generis*, presenting unique interactions of the economic variables the Commission considers, and therefore is not binding on the Commission in subsequent investigations, even when the same subject country and merchandise are at issue. *E.g. Nucor Corp. v. United States*, 414 F.3d 1331, 1340 (Fed. Cir. 2005); *Ugine-Savoie Imphy v. United States*, 248 F. Supp. 2d 1208, 1220 (CIT 2002). Findings made in investigations under other statutory provisions, such as those in the section 201 and section 421 investigations discussed in this section, provide even lesser guidance in subsequent antidumping or countervailing duty proceedings. *Greenhouse Tomatoes from Canada*, Inv. No. 731-TA-925 (Preliminary), USITC Pub. 3424 (May 2001) at n.13 ("See *Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353, 1379 (Ct. Int'l Trade 1999) ('As the ITC explained that the previous [ITC] publication was not for an antidumping investigation and the information and data gathered were not for the same time period as this investigation, the Court finds the ITC did not abuse its discretion in apparently not relying on its previous finding in this determination.'"); *Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 5-6, n.20 ("determinations in Commission investigations of live cattle conducted under section 201 of the Trade Act of 1974 in 1977 . . . offer limited guidance in decisions under the antidumping/countervailing duty laws").

⁸ A summary of prior investigations regarding CWP appears in the CR and PR at Table I-1.

⁹ 49 Fed. Reg. 19369 (May 7, 1984) (Taiwan), 51 Fed. Reg. 17784 (May 15, 1986) (Turkey AD); 51 Fed. Reg. 17384 (May 12, 1986) (India); 51 Fed. Reg. 8341 (Mar. 11, 1986) (Thailand); 51 Fed. Reg. 7984 (Mar. 7, 1986) (Turkey CVD); 57 Fed. Reg. 49453 (Nov. 2, 1992) (Brazil, Korea, Mexico, Taiwan).

¹⁰ *Certain Welded Carbon Steel Pipes and Tubes from The People's Republic of China*, Inv. No. 731-TA-292 (Final), USITC Pub. 1885 (Aug. 1986); *Circular Welded Non-Alloy Steel Pipe from China*, Inv. No. 731-TA-943 (Final), USITC Pub. 3523 (Jul. 2002).

¹¹ 19 U.S.C. § 2251 *et seq.*

¹² *Steel; Import Investigations*, 66 Fed. Reg. 67304, December 28, 2001; *Steel*, Inv. No. TA-201-73, USITC Pub. 3479 at 157-170 (Dec. 2001).

period of three years and one day.¹³ Import relief relating to welded tubular products (other than OCTG) consisted of an additional tariff of 15 percent *ad valorem* on imports in the first year, 12 percent in the second year, and 9 percent in the third year.¹⁴ The President also instructed the Secretary of the Treasury and the Secretary of Commerce to establish a system of import licensing to facilitate the monitoring of imports of certain steel products.¹⁵ On December 4, 2003, the President terminated the safeguard measures.¹⁶ Import licensing, however, remained in place through March 21, 2005, and continues in modified form.¹⁷

In 2005, the Commission conducted a China-specific safeguard investigation on circular welded nonalloy steel pipe under section 421 of the Trade Act of 1974 (19 U.S.C. § 2451). The Commission determined that rapidly increasing imports of the subject product from China were a significant cause of market disruption, defined as material injury or the threat of material injury to the domestic industry, and proposed remedies for the President's consideration.¹⁸ The President determined not to impose import relief.¹⁹

III. DOMESTIC LIKE PRODUCT

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."²⁰ Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product

¹³ Presidential Proclamation 7529 of March 5, 2002, to Facilitate Positive Adjustment to Competition from Imports of Certain Steel Products, 67 Fed. Reg. 10553, March 7, 2002.

¹⁴ *Id.* Dual/multiple-stenciled line pipe for use in CWP applications was not covered by this measure as it was already covered by a separate measure on line pipe. CR at I-6 n.6, PR at I-5 n.6. The safeguard measures applied to imports of subject steel products from all countries except Canada, Israel, Jordan, and Mexico, which had entered into free trade agreements with the United States, and most developing countries that were members of the World Trade Organization. The President's initial proclamation also excluded numerous specific products from the measures, and was followed by further exclusions. 67 Fed. Reg. 10558 (Mar. 7, 2002), 67 Fed. Reg. 16484 (Apr. 5, 2002), 67 Fed. Reg. 46221 (July 12, 2002); 67 Fed. Reg. 56183 (Aug. 30, 2002).

¹⁵ On July 18, 2002, Commerce announced proposed rules regarding a steel import licensing and surge monitoring system (67 Fed. Reg. 47338 (July 18, 2002)) and, on December 31, 2002, published regulations establishing such a system. CR at I-7 n.13, PR at I-5 n.13.

¹⁶ Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products, 68 Fed. Reg. 68483, December 8, 2003.

¹⁷ Proclamation 7741 terminated the tariff-rate quota and the increased import duties on certain steel products, but directed the Secretary of Commerce to continue the monitoring system until the earlier of March 21, 2005, or such time as the Secretary establishes a replacement program. On March 11, 2005, Commerce published an interim final rule to implement a replacement program for the period beyond March 21, 2005. 70 Fed. Reg. 12133 (Mar. 11, 2005). On December 5, 2005, Commerce published its final rule. 70 Fed. Reg. 72373 (Dec. 5, 2005). On March 21, 2005, the Commission instituted an investigation under section 204(d) of the Trade Act of 1974 for the purpose of evaluating the effectiveness of the relief action imposed by the President on imports of certain steel products. The Commission's report on the evaluation was transmitted to the President and the Congress on September 19, 2005.

¹⁸ Circular Welded Non-Alloy Steel Pipe From China, Inv. No. TA-421-6, USITC Pub. 3807 (Oct. 2005).

¹⁹ Presidential Proclamation 2006-7 of December 30, 2005, Presidential Determination on Imports of Circular Welded Non-Alloy Steel Pipe from the People's Republic of China, 71 Fed. Reg. 871 (January 6, 2006).

²⁰ 19 U.S.C. § 1677(4)(A).

constitutes a major proportion of the total domestic production of the product.”²¹ In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation”²²

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.²³ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.²⁴ The Commission looks for clear dividing lines among possible like products and disregards minor variations.²⁵ Although the Commission must accept the determination of the U.S. Department of Commerce (“Commerce”) as to the scope of the imported merchandise allegedly sold at LTFV,²⁶ the Commission determines what domestic product is like the imported articles Commerce has identified.²⁷ The Commission must base its domestic like product determination on the record in this investigation. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.²⁸

B. Product Description

Commerce’s notice of initiation defines the imported merchandise within the scope of these investigations as follows –

[C]ertain welded carbon quality steel pipes and tubes, of circular cross section, and with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish (e.g., black, galvanized, or

²¹ 19 U.S.C. § 1677(4)(A).

²² 19 U.S.C. § 1677(10).

²³ See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

²⁴ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

²⁵ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

²⁶ See, e.g., USEC, Inc. v. United States, Slip Op. 01-1421 (Fed. Cir. April 25, 2002) at 9 (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

²⁷ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

²⁸ Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int’l Trade 2000); Nippon Steel Corp. v. United States, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int’l Trade 1988) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int’l Trade 1988).

painted), end finish (e.g., plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (e.g., ASTM, proprietary, or other), generally known as standard pipe and structural pipe (they may also be referred to as circular, structural, or mechanical tubing).

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

All pipe meeting the physical description set forth above that is used in, or intended for use in, standard and structural pipe applications is covered by the scope of this investigation. Standard pipe applications include the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and as an intermediate product for protection of electrical wiring, such as conduit shells. Structural pipe is used in construction applications.

Standard pipe is made primarily to American Society for Testing and Materials (ASTM) specifications, but can be made to other specifications. Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to an ASTM specification and to any other specification, such as the American Petroleum Institute (API) API-5L or 5L X-42 specifications, is covered by the scope of this investigation when used in, or intended for use in, one of the standard applications listed above, regardless of the Harmonized Tariff Schedule of the United States (HTSUS) category under which it is entered. Pipe used for the production of scaffolding (but not finished scaffolding) and conduit shells (but not finished electrical conduit) are included within the scope of these investigations.

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

API specifications; and (f) line pipe produced to API specifications for oil and gas applications.²⁹

C. Analysis

Petitioners argue that the Commission should define a single domestic like product, coextensive with the scope of these investigations; namely, circular welded carbon-quality steel pipe. No party objects to this proposed domestic like product definition.

In the absence of any clear dividing lines among CWP, we find a single domestic like product coterminous with Commerce's scope. The principal use of CWP is the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and related uses.³⁰ All CWP can be produced at the same facilities with the same workers. Although the same facilities can also be used to produce other types of pipe,³¹ CWP is commonly produced to ASTM specifications specific to standard pipe, while other types of pipe are commonly used for different purposes and produced to different specifications.³² There is limited interchangeability between standard pipe and other types of pipe.³³ Dual stenciled pipe, which satisfies both ASTM specifications for standard pipe and API specifications for line pipe applications, is included within the scope only to the extent it is used or intended for use in standard pipe applications and, therefore, there are no limits on interchangeability between dual-stenciled CWP used in standard pipe applications and other similarly configured standard pipe. Channels of distribution for various types of standard pipe are the same, as the vast majority of U.S. producers' shipments are made through distributors, with the remainder sold directly to end users.³⁴ On the basis of the foregoing, we define the domestic like product in these investigations as CWP coterminous with Commerce's scope.

IV. DOMESTIC INDUSTRY

The domestic industry is defined as the "producers as a [w]hole 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."³⁵ In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.³⁶ Based on our finding that the domestic like product is CWP, we find that the domestic industry consists of the domestic producers of CWP.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) allows the

²⁹ Initiation of Antidumping Duty Investigation: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China, 72 Fed. Reg. 36663 (Jul. 5, 2007). The pipe products that are the subject of these investigations are currently classifiable in the Harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090. Id. The column 1- general (most-favored-nation) rate of duty for these statistical reporting numbers, applicable to the CWP from China subject to these investigations, is free.

³⁰ CR at I-14, PR at I-11.

³¹ CR/PR at Table III-4, CR at III-4 - III-5, PR at III-1.

³² CR at I-13, PR at I-10.

³³ Id.

³⁴ CR/PR at Table I-4.

³⁵ 19 U.S.C. § 1677(4)(A).

³⁶ United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.³⁷ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.

No party argues for exclusion of any related producers from the domestic industry. None of the domestic producers is related to an exporter or importer of the subject merchandise and none imported subject merchandise during the period examined.³⁸ Although they did not import subject merchandise, *** and *** purchased subject merchandise during the period of investigation.^{39 40}

*** purchased *** short tons of subject merchandise in 2004, *** short tons in 2006, and *** short tons in January-March ("interim") 2007.⁴¹ However, *** does not appear to have purchased a predominant proportion of any importer's importations of the subject merchandise. Therefore, it does not appear to be a related party by reason of those purchases. Specifically, *** purchased CWP from China from *** U.S. importers, ***. *** did not list *** as a primary (i.e., top 10) customer. *** is one of the *** U.S. importers of CWP from China. This importer did list *** as a purchaser of its subject CWP imports, but those purchases accounted for only *** percent of *** sales of CWP from China during the period. *** did not list its customers but imported virtually no *** from China, (***), suggesting that any purchases by *** were minimal.⁴² Accordingly, there is no basis for concluding that *** is a related party by reason of its purchases.

***, also purchased subject merchandise during the period of investigation: *** short tons in 2006 and *** short tons in interim 2007. The volume of *** purchases is small; accordingly, there is no indication in the record that would support a conclusion that *** is responsible for a predominant portion of any importer's purchases, and its purchases do not constitute a large proportion of total imports from China. Consequently, we find no basis for concluding that *** became a related party producer by reason of its purchasing activities.

Accordingly, we find that appropriate circumstances do not exist to exclude either *** or *** from the domestic industry.

V. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY SUBSIDIZED AND LESS THAN FAIR VALUE IMPORTS FROM CHINA⁴³

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially

³⁷ 19 U.S.C. § 1677(4)(B).

³⁸ CR/PR at Table IV-1 (***).

³⁹ The Commission has concluded that a domestic producer that does not itself import subject merchandise, or does not share a corporate affiliation with an importer, may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producers were responsible for a predominant proportion of an importer's purchases and the importer's purchases were substantial. See, e.g., Certain Cut-to-Length Steel Plate from the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia, Inv. Nos. 701-TA-387-392 and 731-TA-815-822 (Preliminary), USITC Pub. 3181 at 12 (April 1999); Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 at 10 n.50 (April 1997).

⁴⁰ CR/PR at Table III-7.

⁴¹ Id.

⁴² Questionnaire responses of ***.

⁴³ Negligibility is not an issue in this investigation under 19 U.S.C. § 1677(24), and no party argues that subject imports from China are negligible. CR/PR at IV-4 n.2.

injured by reason of the imports under investigation.⁴⁴ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁴⁵ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁴⁶ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁴⁷ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁴⁸

For the reasons stated below, we determine that there is a reasonable indication that the domestic industry producing CWP is materially injured by reason of subject imports from China.⁴⁹

A. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

Demand for CWP is largely derived from nonresidential construction.⁵⁰ Standard pipe, the primary product within the scope of these investigations, is intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It is made primarily to ASTM A-53, A-135, and A-795 specifications, but can also be made to other specifications, such as British Standard (“BS”)-1387.⁵¹

Other standard applications for CWP include light load-bearing or mechanical applications, such as conduit shells, and structural applications in general construction. Circular pipe used for above-ground structural purposes, including fence posts, irrigation systems, and sprinkler systems, is also included in this category. These products also are manufactured primarily to ASTM specifications (such as A-500 or A-252), as well as to American Society of Mechanical Engineers (“ASME”) specifications.⁵²

When measured by apparent U.S. consumption, U.S. CWP demand, after declining from 2.43 million short tons in 2004 to 2.37 million short tons in 2005, increased to 2.68 million short tons in 2006,

⁴⁴ 19 U.S.C. §§ 1671b(a) and 1673b(a).

⁴⁵ 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each [such] factor . . . [a]nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B). See also *Angus Chemical Co. v. United States*, 140 F.3d 1478 (Fed. Cir. 1998).

⁴⁶ 19 U.S.C. § 1677(7)(A).

⁴⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁴⁸ 19 U.S.C. § 1677(7)(C)(iii).

⁴⁹ As noted, Chairman Pearson and Commissioner Okun determine that there is a reasonable indication that the domestic CWP industry is threatened with material injury.

⁵⁰ CR at II-8 - II-11, PR at II-5 - II-6; Petitioners’ Postconference Brief at 7; Conference Transcript at 101-103 (Magno, Filetti, and Barnes); Respondents’ Postconference Brief at 34-35.

⁵¹ CR at I-14, PR at I-11.

⁵² CR at I-14 - I-15, PR at I-11.

an increase of 10.5 percent from 2004 to 2006. Apparent U.S. consumption was 5.4 percent lower in interim 2007, at 627,743 short tons, than it was in interim 2006, at 663,717 short tons.⁵³

Price changes for CWP will likely have only a small effect on consumption because demand for CWP is generally inelastic.⁵⁴ Substitutes for CWP are limited in its principal applications, and CWP tends to account for a small share of the cost of the projects in which it is used.⁵⁵

2. Supply Conditions

Twenty responding U.S. producers are estimated to account for more than 90 percent of U.S. CWP production in 2006.⁵⁶ Three producers, Wheatland Tube Company, Allied Tube & Conduit, and Bull Moose Tube, together account for approximately *** percent of reported 2006 U.S. CWP production.⁵⁷ The domestic industry's production capacity declined by 10.0 percent from 2004 to 2006, and was 9.2 percent lower in interim 2007 than in interim 2006. The industry's production declined by 8.2 percent from 2004 to 2006, then and was 6.1 percent higher in interim 2007 than in interim 2006.⁵⁸

Domestic producers' share of the U.S. market, after increasing from 58.6 percent in 2004 to 59.4 percent in 2005, declined to 50.4 percent in 2006, and was 58.2 percent in interim 2007 compared with 52.6 percent in interim 2006.⁵⁹ Subject imports' share of the U.S. market increased from 11.5 percent in 2004 to 16.5 percent in 2005 and 26.7 percent in 2006; it was 26.3 percent in interim 2007 compared with 18.4 percent in interim 2006.⁶⁰ The U.S. market share held by nonsubject imports declined during the period examined, from 29.9 percent in 2004 to 24.1 percent in 2005 and 22.9 percent in 2006. Nonsubject imports' share was 15.5 percent in interim 2007 compared with 29.0 percent in interim 2006.⁶¹ CWP from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, which are subject to antidumping orders and, in the case of Turkey, a countervailing duty order, accounted for about half of the nonsubject imports over the period examined.⁶²

3. Other Conditions

The degree of substitution between CWP produced in the United States and that imported from China depends upon such factors as relative prices and certain non-price factors relating to conditions of sales, purchaser supply requirements and, to some degree, product differentiation.⁶³ CWP, regardless of source, is generally produced to ASTM standards.⁶⁴ Domestic producers and importers generally agreed that the subject imports and the domestic like product are always or frequently interchangeable, making

⁵³ CR/PR at Table C-1.

⁵⁴ CR at II-12, PR at I-6.

⁵⁵ CR at II-14 n.20, PR at II-8 n.20. While there are several substitutes for CWP overall, CR/PR at Table II-1, substitutes are limited in the principal CWP applications, e.g., plumbing, sprinkler systems, handrails. Id.

⁵⁶ CR/PR at III-1, CR/PR at Table III-1.

⁵⁷ Id.

⁵⁸ CR/PR at Table C-1. The industry's capacity declined from 2.7 million short tons in 2004 to 2.4 million short tons in 2006, and was 592,064 short tons in interim 2007 compared with 652,041 short tons in interim 2006. CR/PR at Tables III-2, C-1. Domestic production decreased from 1.5 million short tons in 2004 to 1.4 million short tons in 2006. Production then was 387,472 short tons in interim 2007 compared with 365,202 short tons in interim 2006. CR/PR at Tables III-2, C-1.

⁵⁹ CR/PR at Table C-1.

⁶⁰ CR/PR at Tables IV-5, C-1.

⁶¹ CR/PR at Tables IV-5, C-1.

⁶² CR/PR at Table IV-3.

⁶³ CR at II-16, PR at II-8.

⁶⁴ CR at I-14, I-15, PR at I-11.

price an important factor in purchasing decisions.⁶⁵ They differed somewhat on the importance of non-price factors, such as transportation or delivery times.⁶⁶ Most domestic producers and importers reported, however, that lead time on orders for the domestic product and subject imports had not changed over the period of investigation.⁶⁷ Based on the reported information in these investigations, there appears to be a relatively high degree of substitutability between CWP produced domestically and that imported from China.⁶⁸

The domestic industry's cost of goods sold ("COGS") per short ton and total cost (including SG&A expenses) per short ton increased substantially from 2004 to 2005, driven mainly by changes in costs of raw materials (largely hot-rolled steel) and fabrication (labor and factory overhead), then decreased somewhat from 2005 to 2006, owing to decreased labor costs. Per-short ton COGS were substantially higher in interim 2007 than in interim 2006 owing to increases in the costs of raw materials (including, for some companies, zinc) and factory overhead.⁶⁹

The ability or willingness of domestic producers to reduce prices to compete with subject imports is limited by the high variable cost nature of production.⁷⁰ The need to meet variable costs can lead producers to adjust sales volume rather than prices when competing with low-priced product offerings.^{71 72}

Petitioners contend that the significance of master distributors in the U.S. spot market has grown over the period of investigation and that this growth has enhanced the ability of the subject imports to compete in the U.S. market.⁷³ We intend to explore the role and significance of master distributors in the CWP market in any final phase investigations.

⁶⁵ CR at II-16 - II-20, PR at II-8 - II-11, CR/PR at Table II-2 (a majority of responding market participants indicated that there was a high degree of interchangeability between domestic and subject CWP); CR/PR at Table V-10 (all purchasers reporting they shifted from domestic to subject CWP identified price as the reason for the shift).

⁶⁶ Responding U.S. producers reported most frequently that differences in non-price factors among CWP produced in the United States, imported from China, and imported from third countries were only sometimes or never significant, whereas the responding U.S. importers were more divided in characterizing such factors as always, frequently, sometimes, and never significant. CR/PR at Table II-3.

⁶⁷ Fifteen of the 17 responding U.S. producers and 16 of the 19 responding importers reported that lead times had not changed since January 2004. The two remaining U.S. producers, ***, reported that their lead times have fallen since January 2004 as their business has slowed reportedly due to increased imports of CWP from China. The three remaining U.S. importers reported that their lead times have increased due to port congestion, lack of vessel availability, and late shipments by Chinese mills. CR at V-10 - V-11, PR at V-8 - V-9.

⁶⁸ CR at II-16, PR at II-8. Whereas Chinese CWP had perceived quality problems in the mid-1980s, see Certain Welded Carbon Steel Pipes and Tubes from The People's Republic of China, Inv. No. 731-TA-292 (Final), USITC Pub. 1885 (Aug. 1986), the high degree of substitutability indicated by the present record between subject imports and the domestic like product suggests that quality differences no longer significantly limit the ability of the Chinese merchandise to compete in the U.S. market. See also CR/PR at Tables II-2, II-3, V-10; CR at II-16 - II-20, PR at II-8 - II-11 (market participants, for the most part, indicating a high level of acceptance of subject CWP as equivalent in quality to domestic CWP).

⁶⁹ CR/PR at Table VI-3, CR at VI-12; see also CR/PR at Figure V-1 (U.S. purchase prices for hot-rolled sheet and zinc).

⁷⁰ Conference Transcript at 72 (Magno, Barnes).

⁷¹ E.g., CR at V-29, PR at V-22 (producer reporting that customers know that it cannot drop prices to meet very low subject import prices), CR at V-36, PR at V-23 (a majority of purchasers reported that U.S. producers did not lower prices to compete with subject imports); Conference Transcript at 72 (Barnes) (producer testimony that it does not sell below its variable cost).

⁷² While Chairman Pearson and Commissioner Okun agree that the CWP industry has relatively high variable costs, they intend to explore whether domestic producers adjust sales volume rather than prices when competing with low-priced imports in any final phase of these investigations.

⁷³ Petitioners' Postconference Brief at 9 & Answers to Questions from Staff at 9; Transcript at 27 (Magno).

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”⁷⁴

The volume of subject imports of CWP was significant and increased significantly over the period of investigation, both in absolute and relative terms. The volume of subject imports, measured by quantity, increased by 157 percent from 2004 to 2006, from 278,191 short tons in 2004 to 391,007 short tons in 2005 and 716,184 short tons in 2006. Subject imports from China were 35 percent higher in interim 2007, at 165,088 short tons, than in interim 2006, at 122,139 short tons.⁷⁵

The share of U.S. apparent consumption volume held by subject imports also increased, from 11.5 percent in 2004 to 16.5 percent in 2005 and 26.7 percent in 2006. In interim 2007, subject import market share was 26.3 percent compared with 18.4 percent in interim 2006.⁷⁶

The volume of nonsubject imports decreased irregularly overall during the period of investigation, both in absolute terms and relative to U.S. consumption.^{77 78}

For the foregoing reasons, we find for the purposes of the preliminary phase of these investigations that both the volume and increase in volume of subject imports were significant during the period of investigation, both in absolute terms and relative to consumption and production in the United States.⁷⁹

C. Price Effects of the Subject Imports

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

⁷⁴ 19 U.S.C. § 1677(7)(C)(i).

⁷⁵ CR/PR at Tables IV-2 and C-1.

⁷⁶ CR/PR at Tables IV-5. Subject imports as a ratio to U.S. production increased from 18.9 percent in 2004 to 27.4 percent in 2005 and to 53.0 percent in 2006. The ratio was 33.4 percent in interim 2006 and 42.6 percent in interim 2007. CR/PR at Table IV-6.

⁷⁷ The volume of nonsubject imports was 727,282 short tons in 2004, 571,490 short tons in 2005, and 616,007 short tons in 2006, an overall decrease of 15.3 percent between 2004 and 2006. The volume of nonsubject imports was 49.4 percent lower in interim 2007 than in interim 2006: 97,515 short tons in interim 2007 compared with 192,672 short tons in interim 2006. CR/PR at Tables IV-2, C-1. Nonsubject imports’ share of U.S. apparent consumption decreased from 29.9 percent in 2004 to 24.1 percent in 2005 and 22.9 percent in 2006. Nonsubject imports’ share was lower in interim 2007, at 15.5 percent, than in interim 2006, at 29.0 percent. CR/PR at Tables IV-5, C-1.

⁷⁸ There is limited information on the record regarding the role of nonsubject imports of CWP in the U.S. market. See e.g., CR at Appendix D. In any final phase investigations, we will seek additional information on the role of nonsubject imports of CWP in the U.S. market. We invite parties to comment in any final phase investigations on whether the decision by the U.S. Court of Appeals for the Federal Circuit, Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006), is applicable to the facts of these investigations. The Commission also invites parties to comment on what additional information the Commission should collect to address the issues raised by the Court and how that information should be collected, and to identify which of the various nonsubject sources should be the focus of additional information gathering by the Commission in any final phase investigations.

⁷⁹ Respondents argue that consideration of quarterly data for the second half of 2006 and the first quarter of 2007 in isolation would indicate a declining trend in subject imports. However, the Commission’s practice is to consider calendar year data and interim period data from prior years only as necessary for comparison with the more current interim data. See generally, Nitrogen Solutions Fair Trade Committee v. United States, 358 F. Supp. 2d 1314, 1325-26 (Ct. Int’l Trade 2005). We find no basis for departing from that practice in these investigations.

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.⁸⁰

As explained in the discussion of conditions of competition, there is a relatively high degree of substitutability between the domestic like product and subject imports, and price is an important factor in purchasing decisions, although factors other than price enter into purchasing decisions.⁸¹

In these investigations, U.S. producers and importers provided quarterly pricing data for four CWP product categories produced in the United States and imported from China.⁸² By quantity, pricing data reported by responding firms accounted for 23.1 percent of reported U.S. producers' CWP shipments and 30.8 percent of official U.S. imports of CWP from China during the period of investigation.⁸³ Subject imports undersold the domestic like product in all of the 52 quarterly price comparisons, with margins of underselling ranging from 9.5 percent to 58.7 percent.⁸⁴

Nevertheless, Respondents argue that underselling is not significant on this record because domestic producers were able to raise prices by amounts that more than offset increased costs.⁸⁵ The record, however, does not indicate that domestic producers increased prices to such a degree. Moreover, Respondents overlook that, in a high variable cost industry, the effects of underselling are more likely to be seen in the domestic industry's sales volumes before affecting prices. In the face of rising costs, domestic producers attempted to raise prices on various occasions, but met with only mixed success.⁸⁶ As a result, prices for the domestic product increased, but not sufficiently to offset rising production costs. As described below in more detail, the domestic industry's COGS increased as a percentage of the industry's net sales, indicating that price increases did not keep pace with rising costs.⁸⁷ Contrary to the view of Respondents, therefore, price increases obtained by the domestic industry did not offset rising COGS.

Moreover, Respondents overlook that in a high variable cost industry, such as the domestic CWP industry, the effects of underselling are likely to be reflected in lost sales volumes before having an impact on price. Because they must at least cover variable costs in order to continue production,⁸⁸ domestic producers in a high variable cost industry will generally opt to cede sales volumes before lowering prices when faced with competition from low-priced suppliers.⁸⁹ In keeping with that observation, the domestic industry lost market share and experienced declines in shipments and sales over the period of investigation, as subject imports undersold the domestic product in increasing volumes and

⁸⁰ 19 U.S.C. § 1677(7)(C)(ii).

⁸¹ See CR at II-16 - II-20, PR at II-8 - II-11.

⁸² CR at V-16 - V-17, PR at V-11.

⁸³ CR at V-17 - V-18, PR at V-11.

⁸⁴ CR/PR at Table V-7.

⁸⁵ Respondents' Postconference brief at 27-31.

⁸⁶ CR at V-11 to V-16, PR at V-10 - V-11.

⁸⁷ CR/PR at Table C-1.

⁸⁸ See Conference transcript at 72-76 (domestic producers largely must meet at least variable costs on sales in order to continue production).

⁸⁹ CR at V-36 and PR at V-23 (of 17 purchasers expressing an opinion, nine indicated that domestic producers did not lower prices due to competition with subject imports, while seven indicated that domestic producers did lower prices for that reason).

by generally increasing margins of underselling.⁹⁰ Consistent with these data, 12 of 17 responding purchasers reported that they shifted purchases from the domestic product to subject imports, with each of the 12 citing price as the reason for the change.⁹¹

Based on record evidence that subject imports consistently undersold the domestic product by substantial margins, that the domestic industry lost sales volume to subject imports, that purchasers shifted to the subject imports on the basis of price, and that price increases obtained by the domestic industry did not keep pace with rising COGS, we find, for purposes of these preliminary determinations, we find that there has been significant underselling of the domestic like product by subject imports.⁹²

We have also considered movements in CWP prices over the period of investigation. The Commission's pricing data show that the prices for the domestic and subject imports fluctuated but increased overall during the period of investigation.⁹³ As noted, however, domestic producers were not able to increase prices sufficiently to cover increasing costs. The domestic industry's COGS per short ton, while fluctuating over the period, rose by 22.9 percent between 2004 and 2006, and was 8.7 percent higher in interim 2007 compared with interim 2006.⁹⁴ The industry's COGS to net sales value ratio increased from 80.8 percent in 2004 to 85.9 percent in 2005 and 86.2 percent in 2006; it was 84.2 percent in interim 2006 and 91.5 percent in interim 2007.⁹⁵ Thus, the domestic industry was unable to raise its prices sufficiently to cover its increased costs.⁹⁶ Given the rise in lower-priced subject import volumes over the period of investigation, we find that subject imports suppressed domestic prices to a significant degree.

⁹⁰ CR/PR at Table C-1 and V-7.

⁹¹ CR/PR at Table V-10.

⁹² We note, however, that the price levels among domestic producers and among U.S. importers differed substantially for the same product category. CR at V-18 n.34, PR at V-12 n.34. In any final phase investigations we intend to explore the reasons for such differences and whether they should affect our analysis of price effects of the subject imports.

⁹³ For product 1, prices for the domestic product increased by a 53.3 percent over the period of investigation, while prices for subject imports increased by 43.2 percent. For product 2, prices for the domestic product increased by *** percent, while prices for subject imports increased by 42.1 percent. For product 3, prices for the domestic product increased by 38.8 percent, while prices for the subject imports increased by 36.4 percent. For product 4, prices for the domestic product increased by 22.8 percent, while prices for the subject imports increased by 61.2 percent. CR at V-27, PR at V-20.

⁹⁴ CR/PR at Table C-1. Unit COGS increased from \$664 in 2004 to \$826 in 2005, then declined to \$817 in 2006. Unit COGS were \$843 in interim 2007 compared with \$776 in interim 2006. CR/PR at Tables VI-1, C-1.

⁹⁵ CR/PR at Tables VI-1, C-1.

⁹⁶ See CR/PR at Table V-1 (price increases domestic producers announced over the period of investigation and the extent to which they held).

Although most of the domestic producers' lost sales allegations were too general to be confirmed, some lost sales were confirmed, providing additional support for our finding that subject imports have suppressed prices to a significant degree.^{97 98}

For the foregoing reasons, we find for purposes of the preliminary phase of these investigations that there has been significant underselling by subject imports and that such imports have prevented price increases, which otherwise would have occurred, to a significant degree. Thus, we find that subject imports have had significant adverse effects on prices for the domestic like product.

D. Impact of the Subject Imports on the Domestic Industry⁹⁹

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."¹⁰⁰ These factors include output, sales, inventories, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."¹⁰¹

We have examined the performance indicators in the trade and financial data for the domestic industry producing CWP. These data indicate generally declining overall trends from 2004 to 2006. In interim 2007 relative to interim 2006, some indicators were lower while others were higher.¹⁰²

The domestic industry's production capacity declined from 2004 to 2006 by 10.0 percent, from 2.66 million short tons in 2004 to 2.54 million short tons in 2005 and to 2.40 million short tons in 2006.¹⁰³ Capacity was 592,064 short tons in interim 2007, 9.2 percent lower compared with 652,041 short tons in interim 2006. U.S. production of CWP declined 8.2 percent from 2004 to 2006, from 1.47 million short tons in 2004 to 1.43 million short tons in 2005 and 1.35 million short tons in 2006.¹⁰⁴ Domestic production was 387,472 short tons in interim 2007, or 6.1 percent higher compared with 365,202 short

⁹⁷ Six of the eight U.S. producers that responded to the Commission's lost sales question indicated that they had lost sales of U.S.-produced CWP to CWP from China during the period of investigation, with the other two U.S. producers indicating that they had not lost sales to the imported products from China. One of the two U.S. producers reporting no lost sales, ***, noted, however, that its profit margins had shrunk. CR at V-30 n.43, PR at V-22 n.43. The Commission confirmed \$*** of the alleged lost sales allegations. CR/PR at Table V-9. Moreover, 12 of 17 purchasers that responded to questions regarding lost sales allegations for which domestic producers had not sufficiently identified transaction details reported that they in fact had shifted purchases of CWP from the U.S. producer to imports from China, and that they had done so on the basis of price. CR/PR at CR at V-36, PR at V-23. Seven of those 17 purchasers reported that U.S. producers had reduced their prices during the period of investigation to compete with prices of the imported CWP from China. CR/PR at Table V-10.

⁹⁸ The Commission was unable to confirm any of the lost revenue allegations. CR/PR at Table V-8. However, as noted above, several purchasers reported that U.S. producers had reduced prices during the period of investigation to compete with subject import prices. CR at V-36, PR at V-23.

⁹⁹ In its notice of initiation, Commerce estimated the dumping margins for imports of subject CWP from China at between 51.34 and 85.55 percent. 72 Fed. Reg. 36663, 36666 (Jul. 5, 2004).

¹⁰⁰ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 ("In material injury determinations, 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 also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports."). SAA at 885.

¹⁰¹ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

¹⁰² We intend to consider the significance of fuller data for 2007 in any final phase investigation.

¹⁰³ CR/PR at Tables III-2, C-1.

¹⁰⁴ CR/PR at Tables III-2, C-1.

tons in interim 2006.¹⁰⁵ Capacity utilization increased by about one percentage point from 2004 to 2006, from 55.2 percent in 2004 to 56.2 percent in 2005 and 56.3 percent in 2006.¹⁰⁶ Capacity utilization was 65.4 percent in interim 2007 compared with 56.0 percent in interim 2006.¹⁰⁷ Domestic producers' U.S. shipments of CWP declined by 5.0 percent from 2004 to 2006, from 1.42 million short tons in 2004 to 1.41 million short tons in 2005 and 1.35 million short tons in 2006. Domestic producers' U.S. shipments were 365,140 short tons in interim 2007 compared with 348,906 short tons in interim 2006.¹⁰⁸ Net sales volume declined from 1.50 million short tons in 2004 to 1.35 million short tons in 2005, but increased to a smaller degree to 1.46 million short tons in 2006, for an overall decline of 2.5 percent from 2004 to 2006.¹⁰⁹ Net sales volume was 375,622 short tons in interim 2007 compared interim 354,768 short tons in interim 2006.¹¹⁰

As apparent U.S. consumption increased overall by 10.5 percent from 2004 to 2006, subject imports gained U.S. market share at the expense of domestic producers.¹¹¹ Domestic producers' share of the U.S. market initially rose slightly from 58.6 percent in 2004 to 59.4 percent in 2005, before falling to 50.4 percent in 2006, while subject imports' share increased from 11.5 percent in 2004 to 16.5 percent in 2005 and 26.7 percent in 2006.¹¹² Domestic producers' market share was 58.2 percent in interim 2007, compared with 52.6 percent in interim 2006; the increase captured from nonsubject imports as subject imports' market share was higher in interim 2007, 26.3 percent, compared with interim 2006, 18.4 percent.¹¹³

The average number of the industry's production related workers declined by 14.9 percent between 2004 to 2006, from 2,449 in 2004 to 2,220 in 2005 and 2,084 in 2006. Production related workers numbered 2,167 in interim 2007, compared with 2,068 in interim 2006, or 4.8 percent higher in interim 2007. Hours worked declined 14.4 percent between 2004 and 2006, from 4.5 million hours 2004 to 4.1 million hours in 2005 and 3.9 million hours in 2006. Hours worked were 0.5 percent lower in interim 2007 than in interim 2006. Hourly wages fluctuated but increased by 2.4 percent between 2004 and 2006, increasing from \$19.61 in 2004 to \$20.16 in 2005, before declining slightly to \$20.07 in 2006. Hourly wages were 4.3 percent higher in interim 2007, at \$21.09, than in interim 2006, at \$20.22.¹¹⁴

Unit COGS rose sharply from \$664 in 2004 to \$826 in 2005, then remained high at \$817 in 2006. Unit COGS was higher in interim 2007, at \$843, than in interim 2006, at \$776.¹¹⁵ Despite increased prices and improvements in the industry's productivity over the period of investigation,¹¹⁶ the COGS to net sales ratio increased throughout the period of investigation, from 80.8 percent in 2004 to 85.9 percent in 2005 and 86.2 percent in 2006. The ratio was 91.5 percent in interim 2007 compared to 84.2 percent in interim 2006.¹¹⁷ Mainly due to rising costs, the industry's operating income declined by 26.0 percent between 2004 and 2006, from \$172.7 million in 2004 to \$127.9 million in 2006. Operating income was

¹⁰⁵ CR/PR at Tables III-2, C-1.

¹⁰⁶ CR/PR at Tables III-2, C-1.

¹⁰⁷ CR/PR at Tables III-2, C-1.

¹⁰⁸ CR/PR at Tables III-5, C-1.

¹⁰⁹ CR/PR at Tables VI-1, C-1.

¹¹⁰ CR/PR at Tables VI-1, C-1.

¹¹¹ CR/PR at Tables IV-6, C-1.

¹¹² CR/PR at Table IV-5.

¹¹³ CR/PR at Table IV-5.

¹¹⁴ CR/PR at Tables III-8, C-1. However, owing to increased productivity, unit labor costs decreased from \$60.54 in 2004 to \$57.79 in 2006, then declined to \$54.81 in interim 2007 compared with \$56.03 in interim 2006. Id.

¹¹⁵ CR/PR at Tables VI-1, C-1.

¹¹⁶ Unit sales values increased from \$823 in 2004 to \$947 in 2006, and productivity (tons per 1,000 hours) increased from 324.0 in 2004 to 347.4 in 2006. CR/PR at Table C-1. Unit sales value was \$921 in both interim 2006 and interim 2007, while productivity increased by 6.6 percent to 384.9 in interim 2007 compared with 360.9 in interim 2006. Id.

¹¹⁷ CR/PR at Table C-1.

67.0 percent lower in interim 2007, at \$11.5 million, than in interim 2006, when it was at 34.7 million. The industry's ratio of operating income to net sales was 14.0 percent in 2004, 9.5 percent in 2005, and 9.3 percent in 2006. This ratio was a sharply lower at 3.3 percent in interim 2007 compared with 10.6 percent in interim 2006.¹¹⁸

For purposes of the preliminary phase of these investigations, we find a reasonable indication that subject imports had an adverse impact on the condition of the domestic industry during the period of investigation. In particular, we find that the absolute and relative volume of subject imports are significant, that subject imports have gained market share at the expense of the domestic industry, that they have undersold the domestic product to a significant degree, and have suppressed domestic prices to a significant degree. The adverse volume and price effects of subject imports have led to significant declines in the domestic industry's performance. In particular, between 2005 and 2006, when subject imports captured 10.2 percentage points of market share, almost entirely at the expense of the domestic industry, the industry's capacity, production, shipments, number of production workers, hours worked, wages paid, COGS/sales ratio, and operating income/sales ratio all worsened. These declines in the industry's condition occurred despite strong growth in demand, as apparent U.S. consumption rose by 13.4 percent, and rising prices. Subject imports were higher in interim 2007 than in interim 2006, and while some of the industry's indicators improved, operating income and the operating income/sales ratio fell sharply.

CONCLUSION

For the reasons stated above, we find that there is a reasonable indication that the domestic industry producing CWP is materially injured by reason of subject imports of CWP from China that allegedly are subsidized by the government of China and sold in the United States at less than fair value.

¹¹⁸ CR/PR at Table C-1. Respondents assert that the best measure of the industry's performance is profit per short ton and that, by that measure, the industry is healthy. Respondent's Postconference Brief at 3-5. However, profit by any measure is only one factor the Commission considers in assessing the impact of subject imports on the domestic industry and, as discussed above, declining unit profits is among the factors providing a reasonable indication that the industry is materially injured by the subject imports.

**SEPARATE VIEWS OF CHAIRMAN DANIEL R. PEARSON
AND COMMISSIONER DEANNA TANNER OKUN CONCERNING
THREAT OF MATERIAL INJURY**

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of circular welded carbon-quality steel pipe (“CWP”) from China that is allegedly subsidized by the government of China and allegedly sold in the United States at less than fair value (“LTFV”).

We join our colleagues’ discussion regarding the legal standard, background, domestic like product, domestic industry, and conditions of competition. We write separately to provide our analysis of the statutory threat factors.

I. GENERAL LEGAL STANDARDS

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”¹¹⁹ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole” in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.¹²⁰ In making our determination, we consider all statutory threat factors that are relevant to these investigations.¹²¹ Based on our evaluation of the record compiled in the preliminary phase of these investigations, we have determined that there is a reasonable indication that the CWP industry is threatened with material injury by reason of subject imports from China.

¹¹⁹ 19 U.S.C. § 1677(7)(F)(ii).

¹²⁰ 19 U.S.C. § 1677(7)(F)(ii).

¹²¹ 19 U.S.C. § 1677(7)(F)(i). These factors include: (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase; (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports; (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports; (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports; (V) inventories of the subject merchandise; (VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products; (VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product; and (IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time). *Id.* Statutory factor VII is inapplicable, as no imports of agricultural products are involved. *Id.*

In its notice of initiation, Commerce estimated the dumping margins for imports of subject CWP from China at between 51.34 percent and 85.55 percent. 72 Fed. Reg. 36663, 36666 (Jul. 5, 2007).

With regard to statutory factor I, Commerce initiated a countervailing duty investigation concerning alleged subsidy programs, several of which involve export subsidies. 72 Fed. Reg. 36668, 36670-71 (Jul. 5, 2007).

II. ANALYSIS OF STATUTORY THREAT FACTORS

The volumes and market penetration of subject imports from China were substantial throughout the period.¹²² The volume of subject imports from China rose from 278,191 short tons in 2004 to 391,007 short tons in 2005, then rose further to 716,184 short tons in 2006. The volume of subject imports was higher in interim 2007 (122,139 short tons in interim 2006 compared to 165,088 short tons in interim 2007). Subject import market share rose as well from 11.5 percent of the U.S. market in 2004 to 16.5 percent in 2005, then to 26.7 percent in 2006. Subject imports from China held 18.4 percent of the U.S. market in interim 2006 and 26.3 percent in interim 2007.¹²³

As apparent U.S. consumption increased overall by 10.5 percent from 2004 to 2006, the increase in subject import market share did not reduce the domestic producers' market share until 2006. Domestic producers' share of the market was 58.6 percent in 2004. It improved in 2005 to 59.4 percent before declining to 50.4 percent in 2006. Over the interim periods, however, the domestic producers' market share improved and the increase in subject import market share was offset by a decrease in nonsubject import share. In interim 2006, domestic producers' market share was 52.6 percent, and it was 58.2 percent in interim 2007.¹²⁴

The large capacity of Chinese producers to manufacture CWP, as well as increased production over the period of investigation, indicate that the substantial and rising volumes of subject imports are likely to continue. Chinese industry capacity,¹²⁵ which is almost twice the size of U.S. capacity,¹²⁶ increased steadily over the period of investigation, and is projected to grow even more in the imminent future. Likewise, Chinese production increased, and it also is projected to grow in the imminent future.¹²⁷ Chinese industry capacity in 2006 for CWP was 4.68 million short tons,¹²⁸ far larger than U.S. consumption of 2.68 million short tons.¹²⁹ ¹³⁰ Moreover, the Chinese industry exports significant quantities of CWP to the United States and to other countries. In 2006, Chinese producers exported 30.8

¹²² Chinese export shipments of CWP to the United States were 140,832 short tons in 2004, increasing to 329,940 short tons in 2005 and to 557,810 short tons in 2006. They totaled 109,226 short tons in interim 2006 and 159,261 short tons in interim 2007. They are projected to decline to 530,065 short tons in 2007 and to 522,373 short tons in 2008. CR/PR at Table VII-4.

¹²³ CR/PR at Table C-1.

¹²⁴ CR/PR at Table C-1.

¹²⁵ Chinese industry capacity for CWP was 3.60 million short tons in 2004, climbing to 4.07 million short tons in 2005 and to 4.68 million short tons in 2006. It was 1.05 million short tons in interim 2006 and 1.12 million short tons in interim 2007. It is projected to grow to 4.89 million short tons in 2007 and to 4.92 million short tons in 2008. CR/PR at Table VII-4.

¹²⁶ U.S. capacity for CWP was approximately 2.40 million short tons in 2006, while Chinese capacity was approximately 4.68 million short tons in that year. Compare CR/PR at Table III-2 with CR/PR at Table VII-4.

¹²⁷ Chinese production of CWP increased from 2.69 million short tons in 2004 to 3.09 million short tons in 2005, then rose to 3.96 million short tons in 2006. It was 825,814 short tons in interim 2006 and 872,871 short tons in interim 2007. It is projected to grow to 4.11 million short tons in 2007 and to 4.20 million short tons in 2008. CR/PR at Table VII-4.

¹²⁸ See CR/PR at Table VII-4.

¹²⁹ CR/PR at Table IV-4.

¹³⁰ In addition to CWP, Chinese producers manufacture small/medium diameter line pipe, large diameter line pipe, OCTG, and other pipe on the same equipment and machinery used to produce subject merchandise. CR at Table VII-5. However, while Chinese producers have some ability to product-shift from nonsubject merchandise to subject merchandise, the production of nonsubject merchandise is a relatively small part of the operations of Chinese CWP producers. *Id.* It is unknown whether Chinese producers have the economic incentive to shift production from some higher-valued nonsubject pipe products (*e.g.*, large diameter line pipe and OCTG) to subject pipe.

percent of their shipments of CWP. The Chinese industry's ratio of exports to total shipments was 28.6 percent in interim 2006, and it was 42.2 percent in interim 2007.^{131 132}

Subject foreign producers' end-of-period inventories have been substantial during the period and are projected to remain high.¹³³ U.S. importers' end-of-period inventories also have been substantial, more than quadrupling in 2006, and were higher in March 2007 than in March 2006.¹³⁴ Chinese CWP is subject to an antidumping duty order in Australia, which was imposed on June 25, 2006.¹³⁵

This continued influx of products will likely enter the United States at low prices, widely underselling the domestic product and likely causing price depression. The record in these preliminary investigations indicates that price is an important factor in the sale of CWP, although factors other than price enter into purchasing decisions.^{136 137} While there has been widespread underselling of the domestic products by subject imports throughout the period examined,¹³⁸ most domestic prices reached their

¹³¹ CR/PR at Table VII-4. U.S. importers reported that 283,341 short tons of CWP are scheduled for delivery after March 31, 2007. CR/PR at Table VII-8.

¹³² Throughout the period examined, exports of CWP from China received a "commodity export rebate" of 13 percent. However, in a document issued on June 19, 2007, China's Ministry of Finance / State Administration of Taxation declared this rebate to be abolished with respect to "general ordinary pipe products (except oil casing)," effective July 1, 2007. CR at VII-9 n.11, PR at VII-5 n.11. In any final phase of these investigations, we intend to explore the impact of this action on the volume of CWP exported from China.

¹³³ Chinese CWP inventories were 192,494 short tons in 2004, 218,270 short tons in 2005 and 220,845 short tons in 2006. They totaled 231,267 short tons in interim 2006 and 215,336 short tons in interim 2007. They are projected to remain at substantial levels in 2007 at 209,966 short tons and in 2008 at 211,403 short tons. CR/PR at Table VII-4.

¹³⁴ U.S. importers' inventories of Chinese CWP were 9,296 short tons in 2004, 8,028 short tons in 2005 and 39,080 short tons in 2006. They totaled 27,430 short tons in interim 2006 and 39,411 short tons in interim 2007. CR/PR at Table VII-9.

¹³⁵ CR at VII-16, PR at VII-10. Australia was the fifth leading market for CWP from China. CR/PR at Table VII-7.

¹³⁶ CR/PR at Table II-3 (nearly all U.S. producers and the majority of U.S. importers report that non-price factors were only sometimes or never important in purchasing decisions); CR/PR at Table V-10 (all purchasers reporting they shifted from domestic to subject CWP identified price as the reason for the shift); CR at II-16 - II-20, PR at II-8 - II-11.

¹³⁷ In these investigations, U.S. producers and importers provided quarterly pricing data for four CWP product categories produced in the United States and imported from China. CR at V-16, PR at V-10. By quantity, pricing data reported by responding firms accounted for 23.1 percent of reported U.S. producers' CWP shipments and 30.8 percent of official U.S. imports of CWP from China during the period of investigation. CR at V-17 - V-18, PR at V-11.

¹³⁸ Subject imports undersold the domestic like product in all of the 52 quarterly price comparisons, with margins of underselling ranging from 9.5 percent to 58.7 percent. CR/PR at Table V-7.

highest levels at the end of 2006.^{139 140} In the first quarter of 2007, however, domestic prices declined noticeably for the first time. For products 1 and 3, domestic prices declined by 9 percent and 12 percent, respectively, from fourth quarter 2006 to first quarter 2007.¹⁴¹ The recent declines in prices indicate that the increasing volumes of subject imports may have begun to have price depressing effects on domestic producer prices. The record does not indicate that the underselling observed during the period examined will not continue, particularly in view of the large volumes of subject imports that will likely increase in the near future.

Domestic industry performance indicators moved in divergent directions during the period examined. Most output-related indicators declined. The domestic industry's production capacity declined from 2004 to 2006 by 10.0 percent.¹⁴² U.S. production of CWP declined 8.2 percent from 2004 to 2006, however, it was 6.1 percent higher in interim 2007 compared to interim 2006.¹⁴³ Capacity utilization increased by about one percentage point from 2004 to 2006, and improved by 9.4 percentage points when the interim periods are compared.¹⁴⁴ U.S. producers' U.S. shipments declined by 5.0 percent from 2004 to 2006, but improved by 4.7 percent when the interim periods are compared.¹⁴⁵ As U.S. producers were unable to maintain the level of their shipments and as subject imports increased, U.S. producers lost market share from 2005 to 2006.¹⁴⁶

Likewise, employment and wages declined. The number of production and related workers ("PRW") for CWP declined by 14.9 percent between 2004 and 2006, but improved by 4.8 percent when

¹³⁹ CR/PR at Figures V-3a - V-3d. The exception was for product 4, which peaked in third quarter 2004. While domestic prices for product 4 declined slightly thereafter, they remained steady through the rest of the period of investigation. CR/PR at Table V-6 and Figure V-3d.

For product 1, prices for the domestic product increased by 53.3 percent over the period of investigation, while prices for subject imports increased by 43.2 percent. For product 2, prices for the domestic product increased by nearly *** percent, while prices for subject imports increased by 42.1 percent. For product 3, prices for the domestic product increased by 38.8 percent, while prices for the subject imports increased by 36.4 percent. For product 4, prices for the domestic product increased by 22.8 percent, while prices for the subject imports increased by 61.2 percent. CR at V-27, PR at V-20; CR/PR at Figures V-3a - V-3d.

¹⁴⁰ While domestic producer prices peaked in the fourth quarter of 2006, these increases were not sufficient to offset rising production costs. CR/PR at Table VI-1.

¹⁴¹ CR/PR at Tables V-3 and V-5. For product 2, domestic prices declined by *** percent from fourth quarter 2006 to first quarter 2007. CR/PR at Table V-4.

¹⁴² U.S. capacity declined from 2.66 million short tons in 2004 to 2.54 million short tons in 2005 and to 2.40 million short tons in 2006. Capacity was 592,064 short tons in interim 2007, 9.2 percent lower compared with 652,041 short tons in interim 2006. CR/PR at Tables III-2, C-1.

¹⁴³ U.S. production declined from 1.47 million short tons in 2004 to 1.43 million short tons in 2005 and 1.35 million short tons in 2006. Domestic production was 365,202 short tons in interim 2006 and was higher at 387,472 short tons in interim 2007. CR/PR at Tables III-2, C-1.

¹⁴⁴ Capacity utilization was 55.2 percent in 2004, 56.2 percent in 2005, and 56.3 percent in 2006. Capacity utilization was 56.0 percent in interim 2006 and was higher at 65.4 percent in interim 2007. CR/PR at Tables III-2, C-1.

¹⁴⁵ Domestic producers' U.S. shipments of CWP declined from 1.42 million short tons in 2004 to 1.41 million short tons in 2005 and to 1.35 million short tons in 2006. Domestic producers' U.S. shipments were 348,906 short tons in interim 2006 and 365,140 short tons in interim 2007. CR/PR at Tables III-5, C-1.

¹⁴⁶ The domestic producers' share of the market improved from 58.6 percent in 2004 to 59.4 percent in 2005 as subject imports took market share from nonsubject imports. This reversed in 2006 as the domestic producers' share of the market declined to 50.4 percent. Over the interim periods, however, the industry's share was 52.6 percent in interim 2006 and 58.2 percent in interim 2007. CR/PR at Table IV-5. This higher interim 2007 market share came at the expense of nonsubject imports' share of the market.

the interim periods are compared.¹⁴⁷ PRW hours worked declined as well, as did PRW wages.¹⁴⁸ Productivity, however, improved over the period of investigation and when the interim periods are compared.¹⁴⁹

Several U.S. producers reported that they anticipated continued negative effects on their development and production efforts due to subject imports, including closure of facilities and job losses, reduced capital investments, decreased sales, selling prices, and profit margins.¹⁵⁰

Notwithstanding the decline in these domestic industry performance indicators, we do not find the industry currently to be in a weakened state. The domestic industry operated profitably throughout the period examined. The industry's operating income ratio began the period examined at a peak of 14.0 percent following a significant increase in demand for CWP and all steel products generally. With this increase in demand, the market was in tight supply in 2004 and allowed producers and importers to push through large price increases for CWP, which reached then-record high levels.¹⁵¹ The tight market supply in 2004 and the rapid rise in prices led distributors to fill their inventories, which had to be worked down in early 2005.¹⁵² Following this market correction, the domestic industry returned to its more "traditional" levels of profitability with an operating income ratio of 9.6 percent in 2005.¹⁵³ This trend continued through the end of the period examined. In 2006, the industry had an operating income ratio of 9.3 percent.¹⁵⁴ While two of 19 domestic producers reported operating losses in 2004 and one reported such losses in 2005, no domestic producer reported an operating loss in 2006.¹⁵⁵ Operating income margins only began to show a significant decline in interim 2007,¹⁵⁶ but the industry as a whole remained profitable throughout the period. We thus do not find the industry to be currently vulnerable. However, for the purposes of these preliminary determinations, we find a reasonable indication that the continued or

¹⁴⁷ The number of production and related workers declined from 2,449 in 2004 to 2,220 in 2005, then fell further to 2,084 in 2006. The total was 2,068 in interim 2006 and 2,167 in interim 2007. CR/PR at Table III-8.

¹⁴⁸ The hours worked by the production and related workers totaled 4.5 million in 2004, 4.1 million in 2005 and 3.9 million in 2006. They totaled 1.0 million in both interim 2006 and interim 2007. CR/PR at Table III-8. Wages paid to the production and related workers fell from \$89.0 million in 2004 to \$82.2 million in 2005, then fell further to \$78.0 million in 2006. They totaled \$20.5 million in interim 2006 and \$21.2 million in interim 2007. CR/PR at Table III-8.

¹⁴⁹ Productivity increased from 324.0 short tons produced per 1,000 hours in 2004 to 350.4 in 2005, before declining slightly to 347.4 in 2006. Productivity was 360.9 in interim 2006 and 384.9 in interim 2007. CR/PR at Table III-8.

¹⁵⁰ CR/PR at App. E.

¹⁵¹ See Separate and Dissenting Views of Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson, *Circular Welded Non-Alloy Steel Pipe from China*, Inv. No. TA-421-6, USITC Pub. 3807 (Oct. 2005) at 63-64. These price increases were due in response to rapidly increasing raw material prices at that time. Id.

¹⁵² USITC Pub. 3807 at 64.

¹⁵³ USITC Pub. 3807 at 72; CR/PR at Table VI-1.

¹⁵⁴ CR/PR at Table VI-1.

¹⁵⁵ CR/PR at Table VI-1. The industry's 2006 capital expenditures were at their highest annual level during the period examined. The industry's 2006 research and development expenditures were at a period low, but steady as compared to the level in 2005. CR/PR at Table VI-5.

¹⁵⁶ Operating income margins were 10.6 percent in interim 2006 and 3.3 percent in interim 2007. CR/PR at Table VI-1.

increased presence of subject imports at low prices will likely result in material injury to the domestic industry unless antidumping duty and countervailing duty orders are issued.^{157 158}

III. APPLICATION OF THE *BRATSK ALUMINUM SMELTER V. UNITED STATES* REPLACEMENT/BENEFIT TEST

The U.S. Court of Appeals for the Federal Circuit did not address the application of its recent mandate in *Bratsk Aluminum Smelter et al. v. United States*, 444 F.3d 1369 (Fed. Cir. 2006), to preliminary investigations. In that case the Court indicated that, in cases involving commodity products in which imports from nonsubject countries are price-competitive and are a significant factor in the U.S. market, in order to establish a causal link between subject imports and material injury the Commission must evaluate whether the nonsubject imports would replace subject imports and thereby eliminate the benefit to the domestic industry of an antidumping or countervailing duty order.

The legal standard for preliminary antidumping duty and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of the allegedly unfairly traded imports.¹⁵⁹ Thus, we conclude that we must conduct a *Bratsk* analysis as we would any other type of causation analysis in a preliminary investigation.

Having reached an affirmative threat of material injury determination by application of the statutorily mandated factors, we now turn to an additional analysis which can, in some circumstances, negate an affirmative determination.

A. Legal Issues Concerning *Bratsk Aluminum Smelter v. United States*

In *Bratsk*, the Federal Circuit reaffirmed that the requisite causal link to subject imports is not demonstrated if such imports contributed only “‘minimally or tangentially to the material harm.’”¹⁶⁰ Applying that standard to an investigation involving a commodity product, *i.e.*, silicon metal, and the significant presence of nonsubject imports, the Court held that the Commission had not sufficiently explained whether nonsubject imports simply would have replaced subject imports during the period of investigation had an antidumping order been in place and continued to cause injury to the domestic industry.¹⁶¹

¹⁵⁷ We note that the domestic industry’s cost of goods sold per short ton were substantially higher in interim 2007 than in interim 2006 owing to increases in the costs of raw materials (including, for some companies, zinc) and factory overhead. CR/PR at Table VI-3, CR at VI-12; *see also* CR/PR at Figure V-1 (U.S. purchase prices for hot-rolled sheet and zinc).

¹⁵⁸ In any final phase of these investigations, we intend to explore whether distributors have once again temporarily built-up high inventories, which they now may be drawing down. *See, e.g.*, Hearing Transcript at 50-51 (Schagrin) (“We believe that inventories of Chinese pipe in U.S. importers’ yards at the ports, at U.S. distributors’ facilities, and I recognize that until you get purchaser questionnaires you won’t find out about distributors, but we believe based on visits that these gentlemen make to their customers that the amount of Chinese pipe that distributors are holding right now is absolutely massive. There’s a tremendous inventory overhang, and it’s because of the huge volumes of Chinese pipe.”).

¹⁵⁹ 19 U.S.C. §§ 1671b(a), 1673b(a) (2000).

¹⁶⁰ 444 F.3d 1369, 1373 (Fed. Cir. 2006), *quoting Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997).

¹⁶¹ *Bratsk*, 444 F.3d at 1375-1376.

As a threshold matter, it is not immediately clear how we should interpret the *Bratsk* opinion in terms of its effect on our analysis of causation in Title VII investigations. We can discern at least two possible interpretations that differ substantially: (1) that *Bratsk* mandates application of an additional test apparently not contemplated by the statute (the so-called “replacement/benefit test”), and (2) that *Bratsk* is a further development of the causation approach prescribed by *Gerald Metals*.

1. Separate Causation Analysis – Replacement/Benefit Test

The statute sets forth specific factors for the Commission to consider in analyzing the volume, price effects and impact of subject imports.¹⁶² The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) explains further that in analyzing causation the Commission must examine factors other than subject imports to ensure that it is not attributing injury from these sources to the subject imports, but is not required to isolate the injury caused by other factors from injury caused by unfair imports.¹⁶³ Beyond this, the statute does not provide any further limitations on how the Commission’s causation analysis shall be conducted.

The Court’s decision, however, states that the Commission must perform an additional “specific” causation analysis in the form of a replacement/benefit test. Using somewhat varying phrasing, the Court stated that the Commission must determine “whether nonsubject imports would have replaced subject imports without any beneficial effect on domestic producers,” must “explain why the elimination of subject imports would benefit the domestic industry instead of resulting in the nonsubject imports’ replacement of the subject imports’ market share without any beneficial impact on domestic producers,” and must explain “why the nonsubject imports would not replace the subject imports and continue to cause injury to the domestic industry.”¹⁶⁴

Such a “replacement/benefit” test is not among the statutory factors Congress has required the Commission to consider. The statutory scheme contemplates that subject imports may remain in the U.S. market after an order is imposed and even that the industry afterward may continue to suffer material injury.¹⁶⁵ Thus, the decision in *Bratsk* misconstrues the purpose of the antidumping and countervailing duty laws, which is not to bar subject imports from the U.S. market or award subject import market share to U.S. producers, but instead to “level[] competitive conditions” by imposing a duty on subject imports at a level to offset the amount of dumping or subsidization and thus enabling the industry to compete against fairly traded imports.¹⁶⁶ It is not uncommon for subject imports to remain in the U.S. market in

¹⁶² 19 U.S.C. § 1677(7).

¹⁶³ H.R. Doc. No. 103-316, Vol. I (1994) at 851-52 (“SAA”); *Taiwan Semiconductor Industry Ass’n v. United States*, 266 F.3d at 1339, 1345 (Fed. Cir. 2001).

¹⁶⁴ *Bratsk*, 444 F.3d at 1375, 1376.

¹⁶⁵ SAA at 851-52, 885, 889-90. The Commission has indicated that the possibility that an order might not be effective does not preclude a finding of present material injury. The Commission also has concluded that the statute does not provide for the Commission to perform an additional injury test to predict the future effectiveness of import relief:

{W}e note that nothing in the statute or case law requires (or allows) us to consider the likely effectiveness of a dumping order in making our injury determination. The possibility that nonsubject imports will increase in the future after an antidumping order is imposed is . . . not relevant to our analysis of whether subject imports are currently materially injuring the industry.

Wooden Bedroom Furniture From China, Inv. No. 731-TA-1058 (Final), USITC Pub. 3743, n.222 (Dec. 2004).

¹⁶⁶ *Huaiyin Foreign Trade Corp. v. United States*, 322 F.3d 1369, 1380 (Fed. Cir. 2003).

significant quantities even after the issuance of an antidumping or countervailing duty order, as shown by the hundreds of millions of dollars in antidumping and countervailing duties collected every year.

Bratsk, therefore, appears to require that the Commission apply an extra-statutory causation test with respect to nonsubject imports and to determine that the domestic industry will benefit from the antidumping duty or countervailing duty order. We respectfully disagree with the Court that such a causation analysis is legally required.¹⁶⁷ However, given that the Federal Circuit’s mandate has been issued and the decision has become precedent, we discuss *infra* our interpretation of the *Bratsk* standard and attempt to perform the analysis based on the record in these preliminary investigations.¹⁶⁸

2. *Gerald Metals* Causation Analysis

Alternatively, we also find support for interpreting the *Bratsk* decision to be reminding the Commission of its obligation under *Gerald Metals* that the Commission may not satisfy the “by reason of” causation requirement by showing that subject imports contributed only “minimally or tangentially to the material harm.”¹⁶⁹

This may be a reasonable interpretation of the *Bratsk* decision as the Court noted that the “sole point of contention in this appeal is whether the Commission established that the injury to the domestic industry was ‘by reason of’ the subject imports.”¹⁷⁰ In explaining its conclusion, the Court emphasized that the Commission had “dismissed” *Gerald Metals* as being factually distinguishable¹⁷¹ and explained its holdings in *Gerald Metals* and *Taiwan Semiconductor*.¹⁷² Further, the Court noted that:

Gerald Metals thus requires the Commission to explain why – notwithstanding the presence and significance of the nonsubject imports – it concluded that the subject imports caused material injury to the domestic industry. While there may be support for the Commission’s ultimate determination of material injury in the record here, we find that the Commission did not sufficiently explain its decision in this regard.¹⁷³

Therefore, the Court may not have been creating an extra-statutory causation test, but rather was simply reminding the Commission of its existing obligation under the statute, as explained by Federal Circuit precedent. In other words, the *Bratsk* Court’s relatively short discussion of the underlying determination may not have established a new and rigid replacement/benefit test. Rather, the Court may have discussed the triggering factors (*i.e.*, commodity product and price-competitive nonsubject imports) and the replacement/benefit factors (*i.e.*, whether nonsubject imports would have replaced the subject

¹⁶⁷ The Commission set out in detail its objections to the Court’s decision in its petition for rehearing to the Federal Circuit. See Petition for Rehearing en Banc (May 25, 2006), *Bratsk Aluminum Smelter et al. v. United States*, 444 F.3d 1369 (Fed. Cir. 2006)(No. 05-1213) (petition denied July 24, 2006). Commissioner Okun did not participate in that proceeding.

¹⁶⁸ Moreover, it is unclear whether the Court intended its approach to apply to analyses of threat of material injury, or only to analyses of present material injury. Given that one of the Court’s formulations of the standard is framed in terms of likely future events, we have interpreted the Court’s decision as applying both to the context of present injury and threat of injury.

¹⁶⁹ *Gerald Metals*, 132 F.3d at 722.

¹⁷⁰ *Bratsk*, 444 F.3d at 1372.

¹⁷¹ *Bratsk*, 444 F.3d at 1375.

¹⁷² *Bratsk*, 444 F.3d at 1373-1375.

¹⁷³ *Bratsk*, 444 F.3d at 1375.

imports without any beneficial effect on domestic producers)¹⁷⁴ as a reminder that the Commission, before it makes an affirmative determination, must satisfy itself that it has not attributed material injury to factors other than subject imports.

The statute requires the Commission to determine whether the domestic industry is “materially injured by reason of” the unfairly traded imports.¹⁷⁵ Thus, the Commission must evaluate the effects of the unfairly traded imports on the domestic industry in order to determine if those imports are causing material injury. In most investigations, there are other economic factors that also may be causing injury to the domestic industry. The statute’s legislative history states that the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”¹⁷⁶ While the statute is clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury, the Commission cannot assign the cause of material injury to factors other than subject imports. Under this interpretation, the reference in *Bratsk* to “whether nonsubject imports would have replaced subject imports without any beneficial effect on domestic producers’ could be asking the Commission to interpret “benefit” to mean that if the subject imports are indeed causing harm, then the removal of the unfairly traded imports should “benefit” the domestic industry, but if the removal of the unfairly traded imports would not benefit the domestic industry, the injury must be attributable to other factors.¹⁷⁷ The Commission must analyze the effects of the unfairly traded imports and other relevant factors in a way that enables the Commission to conclude that it has not attributed the effects of other factors to the subject imports.

If this interpretation of *Bratsk* is correct, then we concur with the Federal Circuit that we are required to identify and assess the competitive effects of subject imports to ensure that they contribute more than “minimally or tangentially to the material harm” of the domestic industry. To the extent that we had the relevant information, we evaluated this issue in our threat analysis. We will re-examine this in any final phase of these investigations once the Commission has collected further relevant information (*e.g.*, information about the market from purchasers).

B. Application of *Bratsk* Replacement/Benefit Test

Having found that there is a reasonable basis to determine that an industry in the United States is threatened with material injury by reason of subject imports from China, we now must assess whether the facts of this investigation trigger a *Bratsk* analysis under the “replacement/benefit test” interpretation of *Bratsk*. Based on the record in these preliminary investigations, we conclude that *Bratsk* is triggered. Nevertheless, we find that the current record does not permit us to determine conclusively that nonsubject imports would replace subject imports and negate the beneficial effect of the order on subject imports from China.

1. Triggering Factors

Petitioners assert that CWP is a fungible commodity sold largely on the basis of price.¹⁷⁸ Hence, although they do not address this *Bratsk* triggering factor directly, they implicitly acknowledge that it is met in that imports of CWP are fungible with domestic CWP, as well as imports from nonsubject

¹⁷⁴ *Bratsk*, 444 F.3d at 1375.

¹⁷⁵ 19 U.S.C. § 1673d(b).

¹⁷⁶ S. Rep. No. 249, 96th Cong., 1st Sess. 46-47 (1979).

¹⁷⁷ S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47.

¹⁷⁸ Petitioners’ Postconference Brief at 5-6.

countries.¹⁷⁹ Indeed, questionnaire responses from both producers and importers indicate that, for the most part, the domestic like product, subject imports, and nonsubject imports are viewed as always or frequently interchangeable.¹⁸⁰ Thus, based on the information available in the preliminary phase of these investigations, we find that the domestic like product, subject imports, and nonsubject imports of CWP generally are commodity products.

With respect to the second factor, whether price-competitive nonsubject imports are a significant factor in the U.S. market, the record in the preliminary phase of these investigations indicates that nonsubject imports were present throughout the period examined. Nonsubject import volume was 727,282 short tons in 2004, 571,490 short tons in 2005, and 616,007 short tons in 2006.¹⁸¹ Nonsubject imports accounted for 72.3 percent of total imports (on a quantity basis) in 2004, 59.4 percent in 2005, and 46.2 percent in 2006.¹⁸² The U.S. market share of nonsubject imports ranged from 29.9 percent in 2004 to 24.1 percent in 2005 and to 22.9 percent in 2006.¹⁸³ We note that subject imports accounted for 27.7 percent of total imports in 2004, 40.6 percent in 2005, and 53.8 percent in 2006.¹⁸⁴ The U.S. market share of subject imports increased from 11.5 percent in 2004 to 16.5 percent in 2005 and then to 26.7 percent in 2006.¹⁸⁵ We note that the volume of subject imports exceeded the volume of CWP imports from all nonsubject countries combined by 2006.¹⁸⁶

As to whether nonsubject imports are price competitive, the Commission requested product-specific price data from nonsubject countries in its importers' questionnaires. The Commission received a limited amount of price data for nonsubject imports from Guatemala, India, Japan, Korea, Oman, Romania, Thailand, Turkey, and Venezuela.¹⁸⁷ These data show predominant underselling of the domestic like product by nonsubject imports.¹⁸⁸ There were, however, wide variations in the pricing data of nonsubject imports, and the prices of imports from Thailand, which was the largest nonsubject supplier in 2005 and 2006, were ***.¹⁸⁹ The average unit value of all nonsubject imports was consistently below the average unit value of U.S. shipments throughout the period examined.¹⁹⁰ Therefore, for purpose of these preliminary determinations, it appears that nonsubject imports of CWP, viewed as a whole, are price-competitive with the domestic like product, and thus appear to be a "significant factor" in the U.S. market.

¹⁷⁹ Petitioners' Postconference Brief; Answers to Questions from Staff at 1-5.

¹⁸⁰ CR/PR at Table II-2.

¹⁸¹ CR/PR at Table IV-2. We note that imports of CWP from Brazil, India, Korea, Mexico, Taiwan, Thailand and Turkey, accounting for about half of the nonsubject imports over the period examined, are subject to antidumping or countervailing duty orders. CR/PR at Table I-1; CR/PR at Table IV-3.

¹⁸² CR/PR at Table IV-2.

¹⁸³ CR/PR at Table IV-5.

¹⁸⁴ CR/PR at Table IV-2.

¹⁸⁵ CR/PR at Table IV-5.

¹⁸⁶ See CR/PR at Tables IV-2 and IV-4. The largest supplier of nonsubject imports in 2005 and 2006 was Thailand, which, in quantity terms, accounted for 8.3 percent of total imports in 2005, and 5.8 percent in 2006. CR/PR at Tables IV-2 and IV-3. The U.S. market share held by imports of CWP from Thailand was 3.4 percent in 2005, and 2.9 percent in 2006. CR/PR at Table IV-5.

¹⁸⁷ CR at V-17; PR at V-11. Of these nine countries, India, Korea, Thailand, and Turkey are subject to either antidumping or countervailing duty orders in the U.S. market.

¹⁸⁸ CR/PR at Tables D-1-D-9.

¹⁸⁹ CR/PR at Tables V-3-V-5; CR/PR at Table D-7.

¹⁹⁰ Compare CR/PR at Table III-5 with CR/PR at Table IV-2.

2. Replacement/Benefit Factors

As it appears that the *Bratsk* tests are triggered, we now analyze whether nonsubject imports are likely to replace subject imports and continue to cause injury to the domestic industry. One of the key factors we must examine in assessing this issue is the size of the nonsubject supplier industries and the amount of excess capacity in those industries. Regrettably, there is no information on the record concerning the capacity of nonsubject suppliers, or their capacity utilization rates.¹⁹¹ Accordingly, we cannot determine whether nonsubject imports would be likely to have sufficient capacity to replace subject imports if the orders were to be imposed.

We note, however, that trends in the U.S. market share for subject and nonsubject imports relative to U.S. producers' market share during the period examined may provide some indication of the likely import pattern if subject imports were not in the U.S. market. Apparent U.S. consumption increased overall, by 10.5 percent, in terms of quantity, from 2004 to 2006. The market share of subject U.S. imports rose sharply throughout the period examined, from 11.5 percent in 2004 to 26.7 percent in 2006. The market share of U.S. imports of nonsubject CWP, by contrast, declined steadily from 2004 to 2006, from 29.9 percent in 2004 to 22.9 percent in 2006. In summary, the sum of the decline in U.S. producers' market share from 2004 to 2006 (58.6 percent in 2004 to 50.4 percent in 2006 or 8.2 percentage points) and the decline in the market share of nonsubject imports (7.0 percentage points) was equivalent to the rise in subject imports' market share over the same period (15.2 percentage points). Thus, subject imports took approximately equal amounts of market share from U.S. producers and nonsubject imports during the period examined. Hence, these trends may tend to support a finding that nonsubject imports would not completely replace Chinese imports if such imports were removed from the market. Because we lack information, however, on nonsubject foreign production capacity, we cannot reach a definite conclusion on this point. In any final phase of these investigations, we will seek additional information on production capacity of major nonsubject producers of CWP, both those subject to other antidumping and countervailing duty orders in the U.S. market and those not subject to such orders, to complete our analysis under *Bratsk*.

IV. CONCLUSION

For the reasons stated above, we find that there is a reasonable indication that the domestic industry producing CWP is threatened with material injury by reason of subject imports of CWP from China that allegedly are subsidized by the government of China and sold in the United States at less than fair value.

¹⁹¹ See generally CR at VII-18 - VII-30, PR at VII-10 to VII-21.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed by the following petitioners on June 7, 2007:

- Allied Tube & Conduit, Harvey, IL;
- IPSCO Tubulars, Inc., Camanche, IA;
- Northwest Pipe Co., Portland OR;
- Sharon Tube Co., Sharon, PA;
- Western Tube & Conduit Corp., Long Beach, CA;
- Wheatland Tube Co., Collingswood, NJ; and
- the United Steelworkers, Pittsburgh, PA.

The petition alleges that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (LTFV) imports of circular welded pipe¹ from China.² Information relating to the background of the investigations is provided below.³

Date	Action
June 7, 2007	Petition filed with Commerce and the Commission; institution of Commission investigations (72 FR 32862, June 14, 2007)
June 28, 2007	Commission's conference (a list of witnesses appearing at the conference is presented in appendix B)
July 5, 2007	Commerce's notices of initiation (72 FR 36663 (antidumping duty investigation) and 72 FR 36668 (countervailing duty investigation), July 5, 2007)
July 20, 2007	Commission's vote
July 23, 2007	Commission's determination transmitted to Commerce
July 30, 2007	Commission's views transmitted to Commerce

¹ As discussed in greater detail in the section of this chapter entitled "The Subject Merchandise," for purposes of these investigations, circular welded pipe consists of welded carbon-quality steel pipes and tubes, of circular cross section, and with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish, end finish, or industry specification, generally known as standard pipe and structural pipe. Circular welded pipe is provided for in subheading 7306.30 of the Harmonized Tariff Schedule of the United States ("HTSUS") with a normal trade relations tariff rate of free, applicable to imports from China.

² The petition alleged eight broad types of subsidies: preferential lending to the circular welded pipe industry, income tax programs, indirect tax and import tariff programs, grant programs, currency manipulation, goods and services provision, land issues, and government restraints on exports of input products. The petition also alleged LTFV margins to be as follows: 81.67 - 88.00 percent for black plain end pipe and 70.89 - 76.02 percent for galvanized plain end pipe. Based on a comparison of export price to normal value, Commerce calculated estimated dumping margins of 51.34 - 85.55 percent. 72 FR 36663, July 5, 2007.

³ *Federal Register* notices cited in the tabulation are presented in appendix A.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

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

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

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

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

. . .

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

. . .

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to

. . .

(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Part I of this report presents information on the subject merchandise, alleged subsidies and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV and V* present the volume and pricing of imports of the subject merchandise, respectively. *Part VI*

presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury.

U.S. CIRCULAR WELDED PIPE MARKET SUMMARY

Trade for circular welded pipe totaled approximately \$2.2 billion (2.7 million short tons) in the U.S. market in 2006. Currently, at least 20 firms produce circular welded pipe in the United States. The three largest producers – Wheatland, Allied, and Bull Moose – accounted for approximately *** of reported U.S. production in 2006, however. At least 25 firms have imported circular welded pipe from China since 2004, including 7 that imported the product from China for the first time in 2006 or 2007. The three largest importers – *** – accounted for approximately *** of reported U.S. imports from China in 2006. Finally, at least 20 firms produce circular welded pipe in China. The two largest producers – *** – accounted for approximately *** of reported Chinese production in 2006, although three different firms – *** – accounted for approximately *** of reported Chinese exports to the United States in 2006.

Circular welded pipe is used in a wide variety of applications, including plumbing applications, structural applications, and more specific applications (*e.g.*, shells for electrical conduit, scaffolding components, and fencing). U.S. producers' U.S. shipments of circular welded pipe totaled 1.4 million short tons in 2006, and accounted for 50.4 percent of apparent U.S. consumption by quantity. U.S. imports from China totaled 716,184 short tons in 2006, and accounted for 26.7 percent of apparent U.S. consumption by quantity, while U.S. imports from all other sources combined totaled 616,007 short tons in 2006, and accounted for 22.9 percent of apparent U.S. consumption by quantity.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of 20 firms that accounted for more than 90 percent of U.S. production of circular welded pipe during 2007. U.S. imports are based on official import statistics of Commerce, as modified to include dual-stenciled line pipe used in standard and structural pipe applications (based on questionnaire responses) and to exclude mechanical tubing (based on *Statistics Canada* data) from Canada.⁴ Data regarding the Chinese industry are based on foreign producer questionnaires, while information with respect to other foreign industries is drawn from published sources.

PREVIOUS AND RELATED TITLE VII INVESTIGATIONS

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

⁴ Petition, exhibit 8, as modified by Petitioners' postconference brief, exhibit 22.

Table I-1
Certain welded pipe: Previous and related Title VII investigations

Product	Inv. No.	Year of petition	Country	Original determination	Current status
Circular welded pipe	701-TA-165	1982	Brazil	Terminated	(¹)
	701-TA-166	1982	France	Terminated	(¹)
	701-TA-167	1982	Italy	Negative (P)	(¹)
	701-TA-168	1982	Korea	Affirmative	ITA revoked--1985
	701-TA-169	1982	West Germany	Terminated	(¹)
	731-TA-132	1983	Taiwan	Affirmative	Order in place.
	701-TA-220	1984	Spain	Terminated	(¹)
	731-TA-183	1984	Brazil	Terminated	(¹)
	731-TA-197	1984	Brazil	Terminated	(¹)
	731-TA-198	1984	Spain	Terminated	(¹)
	701-TA-242	1985	Venezuela	Terminated	(¹)
	701-TA-251	1985	India	ITA Negative	(¹)
	701-TA-252	1985	Taiwan	ITA Negative	(¹)
	701-TA-253	1985	Turkey	Affirmative	Order in place.
	731-TA-211	1985	Taiwan	Negative	(¹)
	731-TA-212	1985	Venezuela	Terminated	(¹)
	731-TA-252	1985	Thailand	Affirmative	Order in place.
	731-TA-253	1985	Venezuela	Terminated	(¹)
	731-TA-271	1985	India	Affirmative	Order in place.
	731-TA-273	1985	Turkey	Affirmative	Order in place.
	731-TA-274	1985	Yugoslavia	Terminated	(¹)
	731-TA-292	1986	China	Negative	(¹)
	731-TA-293	1986	Philippines	Negative	(¹)
	731-TA-294	1986	Singapore	Negative	(¹)
	701-TA-311	1991	Brazil	ITA Negative	(¹)
	731-TA-532	1991	Brazil	Affirmative	Order in place.
	731-TA-533	1991	Korea	Affirmative	Order in place.
	731-TA-534	1991	Mexico	Affirmative	Order in place.
	731-TA-535	1991	Romania	Negative	(¹)
	731-TA-536	1991	Taiwan	Affirmative	Order in place.
	731-TA-537	1991	Venezuela	Affirmative	ITC Negative--2000
	731-TA-732	1995	Romania	Negative	(¹)
731-TA-733	1995	South Africa	Negative	(¹)	
731-TA-943	2001	China	Negative	(¹)	
731-TA-944	2001	Indonesia	Negative (P)	(¹)	
731-TA-945	2001	Malaysia	Negative (P)	(¹)	
731-TA-946	2001	Romania	Negative (P)	(¹)	
731-TA-947	2001	South Africa	Negative (P)	(¹)	

¹ Not applicable.

Source: *Certain Pipe and Tube from Argentina, Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Inv. Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 409, 410, 532-534, and 536 (Second Review)*, USITC Publication 3867, July 2006, tables OVERVIEW-2 and OVERVIEW-3.

PREVIOUS AND RELATED SAFEGUARD INVESTIGATIONS

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 1974⁵ to determine whether certain steel products, including welded pipe of carbon and alloy (other than stainless) steel,⁶ 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.⁷ 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 1974.⁸ 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-201-73.⁹ On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission reached an affirmative determination with respect to welded tubular products other than oil country tubular goods.¹⁰

On March 5, 2002, following determinations regarding serious injury or threat of serious injury by the Commission under section 202 of the Trade Act of 1974, the President announced the safeguard measures that he planned to implement to facilitate efforts by various domestic steel industries and their workers to make a positive adjustment to import competition with respect to certain steel products. The safeguard measures encompassed 10 different product categories for which the Commission made affirmative determinations or was evenly divided. Presidential Proclamation 7529 implemented the safeguard measures, principally in the form of tariffs and tariff-rate quotas, effective March 20, 2002, for a period of three years and one day. Import relief relating to welded tubular products (other than OCTG) consisted of an additional tariff of 15 percent *ad valorem* on imports in the first year, 12 percent in the second year, and 9 percent in the third year.¹¹ ¹² The President also instructed the Secretary of the Treasury and the Secretary of Commerce to establish a system of import licensing to facilitate the monitoring of imports of certain steel products.¹³

The safeguard measures applied to imports of subject steel products from all countries except Canada, Israel, Jordan, and Mexico, which had entered into free trade agreements with the United States, and most developing countries that were members of the World Trade Organization. The President’s

⁵ 19 U.S.C. § 2252.

⁶ The safeguard investigation did not cover dual-stenciled line pipe used in standard and structural applications, however, as such product was already covered under Presidential Proclamation 7274, issued on February 18, 2000, which imposed additional duties of 19 percent on line pipe imports of more than 9,000 short tons annually (exclusive of “arctic grade” line pipe), declining to 15 percent in 2001 and to 11 percent in 2002 (as modified with respect to Korea by Proclamation 7585, issued on August 28, 2002).

⁷ *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.

⁸ 19 U.S.C. § 2251.

⁹ *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.

¹⁰ *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

¹¹ *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products*, 67 FR 10553, March 7, 2002.

¹² The increased duties were reduced from 15 percent to 12 percent on March 20, 2003.

¹³ The Department of Commerce published regulations establishing such a system on December 31, 2002.

initial proclamation also excluded numerous specific products from the measures, and was followed by subsequent additional exclusions.

On September 19, 2003, the Commission submitted a mid-term report to the President and the Congress on the results of its monitoring of developments in the steel industry, as required by section 204(a)(2) of the Trade Act of 1974.¹⁴ The Commission's monitoring report noted that, since the safeguard measures were instituted, the U.S. industry producing certain carbon and alloy welded pipe and tube had increased its market share to 62.9 percent from 57.3 percent, that the total quantity of imports from subject sources had declined, and that demand for welded pipe and tube during the relief period also had declined. The review also noted that because of declining demand, the industry's output-related indicators were mixed.¹⁵

On December 4, 2003, President Bush terminated the U.S. measure with respect to increased tariffs, following receipt of the Commission's mid-point monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, having determined that the effectiveness of the action taken had been impaired by changed circumstances.¹⁶ Import licensing, however, remained in place through March 21, 2005, and continues in modified form.¹⁷

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

In 2005, the Commission conducted a China-specific safeguard investigation on circular welded nonalloy steel pipe (Inv. No. TA-421-6). Following the Commission's affirmative determination of serious injury or threat of serious injury and its remedy recommendations, the President issued a proclamation on December 30, 2005, determining not to impose temporary import relief.¹⁸

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

The petition alleged eight broad types of subsidies: preferential lending to the circular welded pipe industry, income tax programs, indirect tax and import tariff programs, grant programs, currency manipulation, goods and services provision, land issues, and government restraints on exports of input products.¹⁹ The LTFV margins alleged in the petition upon which Commerce based its decision to initiate its investigations, as adjusted by Commerce, are presented in table I-2.

¹⁴ *Steel: Monitoring Developments in the Domestic Industry, Inv. No. TA-204-9*, USITC Publication 3632, September 2003.

¹⁵ *Steel: Monitoring Developments in the Domestic Industry, Inv. No. TA-204-9*, Volume I, USITC Publication 3632, September 2003, p. xvi.

¹⁶ *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products*, 68 FR 68483, December 8, 2003.

¹⁷ Proclamation 7741 terminated the tariff-rate quota and the increased import duties on certain steel products, but directed the Secretary of Commerce to continue the monitoring system until the earlier of March 21, 2005, or such time as the Secretary establishes a replacement program. On March 11, 2005, Commerce published an interim final rule to implement a replacement program for the period beyond March 21, 2005. 70 FR 12133, March 11, 2005. On December 5, 2005, Commerce published its final rule. 70 FR 72373, December 5, 2005.

¹⁸ *Presidential Proclamation 2006-7 of December 30, 2005, Presidential Determination on Imports of Circular Welded Non-Alloy Steel Pipe from the People's Republic of China*, 71 FR 871 (January 6, 2006).

¹⁹ Petition, pp. 36-152.

Table I-2
Circular welded pipe: Allegations of LTFV imports

Country	Basis of comparison	Estimated dumping margin (percent)
China	Based on a comparison of export price to normal value.	51.34 - 85.55
Source: 72 FR 36663, July 5, 2007.		

THE SUBJECT MERCHANDISE

Commerce’s Scope

The scope of these investigations, as defined by Commerce, covers the following subject merchandise:

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

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

All pipe meeting the physical description set forth above that is used in, or intended for use in, standard and structural pipe applications is covered by the scope of this investigation. Standard pipe applications include the low–pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load–bearing and mechanical applications, such as for fence tubing, and as an intermediate product for protection of electrical wiring, such as conduit shells. Structural pipe is used in construction applications.

Standard pipe is made primarily to American Society for Testing and Materials (ASTM) specifications, but can be made to other

specifications. Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to an ASTM specification and to any other specification, such as the American Petroleum Institute (API) API-5L or 5L X-42 specifications, is covered by the scope of this investigation when used in, or intended for use in, one of the standard applications listed above, regardless of the Harmonized Tariff Schedule of the United States (HTSUS) category under which it is entered. Pipe used for the production of scaffolding (but not finished scaffolding) and conduit shells (but not finished electrical conduit) are included within the scope of these investigations.

The scope does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) mechanical tubing, whether or not cold-drawn; (c) finished electrical conduit; (d) tube and pipe hollows for redrawing; (e) oil country tubular goods produced to API specifications; and (f) line pipe produced to API specifications for oil and gas applications.²⁰

Tariff Treatment

The pipe products that are the subject of these investigations are currently classifiable in the Harmonized Tariff Schedule of the United States (“HTSUS”) statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090.²¹ The scope definition of “carbon quality” extends to “other alloy” products classified under the HTS within subheading 7706.50. However, no U.S. importer reported imports of circular welded pipe of micro-alloy steel. The column 1- general (most-favored-nation) rate of duty for these statistical reporting numbers, applicable to the circular welded pipe from China subject to these investigations, is free. Table I-3 presents data on the tariff treatment used to generate official Commerce statistics on imports of subject circular welded pipe.

²⁰ *Initiation of Antidumping Duty Investigation: Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China*, 72 FR 36663, July 5, 2007.

²¹ *Ibid.*

**Table I-3
Circular welded pipe: Tariff treatment, 2007**

HTS provision	Article description	General ¹	Special ²	Column 2 ³
		Rates (percent <i>ad valorem</i>)		
7306	Other tubes, pipes and hollow profiles (for example, open seamed or welded, riveted or similarly closed), of iron or steel (con.):			
7306.30	Other, welded, of circular cross section, of iron or non-alloy steel:			
7306.30.1000	Having a wall thickness of less than 1.65 mm Free 25.0
	Having a wall thickness of 1.65 mm of more:			
7306.30.3000 ⁴	Tapered steel pipes and tube principally used as parts of illuminating articles ⁴ Free 45.0
7306.30.50	Other: Free 5.5
7306.30.5010 ⁴	Suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces and feedwater heaters, whether or not cold drawn			
7306.30.5015 ⁴	Other, cold-drawn ⁴			
7306.30.5020 ⁴	Other, cold-rolled (cold-reduced) with a wall thickness not exceeding 2.54 mm ⁴			
	Other:			
	With an outside diameter not exceeding 114.2 mm:			
	Galvanized:			
7306.30.5025	Imported with coupling			
7306.30.5028 ⁴	Internally coated or lined with a non-electrically insulating material, suitable for use as electrical conduit ⁴			
	Other			
7306.30.5032	Other:			
7306.30.5035 ⁴	Tube and pipe hollows for redrawing			
7306.30.5040	Other, imported with coupling			
7306.30.5055	Other			
	With an outside diameter exceeding 114.3 mm but not exceeding 406.4 mm:			
7306.30.5085	Galvanized			
7306.30.5090	Other			

¹ Normal trade relations, formerly known as the most-favored-nation duty rate.

² Special rates not applicable when General rate is free.

³ Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.

⁴ Statistical reporting number or article description not subject to these investigations.

Source: Harmonized Tariff Schedule of the United States (2007).

THE DOMESTIC LIKE PRODUCT

Physical Characteristics and Uses²²

Steel pipes and tubes²³ in general are produced in various grades of carbon, alloy, or stainless steel. Tubular products frequently are distinguished by the following six end uses as defined by the American Iron and Steel Institute (“AISI”).

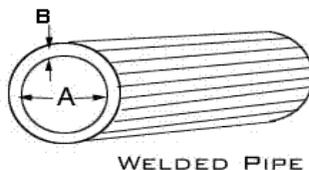
- *Standard pipe* is ordinarily used for low-pressure conveyance of air, steam, gas, water, oil, or other fluids for mechanical applications. It is used primarily in machinery, buildings, sprinkler systems, irrigation systems and water wells rather than in pipe lines or utility distribution systems. It may carry fluids at elevated temperatures which are not subject to external heat applications. It is usually produced in standard diameters and wall thicknesses to ASTM specifications.
- *Line pipe* is used for transportation of gas, oil, or water generally in a pipeline or utility distribution system. It is produced to API-5L and American Water Works Association (“AWWA”) specifications.
- *Structural pipe and tubing* is welded or seamless pipe and tubing generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment and other similar uses. It is produced in nominal wall thicknesses and sizes to ASTM specifications in round, square, rectangular, or other cross-sectional shapes.
- *Mechanical tubing* is welded or seamless tubing produced in a large number of shapes of varied chemical composition in sizes 3/16 inch to 10¾ inches O.D. inclusive for carbon and alloy material. It is not normally produced to meet any specification other than that required to meet the end use. It is produced to meet exact O.D. and decimal wall thickness.
- *Pressure tubing* is used to convey fluids at elevated temperatures or pressures, or both, and is suitable to be subjected to heat applications. It is produced to exact O.D. and decimal wall thickness in sizes ½ inch to 6 inches O.D. inclusive, usually to specifications such as ASTM.
- *Oil country tubular goods* (“OCTG”) are pipe produced to API specifications and used in wells in oil and gas industries:
 - *Casing* is the structural retainer for the walls of oil or gas wells and covers sizes 4½ to 20 inches O.D. inclusive.
 - *Tubing* is used within casing oil wells to convey oil to ground level and ordinarily includes sizes 1.050 to 4.500 inches O.D. inclusive.
 - *Drill pipe* is used to transmit power to a rotary drilling tool below ground level and covers sizes 2¾ to 6¾ inches O.D. inclusive.

²² Information in this section is drawn to a large degree from the previous investigations and reviews on circular welded non-alloy steel pipe. In particular, *see, e.g., Certain Pipe and Tube from Argentina, Brazil, Canada, India, Korea, Mexico, Singapore, Taiwan, Thailand, Turkey, and Venezuela, Inv. Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 276, 277, 296, 409, 410, 532-534, 536, and 537 (Review)*, USITC Publication 3316, July 2000, pp. CIRC-I-17 to I-18. *See also Circular Welded Non-Alloy Steel Pipe From China, Inv. No. 731-TA-943 (Final)*, USITC Publication 3523, July 2002, pp. I-4 through I-6.

²³ Pipe dimensions (e.g., outside diameter (“O.D.”) and wall thickness) are standardized while tube dimensions are design-specific. The HTS generally makes no distinction between pipes and tubes.

Standard pipe of non-alloy steel²⁴ is the primary product within the scope of these investigations (see figure I-1). Standard pipe is intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It is made primarily to ASTM A-53, A-135, and A-795 specifications, but can also be made to other specifications, such as British Standard (“BS”)-1387.

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



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

Other uses of circular welded pipe include light load-bearing and mechanical applications, such as for fence tubing; scaffolding components; and protection of electrical wiring, such as conduit shells. Fence tubing is commonly produced to ASTM specification F-1083, which covers hot-dipped galvanized welded steel pipe used for fence structures.

In addition, circular welded pipe is used for structural applications in general construction. Structural pipe is generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment, and other similar uses. It is produced in nominal wall thicknesses and sizes to ASTM specifications. These products also are manufactured primarily to standard ASTM specifications (such as A-500 or A-252),²⁵ as well as American Society of Mechanical Engineers (“ASME”) specifications.

Standard pipe used in light load-bearing, mechanical, and structural applications may be galvanized (zinc-coated by dipping in molten zinc), lacquered (black finish), or painted (black) to provide corrosion resistance, which is important for storage in humid conditions or for ocean transport. End finishes include plain end, which may be either cut, or beveled suitable for welding, or include threaded ends, or threaded or coupled, as well as other special end finishes. Pipe with threaded ends is usually provided “threaded and coupled,” meaning that a coupling is attached to one end of each length of pipe.

²⁴ Although the scope of these investigations provides for micro-alloy steel (steel with minor additions of elements that technically place the product in the alloy steel range but do not functionally alter the product), there were no reports of imported circular welded pipe of micro-alloy steel and, Staff believes, little or no domestic production of such products.

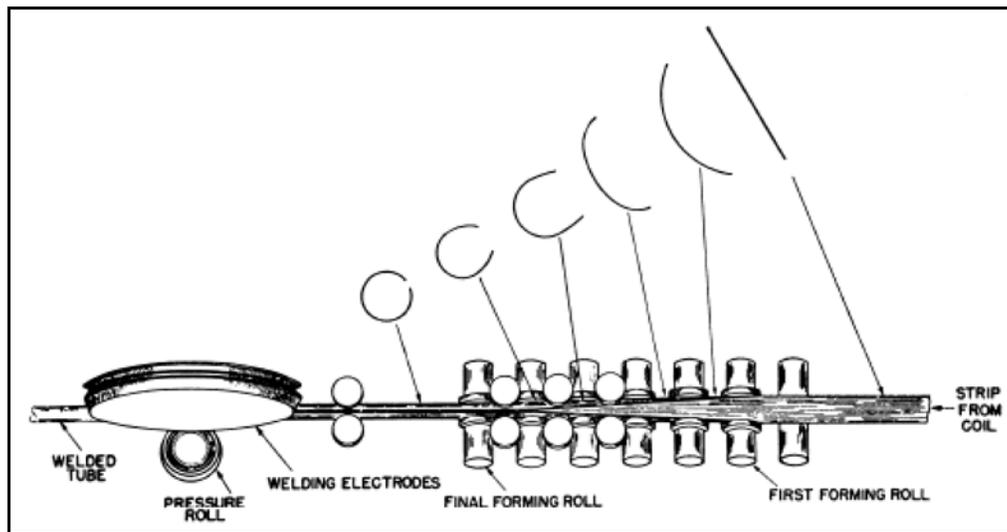
²⁵ ASTM specification A-500 is applicable to common structural tubular products for above-ground use, while ASTM specification A-252 applies to piling pipe (pipe that typically is filled with concrete and used as a permanent load-carrying member below ground in foundation work). *Circular Welded Non-Alloy Steel Pipe from China, Inv. No. TA-421-6*, USITC Publication 3807, October 2005, pp. I-7 through I-9.

In addition, ASTM specification A-589 is the standard specification for water-well pipe (including water-well casing). However, testimony at the Staff Conference suggests that circular welded pipe produced to ASTM A-53 and A-500 frequently are used for this application. Conference transcript, pp. 167-168 (Schmid).

Manufacturing Process

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

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



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

After the strips have been formed to a tubular shape, the edges are heated by electrical resistance²⁶ and welded by a combination of heat and pressure. The welding pressure causes some of the metal to be squeezed from the joint, forming a bead of metal on both the inside and outside of the tube. While still in the continuous processing line, the tube is then subjected to post-weld heat treatment, as required. This may involve heat treatment of the welded seam only, or treatment of the entire pipe. After heat treatment, sizing rolls shape the tube to the accurate diameter. The product is cooled and then cut at the end of the tube mill by a flying shear or saw, synchronized with the tube’s movement so that it is not necessary to

²⁶ The heat for welding is generated by the resistance of the steel to the flow of an 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 that rotate as the pipe is propelled under them. A second variation uses high frequency current (typically 400 to 500 kilohertz), which enters the tubing through shoes that act as sliding contacts. An induction coil can also be used with this high frequency current to induce current in the edges of the steel to be welded together. No direct contact is made between the induction coil and the tubing. See AISI, *Steel Products Manual – Steel Specialty Tubular Products*, October, 1980, pp. 19-20; and United States Steel, *The Making, Shaping and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbeck & Held, 1985), pp. 1030-1031.

stop the process.²⁷ The ERW process can be used to cover the full range of standard pipe diameters pertinent to these investigations.

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

Finishing operations on standard pipe and tube may include hydrostatic testing, oiling,²⁸ and galvanizing. The process of galvanizing involves the application of a zinc coating to steel pipe for protection from atmospheric corrosion. In a hot-dip process of galvanizing, cut lengths of steel pipe are dipped in a bath of molten zinc maintained at a temperature of 820 to 860 degrees Fahrenheit.²⁹ The combination of the temperature of both the zinc and the steel, as well as the immersion time within the zinc bath, determine the thickness of the coating.³⁰ The zinc coating may be applied to the outside only, or both the inside and outside of the steel pipe, depending on end-use application and industry specification (*e.g.*, ASTM). In a continuous galvanizing process, the zinc coating may be applied to the outside of the pipe before the steel pipe is cut to length by passing it through a bath of molten zinc.

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

Channels of Distribution

The Commission’s questionnaire asked firms to report the quantity of U.S. shipments sold to distributors and end users. Data compiled in response to Commission questionnaires concerning these channels of distribution, by country, are presented in table I-4.

²⁷ United States Steel, *The Making, Shaping and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbick & Held, 1985), p. 1029.

²⁸ The oil is a hardening transparent oil that leaves a lacquer finish. United States Steel, *The Making, Shaping and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbick & Held, 1985), p. 1062.

²⁹ United States Steel, *The Making, Shaping and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbick & Held, 1985), p. 1065.

³⁰ See “Zinc Coatings,” American Galvanizers Association, found at <http://www.galvanizeit.org/showContent,289,333.cfm>, retrieved April 10, 2006.

Table I-4

Circular welded pipe: U.S. producers' and importers' shares of reported U.S. shipments, by sources and channels of distribution, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Share of reported shipments (<i>percent</i>)					
Domestic producers' U.S. shipments of circular welded pipe to:					
Distributors	83.2	80.8	79.6	77.9	79.1
End users	16.8	19.2	20.4	22.1	20.9
U.S. importers' U.S. shipments of circular welded pipe from China to:					
Distributors	89.9	95.0	97.7	96.2	99.3
End users	10.1	5.0	2.3	3.8	0.7
U.S. importers' U.S. shipments of circular welded pipe from all other countries to:					
Distributors	96.8	94.9	96.3	97.7	95.0
End users	3.2	5.1	3.7	2.3	5.0
Source: Compiled from data submitted in response to Commission questionnaires.					

DOMESTIC LIKE PRODUCT ISSUES

The petitioners contend that the Commission should find one domestic like product that is co-extensive with the scope of merchandise subject to the investigations as identified by Commerce.³¹ Respondents do not address this issue.³²

³¹ Petitioners' postconference brief, p. 4.

³² See generally Chinese producers' and exporters' postconference brief and postconference brief of Lida Pipe.

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

CHANNELS OF DISTRIBUTION AND MARKET CHARACTERISTICS

The reporting U.S. producers of circular welded pipe and the reporting U.S. importers of circular welded pipe from China and from nonsubject countries shipped their circular welded pipe primarily to U.S. distributors during January 2004-March 2007, with the remainder of the domestic and subject imported circular welded pipe shipped to end users. The U.S. producers reported shipping 81.1 percent of the quantity of their U.S. shipments of their circular welded pipe to U.S. distributors and the remaining 18.9 percent to U.S. end users during this period. U.S. importers reported shipping 94.8 percent of the quantity of their U.S. shipments of the imported circular welded pipe from China to U.S. distributors and 5.2 percent to U.S. end users, and 95.8 percent of their U.S. shipments of the imported circular welded pipe from nonsubject countries to U.S. distributors and 4.1 percent to U.S. end users.

The wide applicability of the various characteristics of circular welded pipe enables it to be used in a broad variety of applications.¹ As a result, a large number of different circular welded pipe products² are produced to satisfy this varied demand and, accordingly, demand for circular welded pipe is frequently derived from demand for the downstream products that use this product as an input.

SUPPLY AND DEMAND CONSIDERATIONS³

U.S. Supply⁴

U.S. Production

Based on available information, U.S. producers had the ability to respond to changes in U.S. demand with relatively large changes in the quantity of shipments of U.S.-produced circular welded pipe to the U.S. market during January 2004-March 2007. Factors contributing to this degree of responsiveness of supply are discussed below.

Industry capacity

Based on U.S. producers' reported capacity and production, the domestic industry's capacity utilization for circular welded pipe was relatively stable during 2004-06, averaging 55.9 percent during this period, before increasing to 65.4 percent during January-March 2007. These levels of capacity

¹ As discussed in Part I of this report, circular welded pipe includes both standard and structural tubular products. Standard pipe applications include low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe also may be used for light load-bearing and mechanical applications, such as for fence tubing, and as an intermediate product for protection of electric wiring, such as conduit shells. Structural pipe is used in construction applications.

² Circular welded pipe is produced in a variety of wall thicknesses, surface finishes (black, galvanized, or painted), and end finishes (plain end, beveled end, threaded, or threaded and coupled), and may be certified to industry specifications (ASTM A-53, A-135, A-795, or A-120), proprietary specifications (e.g., fence tubing), or foreign specifications (e.g., British Standard 1387). Petition, pp. 3-4.

³ Short-run effects discussed in the supply and demand sections refer to changes that could occur within 12 months, unless otherwise indicated.

⁴ Data on U.S. circular welded pipe production, production capacity, capacity utilization, inventories, and exports are shown in detail in Part III.

utilization indicate that U.S. producers of circular welded pipe have a fairly substantial amount of available capacity with which they could increase production of circular welded pipe in the short run in the event of a price change. This supply flexibility may be constrained by limited capability of specific U.S. mills to produce the required sizes (diameter and wall thickness) and surface finishes (black, painted, or galvanized) of circular welded pipe.

U.S. producers reported producing several other products on the same equipment that they used to produce circular welded pipe, such that measures of capacity and capacity utilization for each different product, including circular welded pipe, is subject to allocations and may change as relative prices and demand for the various types of products change. U.S. producers' total reported plant capacity during 2004-06 remained fairly stable and averaged 7.3 million short tons annually during this period, for all the products they produce, including circular welded pipe. U.S. producers assigned 34.5 percent of this total capacity to circular welded pipe, whereas total U.S. circular welded pipe production during 2004-06 accounted for 29.1 percent (on a short ton basis) of all products that U.S. producers produced on this equipment during this period.

The responding U.S. producers of circular welded pipe reported in their questionnaire responses variable costs that averaged for all responding producers 79.7 percent of their costs to produce circular welded pipe during 2006, while fixed costs were 20.3 percent.⁵ Although low output levels potentially lead to increased unit costs, significant variable costs likely moderate such an increase in unit costs.⁶ In the short run, firms with high variable costs to total costs tend to reduce production and maintain price levels when faced with a downturn in demand.⁷ U.S. producers reported that they will produce circular welded pipe only if they cover at least their variable costs.⁸

Inventory levels

U.S. producers of circular welded pipe reported combined end-of-period inventory quantities that were relatively stable during 2004-06, but decreased somewhat from 13.2 percent of U.S. producers' total shipments of the U.S.-produced circular welded pipe during 2004 to 12.6 percent during 2006; these inventories averaged 14.3 percent and 12.3 percent during January-March 2006 and January-March 2007, respectively. These levels of inventories suggest that U.S. producers have some ability to use inventories to respond to price changes in the short run. This flexibility may be restrained in the short run to the extent that U.S. producers' inventories consist of products that are not required by the increased demand, or consist of products already committed to customers in the U.S. and/or export markets.

⁵ U.S. producer questionnaire response, section IV-B-16a; the reported figures for variable and fixed costs were weighted by each responding firm's reported cost of goods sold to derive a weighted-average figure for the industry. The U.S. circular welded pipe producers were also requested to identify which costs they considered variable and which they considered fixed. Ibid. The U.S. circular welded pipe producers identified a number of variable cost items, such as raw materials, especially hot-rolled steel and zinc, electricity, natural gas, utilities, direct labor, tooling, and packaging, etc., and a number of fixed cost items, such as direct and non-production labor, depreciation, certain utilities, utilities, insurance, overhead, etc. (some U.S. producers considered direct labor and utility costs variable costs and other U.S. producers considered such costs fixed costs). The primary raw material for all U.S. producers was hot-rolled sheet, which averaged 64.8 percent of their costs to produce circular welded pipe in 2006; this weighted-average figure was developed by weighting each firm's response for hot-rolled sheet cost share by its reported cost of goods sold.

⁶ Some U.S. producers of circular welded pipe, like those with a continuous-weld mill and/or those with a hot-dip process for galvanizing, may encounter higher costs than others in temporarily reducing production.—Conference transcript, pp. 75-76 (Barnes, Schagrin, and Magno).

⁷ Petitioners' postconference brief, pp. 23-24.

⁸ Conference transcript, pp. 72-73 (Barnes and Filetti).

Alternate markets

Responding U.S. producers' total reported exports of their U.S.-produced circular welded pipe fluctuated modestly during January 2004-March 2007 and averaged 2.5 percent of the quantity of their total shipments of U.S.-produced circular welded pipe during this period. The low level of exports during the period indicates that domestic producers of circular welded pipe are constrained in their ability to shift shipments between the United States and other markets in the short run in response to price changes. This flexibility may be further restrained in the short run to the extent that U.S. producers' sales of circular welded pipe exported to third-country markets were not used/acceptable in the U.S. market or vice-versa, or to the extent that U.S. producers have binding supply agreements longer than 12 months with customers in the U.S. and/or export markets.

Production alternatives

Eighteen of 19 responding U.S. producers reported that the equipment and machinery that they used to produce circular welded pipe was also be used to produce other products. U.S. producers reported manufacturing products such as OCTG, small/medium/large-diameter line pipe, galvanized mechanical rounds and squares, mechanical tubing (automotive use), and other products on the equipment used to produce the subject circular welded pipe. The ability of U.S. producers to shift production between circular welded pipe and other products enhances their supply responsiveness in the short run in response to relative price changes between circular welded pipe and alternative production products.

Supply of Imported Circular Welded Pipe from China to the U.S. Market

Based on available information, staff believes that Chinese producers of circular welded pipe are likely to respond to changes in demand with relatively large changes in shipments of circular welded pipe to the U.S. market. Factors contributing to this degree of responsiveness of supply are discussed below.

Industry capacity

Responding Chinese producers reported total capacity utilization for circular welded pipe that increased steadily from 74.7 percent during 2004 to 84.7 percent during 2006, as both their capacity and production of circular welded pipe increased during this period. Chinese producers' capacity utilization was 78.1 percent during January-March 2007. These levels of capacity utilization indicate that Chinese producers of circular welded pipe may have some available capacity with which they could increase production of circular welded pipe in the short run in the event of a price change.⁹

Chinese producers reported producing several other products on the same equipment that they used to produce circular welded pipe, such that measures of capacity and capacity utilization for each type of product, including circular welded pipe, is subject to allocations and may change as relative prices and demand for the various types of products change. Chinese producers' total reported plant capacity during 2004-06 increased by 37.2 percent and averaged just over 4.8 million short tons annually during this period, for all the products they produce, including circular welded pipe. Chinese producers assigned 85.4 percent of this average annual capacity to circular welded pipe, while total Chinese circular welded

⁹ Data submitted by Chinese producers of circular welded pipe included capacity and production projections for 2007 and 2008. Based on these projections, capacity utilization rates would be 84.1 percent in 2007 and 85.3 percent in 2008. At those levels, Chinese producers would have some excess capacity with which they could increase production.

pipe production during 2004-06 accounted for 84.8 percent (on a short ton basis) of all products that Chinese producers produced on this equipment during this period.

Inventory levels

Responding Chinese producers of circular welded pipe reported combined end-of-period inventories that were relatively stable during 2004-06, but decreased somewhat (as a percentage of total shipments) from 7.2 percent during 2004 to 5.4 percent during 2006, and were 6.9 percent and 5.9 percent during January-March 2006 and January-March 2007, respectively. These data indicate that Chinese producers have some ability to use inventories as a means to increase shipments to the U.S. market in the short run. This flexibility may be restrained in the short run to the extent that Chinese producers' inventories consist of products not useable/acceptable in the U.S. market, or consist of products already committed to customers in home and/or third-country markets.

Alternate markets

The responding Chinese producers of circular welded pipe reported that their products were shipped principally to their home market, secondarily to third-country markets, thirdly to the U.S. market, and the remainder was used for internal consumption/transfers during January 2004-March 2007; this shipment pattern was projected to continue in 2007 and 2008.¹⁰ Although Chinese producers' shipment quantities to all of their markets increased during January 2004-March 2007, the share of total shipments to the home market decreased during this period, while the shares to the U.S. market and to third-country markets increased; this change in the pattern of shipment shares was projected to continue in 2007 and, with the exception of a projected slight decrease in the share exported to the United States, in 2008. These data for alternate markets indicate that Chinese circular welded pipe producers have a strong home market and other non-U.S. export markets from which they could shift shipments of circular welded pipe to the United States in the short run in the event of a price change in the U.S. market. This flexibility may be restrained in the short run to the extent that Chinese producers' sales of circular welded pipe in their home market and/or exported to third-country markets were not used/acceptable in the U.S. market, or to the extent that Chinese producers have binding supply agreements longer than 12 months with customers in the home and/or third-country markets.

Production alternates

The responding Chinese producers reported that the equipment and machinery that they used to produce circular welded pipe was also be used to produce other products. Chinese producers reported manufacturing products such as OCTG, small/medium/large-diameter line pipe, and other products on the equipment used to produce the subject circular welded pipe. The ability of Chinese producers to shift production between circular welded pipe and other products enhances their supply responsiveness in the short run in response to relative price changes between circular welded pipe and alternative production products.

¹⁰ During January 2004-March 2007, Chinese producers' shipments to the home market averaged 73.1 percent of their total shipment quantities of circular welded pipe; exports to third country markets averaged 14.4 percent of the total; exports to the U.S. market averaged 11.0 percent of the total; and internal consumption/transfers accounted for the remaining 1.5 percent.

Supply of Nonsubject Imports of Circular Welded Pipe to the U.S. Market

Based on official import statistics of Commerce (presented in Part IV), a total of 50 nonsubject countries exported circular welded pipe to the United States during January 2004-March 2007. Nonsubject imports accounted for 56.5 percent of the quantity of total U.S. imports of circular welded pipe during this period. The share of imports of circular welded pipe from all nonsubject countries decreased from 72.3 percent in 2004 to 46.2 percent in 2006, while the quantity of total U.S. imports of circular welded pipe increased by 32.5 percent. Thailand, Mexico, and Canada were the largest nonsubject country suppliers, accounting for 15.2 percent of the quantity of total U.S. imports of circular welded pipe in 2006.

U.S. Demand

Demand for circular welded pipe, as measured by U.S. apparent annual consumption, fluctuated during 2004-06, but increased by a total of 10.5 percent on a quantity basis during 2004-06; apparent U.S. consumption was 5.4 percent lower in January-March 2007 than in January-March 2006.

Circular welded pipe is used in a variety of applications including commercial and residential fencing, plumbing, transmission of air, water, and gas, and in sprinkler systems. Thus, U.S. demand for circular welded pipe is largely derived from the level of demand for downstream products using these pipe products. Overall U.S. demand for circular welded pipe reportedly tends to move with general economic activity in the U.S. economy and with non-residential construction.¹¹ U.S. real gross domestic product (GDP) increased by 3.9 percent in 2004, 3.2 percent in 2005, and 3.3 percent in 2006; real GDP is forecast to increase by 2.1 percent in 2007 and 2.9 percent in 2008.¹² Quarterly real GDP, at annualized rates, increased by 0.7 percent during January-March 2007, and is forecast to increase by 3.0 percent, 2.6 percent, and 2.8 percent in the following three quarters of 2007, respectively.¹³ Nominal and real (2004 dollars) values of U.S. private non-residential construction during January 2004-May 2007 are shown on a monthly basis in figure II-I.¹⁴

Real private non-residential construction spending (2004 dollars) fluctuated but generally decreased from a period-high initial value of \$228.9 billion in January 2004 to a period low of \$206.3 billion in April 2006, then thereafter fluctuated but increased to end near a period-high of \$235.6 billion in May 2007 (figure II-1). On the other hand, private non-residential construction spending in current dollars (unadjusted for inflation) generally increased throughout the period from \$228.9 billion in January 2004 to end in a period high of \$343.1 billion in May 2007.

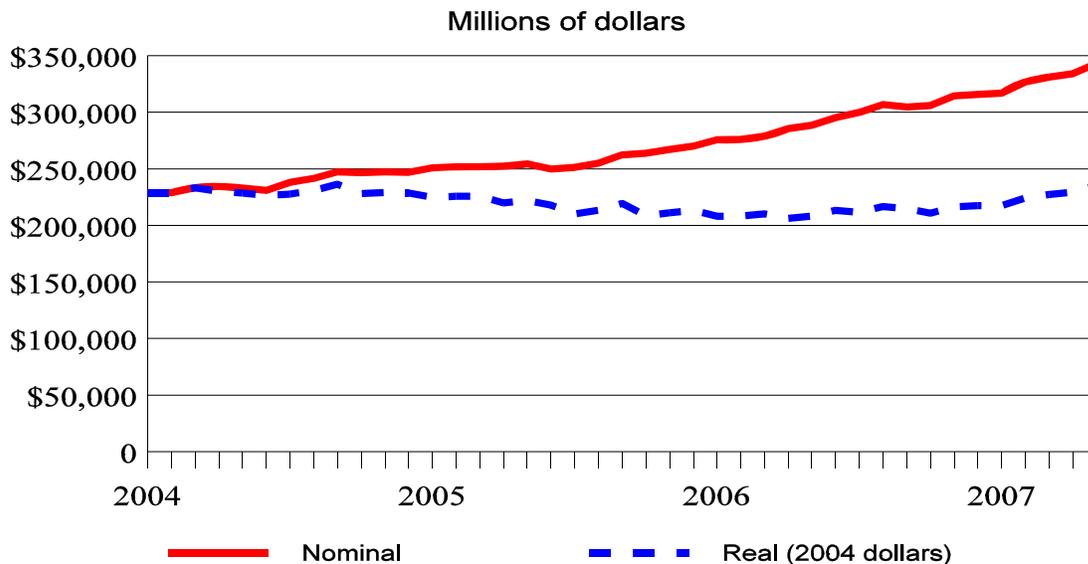
¹¹ Conference transcript, pp. 101-103 (Magno, Filetti, and Barnes).

¹² *Blue Chip Economic Indicators*, Aspen Publishers, Inc., Vol. 32, No. 7, July 10, 2007, pp. 2-3.

¹³ *Blue Chip Economic Indicators*, Aspen Publishers, Inc., Vol. 32, No. 7, July 10, 2007, p. 5.

¹⁴ The nominal values were deflated by the quarterly price index for the component of Gross Domestic Product involving Gross Private Fixed Investment of Nonresidential Structures reported by the U.S. Bureau of Economic Analysis. As a result, the monthly nominal values in each quarter were each adjusted by the quarterly price index for that quarter.

Figure II-1
Nominal and real (2004) values of U.S. private non-residential construction spending, by months, January 2004-May 2007



Note.--Monthly values are seasonally adjusted annual rates of construction spending.

Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending, historical and current data available at <http://www.census.gov>, and Bureau of Economic Analysis National Economic Accounts, National Income and Product Accounts Table 1.1.4--Price Indexes for Gross Domestic Product for Gross Private Domestic Investment: Fixed Investment: Nonresidential: Structures, available at <http://www.bea.gov/bea>

U.S. producers and importers provided a mix of responses when reporting how U.S. demand for circular welded pipe has changed since January 1, 2004.¹⁵ Two of the 19 responding U.S. producers did not know if U.S. demand changed, while 4 producers indicated that U.S. demand had not changed. Five of the 23 responding U.S. importers did not know if U.S. demand changed and 1 importer indicated that U.S. demand had not changed. Responses of the 13 remaining U.S. producers and 17 remaining U.S. importers, which indicated that some change had occurred, are shown in the following tabulation by the number of responses for each type of response and any comments that the responding firms reported.

* * * * *

Based on available information, U.S. users/consumers of circular welded pipe are likely to respond to changes in the price of circular welded pipe with moderately small changes in their purchases of circular welded pipe, such that U.S. demand is likely price inelastic.¹⁶ The main contributing factor to

¹⁵ U.S. producer and importer questionnaire responses, sections IV-B-17 and III-B-16, respectively.

¹⁶ Petitioner suggests a U.S. demand elasticity for circular welded pipe ranging from -0.1 to -0.4 (petitioners' postconference brief, p.7). The Commission staff in the recent China safeguard investigation had recommended a somewhat higher U.S. demand elasticity, ranging from -0.5 to -0.75, but still inelastic *Circular Welded Non-alloy Steel Pipe from China, Inv. No. TA-421-6*, October 2005, p. V-19.

this level of responsiveness of demand is the relatively low cost share, whereas the existence of some substitute products tends to enhance the responsiveness of demand.

Substitute Products

Four of 15 responding U.S. producers and 5 of 14 responding U.S. importers reported that no substitutes exist for circular welded pipe, whereas the remaining 11 U.S. producers and 9 U.S. importers identified substitutes for circular welded pipe.¹⁷ The number of firms responding for each reported substitute and associated application(s) are shown in table II-1.

Table II-1
Substitute products: Substitutes for circular welded pipe in the U.S. market, by products, number of reporting firms, and application(s)

Substitute products	U.S. producers	U.S. importers	Total number of responses	Applications
Angles, channels, steel beams	2	-	2	Structural uses, trusses
API line pipe	2	2	4	Low pressure gas and oil conveyance; sprinkler pipes, plumbing, fencing, structural uses
Barbed wire	-	1	1	Fencing and corrals
Block	1	-	1	Fencing
Copper pipe	1	-	1	Low-pressure fluid conveyance
Ductile iron	1	-	1	Water lines
Fiber glass tubing	1	-	1	Conveyance of liquids
Ornamental tubing/iron	1	1	2	Fence
Plastic/PVC pipe and tubing	4	6	10	Plumbing
Seamless pipe	1	3	4	Gas, water, and oil conveyance
Wood	1	2	3	Fence
Note.—Some firms responded for more than one substitute product.				
Source: Compiled from data submitted in response to Commission questionnaires.				

¹⁷ U.S. producer and importer questionnaire responses, sections IV-B-18 and III-B-17, respectively. The producers and importers were requested to provide examples of the top two economic substitutes for circular welded pipe and this request was preceded by the following explanation: “Substitution in demand refers to products that can, based on market price considerations and consumer/industrial user preferences/technical requirements, reasonably be expected to substitute for each other when the price of one product changes vis-a-vis the price of the other product—some consumers/ industrial users may require greater price changes than others before they switch among the alternative products.”

Four of five responding U.S. producers and three of four responding U.S. importers reported that relative price changes in substitutes vis-a-vis circular welded pipe would result in some substitution to the lower priced product(s), and that the time lag for such switching would vary by product and end use.¹⁸ The remaining responding U.S. producer and importer indicated that relative price differences would not affect the price or quantity of circular welded pipe.

Cost Share

As noted earlier, circular welded non-alloy steel pipe is used in residential and non-residential construction applications. Based on useable responses of four responding U.S. producers and eight responding U.S. importers, cost shares of circular welded pipe were reported for 6 types of uses.¹⁹ Circular welded pipe reportedly accounted for 30-80 percent of the total cost of installing fences and corrals, for 20 percent of the cost of installing handrails, for 20-80 percent of installing various plumbing systems, for 30 percent of the cost of installing sprinkler systems, for 20-30 of the cost of structural applications, and for 20 percent of the cost of installing water wells. Many of these uses constitute portions of larger building projects, such as an entire building, and, therefore, likely represent a much smaller share of the total project.²⁰

Foreign Demand

U.S. producers were requested in their questionnaire responses to comment on demand for circular welded pipe outside of the United States since January 1, 2004.²¹ Seven of 13 responding U.S. producers and 8 of 20 responding U.S. importers did not have information relating to foreign demand, 2 other U.S. producers and 1 other U.S. importer reported that foreign demand for circular welded pipe had not changed during this period, while the remaining 4 U.S. producers and 11 U.S. importers reported some change in foreign demand. These latter 15 firms and any comments are shown by three categories of demand change that they reported--increased, decreased, or fluctuated--in the following tabulation.

* * * * *

In addition respondents cited reports of rapid future growth in spending in factories and industrial buildings, housing construction, and factory equipment in several countries, including China, the Middle East, India, and Russia.²² Demand for circular welded pipe is heavily influenced by economic activity in these sectors.

SUBSTITUTABILITY ISSUES

The degree of substitution in demand between circular welded pipe produced in the United States and that imported from China depends upon such factors as relative prices, conditions of sales (order lead times, payment terms etc.), purchaser supply requirements, and product differentiation. Product

¹⁸ U.S. producer and importer questionnaire responses, sections IV-B-18c and III-B-17c, respectively.

¹⁹ U.S. producer and importer questionnaire responses, sections IV-B-15 and III-B-15, respectively.

²⁰ Unless the specific uses have substitutes, which for plumbing, sprinkler systems, handrails, etc., is unlikely, the cost of the circular welded pipe in these uses may be more appropriately measured against the cost of the total project (petitioners' postconference brief, p. 6).

²¹ U.S. producer and importer questionnaire responses, sections IV-B-17 and III-B-16, respectively.

²² Respondent Chinese producers and exporters' postconference brief, pp. 35-39.

differentiation depends on factors such as the range of products, quality (grade standards, defect rates, etc.), availability, reliability of supply, product services, and the market perception of these factors. Based on the reported information in these investigations, there appears to be a relatively high degree of substitution in demand between circular welded pipe produced domestically and that imported from China.

U.S. producers and importers of the subject circular welded pipe were requested in their questionnaire responses to describe and significant changes in the product range or marketing of circular welded pipe in the United States since January 2004.²³ Seventeen of 19 responding U.S. producers and 20 of 24 responding U.S. importers reported no changes, while the 2 remaining producers and 4 remaining importers reported that changes had occurred. The two U.S. producers and three of the four importers provided some comments. ***, a U.S. producer, reported that the Chinese impact was first felt the hardest on the West Coast, which reportedly drove the firm out of this market. ***, another U.S. producer, reported that concerted efforts are being made through the manufacturing trade association to increase demand at the design and engineering level by focusing efforts at the major engineering universities. ***, a U.S. importer, asserted that the Chinese pipe has been increasingly accepted over the past three years, mainly due to improvements in quality and price, while the U.S. steel industry reportedly has been forced to improve on productivity to lower its price, thereby providing for a win-win situation for U.S. consumers. ***, a U.S. importer, reported that the biggest change it has seen is the overall confidence of its customers in the Chinese quality and reliability. In the past three years, according to ***, its two main supplying Chinese mills have proven to be legitimate long-term suppliers to its U.S. customers, such that customers request these mills specifically when they buy from ***. ***, a U.S. importer, asserted that U.S. producers have been competing with the Chinese products, therefore, decreasing the firm's margin.

In addition to questionnaire responses, *** asserted that *** has developed and obtained approval for lighter-walled fencing pipe (SS 30) that competes with the heavier walled Chinese schedule 40 or SS 40 for fence pipe.²⁴ *** also asserted that *** has approval to sell lighter-walled pipe for sprinkler applications than that imported from China. According to ***, these producers charge a premium for the lighter-walled pipe, because of the higher strength steel needed to reduce the wall thickness; the premiums reportedly range from \$***-\$*** per ton, or *** percent of the price.

The respondents asserted that 10-15 percent of the U.S. market for circular welded pipe is subject to "Buy America" policies, especially non-residential construction projects undertaken by governments, such that the imported products from China cannot compete for this segment of the market.²⁵

Factors Affecting Sales and Purchases

The U.S. producers and importers of circular welded pipe were requested in their questionnaires to report on the extent of interchangeability (products from different countries physically capable of being used in the same applications) of circular welded pipe produced domestically, imported from China, and imported from third countries.²⁶ They were also asked to report the extent of any non-price differences

²³ U.S. producer and importer questionnaire responses, sections IV-B-14 and III-B-14, respectively.

²⁴ E-mail from ***, July 3, 2007.

²⁵ Respondent Chinese producers and importers' postconference brief, p.15. *See also Circular Welded Non-Alloy Steel Pipe from China, Inv. No. TA-421-6*, USITC Publication 3807, October 2005, p. V-9 n.11 (U.S. producers estimate "Buy American" coverage at 5-10 percent).

²⁶ U.S. producer and importer questionnaire responses, sections IV-B-19 and III-B-18, respectively.

that would affect sales in the U.S. market among these various sources of circular welded pipe.²⁷ Responses of the U.S. producers and importers regarding the degree of interchangeability between domestic and imported circular welded pipe are summarized in table II-2, and their responses regarding differences other than price affecting competition are summarized in table II-3. U.S. producers and importers were also requested in their questionnaires to provide any comments where products are sometimes or never interchangeable and where nonprice factors were always or frequently significant in competition between the domestic and imported circular welded pipe. These comments are included in the text.

For responses regarding the degree of interchangeability, 18 U.S. producers of circular welded pipe and 19 U.S. importers of the Chinese products reported the requested information (table II-2). U.S. producers most frequently asserted that circular welded pipe produced in the United States, imported from China, and imported from third countries was always interchangeable among each other; whereas U.S. importers asserted most frequently that the circular welded pipe from these sources was frequently interchangeable. One U.S. producer, ***, provided an additional response, asserting that some endusers cannot use imported products.

Table II-2
Circular welded pipe: Perceived degree of interchangeability of circular welded pipe produced in the United States, imported from China, and imported from third countries and sold in the U.S. market

Country pair	Number of U.S. producer responses ¹					Number of U.S. importer responses ²				
	A	F	S	N	O	A	F	S	N	O
United States vs.--										
China	12	4	1	-	-	5	9	4	1	-
Third countries	11	5	1	-	-	7	10	2	1	-
China vs.--										
Third countries	11	2	1	-	-	5	7	4	1	-
¹ One U.S. producer, ***, specified the following third country suppliers to the U.S. market—India, Mexico, Russia, Korea, Taiwan, and Turkey; the other responding producers did not specify specific third countries. ² Three U.S. importers of circular welded pipe from China, ***, specified the following third country suppliers to the U.S. market—Guatemala, India, Indonesia, Malaysia, Oman, Philippines, Romania, South Africa, Korea, Taiwan, Thailand, Turkey, and Vietnam; the other responding importers did not specify specific third countries. Note.--A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity. Source: Compiled from data submitted in response to Commission questionnaires.										

For responses regarding differences in factors other than price affecting competition, 18 U.S. producers of circular welded pipe and 16 U.S. importer of the Chinese products reported the requested information (table II-3). The responding U.S. producers asserted most frequently that differences in nonprice factors among circular welded pipe produced in the United States, imported from China, and imported from third countries were sometimes or never significant among sales of the domestic and

²⁷ U.S. producer and importer questionnaire responses, sections IV-B-20 and III-B-19, respectively. Nonprice factors referred to in the questionnaire request included quality, availability, transportation network, product range, and technical support, but nonprice factors were not necessarily restricted to only these factors.

imported products, whereas the responding U.S. importers were divided in characterizing such factors as always, frequently, sometimes, and never significant. Three U.S. producers and three U.S. importers provided additional comments. ***, a U.S. producer, reported that availability and quality are worth maybe 5-7 percent; unless the job is specified “domestic-only,” the products are all acceptable. ***, a U.S. producer, reported that product is generally produced to specification, such that, when the Chinese material is stocked at the port, according to the firm, there is little to no difference in factors other than lower price of Chinese imports. ***, another U.S. producer, reported that transportation time and quality are major factors other than price.

Table II-3

Circular welded pipe: Perceived importance of differences in factors other than price between circular welded pipe produced in the United States, imported from China, and imported from third countries and sold in the U.S. market

Country pair	Number of U.S. producer responses ¹					Number of U.S. importer responses ²				
	A	F	S	N	O	A	F	S	N	O
United States vs.--										
China	2	-	8	8	-	3	3	5	4	-
Third countries	1	-	8	8	-	1	4	6	4	-
China vs.--										
Third countries	2	-	3	9	-	-	5	4	3	-
<p>¹ Two U.S. producers, ***, specified the following third country suppliers to the U.S. market—India, Mexico, Russia, Korea, Taiwan, Thailand, and Turkey; the other responding producers did not specify specific third countries.</p> <p>² Four U.S. importers of circular welded pipe from China, ***, specified the following third country suppliers to the U.S. market—Germany, Guatemala, Greece, India, Japan, Oman, Korea, and Taiwan; the other responding importers did not specify specific third countries.</p> <p>Note.--A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>										

***, a U.S. importer of circular welded pipe from China, Guatemala, and India, asserted that customers perceive that the products imported from China, Guatemala, and India are generally of a lower quality than U.S. products. According to the firm, delivery times of the imported products also are perceived as much less reliable (and extended). *** also asserted that import mills tend to offer limited product ranges and technical support.

***, a U.S. importer of circular welded pipe from China, asserted that U.S. quality, availability, and limited damage are much better than those for the Chinese products; whereas, for the same factors, products from Oman, Korea, and Taiwan have some differences vis-a-vis the U.S.-produced products, but less than those from China.

***, a U.S. importer of circular welded pipe from China, asserted that the U.S. material is better than Chinese material, and U.S. producers have better lead times than Chinese producers, who require one month to ship from China. The firm also asserted that the quality of products from India and other third-country sources is worse than U.S. producers’ quality, whereas there are no differences in quality between the U.S.-produced products and those produced in Japan or Europe.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margin of dumping and the alleged subsidies was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI.

U.S. PRODUCERS

The Commission sent producer questionnaires to all firms identified in the petition as domestic producers of circular welded pipe and to other domestic firms identified by public sources as producers of welded pipe (including standard and line pipe and structural tubing). Twenty firms that are estimated to account for more than 90 percent of U.S. production of circular welded pipe during 2006 provided responses to the Commission's producer questionnaire.

Presented in table III-1 is a list of current domestic circular welded pipe producers, each company's position on the petition, production locations, related and/or affiliated firms, and their share of 2006 domestic production of circular welded pipe. Three producers, Wheatland, Allied, and Bull Moose, together accounted for approximately *** percent of reported 2006 production of circular welded pipe.

Table III-1

Circular welded pipe: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2006 reported U.S. production of circular welded pipe

Firm name	Position on petition	U.S. production locations	Related and/or affiliated firms	Share of production (percent)
Allied	Petitioner	Harvey, IL Philadelphia, PA De Pere, WI Pine Bluff, AR Phoenix, AZ	Tyco International (US) ¹	***
American	Support	Birmingham, AL	None	***
Atlas	Support	Chicago, IL	John Maneely Co. (US) ^{1 2}	***
Bull Moose	Support	Chesterfield, MO	Caparo Industries PLC (UK) ¹	***
CSI	Support	Fontana, CA	JFE (US) ³ Rio Doce LTD (US) ³	***
Hanna	Support	Pekin, IL Northport, AL	Hanna Holdings (US) ¹	***
IPSCO	Petitioner	Camanche, IA Blytheville, AR	IPSCO Inc. (Canada) ^{1 4} IPSCO has agreed to be acquired by SSAB (Svenskt Stal AB) of Sweden	***
Leavitt Tube	Support	Chicago, IL	None	***
Lone Star	Petitioner	Dallas, TX	Lone Star Technologies (US) ⁵ U.S. Steel Corp. (US) ⁶	***
Maruichi	Support	Santa Fe Springs, CA	Maruichi Steel Tube Co., Ltd. (Japan) ⁷ Metal One Corp. (Japan) ⁸	***

Table continued on the following page.

Table III-1--Continued

Circular welded pipe: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2006 reported U.S. production of circular welded pipe

Firm name	Position on petition	U.S. production locations	Related and/or affiliated firms	Share of production (percent)
Maverick	***	Blytheville, AR Hickman, AR Counce, TN	Tenaris S.A. (Luxemburg) ^{1 9}	***
Northwest	Petitioner	Portland, OR Houston, TX Atchison, KS	None	***
Sharon Tube	Support	Sharon, PA	John Maneely Co. (US) ^{1 2}	***
Southland Tube	***	Birmingham, AL	None	***
Stupp	Support	Baton Rouge, LA	Stupp Bros., Inc. (US) ¹	***
Texas Tubular	Support	Lone Star, TX	None	***
Tex-Tube	***	Houston, TX	Visteel/Vi Capital (US) ¹ Tuberia Nacional (Mexico) ¹⁰ S&P ¹¹	***
U.S. Steel ¹²	Support	McKeesport, PA ¹²	Lone Star Technologies, Inc. (US) ¹³	***
Western Tube	Petitioner	Long Beach, CA	Sumitomo Metal Industries, Ltd. (Japan) ¹⁴ Sumitomo Corp. (Japan) Sumitomo Corp. of America (US) Sumikin Bussan International Corp. (US) Sumitomo Pipe & Tube Co., Ltd. (Japan)	***
Wheatland	Petitioner	Sharon, PA Wheatland, PA Warren, OH Chicago, IL Little Rock, AR	John Maneely Co. (US) ² DBO Holdings (US) ¹	***

¹ Parent.

² Atlas, Sharon Tube, and Wheatland Tube are sister companies.

³ ***-percent owner.

⁴ Foreign producer and/or exporter.

⁵ Parent through June 14, 2007.

⁶ Parent after June 14, 2007.

⁷ ***-percent owner and/or exporter.

⁸ ***-percent owner.

⁹ Tenaris S.A. owns Maverick ***-percent directly and ***-percent through: Siderca S.A.I.C., Argentina (which is ***-percent Tenaris S.A. and ***-percent TGS Uruguay), a Tenaris subsidiary, ***-percent and TAMSA S.A., Mexico (which is ***-percent Tenaris S.A.

¹⁰ Sister company and exporter.

¹¹ Sister company and importer.

¹² Production by Camp-Hill Corp. takes place under a toll agreement with U.S. Steel.

¹³ Wholly owned subsidiary as of June 14, 2007.

¹⁴ Extent of ownership is as follows: Sumitomo Metal Industries, Ltd. (Japan), *** percent; Sumitomo Corp. (Japan), *** percent; Sumitomo Corp. of America (US), *** percent; Sumikin Bussan International Corp. (US), *** percent; and Sumitomo Pipe & Tube Co., Ltd. (Japan), *** percent.

Note.—Because of rounding, shares may not total 100.0 percent.

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

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for circular welded pipe are presented in table III-2. These data show a decline in the capacity to produce circular welded pipe of 10.0 percent from 2004 to 2006. Likewise, production of circular welded pipe fell overall by 8.2 percent from 2004 to 2006. Capacity utilization rose by 0.9 percentage point from 2004 to 2005, and by 0.2 percentage point in 2006 to 56.3 percent. The overall decline in capacity over the period for which data were collected reflects a steady shift in capacity away from standard and structural pipe by producers of energy tubulars (line pipe and OCTG) and the closure of the former Sawhill facility by Wheatland in mid-2006.

Table III-2
Circular welded pipe: U.S. capacity, production, and capacity utilization, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Capacity (<i>short tons</i>) ¹	2,662,522	2,544,494	2,397,006	652,041	592,064
Production (<i>short tons</i>)	1,470,770	1,428,990	1,350,551	365,202	387,472
Capacity utilization (<i>percent</i>)	55.2	56.2	56.3	56.0	65.4

¹ The majority of U.S. producers reported capacity (production capability) based on operating 120-168 hours per week, 52 weeks per year; however, five firms reported capacity based on operating fewer hours per week. *** reported capacity based on operating *** hours per week, respectively.

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

In the Commission's questionnaire, U.S. producers were asked if they had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials; or any other change in the character of their operations or organization relating to the production of circular welded pipe since January 1, 2004. Eleven firms reported such changes; their responses to this question are presented in table III-3.

Table III-3
Circular welded pipe: U.S. producers' comments concerning plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns

* * * * *

*** of the U.S. producers of circular welded pipe that responded to the Commission's questionnaire reported the production of other products on the same equipment and machinery and using the same production and related workers employed in the production of circular welded pipe. In the aggregate, the producers reported the following products that were produced using the same production and related workers employed to produce circular welded pipe and those products' shares of total plant production in 2006: small/medium line pipe (16.8 percent); large diameter line pipe (5.6 percent); OCTG (21.4 percent); and other products (31.6 percent). Firms were also asked to provide total annual production and capacity to produce all products. Aggregate data for the firms are presented in table III-4.

Table III-4
Circular welded pipe: U.S. producers' total plant capacity and production, by products, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Quantity (short tons)					
Total plant capacity ¹	7,305,572	7,344,644	7,380,550	1,877,054	1,870,000
Production:					
Subject circular welded pipe	1,352,192	1,313,239	1,251,758	338,884	362,398
Small/medium line pipe ²	657,305	695,849	853,877	192,102	202,858
Large diameter line pipe ³	148,726	251,360	284,142	50,309	113,532
OCTG	840,448	1,093,893	1,087,633	264,922	215,066
Other ⁴	1,564,132	1,588,262	1,606,072	391,578	365,062
Total, all products	4,562,803	4,942,603	5,083,482	1,237,795	1,258,916
Total plant capacity utilization (percent)	62.5	67.3	68.9	65.9	67.3
<p>¹ The majority of U.S. producers reported capacity (production capability) based on operating 120-168 hours per week, 52 weeks per year; however, five firms reported capacity based on operating fewer hours per week. *** reported capacity based on operating *** hours per week, respectively.</p> <p>² Welded line pipe 16 inches or less in outside diameter (excluding dual-stenciled pipe used in standard/structural applications).</p> <p>³ Welded line pipe greater than 16 inches in outside diameter.</p> <p>⁴ Other products include the following: rigid conduit, EMT, mechanical tubing, electrical conduit, mechanical rounds and shapes, Gal-Z rounds and shapes, welded standard pipe greater than 16 inches OD, special fabrication casing, ASTM A500 Grade A, Grade B square and rectangular tube, drawn over mandrel ("DOM") tubing, hot finished tubing ("HFT"), squares and rectangles 1 inch to 16 inch OD, AWWA and ASTM pipe in 18 to 24 inch OD, and mill crop ends.</p>					
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. PRODUCERS' SHIPMENTS

Data on domestic producers' shipments of circular welded pipe are presented in table III-5. Domestic commercial sales accounted for *** percent of U.S. producers' U.S. shipments of circular welded pipe and approximately *** percent of U.S. producers' total shipments during 2004-06. The domestic producers reported about *** percent of total U.S. shipments as transfers of circular welded pipe to related firms and approximately *** percent of total U.S. shipments as internal consumption during 2004-06.¹

Exports of circular welded pipe were reported by eight domestic circular welded pipe producers.² These exports accounted for slightly more than 2 percent of U.S. producers' total shipments during 2004-06. All eight producers reported Canada as their primary export market, although Mexico was also cited by one domestic producer.

¹ Transfers to related companies and internal consumption are accounted for by *** firms, ***.

² Export shipments were reported by ***.

While the aggregate trend in commercial shipments is downward during 2004-06, *** firms (***) reported commercial shipment increases in 2006.

Table III-5
Circular welded pipe: U.S. producers' shipments, by types, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Quantity (short tons)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	1,423,859	1,405,502	1,352,176	348,906	365,140
Export shipments	35,710	37,571	30,742	7,203	10,561
Total shipments	1,459,569	1,443,073	1,382,918	356,109	375,701
Value (1,000 dollars)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	1,251,328	1,379,367	1,328,602	321,377	337,465
Export shipments	33,898	37,187	28,189	6,996	8,931
Total shipments	1,285,226	1,416,554	1,356,791	328,373	346,396
Unit value (per short ton)					
Commercial shipments	\$***	\$***	\$***	\$***	\$***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	879	981	983	921	924
Export shipments	949	990	917	971	846
Total shipments	881	982	981	922	922

Table continued on next page.

Table III-5--Continued

Circular welded pipe: U.S. producers' shipments, by types, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Share of quantity (percent)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	97.6	97.4	97.8	98.0	97.2
Export shipments	2.4	2.6	2.2	2.0	2.8
Total shipments	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	97.4	97.4	97.9	97.9	97.4
Export shipments	2.6	2.6	2.1	2.1	2.6
Total shipments	100.0	100.0	100.0	100.0	100.0
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

*** firms reported involvement in a toll agreement regarding the production of circular welded pipe. *** reported a toll agreement with ***, and *** reported toll agreements with ***. *** firm reported production of circular welded pipe in a foreign trade zone.

U.S. PRODUCERS' INVENTORIES

Data collected in these investigations on domestic producers' end-of-period inventories of circular welded pipe are presented in table III-6. U.S. producers' inventories, which were equivalent to between 12.6 and 13.5 percent of U.S. producers' total shipments during 2004-06, were relatively stable between 2004 and 2005, then declined in 2006. U.S. producers' inventories as a percent of total shipments were also lower in January-March 2007 than in January-March 2006. *** firms, ***, together accounted for *** percent of the inventories held during the period for which data were collected.

Table III-6**Circular welded pipe: U.S. producers' end-of-period inventories, 2004-06, January-March 2006, and January-March 2007**

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Inventories (<i>short tons</i>)	192,684	194,451	174,107	203,345	185,525
Ratio of inventories to production (<i>percent</i>)	13.1	13.6	12.9	13.9	12.0
Ratio of inventories to U.S. shipments (<i>percent</i>)	13.5	13.8	12.9	14.6	12.7
Ratio of inventories to total shipments (<i>percent</i>)	13.2	13.5	12.6	14.3	12.3

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

*** U.S. producer, ***, reported direct imports of circular welded pipe ***, during the period for which data were collected.³ Data concerning U.S. producers' purchases of imported and domestically produced circular welded pipe are shown in table III-7. *** reported purchases of circular welded pipe from importers of product from China, citing purchase/production economies and sales to ***, respectively. *** reported purchases of circular welded pipe from importers of product from nonsubject sources, also citing purchase/production economics. *** purchased circular welded pipe from domestic producers, citing size as the primary purchase factor. *** purchased circular welded pipe from other sources, citing production plant conveyance usage as the reason for purchase.

Table III-7**Circular welded pipe: Purchases by U.S. producers, 2004-06, January-March 2006, and January-March 2007**

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for circular welded pipe are presented in table III-8. In the aggregate, U.S. circular welded pipe producers reported an overall decline of 14.9 percent in the number of production and related workers employed in the manufacture of circular welded pipe during 2004-06. However, *** firms (***) reported increases in the number of production and related workers during the entire period for which data were collected. Likewise, the number of hours worked by these employees fell by 14.4 percent and wages paid fell by 12.3 percent during the same time period. Hourly wages paid and productivity increased in 2005 and declined in 2006, while unit labor costs decreased overall from 2004 to 2006. In January-March 2007, the number of PRWs was higher than in January-March 2006, largely reflecting higher employment by ***, but hours worked were stable. Higher productivity offset higher reported wage rates, resulting in lower unit labor costs in January-March 2007 than in January-March 2006.

³ ***'s imports *** during the period for which data were collected were as follows: 2004: *** short tons; 2005: *** short tons; 2006: *** short tons; interim January-March 2006: *** short tons; interim January-March 2007: *** short tons.

Table III-8**Circular welded pipe: U.S. producers' employment-related indicators, 2004-06, January-March 2006, and January-March 2007**

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Production and related workers (PRWs)	2,449	2,220	2,084	2,068	2,167
Hours worked by PRWs (<i>1,000 hours</i>)	4,540	4,079	3,888	1,012	1,007
Wages paid to PRWs (<i>1,000 dollars</i>)	89,038	82,221	78,048	20,463	21,236
Hourly wages	\$19.61	\$20.16	\$20.07	\$20.22	\$21.09
Productivity (<i>short tons produced per 1,000 hours</i>)	324.0	350.4	347.4	360.9	384.9
Unit labor costs (<i>per short ton</i>)	\$60.54	\$57.54	\$57.79	\$56.03	\$54.81

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

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

U.S. IMPORTERS

In response to Commission questionnaires sent to importers in these investigations, 29 firms supplied usable data. Presented in table IV-1 are the responding 29 U.S. importers and 2006 coverage based on responses to Commission questionnaires.

**Table IV-1
Circular welded pipe: U.S. importers, locations, related and/or affiliated firms, and shares of reported U.S. imports in 2006**

Firm name	Location(s)	Related and/or affiliated firms	Share of 2006 reported U.S. imports (percent)
ArcelorMittal	Chicago, IL	Arcelor Mittal ¹ Arcelor Mittal P&T Canada ² Mittal Steel Poland ² Mittal Steel Ostrava ² Mittal Steel Jaki Karvina ² Mittal Steel Iasi ² Mittal Steel Galati ² Mittal Steel Temirtau ² Mittal Steel Aktau ²	***
B & K Industries, Inc.	Elk Grove Village, IL	Mueller Industries, Inc. ¹ Mueller Comercial de Mexico ³	***
Commercial Metals	Irving, TX	None.	***
DSL	Houston, TX	None.	***
Duferco	Matawan, NJ	Nina Finance ¹ Duferco SA ³ Tubac SA ²	***
Hyundai	Gardena, CA	Hyundai Corporation ¹	***
James Steel	Torrance, CA	None.	***
IPSCO	Camanche, IA	IPSCO Inc. ¹	***
Kumkang	Orange, CA	Kumkang Industries, Co., Ltd. (***) ²	***
Macsteel	27 locations in CA, GA, HI, IL, IN, MI, NC, NH, NY, OH, OK, PA, SC, TN, TX, and VA	Macsteel Global B.V. ¹ Asoma ³ Macsteel Pipe & Tube ²	***
MAN Ferrostaal	Houston, TX	MAN Capital Corp. ¹ Ferrostaal GmbH ³	***

Table continued on the next page.

Table IV-1--Continued

Circular welded pipe: U.S. importers, locations, related and/or affiliated firms, and shares of reported U.S. imports in 2006

Firm name	Location(s)	Related and/or affiliated firms	Share of 2006 reported U.S. imports (percent)
MC Tubular	Houston, TX	Metal One Holding America, Inc. ¹	***
MinMetals	Pomona, CA	China Minmetals Group Corp. ¹	***
Mueller	San Angelo, TX	None.	***
MX	Walnut, CA	None.	***
Okaya	Houston, TX Torrance, CA	Okaya & Co., Ltd. ¹	***
Oxbow	Pleasant Hill, CA	None.	***
Pincoffs	Houston, TX	None.	***
Pusan	Santa Fe Springs, CA	SeAH Steel Corp. (***) ²	***
SDB Trade	Pasadena, TX	SDB Trade, LLC (***)	***
S&P	Laredo, TX	VI Industries, Inc. ¹ Tuberia Nacional ³ Tex-Tube ⁴	***
Stemcor	New York, NY	Stemcor Holdings, Ltd. ¹	***
Sumitomo	Houston, TX	Sumitomo Corporation ¹	***
Sunbelt Group	Houston, TX	Sunbelt Group, Inc. (***) Femet Enterprises Corp. (***)	***
Tata	New York, NY	Tata Steel Limited ¹ Corus ³ Tata Steel Tubes Division ²	***
Toyota Tsusho	Houston, TX	Toyota Tsusho Corp. ¹	***
Tusco	Tuscaloosa, AL	None.	***
Uniwire	New York, NY	None.	***
Western International	Portland, OR	Forest City Trading Group ¹	***
Total			100.0

¹ Parent.

² Foreign producer.

³ Importer/exporter; sister company.

⁴ Domestic producer; sister company.

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

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

U.S. IMPORTS

U.S. imports are based on official import statistics of Commerce, as modified to include dual-stenciled line pipe used in standard and structural pipe applications (based on questionnaire responses) and to exclude mechanical tubing (based on *Statistics Canada* data) from Canada (table IV-2).¹

Table IV-2
Circular welded pipe: U.S. imports, by sources, 2004-06, January-March 2006, and January-March 2007

Source	Calendar year			January-March	
	2004	2005	2006	2006	2007
Quantity (short tons)					
China	278,191	391,007	716,184	122,139	165,088
All other sources	727,282	571,490	616,007	192,672	97,515
Total	1,005,473	962,497	1,332,191	314,811	262,603
Value (1,000 dollars)¹					
China	161,926	252,849	419,960	76,087	105,223
Nonsubject sources	492,462	467,208	466,588	138,668	83,521
Total	654,388	720,057	886,548	214,755	188,744
Unit value (per short ton)¹					
China	\$582	\$647	\$586	\$623	\$637
Nonsubject sources	677	818	757	720	856
Total	651	748	665	682	719
Share of quantity (percent)					
China	27.7	40.6	53.8	38.8	62.9
Nonsubject sources	72.3	59.4	46.2	61.2	37.1
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
China	24.7	35.1	47.4	35.4	55.7
Nonsubject sources	75.3	64.9	52.6	64.6	44.3
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, duty-paid. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from official statistics of Commerce, adjusted in accordance with data submitted in response to Commission questionnaires, Petition, exhibit 8, and Petitioners' postconference brief, exhibit 22.					

¹ Petition, exhibit 8, as modified by Petitioners' postconference brief, exhibit 22.

The U.S. import data for China show increases in both quantity and value in each year between 2004 and 2006 and in a comparison of the January-March 2006-07 periods as well.² The unit value of circular welded pipe imported from China increased irregularly from \$582 per short ton in 2004 to \$586 per short ton in 2006, peaking in 2005 at \$647 per short ton. The U.S. import data for all other sources show overall declines in both quantity and value over the period for which data were collected.

Data for commercial U.S. shipments of imports from China, as reported in responses to Commission questionnaires, are presented in the following tabulation:

Item	2004	2005	2006	Jan.-Mar. 2006	Jan.-Mar. 2007
Commercial U.S. shipments of imports from China:					
Quantity (<i>short tons</i>)	165,541	250,731	683,066	116,136	191,034
Value (\$1,000)	113,777	181,256	441,393	75,079	132,758
Unit value (<i>dollars per short ton</i>)	\$687	\$723	\$646	\$646	\$695

The questionnaire data for commercial U.S. shipments of imports from China show increases in both quantity and value in each year between 2004 and 2006 and in a comparison of the January-March 2006-07 periods as well. The average unit value of commercial U.S. shipments of imports of circular welded pipe from China decreased irregularly from 2004 to 2006; however, the average unit value of such shipments was nearly \$50 per short ton higher in January-March 2007 than in January-March 2006.

Nonsubject imports of circular welded pipe, both covered and not covered by countervailing or antidumping duty order or suspension agreement, are presented in table IV-3. Seven countries - Canada, India, Korea, Mexico, Taiwan, Thailand, and Turkey - consistently accounted for approximately six-tenths of nonsubject imports during 2004-06.³

² For the most recent 12-month period prior to the filing of the petition for which adjusted data are available (April 2006 - March 2007), imports of circular welded pipe from China accounted for 59.3 percent of total imports of circular welded pipe.

³ Staff notes that this is a conservative estimate, as Korea and Mexico traditionally have been suppliers of dual-stenciled line pipe.

Table IV-3
Circular welded pipe: U.S. imports from nonsubject countries, by sources, 2004-06, January-March 2006, and January-March 2007

Source	Calendar year			January-March	
	2004	2005	2006	2006	2007
Quantity (<i>short tons</i>)					
Covered by order or suspension agreement					
Brazil	1,428	1,784	570	3	159
India	81,515	38,416	47,856	21,079	1,923
Korea	49,670	34,867	44,348	12,713	7,430
Mexico	46,785	72,601	74,808	22,075	15,194
Taiwan	40,713	20,369	43,038	14,963	6,139
Thailand	65,787	80,799	77,832	24,608	16,030
Turkey	88,098	40,763	31,797	14,375	2,247
Total (covered)	373,995	289,600	320,248	109,816	49,123
Not covered by order or suspension agreement					
Canada	51,335	51,521	50,561	12,641	12,535
South Africa	23,409	18,317	26,588	11,343	141
Romania	35,123	28,703	24,192	4,246	0
Japan	21,130	25,062	18,453	4,871	4,433
Oman	32,791	16,433	16,112	4,329	1,833
Venezuela	16,509	8,978	15,846	4,601	1,954
Colombia	20,772	25,062	15,463	5,664	1,782
Indonesia	4,215	3,013	9,419	2,096	0
United Arab Emirates	12,457	7,717	6,389	3,747	403
Dominican Republic	2,161	5,008	3,374	1,535	861
Philippines	25,887	13,265	3,265	2,188	4,535
Subtotal	245,787	203,079	189,662	57,262	28,476
All other sources	36,011	25,580	19,709	4,708	3,081
Dual-stenciled line pipe	71,489	53,231	86,388	20,885	16,835
Subtotal (not covered)	353,287	281,890	295,758	82,855	48,392
Total nonsubject imports	727,282	571,490	616,007	192,672	97,515

Table continued on next page.

Table IV-3--Continued

Circular welded pipe: U.S. imports from nonsubject countries, by sources, 2004-06, January-March 2006, and January-March 2007

Source	Calendar year			January-March	
	2004	2005	2006	2006	2007
Value (1,000 dollars)¹					
Covered by order or suspension agreement					
Brazil	969	1,807	841	7	301
India	51,620	27,768	32,145	14,072	1,841
Korea	30,778	28,524	35,399	9,561	6,517
Mexico	42,343	64,314	61,461	16,817	11,557
Taiwan	22,375	13,005	26,302	8,547	3,851
Thailand	37,075	58,397	52,738	16,370	11,514
Turkey	50,397	27,851	21,087	9,163	1,838
Total (covered)	235,556	221,666	229,974	74,537	37,419
Not covered by order or suspension agreement					
Canada	45,272	45,539	45,362	10,847	11,689
South Africa	13,075	12,531	15,568	6,558	70
Romania	19,773	18,637	14,187	2,580	0
Japan	19,477	35,533	24,665	6,522	5,966
Oman	20,411	11,158	10,470	2,654	1,277
Venezuela	9,753	9,083	13,504	3,695	2,761
Colombia	25,688	20,742	12,719	4,259	1,551
Indonesia	2,281	1,963	5,327	1,159	0
United Arab Emirates	9,009	7,173	5,340	3,213	288
Dominican Republic	1,624	3,097	2,512	1,177	605
Philippines	15,311	9,027	1,863	1,295	3,147
Subtotal	181,673	174,483	151,516	43,958	27,355
All other sources	32,395	32,241	27,984	6,700	6,565
Dual-stenciled line pipe	42,838	38,817	57,114	13,473	12,182
Subtotal (not covered)	256,906	245,542	236,614	64,131	46,102
Total nonsubject imports	492,462	467,208	466,588	138,668	83,521

Table continued on next page.

Table IV-3--Continued

Circular welded pipe: U.S. imports from nonsubject countries, by sources, 2004-06, January-March 2006, and January-March 2007

Source	Calendar year			January-March	
	2004	2005	2006	2006	2007
Unit value (per short ton)¹					
Covered by order or suspension agreement					
Brazil	\$679	\$1,013	\$1,475	\$1,888	\$1,892
India	633	723	672	668	957
Korea	620	818	798	752	877
Mexico	905	886	822	762	761
Taiwan	550	638	611	571	627
Thailand	564	723	678	665	718
Turkey	572	683	663	637	818
Total (covered)	630	765	718	679	762
Not covered by order or suspension agreement					
Canada	\$882	\$884	\$897	\$858	\$933
South Africa	559	684	586	578	498
Romania	563	649	586	608	
Japan	922	1,418	1,337	1,339	1,346
Oman	622	679	650	613	697
Venezuela	591	1,012	852	803	1,413
Colombia	1,237	828	823	752	871
Indonesia	541	652	566	553	
United Arab Emirates	723	930	836	857	715
Dominican Republic	751	618	744	766	702
Philippines	591	680	571	592	694
Subtotal	739	859	799	768	961
All other sources	900	1,260	1,420	1,423	2,131
Dual-stenciled line pipe	599	729	661	645	724
Subtotal (not covered)	727	871	800	774	953
Total nonsubject imports	677	818	757	720	856
Source: Compiled from official Commerce statistics.					

APPARENT U.S. CONSUMPTION

Data collected in these investigations concerning apparent U.S. consumption of circular welded pipe, as shown in table IV-4, are based on U.S. producers' U.S. shipments of circular welded pipe provided in response to Commission questionnaires and U.S. imports from official statistics as adjusted to include dual-stenciled line pipe used in standard and structural applications and to exclude mechanical tubing from Canada. In terms of quantity, apparent U.S. consumption rose irregularly from 2004 to 2006, with a downturn in 2005. Overall, apparent U.S. consumption, in terms of quantity, increased by 10.5 percent from 2004 to 2006 and, in terms of value, consumption increased steadily by 16.2 percent during the same time period. However, apparent U.S. consumption was lower in January-March 2007 than in January-March 2006.

Table IV-4

Circular welded pipe: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Quantity (short tons)					
U.S. producers' U.S. shipments	1,423,859	1,405,502	1,352,176	348,906	365,140
U.S. imports from--					
China	278,191	391,007	716,184	122,139	165,088
Nonsubject countries	727,282	571,490	616,007	192,672	97,515
Total U.S. imports	1,005,473	962,497	1,332,191	314,811	262,603
Apparent U.S. consumption	2,429,332	2,367,999	2,684,367	663,717	627,743
Value (1,000 dollars)¹					
U.S. producers' U.S. shipments	1,251,328	1,379,367	1,328,602	321,377	337,465
U.S. imports from--					
China	161,926	252,849	419,960	76,087	105,223
Nonsubject countries	492,462	467,208	466,588	138,668	83,521
Total U.S. imports	654,388	720,057	886,548	214,755	188,744
Apparent U.S. consumption	1,905,716	2,099,424	2,215,150	536,132	526,209
¹ F.o.b. U.S. port of entry. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from data submitted in response to Commission questionnaires, official statistics of Commerce, and petitioners' postconference brief, exhibit 22.					

U.S. MARKET SHARES

U.S. market share data are presented in table IV-5. The share of subject imports from China increased from 11.5 percent in 2004 to 26.7 percent in 2006, on the basis of quantity. Conversely, U.S. producers' share of the domestic market decreased irregularly from 58.6 percent in 2004 to 50.4 percent in 2006. Nonsubject import market shares declined throughout 2004-06 as well, and into 2007, while the U.S. market shares of the domestic industry and imports from China were higher in January-March 2007 than in January-March 2006.

Table IV-5
Circular welded pipe: Apparent U.S. consumption and market shares, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Quantity (short tons)					
Apparent U.S. consumption	2,429,332	2,367,999	2,684,367	663,717	627,743
Value (1,000 dollars)					
Apparent U.S. consumption	1,905,716	2,099,424	2,215,150	536,132	526,209
Share of quantity (percent)					
U.S. producers' U.S. shipments	58.6	59.4	50.4	52.6	58.2
U.S. imports from--					
China	11.5	16.5	26.7	18.4	26.3
Nonsubject countries	29.9	24.1	22.9	29.0	15.5
Total U.S. imports	41.4	40.6	49.6	47.4	41.8
Share of value (percent)					
U.S. producers' U.S. shipments	65.7	65.7	60.0	59.9	64.1
U.S. imports from--					
China	8.5	12.0	19.0	14.2	20.0
Nonsubject countries	25.8	22.3	21.1	25.9	15.9
Total U.S. imports	34.3	34.3	40.0	40.1	35.9
Source: Compiled from data submitted in response to Commission questionnaires, official statistics of Commerce, and petitioners' postconference brief, exhibit 22.					

RATIO OF U.S. IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of U.S. imports to U.S. production of circular welded pipe is presented in table IV-6. Subject imports were equivalent to 18.9 percent of U.S. production during 2004. This level increased to 27.4 percent during 2005, to 53.0 percent during 2006, and was higher in January-March 2007 (42.6 percent) than in January-March 2006 (33.4 percent).

Table IV-6
Circular welded pipe: Ratio of U.S. imports to U.S. production, by sources, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Ratio of U.S. imports to production (<i>percent</i>)					
China	18.9	27.4	53.0	33.4	42.6
Nonsubject countries	49.4	40.0	45.6	52.8	25.2
All countries	68.4	67.4	98.6	86.2	67.8
Source: Compiled from data submitted in response to Commission questionnaires.					

COMPARISON OF U.S.-PRODUCED AND IMPORTED CIRCULAR WELDED PIPE

Information concerning the physical attributes of U.S.-produced and imported circular welded pipe is presented in table IV-7. As shown in that table, the majority of circular welded pipe from all sources is certified to ASTM specifications, sometimes in conjunction with API specifications. While imports are largely certified to ASTM A-53, domestically produced circular welded pipe is certified to the general ASTM A-53 specification, fire suppression specifications, and specific structural specifications. Circular welded pipe from all sources is most commonly sold in smaller sizes and is generally sold black, with substantial minorities sold galvanized. While U.S.-produced circular welded pipe is often sold plain end, imports are frequently beveled.

Table IV-7
Circular welded pipe: U.S. producers' and subject importers' U.S. shipments, by certification, grade, size, end finish, surface finish, and length, by sources, 2006

Item	Share of U.S. shipments (in percent) of circular welded pipe produced in-		
	United States	China	All other sources
By certification:			
Stenciled to meet only ASTM specifications	77.1	51.9	58.7
Stenciled to both ASTM & API specifications	9.5	10.2	28.3
Stenciled to proprietary specifications	1.5	3.4	0.7
Not stenciled to any specification	11.3	2.1	0.2
Other ¹	0.5	32.4	12.0
Total	100.0	100.0	100.0
By grade:			
ASTM A-53A	***	48.4	42.0
ASTM A-53B	***	39.2	36.2
ASTM A-135/795	21.0	0.1	3.2
ASTM A-500/A-252	14.0	1.0	1.4
Other ²	30.5	11.3	17.3
Total	100.0	100.0	100.0
By size (outside diameter):			
Less than or equal to 4.5"	73.5	47.3	57.4
Greater than 4.5 inches but less than or equal to 10.75"	19.0	41.1	28.8
Greater than 10.75" but less than or equal to 16"	7.4	11.6	13.8
Total	100.0	100.0	100.0
By end finish:			
Plain end/square cut	71.7	36.6	25.8
Beveled	20.4	50.5	55.7
Threaded or threaded & coupled	6.7	12.2	17.9
Other ³	1.3	0.7	0.6
Total	100.0	100.0	100.0
By surface finish:			
Black	70.9	66.8	68.0
Painted	0.0	8.2	5.5
Galvanized	26.0	24.9	26.5
Other ⁴	3.1	0.0	0.0
Total	100.0	100.0	100.0
By length:			
Single random lengths (approximately 20 feet)	75.5	(⁵)	(⁵)
Double random lengths (approximately 40 feet)	17.0	(⁵)	(⁵)
Triple random lengths (approximately 60 feet)	2.1	(⁵)	(⁵)
Other ⁶	5.3	(⁵)	(⁵)
Total	100.0	(⁵)	(⁵)

Footnotes continued on the following page.

¹ Domestic producers included the following in the "other" category: fence, 18-24 inch ASTM and API grades; 10 3/4-24 inch mill crop ends; 10 3/4 inch abrasive resistant pipe; 10 3/4-16 inch API line pipe; A 500; less than 2.875 inch OD. Importers included the following: API; API/ASTM dual for line pipe application; API/ASTM dual for oil/gas transmission; BS 1387 UL-6 rigid conduit; ANSI C-80.1

² Domestic producers included the following in the "other" category: no stencil fence; 18-24 inch ASTM and API grades; API SL-X-grades; A 513; A 847; API; API dual/GR3; proprietary (C.P.); X46-X52 fence products F1083 and F1043. Importers included the following: API X42/5LB/ASTM A53B triple or dual grade; ASTM and/or API limited service; BS 1387; A 523 grade A; A587/SW; UL-6 rigid conduit; ANSI C-80.1; ASTM A53B/ASME SA-5331/AP5LB/X42; A 53-B/API grade (Band/or X42); A 1043; ASTM A513 medium tube.

³ Domestic producers included the following in the "other" category: roll grove; victoria ends. Importers included the following: grooved and/or sledged.

⁴ Domestic producers included the following in the "other" category: bare unbolted pipe; UV fence coating. Importers included structural pipe in this category.

⁵ Not available.

⁶ Domestic producers included the following in the "other" category: approximately 100 feet.

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

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICING

U.S. prices of circular welded pipe can fluctuate based on demand factors such as overall U.S. economic activity and sectoral demand fluctuations in sectors such as nonresidential construction and, to a lesser extent, in residential construction. On the supply side, prices of circular welded pipe also differ by a number of product specifications, including but not restricted to end finishing (plain or threaded end with and without coupling) and surface finishing (black or galvanized). In addition, the prices of circular welded pipe can fluctuate due to competitive pricing and the size of the shipment.

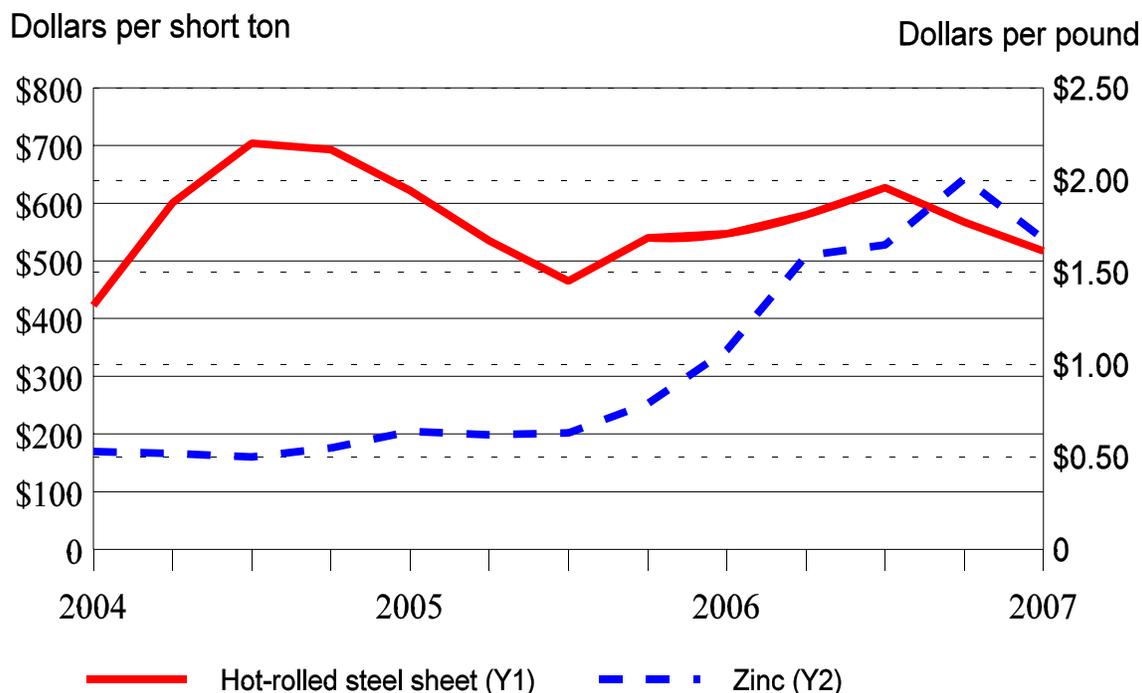
The various forms of circular welded pipe offer multiple performance properties that make circular welded pipe useful in a wide range of standard pipe applications, such as low-pressure piping in plumbing, heating, air conditioning, and automatic sprinkler systems; light mechanical applications in fencing, electrical conduit shells, etc.; and a wide range of structural pipe applications in construction. Some alternative input products may substitute for circular welded pipe as relative prices of these alternatives change vis-a-vis prices of circular welded pipe. Part II discusses in detail substitution between circular welded pipe and alternative input products.

Raw Material Costs

Total raw material costs averaged 74.5 percent of the responding U.S. producers' total costs of goods sold to produce circular welded pipe in the United States during January 2004-March 2007. The principal raw material input used to produce domestic circular welded pipe is hot-rolled steel sheet/coil, while zinc is another important raw material for producing the galvanized circular welded pipe. U.S. spot market quarterly purchase prices of hot-rolled steel sheet fluctuated but increased during January 2004-March 2007, while spot market quarterly purchase-order averages of zinc prices increased markedly during this period (figure V-1). U.S. purchase prices of hot-rolled steel sheet increased from \$423 per short ton during January-March 2004 to a period high of \$704 per short ton by July-September 2004, before decreasing to \$465 per short ton by July-September 2005, then increased to \$627 per short ton by July-September 2006, and then decreased through the end the period to \$517 per short ton during January-March 2007.¹ Although not shown, U.S. prices of hot-rolled steel sheet increased to \$553 per short ton during April-June 2007. U.S. quarterly purchase-order prices of zinc remained stable during January-September 2004, averaging about \$0.51 per pound, but then began rising slowly at first and then more sharply to a period high of \$2.01 per pound by October-December 2006, before ending at \$1.68 per pound by January-March 2007.

¹ The reported purchase prices of hot-rolled steel are intended primarily to indicate price trends; specific prices any buyer pays reportedly will vary due to a number of factors, including volume, distribution issues, specification variances, surcharges, packaging fees, and other market factors.

Figure V-1
Hot-rolled steel sheet and zinc: U.S. purchase prices, by quarter, January 2004-March 2007



Source: American Metal Market (zinc), <http://www.amm.com/priorprice/matprice.asp>, and the Purchasing Magazine Transaction Report (hot-rolled steel), both retrieved June 11, 2007.

Tariff Rates and Transportation Costs to the U.S. Market

The U.S. normal trade relations *ad valorem* import duty rate was free for imports of circular welded pipe, including that from China, under HTS subheadings 7306.30.10 and 7306.30.50 during January 2004-March 2007. Transportation charges to ship circular welded pipe from China to the U.S. ports of entry, as a ratio to the U.S. official customs value, averaged 12.6 percent during January 2004-March 2007,² increasing from 11.2 percent in 2004 to 13.4 percent in 2006.

U.S. Inland Transportation Costs

Thirteen responding U.S. producers of circular welded pipe and six responding U.S. importers of the circular welded pipe from China reported in their questionnaire responses the average U.S. freight costs to their U.S. customers locations.³ U.S.-inland freight costs for the domestic products averaged 7.2

² As a ratio to the landed duty-paid value, these transportation charges averaged 11.2 percent during this period.

³ U.S. producer and importer questionnaire responses, sections IV-B-10 and III-B-10, respectively. Relatively fewer importers reported U.S. inland freight costs than did U.S. producers for circular welded pipe, likely because U.S. importers typically reported that their customers arranged the U.S.-inland freight and U.S. producers typically reported that they arranged U.S.-inland freight to their customers (Ibid). Seventeen of the 20 responding U.S.

(continued...)

percent of the delivered prices, and U.S.-inland freight costs of the subject imported products averaged 6.2 percent of the delivered prices during January 2004-March 2007.⁴ Eighteen U.S. producers and 19 importers estimated their U.S. shipments of the domestic and imported Chinese circular welded pipe, during January 2004-March 2007, that were shipped to U.S. customers in three specified distance categories.⁵ The U.S. producers and importers reported shipment shares of the domestic and subject imported circular welded pipe, by distance categories from their U.S. selling locations, are shown in the following tabulation.

Distance shipped	Share of U.S. commercial shipments (percent)	
	U.S.-produced products	Imported Chinese products
Within 100 miles	15.6	47.2
101 to 1,000 miles	70.9	18.4
Over 1,000 miles	13.5	34.4
Total	100.0	100.0

Nineteen U.S. producers and 21 U.S. importers reported the U.S. geographic market area(s), during January 2004-March 2007, that were served by the firms' domestic and imported Chinese circular welded pipe.⁶ The number of U.S. producers and importers responding for each of the specified market areas are shown in the following tabulation; several responding U.S. producers and importers reported for more than a single geographic area.

³ (...continued)

importers reported that their customers arranged the U.S.-inland freight, whereas 3 importers reporting arranging freight to their customers' locations. On the other hand, 16 of the 19 responding U.S. producers reported that they arranged the U.S.-inland freight, whereas 3 U.S. producers reported that their customers arranged the freight.

⁴ Two U.S. producers, ***, reported that, based on the value to weight ratio for circular welded pipe, U.S.-inland freight costs do not constitute a substantial share of the delivered costs for this product. Petitioners' postconference brief, exhibits 1 and 2.

⁵ Ibid.

⁶ U.S. producer and importer questionnaire responses, sections IV-B-11 and III-B-11, respectively.

Geographic area	U.S.-produced products	Products imported from China
National	10	5
West Coast	3	8
Northwest	1	5
Southwest	6	12
Rocky Mountains	5	4
Northeast	2	3
Mid-Atlantic	2	3
Southeast	4	7
Midwest	3	1
Total	36	48
Source: Compiled from data submitted in response to Commission questionnaires.		

Eight of 11 responding U.S. producers and 9 of 10 responding U.S. importers reported that the U.S. market area for their circular welded pipe produced domestically and imported from China has not changed since January 2004.⁷ Three remaining U.S. producers and the remaining U.S. importer reported on efforts to expand their U.S. markets.⁸ ***, a U.S. producer, reported that it increased sales into the ***. ***, a U.S. producer, reported that its sales efforts to the West Coast have not been successful and, according to the firm, this was due to increased imports of the subject goods. *** also asserted that while the West Coast was the first to be impacted, subject imports are also impacting the Eastern and other U.S. markets. ***, a U.S. producer, indicated that about *** percent of its fence pipe is sold in ***, which is due to the cost of freight. The firm asserted that if it went further at the present prices, it would not be an attractive cost for customers.⁹ ***, a U.S. importer of circular welded pipe from China, asserted that importers mainly target customers closest to the major U.S. ports such as Long Beach, CA, San Francisco, CA, and Vancouver, WA, on the West Coast; and Houston, TX, New Orleans, LA, Tampa, FL, on the Gulf Coast, and Savannah, GA and Camden, NJ, on the East Coast. According to the importer, customers in these areas are more likely to accept import product and are usually in geographic markets where the domestic mills reportedly are less competitive due to their inland locations.

⁷ U.S. producer and importer questionnaire responses, sections IV-B-11 and III-B-11, respectively.

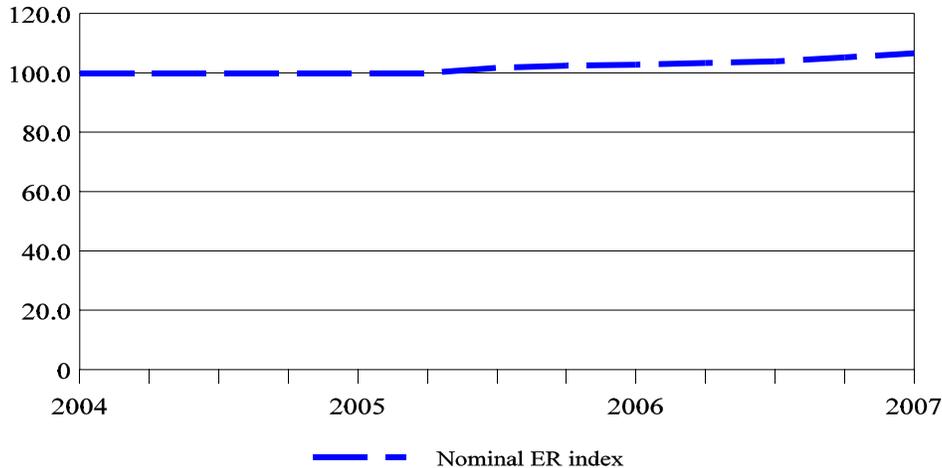
⁸ Ibid.

⁹ According to ***, fence tubing is sold on a delivered basis, such that prices are the same in California, Utah, and Texas.

Exchange Rates

Figure V-2 shows the quarterly nominal exchange rate index of the Chinese yuan relative to the U.S. dollar during January 2004-March 2007.¹⁰ The nominal exchange rate for the Chinese yuan vis-a-vis the U.S. dollar remained stable during January 2004-June 2005, with some appreciation (6.6 percent) of the Chinese yuan against the U.S. dollar by January-March 2007.¹¹

Figure V-2
Nominal exchange rate indices of the Chinese yuan relative to the U.S. dollar, by quarters, January 2004-March 2007



Note.--Index (Jan.-Mar. 2000=100). Exchange rates are in U.S. dollars per Chinese yuan.

Source: International Monetary Fund, *International Financial Statistics*, February 2006 and May 2007.

¹⁰ The quarterly nominal were calculated from quarterly-average nominal exchange rates reported by the IMF; producer price data in China was not available to calculate real exchange rates vis-a-vis the U.S. dollar. The exchange rate indices were based on exchange rates expressed in U.S. dollars per unit of the foreign currency, such that index numbers below 100 represent depreciation and numbers above 100 represent appreciation of the foreign currency vis-a-vis the U.S. dollar.

¹¹ The Chinese government effectively pegged the yuan to the U.S. dollar at 8.28 yuan per dollar during the early part of this period. On July 21, 2005, the Chinese government announced that it would no longer peg the yuan to the U.S. dollar but would tie the yuan to a basket of currencies. Within this new basket, the yuan was revalued upward against the U.S. dollar by 2.1 percent, or from 8.28 yuan per dollar under the old peg to 8.11 yuan per dollar under the new exchange rate policy. The Chinese government has not disclosed which currencies are in the new basket, but indicated that the weight of the U.S. dollar represented less than 50 percent of the new basket of currencies.

PRICING PRACTICES¹²

Eighteen U.S. producers and 23 U.S. importers of the domestic and Chinese circular welded pipe reported their 2006 U.S. shipments by type of sale.¹³ U.S. producers and importers shares of their 2006 U.S. commercial shipments, by quantity, of the domestically produced and imported Chinese circular welded pipe, by type of sale, are shown in the following tabulation.¹⁴

Type of sale	Share of 2006 U.S. commercial shipments (<i>percent</i>)	
	U.S.-produced products	Imported Chinese products
Spot sales	91.3	37.4
Short-term sales	7.8	62.3
Long-term sales	0.9	0.3
Total	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.		

U.S. producers and importers reported that spot sales, short-term and long-term contract sales were all negotiated on an individual transaction basis and U.S. producers also reported using price lists but taking into consideration the price of steel, production costs, the level of capacity utilization, general market conditions, and the size of the order.¹⁵ U.S. producers and importers reported the typical provisions of their short-term sales agreements with their customers for circular welded pipe.¹⁶ Both U.S. producers and importers reported that their short-term contract ranges from 2 to 9 months. U.S. producers generally reported that prices of their short-term contracts can be renegotiated during the contract period, whereas most responding importers reported that prices cannot be renegotiated in their short-term contracts. The majority of both responding U.S. producers and importers reported that their short-term contracts generally fix both price and quantity. The majority of U.S. producers reported that short-term contracts have meet or release provisions, at least sometimes, whereas most of the responding importers reported that their short-term contracts do not have meet or release provisions. The single U.S. producer and single U.S. importer that reported having some long-term contracts with customers for the domestic and subject imported circular welded pipe reported that prices can be renegotiated during the contract period, and such contracts may fix price and quantity but do not have a meet or release provision.

¹² Information on pricing practices discussed in this section was based on questionnaire responses of the U.S. producers and importers of the domestic and imported Chinese circular welded pipe, unless otherwise noted.

¹³ U.S. producer and importer questionnaire responses, sections IV-B-1 and III-B-1, respectively.

¹⁴ Spot sales are usually one-time delivery, within 30 days of the purchase agreement; short-term sales are for multiple deliveries for up to 12 months after the purchase agreement; and long-term sales are for multiple deliveries for more than 12 months after the purchase agreement. Short-term and long-term sales can be arranged by contracts or verbal agreements.

¹⁵ U.S. producer and importer questionnaire responses, sections IV-B-4 and 5 and III-B-4 and 5, respectively. One of the responding U.S. importers, ***, reported that it was very difficult to purchase from an overseas mill and sell on a spot basis, because the transit times to transport by break-bulk vessel can take up to two months alone.

¹⁶ U.S. producer and importer questionnaire responses, sections IV-B-3 and III-B-3, respectively.

U.S. producers of circular welded pipe and importers of circular welded pipe from China and from nonsubject countries reported their U.S. shipments by type of customer during January 2004-March 2007.¹⁷ U.S. producers and importers shares of their U.S. shipments during this period, by quantity, of the domestically produced circular welded pipe and that imported from China and from nonsubject countries, by type of customer, are shown in the following tabulation.

Type of customer	Share of U.S. shipments (<i>percent</i>)		
	U.S.-produced products	Imported Chinese products	Imported products from nonsubject countries
Distributors	81.1	94.8	95.9
End users	18.9	5.2	4.1
Total	100.0	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.			

Fourteen of the 19 responding U.S. producers and 20 of the 23 responding U.S. importers of the domestic and imported Chinese circular welded pipe reported quoting prices on a U.S. f.o.b. plant/warehouse/port-of-entry basis during January 2004-March 2007, whereas the remaining 5 responding U.S. producers and 3 importers reported selling on a delivered basis or both.¹⁸ Thirteen of 19 responding U.S. producers and 4 of 23 responding U.S. importers reported offering payment terms of 1/2-2 percent discount for payment within 10 days or net 30 days for the domestic and subject imported circular welded pipe, whereas the 6 remaining U.S. producers and the 19 remaining U.S. importers offered payment terms of just net 30 days during January 2004-March 2007.¹⁹

The majority of responding U.S. producers and importers of the domestic and subject imported circular welded pipe reported that they have no set quantity discount policies, but most reported that in price negotiations, discounts are made to larger-volume customers.²⁰ Fifteen of 18 responding U.S. producers and all 23 responding U.S. importers of the domestic and subject imported circular welded pipe reported that they did not sell their products over the internet, whereas the remaining 3 U.S. producers reported internet sales, which ranged from less than *** percent to *** percent of the reporting firm's sales.²¹

Seventeen U.S. producers and 22 U.S. importers of the domestic and imported Chinese circular welded pipe reported their 2006 commercial shipments, by quantity, that were shipped from U.S. inventory or direct from U.S./Chinese production and the number of days of lead time from the date of order to the date of delivery to U.S. customers.²² U.S. producers and importers shares of their 2006 U.S. commercial shipments, by quantity, of the domestically produced and imported Chinese circular welded pipe, from inventory and production, and the lead times, are shown in the following tabulation.

¹⁷ U.S. producer and importer questionnaire responses, sections II-10 and II-5, respectively.

¹⁸ U.S. producer and importer questionnaire responses, sections IV-B-7 and III-B-7, respectively.

¹⁹ U.S. producer and importer questionnaire responses, sections IV-B-6 and III-B-6, respectively.

²⁰ U.S. producer and importer questionnaire responses, sections IV-B-8 and III-B-8, respectively.

²¹ U.S. producer and importer questionnaire responses, sections IV-B-13 and III-B-13, respectively.

²² U.S. producer and importer questionnaire responses, sections IV-B-12 and III-B-12, respectively.

Shipment source	U.S.-produced products		Imported Chinese products	
	Share of U.S. commercial shipments (percent)	Lead time (days)	Share of U.S. commercial shipments (percent)	Lead time (days)
U.S. inventory	79.3	7	13.7	6
U.S./Chinese production	20.7	50	86.3	142
Total	100.0		100.0	

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

Fifteen of the 17 responding U.S. producers and 16 of the 19 responding importers of the domestic and imported Chinese circular welded pipe reported that the reported lead times had not changed since January 2004.²³ The two remaining U.S. producers, ***, reported that their lead times have fallen since January 2004 as their business has slowed reportedly due to increased imports of circular welded pipe from China. On the other hand, the three remaining U.S. importers reported that their lead times have increased due to port congestion, lack of vessel availability, and late shipments by Chinese mills.²⁴ In addition to questionnaire responses, Western International, a U.S. importer of circular welded pipe from China, discussed at the conference the length and impact of lead times from China on prices in the U.S. market.

“Western International’s average lag time for its shipments in the last few months has been six months. We have always planned on at least six months between the customers’ purchase order date and shipment to the customer. By the way, more recently this has turned into eight months because of difficulty in lining up shipping; and 75 percent of our sales of imported products are back-to-back sales that we fulfill based on customer order. Thus, when you look at the import statistics and average unit value, you have to remember that those statistics show sales made six months prior to the time of the import’s arrival.

Given this lead time, there is a natural discount that the Chinese must offer to even be in the U. S. market. We estimate this discount has a threshold of 20 percent. If the price for Chinese pipe is not at least 20 percent lower than the domestic pipe, our

²³ Ibid.

²⁴ One of these three importers, ***, provided this detailed response. According to ***, lead times have been roughly 5-6 months for delivery after order confirmation for West Coast customers and 6-7 months for delivery to the Gulf and East Coast customers. However, the firm asserts that vessel space has become more challenging every month and this has had a negative impact on its deliveries to customers. The firm reported that it is now experiencing delays in deliveries up to an additional 30-60 days from its normal lead times. *** reported that it ships steel pipes by ‘break-bulk’ vessels, which share space with other products like grain, coal, lumber, and even chemicals. These vessel lines also include stops to other overseas ports in countries like Korea, which can cause an additional delay in delivery along with shortage of space for Chinese steel pipes. As far as booking space with vessel lines, *** asserts that it is usually based on a ‘first come, first serve’ basis and, of course, who is willing to pay the highest rate, such that shipping from China reportedly has become quite challenging during the past 18 months. *** reported that any delays in shipment can cause a problem for customers expecting on-time delivery, such that U.S. mills and distributors are given an opportunity to offer ‘spot’ sales to hold customers over until late shipments arrive. *** asserted that the unreliable shipment from overseas mills is the one “Big” advantage domestic mills have over import suppliers (emphasis in original). *** importer questionnaire response, section III-B-12.

customers, that have domestic product available to them, would prefer to buy domestic pipe.”²⁵

PRICE DATA

Announced Selling Price Increases

U.S. producers and importers of circular welded pipe were requested in the questionnaire responses to report any announced U.S. price increases since January 1, 2004 for sales of the domestic and subject imported circular welded pipe.²⁶ In addition, the firms were requested to identify the dates of announced price increases, the extent to which they held, and the products that were covered by the price increases. Thirteen U.S. producers and two U.S. importers reported their price increases, but did not necessarily report for the full period since 2004, the extent to which the price increases held, or the products that were included. Although a majority of firms reported percentage price increases (based on the price level from one price increase to another), some firms reported absolute price increases, and some firms just indicated the date of their price increases; in addition, some firms noted price decreases. The reported price increases are shown as a range of price increases reported for each year, 2004-06, and year-to-date 2007, by U.S. producers and importers, in tables V-1 and V-2, respectively, as well as any announced price decreases and the other requested information that was reported. Any additional information reported are discussed by responding firm in the text.

Table V-1

Circular welded pipe: U.S. producers’ announced price increases for their U.S.-produced circular welded pipe, by years, 2004-06, and year-to date 2007

* * * * *

Table V-2

Circular welded pipe: U.S. importers’ announced price increases for their imported circular welded pipe from China, by years, 2004-06, and year-to date 2007

* * * * *

According to ***,²⁷ a U.S. producer of circular welded pipe, 2004 was an abnormal year, during which there were numerous price increases of circular welded tube because there were real steel shortages. *** indicated that, in the beginning of 2004, prices of circular welded pipe were *** and *** in *** at ***, then began to *** to *** by the end of the year. In 2005, a typical year according to ***, circular welded pipe continued to go *** through the year and by the end of 2005 the firm’s prices were ***. *** reported that its prices continued *** to *** by April 2006, but the firm had a price *** to *** in *** and another *** in ***. Prices slowly *** through the rest of 2006, to ***. *** asserted that this latter price level was not even near that of the Chinese products, which were as low as \$***/ton; the firm noted that it ignored such low prices since it reportedly would be bankrupt at such a low price. In 2007, *** reported that it had to *** its prices ***.

Seven of nine responding U.S. importers reported that they do not announce price increases or decreases, but negotiate prices on a transaction-by-transaction basis; the remaining two firms’ responses

²⁵ Conference transcript, pp. 115-116 (Schmid).

²⁶ U.S. producer and importer questionnaire responses, sections IV-B-9 and III-B-9, respectively.

²⁷ U.S. producer questionnaire response, section IV-B-9.

were shown in table V-2.²⁸ ***, an importer of circular welded pipe from China, provided a detailed response regarding how it determines prices on an individual transaction basis.²⁹ *** does not make formal announcements regarding price increases and decreases. The firm stays in contact with its customers and supplying mills on a regular basis and quotes prices based on its customers monthly or quarterly requirements. When *** customers are ready to review their order requirements, the firm will contact its supplying mills for current prices and shipment times, and then submit its offer to the customer. During its regular contact with customers, *** is able to keep them advised of market trends based on changes in either the U.S. or Chinese economies.

Questionnaire Price Data

U.S. selling value and quantity data were requested for sales to U.S. customers for the following four circular welded pipe product categories produced in the United States and imported from China:³⁰

Product category 1.--ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive.

Product category 2.--ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive.

Product category 3.—ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive.

Product category 4.--Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch.

The price data were based on quarterly net U.S. f.o.b. selling price data of U.S. producers and importers for their shipments of the specified domestic and imported Chinese circular welded pipe

²⁸ U.S. importer questionnaire responses, sections III-B-4, III-B-5, and III-B-9.

²⁹ U.S. importer questionnaire responses, section III-B-9.

³⁰ The petitioners suggested these product categories and indicated that collecting prices in dollars per short ton was the appropriate price unit (Petition, p. 18). Based on list price sheets submitted by *** (U.S. producer) and *** (U.S. importer), the only two firms responding to questionnaire requests for list price sheets, circular welded pipe appears to be sold in the U.S. market by specific wall thicknesses or gauges, finishes, diameters, and lengths, and are priced in dollars per hundred feet (cft). Petitioners indicated that (1) circular welded pipe is generally sold in dollars/cft because customers buy pipe by length, often in 1,000's of feet, and want to know the price per hundred feet; and (2) that some products are sold specifying outside diameter, like fence pipe, while other products, such as pipe 1/2-inch to 6 inches in diameter used in industrial and plumbing applications, use internal diameter (conference transcript, pp. 64-65 (Magno)). Petitioners also indicated that pricing in dollars/cft result in huge price differences between a pipe 2 inches in diameter and a pipe 4 inches in diameter, noting that this difference made it necessary to convert prices to dollars/ton, where (they contend) there are no differences in prices on a per ton basis among pipes that range from 2-4 inches in diameter (conference transcript, pp. 68-69 (Schagrin)). A U.S. importer, ***, stated that prices per ton do not change a great deal over the range of sizes because the dominant cost in a ton of steel pipe is the cost of the steel. This importer also asserted that contractors purchasing circular welded pipe do not care about the price per ton, they want to know the price per foot. E-mail from ***.

product categories, during January 2004-March 2007, to U.S. distributors unrelated to the selling firms.³¹ In addition, each U.S. importer was requested to provide the selling price data for the specified product categories that they imported from their largest nonsubject country source.

Ten U.S. producers of circular welded pipe and 20 U.S. importers of the circular welded pipe from China reported useable price information, but not necessarily for all product categories or periods. In addition, 11 U.S. importers of circular welded pipe also reported the requested price data for nine nonsubject countries, three of which (India, Korea, and Thailand) have U.S. antidumping duty orders in place and one (Turkey) has both U.S. antidumping and countervailing duty orders in place during the period of investigation.³² The responding U.S. producers reported total sales quantities of the U.S.-produced circular welded pipe for pricing purposes during January 2004-March 2007 that amounted to 987,966 short tons, or 23.1 percent of their total reported U.S. commercial shipments of the U.S.-produced circular welded pipe during this period. The responding U.S. importers reported total sales quantities for pricing purposes during January 2004-March 2007 that amounted to 476,836 short tons of circular welded pipe from China, which accounted for 30.8 percent of total official U.S. imports of circular welded pipe from China during this period. In addition, the responding U.S. importers reported total sales quantities for pricing purposes during January 2004-March 2007 that amounted to 162,869 short tons of circular welded pipe from the nine nonsubject countries,³³ which accounted for 8.1 percent of total official U.S. imports of circular welded pipe from nonsubject countries during this period.

Price Trends

Trends in weighted-average price of the domestic and imported Chinese circular welded pipe products and comparisons of the weighted-average prices between the domestic and imported Chinese circular welded pipe are based on the individual firms' reported quarterly net f.o.b. U.S. selling price data to distributors. Quarterly trends in weighted-average selling prices and total quantities of the domestic and subject imported product categories 1-4 are shown by product categories in tables V-3 through V-6, respectively; price comparisons between the domestic and the subject imported product categories are also shown in these tables. The quarterly weighted-average selling prices and total quantities of the domestic and subject imported circular welded pipe product categories are also shown by each product category in figures V-3a through V-3d, respectively.³⁴ In addition, price comparisons between domestic circular welded pipe and that imported from nonsubject countries are shown in appendix D.

³¹ If the reporting firms sold their circular welded pipe on a delivered basis, they were requested to estimate, to the extent possible, the net delivered f.o.b. U.S. selling value (for instance, deduct from the U.S. delivered value the U.S.-inland freight cost (or an estimate of this cost) it charged, or otherwise arranged, to deliver the circular welded pipe to customers at their U.S. receiving location(s)). The firms were requested not to report sales transactions where they were unable to report values, either actual or adjusted, on a f.o.b. U.S. point of shipment basis.

³² Price data of circular welded pipe from the other five nonsubject countries involved the following countries: Guatemala, Japan, Oman, Romania, and Venezuela.

³³ The four nonsubject countries that have antidumping and/or countervailing duty orders in place accounted for 78.5 percent of the total quantity of reported circular welded pipe price data from the nine nonsubject countries.

³⁴ The reported price data among U.S. producers and among U.S. importers were appreciably different among some firms for the same product category and period, and do not appear to be the result of differences in quantities shipped. Quarterly price differences within each of the four specified product categories ranged up to \$200 per short ton or more among responding U.S. producers and among U.S. importers.

Table V-3

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic and subject imported circular welded pipe product category 1¹ and margins of underselling/ (overselling), by quarters, January 2004-March 2007

Period of shipment	United States			China			
	Price (per short ton)	Quantity (short tons)	No. of firms	Price (per short ton)	Quantity (short tons)	No. of firms	Margin (percent)
2004:							
Jan.-Mar.	\$599.77	32,387	5	\$455.41	2,307	5	24.1
Apr.-June	830.60	31,549	5	711.56	4,264	6	14.3
July-Sept.	891.48	20,297	5	681.10	4,672	7	23.6
Oct.-Dec.	914.57	13,687	5	632.33	6,502	11	30.9
2005:							
Jan.-Mar.	914.04	19,829	6	723.86	5,178	9	20.8
Apr.-June	906.73	23,728	6	728.48	7,034	9	19.7
July-Sept.	855.85	24,447	6	695.50	9,396	10	18.7
Oct.-Dec.	891.34	24,442	6	676.18	10,863	10	24.1
2006:							
Jan.-Mar.	954.04	22,084	6	640.10	9,870	11	32.9
Apr.-June	945.07	25,926	6	666.49	12,407	10	29.5
July-Sept.	1,004.68	27,128	6	667.32	17,921	13	33.6
Oct.-Dec.	1,010.34	26,757	6	745.42	15,866	13	26.2
2007:							
Jan.-Mar.	919.35	28,954	6	652.06	20,064	16	29.1
Totals	(²)	321,215	6	(²)	126,344	17	(²)
¹ ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive. ² Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-4

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic and subject imported circular welded pipe product category 2¹ and margins of underselling/ (overselling), by quarters, January 2004-March 2007

Period of shipment	United States			China			
	Price (per short ton)	Quantity (short tons)	No. of firms	Price (per short ton)	Quantity (short tons)	No. of firms	Margin (percent)
2004:							
Jan.-Mar.	\$***	***	2	\$505.18	6,424	6	***
Apr.-June	***	***	2	709.87	11,955	7	***
July-Sept.	***	***	2	733.17	10,127	6	***
Oct.-Dec.	***	***	2	692.18	9,910	10	***
2005:							
Jan.-Mar.	***	***	2	728.57	4,853	9	***
Apr.-June	***	***	2	745.98	9,205	8	***
July-Sept.	***	***	2	778.65	9,595	10	***
Oct.-Dec.	***	***	2	726.48	6,807	9	***
2006:							
Jan.-Mar.	***	***	2	661.20	11,051	11	***
Apr.-June	***	***	2	712.28	13,106	9	***
July-Sept.	***	***	2	669.02	22,575	15	***
Oct.-Dec.	***	***	2	653.14	14,403	13	***
2007:							
Jan.-Mar.	***	***	2	718.11	17,886	14	***
Totals	(²)	***	2	(²)	147,897	17	(²)
¹ ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive. ² Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-5

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic and subject imported circular welded pipe product category 3¹ and margins of underselling/ (overselling), by quarters, January 2004-March 2007

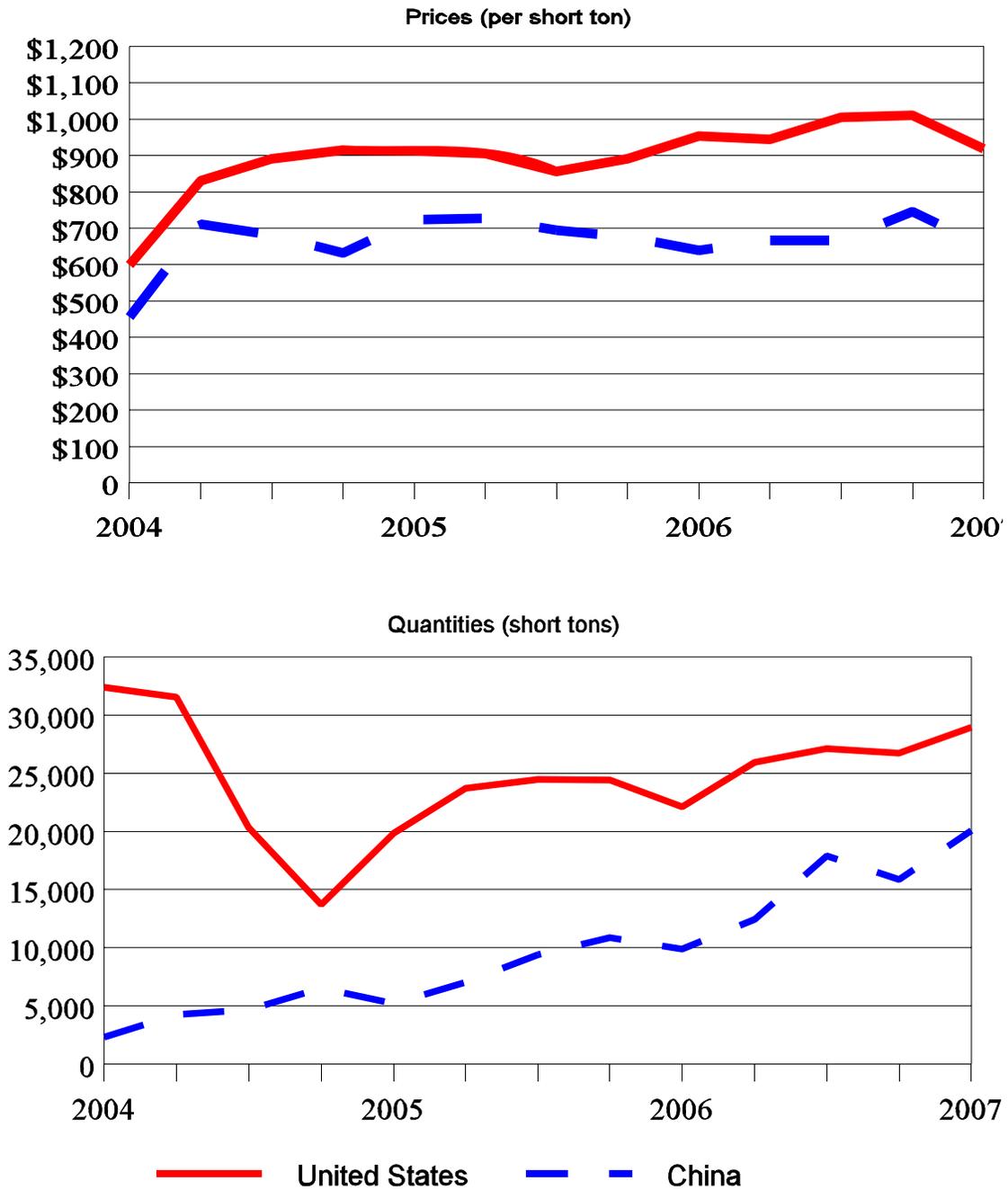
Period of shipment	United States			China			
	Price (per short ton)	Quantity (short tons)	No. of firms	Price (per short ton)	Quantity (short tons)	No. of firms	Margin (percent)
2004:							
Jan.-Mar.	\$628.99	41,554	7	\$489.43	457	4	22.2
Apr.-June	837.27	43,518	7	637.82	86	3	23.8
July-Sept.	930.85	32,383	7	746.49	4,013	6	19.8
Oct.-Dec.	931.65	21,214	7	671.07	5,848	7	28.0
2005:							
Jan.-Mar.	937.04	22,785	8	725.09	8,206	9	22.6
Apr.-June	902.36	29,506	8	751.57	14,401	11	16.7
July-Sept.	845.95	32,492	8	765.80	11,890	11	9.5
Oct.-Dec.	909.31	25,200	8	727.30	7,352	10	20.0
2006:							
Jan.-Mar.	920.98	26,626	8	609.85	8,320	9	33.8
Apr.-June	929.50	32,927	8	678.83	9,383	9	27.0
July-Sept.	998.75	22,070	8	657.68	11,161	9	34.2
Oct.-Dec.	988.57	20,806	8	619.66	12,369	11	37.3
2007:							
Jan.-Mar.	872.91	23,569	8	667.56	15,605	11	23.5
Totals	(²)	374,650	8	(²)	109,091	15	(²)
¹ ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive. ² Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-6

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic and subject imported circular welded pipe product category 4¹ and margins of underselling/ (overselling), by quarters, January 2004-March 2007

Period of shipment	United States			China			
	Price (per short ton)	Quantity (short tons)	No. of firms	Price (per short ton)	Quantity (short tons)	No. of firms	Margin (percent)
2004:							
Jan.-Mar.	\$939.07	29,196	4	\$484.28	1,725	4	48.4
Apr.-June	1,301.87	21,195	4	***	***	3	***
July-Sept.	1,361.53	14,297	4	562.72	5,575	4	58.7
Oct.-Dec.	1,278.50	12,838	4	***	***	2	***
2005:							
Jan.-Mar.	1,251.24	23,232	4	716.15	2,541	6	42.8
Apr.-June	1,250.23	23,824	4	718.66	2,306	5	42.5
July-Sept.	1,163.01	18,214	4	635.50	11,400	6	45.4
Oct.-Dec.	1,127.43	15,870	4	709.40	3,080	5	37.1
2006:							
Jan.-Mar.	1,101.34	22,770	4	719.99	6,221	7	34.6
Apr.-June	1,161.47	25,073	4	662.59	14,967	6	43.0
July-Sept.	1,183.95	17,706	4	687.21	14,334	8	42.0
Oct.-Dec.	1,196.86	12,213	4	683.17	16,331	5	42.9
2007:							
Jan.-Mar.	1,153.13	19,862	3	780.60	4,930	5	32.3
Totals	(²)	256,290	4	(²)	83,410	8	(²)
¹ Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch. ² Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Figure V-3a
Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced and subject imported product category 1,¹ by quarters, January 2004-March 2007



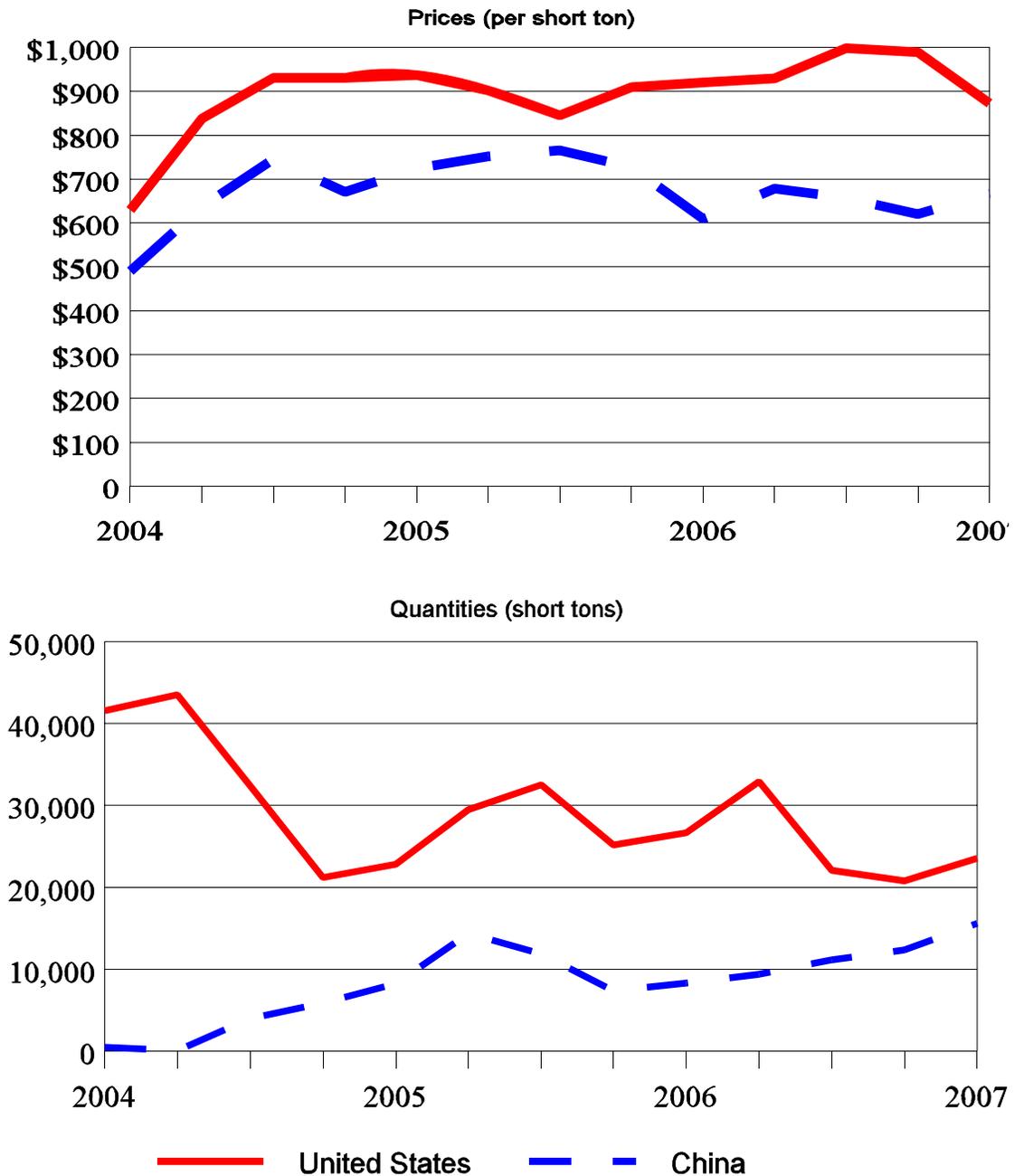
¹ ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive.

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

Figure V-3b
**Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-
produced and subject imported product category 2, by quarters, January 2004-March 2007**

* * * * *

Figure V-3c
Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced and subject imported product category 3,¹ by quarters, January 2004-March 2007



¹ ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive.

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

Figure V-3d

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced and subject imported product category 4, by quarters, January 2004-March 2007

* * * * *

The weighted-average quarterly selling prices of the specified circular welded pipe product categories produced domestically and imported from China fluctuated during January 2004-March 2007, but tended to trend upward during this period (tables V-3 through V-6 and figures V-3a through V-3d). Price trends of the domestic circular welded pipe during January 2004-March 2007 appear to be influenced, at least partially, by price fluctuations of hot-rolled steel and (for galvanized products) by increasing prices of zinc. Quarterly selling prices of the U.S.-produced product category 1 increased by a total of 53.3 percent during January 2004-March 2007, while prices of product category 1 imported from China increased by a total of 43.2 percent. Selling prices of the U.S.-produced product category 2 increased by almost *** percent, while prices of product category 2 imported from China increased by 42.1 percent; prices of the domestic product category 3 increased by 38.8 percent, while prices of product category 3 imported from China increased by 36.4 percent; and prices of the domestic product category 4 increased by 22.8 percent, while prices of product category 4 imported from China increased by 61.2 percent.

Total quarterly sales quantities reported by the U.S. producers and importers of the subject imported circular welded pipe product categories fluctuated during January 2004-March 2007, with the quantities of the domestic products trending downward during this period while quantities of the products imported from China trended upward. U.S. producers' quarterly shipment quantities of product category 1 decreased by 10.6 percent during January 2004-March 2007, while shipment quantities of product category 1 imported from China increased by 770.0 percent during this period. During this period, U.S. producers' quarterly shipment quantities of product categories 2-4 decreased by *** percent, 43.3 percent, and 32.0 percent, respectively, while quarterly shipment quantities of the imported product categories 2-4 from China increased by 178.4 percent, 331.5 percent, and 185.8 percent, respectively.

Price Comparisons

A total of 52 quarterly net weighted-average U.S. f.o.b. selling price comparisons were possible between the domestic and imported Chinese circular welded pipe product categories 1-4 shipped to U.S. distributor customers during January 2004-March 2007. In all of the 52 selling price comparisons, the imported China products were priced less than the U.S.-produced products. The selling price comparisons are shown by period and by product category in table V-7.

Table V-7

Circular welded pipe: Number of quarterly net weighted-average U.S. f.o.b. selling price comparisons between U.S.-produced and imported Chinese circular welded pipe during January 2004-March 2007

Period/ product category	Total price comparisons		Underselling by imports		
	No.	Quantity ¹ (short tons)	No.	Quantity ¹ (short tons)	Range of underselling (percentage)
2004	16	83,961	16	83,961	14.3 - 58.7
2005	16	124,107	16	124,107	9.5 - 47.2
2006	16	210,285	16	210,285	26.2 - 58.5
Jan.-Mar. 2007	4	58,485	4	58,485	23.3 - 52.0
Totals	52	476,838	52	476,838	9.5 - 58.7
Product category 1 ²	13	126,344	13	126,344	14.3 - 33.6
Product category 2 ³	13	147,897	13	147,897	***
Product category 3 ⁴	13	109,091	13	109,091	9.5 - 37.3
Product category 4 ⁵	13	93,506	13	93,506	32.3 - 58.7
Totals	52	476,838	52	476,838	9.5 - 58.7

¹ Quantity of U.S. sales of the specified circular welded pipe imported from China.
² ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive.
³ ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive.
⁴ ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive.
⁵ Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch.

Note.--All 52 possible price comparisons between the domestic specified products and the subject imported specified products from China showed that the Chinese products were priced less than prices of the U.S.-produced products.

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

LOST REVENUES AND LOST SALES

In the petition, three U.S. producers, ***, reported 27 lost sales allegations due to competition from imports of circular welded pipe from China during January 2004-March 2007. Three of these allegations provided some product information and specific time periods,³⁵ whereas the remaining 24 allegations were typically general in nature without specifying transaction information, such as products, time periods, or competing prices.³⁶ *** asserted in the petition that the nature of the market for sales to pipe and tube distributors made it difficult to obtain precise information on lost revenues and lost sales due to competition from low-priced imports.³⁷ At the conference, Wheatland Tube provided some additional discussion of the types of information it is able to obtain in the U.S. market for circular welded

³⁵ *** reported these three lost sales allegations.

³⁶ *** each reported 12 lost sales allegations of a general nature; two purchasers, ***, were cited by both firms, such that 22 different purchasers were identified in these 24 lost sales allegations.

³⁷ Petition, Exh. 14.

pipe that indicate that it has lost sales to the imported products from China.³⁸ Wheatland Tube asserted that, if the firm's distributor customers have competitors in the marketplace that are selling significantly lower-priced material (in this particular case Chinese pipe), its customers "know that Wheatland Tube cannot drop its prices 50 percent to compete on that level so they don't come to the U.S. producer with those lost opportunities."³⁹ Wheatland Tube reportedly has close contact with its customers on a daily basis, either by phone or visiting their facilities, and the firm sees the Chinese pipe in their yards; in addition, these customers reportedly relay to Wheatland Tube the quantity and cost of their purchases of the circular welded pipe from China.⁴⁰

In producer questionnaire responses,⁴¹ three U.S. producers provided allegations of lost revenues and four U.S. producers provided allegations of lost sales, but not all such allegations had sufficient information for staff to follow up. In addition, 10 other U.S. producers responded for lost revenues⁴² and 9 U.S. producers responded for lost sales,⁴³ but were unable to provide any information.

The purchasers cited in the lost revenue and lost sales allegations in the petition and questionnaire responses,⁴⁴ the transaction information supplied by the U.S. producers, and whether the responding purchasers agreed or disagreed with the allegations are shown in tables V-8 and V-9, respectively. Any additional comments of the responding purchasers are discussed below.

***. However, ***.

***.

Table V-8
Circular welded pipe: U.S. producers' lost revenue allegations

* * * * *

Table V-9
Circular welded pipe: U.S. producers' lost sales allegations

* * * * *

³⁸ Conference transcript, pp. 57-58 (Magno).

³⁹ Ibid.

⁴⁰ Ibid. Wheatland Tube asserted that it sees demand increasing due to increasing nonresidential construction, but its sales have been decreasing, as, according to Wheatland Tube, its distributor customers report that their sales are increasing (Ibid).

⁴¹ U.S. producer questionnaire responses, sections IV-D (lost revenues) and IV-E (lost sales).

⁴² Seven of the 10 U.S. producers responding for lost revenues indicated that, since January 1, 2004, they had to reduce prices and roll back announced price increases on their U.S.-produced circular welded pipe to avoid losing sales to circular welded pipe imported from China, whereas the remaining 3 U.S. producers indicated that they did not reduce prices or roll back price increases due to competition with China. One of the seven producers responding affirmatively for lost revenues, ***, noted that ***. One of the three U.S. producers responding in the negative for lost revenues, ***, noted, however, that ***.

⁴³ Six of the eight U.S. producers responding for lost sales indicated that, since January 1, 2004, they had lost sales of the U.S.-produced circular welded pipe to circular welded pipe imported from China, whereas the remaining two U.S. producers indicated that they had not lost sales to the imported products from China. One of the two U.S. producers responding in the negative for lost sales, ***, noted, however, that ***.

⁴⁴ Only purchasers for which there were sufficient information for the staff to send enquiries are shown in tables V-6 and V-7.

*** identified *** purchasers where they alleged that they had lost sales of standard pipe to low-priced imports of the products from China; the U.S. producers did not specify transactions, products, or competing prices.⁴⁵ *** reported the quantity of standard pipe from China that *** of its U.S. customers have been buying annually, which totaled *** short tons, asserting that these quantities represented lost sales. *** reported the quantity of standard pipe sales that it allegedly lost to *** of its U.S. customers in 2006 in competing with the imported Chinese pipe products, which totaled *** short tons.⁴⁶ The 23 purchasers cited by ***, where transaction details were not specified, were asked whether they had shifted their purchases of circular welded pipe from U.S. producers to suppliers of products from China during January 2004-March 2007. In addition, these purchasers were asked whether U.S. producers reduced their prices of circular welded pipe to compete with suppliers of circular welded pipe from China during this period. The 23 purchasers named in the allegations of a general nature in both the petition and questionnaire responses, and any responses received from these purchasers to the questions regarding lost sales and lost revenues are shown in table V-10.

Table V-10
Circular welded pipe: Purchaser responses

* * * * *

Twelve of the 17 purchasers responding to the question about shifts in their purchases reported that, since January 2004, they had shifted purchases of circular welded pipe from the U.S. producer to imports from China; all 12 of these purchasers stated that price was the reason for the shift. The remaining five responding purchasers reported that they had not shifted their purchases. Seven of the 17 purchasers responding to the question of reduced prices stated that, since January 2004, the U.S. producers had reduced their prices of circular welded pipe to compete with prices of the imported products from China. Nine other firms reported that U.S. circular welded pipe producers did not reduce their prices in competition with the products imported from China, and the single remaining firm did not know whether U.S. producers lowered their prices.

⁴⁵ In addition, *** alleged that it had lost revenues as a result of competition with the imported circular welded pipe from China, but was not able to provide any specific details (U.S. producer questionnaire response, section IV-D).

⁴⁶ The annual quantities of domestic circular welded pipe that *** alleged it had lost with each purchaser during 2006 to imports from China were much higher than the annual quantities it sold to *** of the *** purchasers during 2004-06.

PART VI: FINANCIAL CONDITION OF U.S. PRODUCERS

BACKGROUND

Nineteen producers provided usable financial data on their operations producing circular welded pipe.¹ The responding producers are believed to represent the substantial majority of U.S. production.

Firms differ considerably in size in terms of sales volume and value. The largest producers, ***, reported sales volumes *** times that of the next largest producer, ***. In contrast, *** firms reported average annual sales of less than 10,000 short tons. Overall, net sales consisted primarily of commercial sales, but *** U.S. producers, ***, reported both internal consumption (which accounted for approximately *** percent of total net sales value in 2006) and related transfers (which reflected approximately *** percent of sales value in 2006).

OPERATIONS ON CIRCULAR WELDED PIPE

The results of operations of the responding firms on their circular welded pipe operations are presented in table VI-1 which includes data on a per-short ton basis as well as operating income (loss) to net sales ratios. The quantity of total sales decreased from 2004 to 2005 and then partially recovered from 2005 to 2006. In contrast, total sales values increased continuously between 2004 and 2006, as unit net sales values increased substantially from 2004 to 2005, and then fell slightly from 2005 to 2006. The unit values of cost of goods sold (“COGS”) followed a pattern similar to those of unit sales values, due primarily to the increased raw materials cost. The industry’s operating income decreased from \$173 million in 2004 to \$124 million in 2005, then increased in 2006 to \$128 million as a result of higher sales quantities. The ratio of operating income to net sales decreased by about 4.4 percentage points between 2004 and 2005 and by another 0.3 percentage point between 2005 and 2006.

While both net sales quantity and value were higher in January-March 2007 than in January-March 2006, operating income was noticeably lower in interim 2007 (\$11 million compared to \$35 million), due mainly to higher per-unit total costs/expenses, especially raw materials cost and factory overhead.² While the average unit sales values remained the same, average unit total cost was higher (\$891 compared to \$823) between the two interim periods. As a result, the operating income margin decreased from 10.6 percent in interim 2006 to 3.3 percent in interim 2007.

With regard to internal consumption and related-company transfers, *** accounted for the industry’s entire reported internal consumption (***, respectively, in terms of 2006 sales value) and related-company transfers (***, respectively, in terms of 2006 sales value). ***.³

¹ The producers with fiscal year ends other than December 31 are ***, ***, ***. ***’s incomplete response did not contain any financial data. Differences between data reported in the trade and financial sections of the Commission’s producers’ questionnaire are largely attributable to timing differences.

² Per-unit factory overhead of all producers except for *** was higher in January-March 2007 than in January-March 2006. Nine producers, ***, experienced substantially increased per-unit factory overhead. Their supplemental responses to Commission staff’s inquiries about the substantial increases of factory overhead are summarized for table VI-3.

³ The unit values of ***.

Table VI-1

Circular welded pipe: Results of operations of U.S. producers, fiscal years 2004-06, January-March 2006, and January-March 2007

Item	Fiscal year			January-March	
	2004	2005	2006	2006	2007
Net sales:	Quantity (<i>short tons</i>)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	1,496,511	1,352,728	1,459,037	354,768	375,622
Net sales:	Value (\$1,000)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	1,231,347	1,301,584	1,382,064	326,671	346,044
COGS	994,404	1,117,662	1,191,587	275,149	316,668
Gross profit	236,943	183,922	190,477	51,522	29,376
SG&A expenses	64,270	59,621	62,614	16,810	17,914
Operating income	172,673	124,301	127,863	34,712	11,462
Interest expense	12,578	11,889	15,965	1,270	18,827
Other expense	10,099	8,196	5,300	1,472	1,497
Other income	5,165	1,716	2,778	1,125	2,959
Net income (loss)	155,161	105,932	109,376	33,095	(5,903)
Depreciation/amortization	17,143	17,920	22,798	5,037	6,732
Cash flow	172,304	123,852	132,174	38,132	829

Table continued on next page.

Table VI-1--Continued

Circular welded pipe: Results of operations of U.S. producers, fiscal years 2004-06, January-March 2006, and January-March 2007

Item	Fiscal year			January-March	
	2004	2005	2006	2006	2007
	Unit value (per short ton)				
Net sales	\$823	\$962	\$947	\$921	\$921
COGS	664	826	817	776	843
Gross profit	158	136	131	145	78
SG&A expenses	43	44	43	47	48
Operating income	115	92	88	98	31
	Ratio to net sales (percent)				
COGS	80.8	85.9	86.2	84.2	91.5
Gross profit	19.2	14.1	13.8	15.8	8.5
SG&A expenses	5.2	4.6	4.5	5.1	5.2
Operating income	14.0	9.6	9.3	10.6	3.3
	Number of firms reporting				
Operating losses	2	1	0	0	2
Data	19	19	19	19	19
Source: Compiled from data submitted in response to Commission questionnaires.					

Selected financial data, by firm, are presented in table VI-2. Total net sales (quantities and values), per-unit values (sales and COGS), operating income, and the ratio of operating income (loss) to net sales are presented in this table on a firm-by-firm basis. Sixteen of 19 reporting producers generated operating income in each fiscal year during 2004-06, while the remaining 3 producers reported operating losses in one year during the period. However, the domestic industry's operating income and operating income margin decreased between 2004 and 2006 and were lower in January-March 2007 than in January-March 2006. When comparing interim 2007 results to interim 2006 results, only four producers, ***, reported improved profitability (in terms of operating income). Two producers, ***, reported operating losses in interim 2007, compared to none in interim 2006.

Table VI-2

Circular welded pipe: Results of operations of U.S. producers, by firm, fiscal years 2004-06, January-March 2006, and January-March 2007

* * * * *

The data show that ***, achieved the highest dollar value of operating profits, and accounted for over *** of the industry's operating income during the period for which data were collected. This may be due to relatively higher average unit sales values for *** compared with its relatively lower COGS. *** per-unit COGS was lower than the industry average. However, *** operating income decreased

noticeably from interim 2006 to interim 2007 because its production cost rose substantially during the same period.⁴

*** had unusually higher sales volume in *** compared to other periods and sales fell sharply in ***. *** explained in its supplemental response that it received a large order in *** which was not repeated ***.

Wheatland reported ***. It explained that ***.

Selected aggregate per-short ton cost data of the producers on their operations, i.e., COGS and selling, general, and administrative (“SG&A”) expenses, are presented in table VI-3. Overall per-short ton COGS⁵ and total cost (which includes SG&A expenses) increased substantially from 2004 to 2005, driven mainly by changes in raw materials costs (i.e., reflecting changes in the cost of hot-rolled steel coils) and fabrication costs (labor and factory overhead) and decreased somewhat from 2005 to 2006, due to a decrease in labor costs. Per-short ton COGS increased substantially from interim 2006 to interim 2007, again due to the increases in the costs of raw materials (including, for some companies, zinc) and factory overhead.⁶ The ratio of total COGS to net sales increased continuously over the period.

Table VI-3
Circular welded pipe: Average unit costs of U.S. producers, fiscal years 2004-06, January-March 2006, and January-March 2007

Item	Fiscal year			January-March	
	2004	2005	2006	2006	2007
COGS:	<i>Value (per short ton)</i>				
Raw materials	\$485	\$616	\$620	\$574	\$618
Direct labor	50	64	52	64	69
Factory overhead	129	146	145	138	156
Total COGS	664	826	817	776	843
SG&A expenses	43	44	43	47	48
Total cost	707	870	860	823	891

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

A variance analysis for the 19 U.S. producers is presented in table VI-4. A variance analysis depicts the effects of changes in average prices and volume on the producers’ net sales, and of costs/expenses and volume on their total cost. The data presented in table VI-4 are comparable to changes in operating income as presented in table VI-1. The analysis is summarized at the bottom of the table. The analysis indicates that the decrease in operating income (\$44.8 million) between 2004 and 2006 was attributable mainly to the negative effect of increased costs/expenses (\$222.0 million) and decreased sales volume (\$4.3 million) which was offset by the positive effect of increased price (\$181.6 million). Between the two interim periods, it indicates that the decrease in operating income of \$23.3

⁴ According to *** questionnaire response, its product mix is *** circular welded pipe, making its raw material costs ***.

⁵ ***.

⁶ The majority of producers reported substantially increased factory overhead between the two interim periods. Their supplemental responses to Commission staff’s questions are as follows: ***.

million again resulted from the negative effect of increased costs/expenses, despite minor increases of price and sales.

Table VI-4
Circular welded pipe: Variance analysis of operations of U.S. producers, fiscal years 2004-06, January-March 2006, and January-March 2007

Item	Between fiscal years			January-March
	2004-06	2004-05	2005-06	2006-07
	Value (\$1,000)			
Net sales:				
Price variance	181,551	188,543	(21,810)	171
Volume variance	(30,834)	(118,306)	102,290	19,202
Total net sales variance	150,717	70,237	80,480	19,373
Cost of sales:				
Cost variance	(222,084)	(218,799)	13,910	(25,345)
Volume variance	24,901	95,541	(87,835)	(16,174)
Total cost variance	(197,183)	(123,258)	(73,925)	(41,519)
Gross profit variance	(46,466)	(53,021)	6,555	(22,146)
SG&A expenses:				
Expense variance	47	(1,526)	1,693	(116)
Volume variance	1,609	6,175	(4,686)	(988)
Total SG&A variance	1,656	4,649	(2,993)	(1,104)
Operating income variance	(44,810)	(48,372)	3,562	(23,250)
Summarized as:				
Price variance	181,551	188,543	(21,810)	171
Net cost/expense variance	(222,037)	(220,325)	15,603	(25,461)
Net volume variance	(4,324)	(16,590)	9,769	2,040
<p>Note.--Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table VI-1.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>				

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are presented in table VI-5. Even though all U.S. producers except for *** reported capital expenditures, six producers incurred substantial amounts of capital expenditures during the period for which data were collected.⁷ Data for capital expenditures on a firm-by-firm basis are shown in table VI-6. While capital expenditures increased continuously from 2004 to 2006, R&D expenses decreased continuously during the same period. Capital expenditures were lower and R&D expenses were higher in January-March 2007 relative to January-March 2006. Only four of the responding firms, ***, reported R&D expenses.

Table VI-5
Circular welded pipe: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2004-06, January-March 2006, and January-March 2007

Item	Fiscal year			January-March	
	2004	2005	2006	2006	2007
	<i>Value (\$1,000)</i>				
Capital expenditures ¹	22,879	43,138	44,966	8,890	6,293
R&D expenses ²	***	***	***	***	***
¹ All companies except *** reported capital expenditures. ² Only *** reported R&D expenses.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table VI-6
Circular welded pipe: Capital expenditures by U.S. producers, by firms, fiscal years 2004-06, January-March 2006, and January-March 2007

* * * * *

ASSETS AND RETURN ON INVESTMENT

U.S. producers were requested to provide data on their assets used in the production and sales of circular welded pipe during the period for which data were collected to assess their return on investment ("ROI"). Although ROI can be computed in different ways, a commonly used method is income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROI as operating income divided by total assets used in the production and sales of circular welded pipe. Data on the U.S. producers' total assets and their ROI are presented in table VI-7. The return on investment decreased continuously from 2004 to 2006. The trend of ROI over the period was the same as the trend of the operating income margin shown in table VI-1.

⁷ As discussed in detail in table VI-6, *** accounted for *** of reported capital expenditures. ***.

Table VI-7
Circular welded pipe: Value of assets and return on investment of U.S. producers, fiscal years
2004-06

Item	Fiscal year		
	2004	2005	2006
Value of assets	Value (\$1,000)		
1. Current assets:			
A. Cash and equivalents	16,721	43,505	31,547
B. Trade receivables (net)	197,339	219,947	159,804
C. Inventories	242,000	217,253	321,837
D. All other current	10,574	9,832	9,745
Total current	466,634	490,537	522,933
2. Non-current assets:			
A. Productive facilities ¹	370,259	377,215	370,528
B. Productive facilities	164,306	170,003	207,073
C. Other non-current	17,632	20,379	128,697
Total non-current	181,938	190,382	335,770
Total assets	648,572	680,919	858,703
	Value (\$1,000)		
Operating income	172,673	124,301	127,863
	Ratio of operating income to total assets (percent)		
Return on investment	26.6	18.3	14.9
¹ Original cost of property, plant, and equipment (PPE). ² Net book value of PPE (original cost less accumulated depreciation). Source: Compiled from data submitted in response to Commission questionnaires.			

Even though the value of total assets, especially for the original cost of property, plant, and equipment (“PPE”) remained at relatively the same level over the period examined, the data for individual companies show a wide range of fluctuation during the same period.^{8 9 10 11}

⁸ ***.

⁹ ***. ***.

¹⁰ ***.

¹¹ Other variations and changes of the value of PPE may be attributable to the allocated assets based on the relative sales value of the subject merchandise compared to the total sales.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual negative effects on their return on investment, or their growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of circular welded pipe from China. The producers' comments are presented in appendix E.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(I)). Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI and appendix D. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CHINA

Overview

The petition in these investigations identified 57 foreign producers in China allegedly producing circular welded pipe.¹ The Commission sent foreign producer questionnaires to 31 firms that were identified as possible producers/exporters of circular welded pipe in China. Counsel for Chinese producers and exporters of circular welded pipe supplied 21 questionnaires, accounting for an estimated 70 percent of production in China in 2006, and an estimated 77 percent of 2006 Chinese exports of circular welded pipe to the United States.² Questionnaire respondents included:

- Bazhou Dong Sheng Hot-Dipped Galvanized Steel Pipes Co., Ltd. ("Bazhou");
- CNNOC Kingland Pipeline Co., Ltd. ("CNNOC");
- Guangdong Walsall Steel Pipe Industrial Co., Ltd. ("Guangdong");
- Hengshui Jinghua Steel Pipe Co., Ltd. ("Hengshui");
- Huludao Steel Pipe Industrial Co., Ltd. ("Huludao");
- Jiangsu Guoqiang Zinc-Plating Industrial Co., Ltd. ("Jiangsu Guoqiang");
- Jiangsu Yulong Steel Pipe Co., Ltd. ("Jiangsu Yulong");
- Pangang Group Beihai Steel Pipe Corp. ("Pangang Group");
- Liaoning Northern Steel Pipe Co., Ltd. ("Liaoning");
- Shandong Fubo Group Co. ("Shandong");³
- Shanghai Alison Steel Pipe Co., Ltd. ("Shanghai Alison");
- Shanghai Metals and Minerals Import and Export Co. ("Shanghai Metals");⁴
- Shanghai TIPO Steel Pipe Co., Ltd. ("Shanghai TIPO");
- Shijiazhuang Zhongqing Import & Export Co., Ltd. and Bazhoushi Zhuofa Steel Pipe Co., Ltd. ("Shijiazhuang");
- Tai Feng Qiao Metal Products Co., Ltd. ("Tai Feng");
- Tianjin BaoLai International Trade Co., Ltd. ("Tianjin BaoLai");
- Tianjin Lifengyuda Steel Group Co., Ltd. ("Tianjin Lifengyuda");
- Tianjin Shuangjie Steel Pipe Co., Ltd. ("Tianjin Shuangjie");
- Weifang East Steel Pipe Co., Ltd. ("Weifang");

¹ Petition, exhibit 5.

² The estimate of 77 percent of total exports from China came from questionnaire responses and is presented in table VII-2. Reported exports in 2006 were equivalent to 78 percent of 2006 imports of circular welded pipe from China according to official statistics (as adjusted to include dual-stenciled line pipe for use in standard and structural applications).

³ ***.

⁴ Shanghai Metals is an exporter of circular welded pipe produced by ***.

- Xuzhou Guanghuan Steel Tube Co., Ltd. (“Xuzhou”); and
- Zhejiang Kingland Pipeline and Technologies Co., Ltd. (“Zhejiang”).

Table VII-1 presents data on the shares of 2006 reported capacity and production in China of each of the 21 Chinese respondents, and their estimated shares of total 2006 production in China. The production capacity in China appears to be dispersed among many of the 21 respondents. While the responding firms were inconsistent in their estimates of their shares of overall Chinese capacity and production, reported data indicate that *** is the largest producer, followed by ***, ***, and ***.

Table VII-1
Circular welded pipe: Chinese producers’ reported capacity, production, shares of reported capacity and production, and estimated shares of total production in China, 2006

* * * * *

Table VII-2 presents data on the shares of 2006 reported exports to the United States for each respondent and their estimated shares of total exports to the United States from China in 2006. Exports from China appeared to be dispersed among the 21 respondents. ***, ***, and *** appear to be the largest exporters of circular welded pipe to the United States.⁵

Table VII-2
Circular welded pipe: Chinese producers’ reported exports to the United States, share of total reported exports to the United States, and share of estimated total exports to the United States from China, 2006

* * * * *

The estimated share of each respondent firm’s total sales represented by sales of circular welded pipe varied widely by firm. Table VII-3 presents information by firm for 2006 sales. Most firms devoted the vast majority of their sales to the subject product. Only seven firms devoted less than *** percent of their sales to sales of circular welded pipe: ***.⁶

Table VII-3
Circular welded pipe: Chinese producers’ shares of total sales represented by sales of circular welded pipe, 2006

* * * * *

⁵ There appeared to be only one discrepancy in how firms estimated their share of total exports from China and how large their share of reported exports was compared with such estimations. With respect to ***, the estimates and reported shares, as presented in table VII-2, were far apart, and reported shares were more than twice as high.

⁶ Only four firms in the industry devoted a minor amount of their sales (roughly ***) to the subject product: ***.

Circular Welded Pipe Operations

Information on the Chinese industry's circular welded pipe operations is presented in table VII-4. Capacity and production increased during 2004-06, as did capacity utilization. Capacity and production were higher in January-March 2007 than in January-March 2006, although capacity utilization was lower. Projections for 2007-08 included capacity and production increases for the Chinese industry producing circular welded pipe, and increased capacity utilization by 2008. Capacity for responding firms was based on a range of 8 to 168 hours per week, 3.3 to 50 weeks per year. Counsel for petitioners argued that Chinese respondents have understated capacity by reporting in some cases very low operating rates in hours per week and weeks per year, and that a conservative "maximum practical operating rate of 144 hours per week, 50 weeks per year" is a more valid picture of true capacity in China. Counsel for petitioners allege an amount of unused capacity of *** short tons in 2006, using this maximum practical capacity assumption, which exceeds the amount of production of the U.S. industry in that year.⁷ Table F-1 in appendix F presents firm by firm operating rates for circular welded pipe production in China.

Production in China of circular welded pipe was almost triple that of the U.S. industry during 2006. However, counsel for respondents argued that the Chinese government has embarked on a program to eliminate inefficient raw steel capacity, restrict new investment in steel capacity, consolidate and improve production, and introduce greater private ownership.⁸

⁷ Petitioners' postconference brief, pp. 29-30, and exh. 16.

⁸ Respondents' postconference brief, pp. 45-47.

Table VII-4

Circular welded pipe: Chinese producers' production capacity, production, shipments, and inventories, 2004-06, January-March 2006, January-March 2007, and projected 2007-08

Item	Actual experience					Projections	
	2004	2005	2006	January-March		2007	2008
				2006	2007		
Quantity (short tons)							
Capacity	3,596,031	4,070,067	4,675,052	1,050,551	1,118,027	4,888,512	4,920,169
Production	2,686,013	3,090,273	3,957,539	825,814	872,871	4,109,851	4,196,858
End of period inventories	192,494	218,270	220,845	231,267	215,336	209,966	211,403
Shipments:							
Internal consumption	123,417	3,846	19,790	9,138	16,581	22,480	21,800
Home market	2,187,366	2,365,278	2,796,125	585,140	513,514	2,830,402	2,826,150
Exports to--							
The United States	140,832	329,940	557,810	109,226	159,261	530,065	522,373
All other markets	209,195	410,794	696,118	128,651	227,507	804,276	898,154
Total exports	350,027	740,734	1,253,928	237,877	386,768	1,334,341	1,420,527
Total shipments	2,660,810	3,109,858	4,069,843	832,155	916,864	4,187,223	4,268,477
Ratios and shares (percent)							
Capacity utilization	74.7	75.9	84.7	78.6	78.1	84.1	85.3
Inventories to production	7.2	7.1	5.6	7.0	6.2	5.1	5.0
Inventories to total shipments	7.2	7.0	5.4	6.9	5.9	5.0	5.0
Share of total quantity of shipments:							
Internal consumption	4.6	0.1	0.5	1.1	1.8	0.5	0.5
Home market	82.2	76.1	68.7	70.3	56.0	67.6	66.2
Exports to--							
The United States	5.3	10.6	13.7	13.1	17.4	12.7	12.2
All other markets	7.9	13.2	17.1	15.5	24.8	19.2	21.0
All export markets	13.2	23.8	30.8	28.6	42.2	31.9	33.3
Note.—Because of rounding, figures may not add to the totals shown.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Home market sales were a large component of shipments, but declined during 2004-06 as a share of total shipments, while the share of total exports increased between each full and partial year.⁹ Internal consumption/transfers were small and decreased as a share of total shipments from 2004 to 2006.¹⁰ As a share of total shipments, exports destined for the United States increased steadily during 2004-06, and were higher in January-March 2007 than in January-March 2006. Projections for 2007 and 2008, however, forecast that exports to the United States would decline as a share of total shipments and that exports to all other markets would increase to fill in the potential gap left by that decline, resulting in an expectation that exports would rise only slightly as a share of total shipments.¹¹ Home market and internal consumption/transfer shipments are projected to decline slightly as a share of total shipments during 2007-08.

Table F-2 in appendix F presents firm-by-firm information on the basis for projections for 2007-08 data included in table VII-4.

Inventories held by producers in China increased moderately between December 2004 and December 2006, but were lower in March 2007 than in March 2008. No firm reported maintaining inventories of circular welded pipe in the United States. No firm reported making sales over the internet.

Four out of 21 firms reported plans to add, expand, curtail, or shut down production capacity and/or production of circular welded pipe in China:

* * * * *

Alternative Products

In addition to circular welded pipe, Chinese producers produce small/medium diameter line pipe, large diameter line pipe, OCTG, and other pipe on the same equipment and machinery used to produce circular welded pipe. As presented in table VII-5, the production of these other pipe products was a relatively small part of the operations of Chinese circular welded pipe producers. The largest other product was the category of “other pipe,” including primarily non-circular tubing. Following in importance was OCTG. Tubular products other than the subject circular welded pipe grew in volume of production during 2004-06, and gained very slightly in their share of overall pipe production, rising from 14.5 percent in 2004 to 15.0 percent in 2006.

⁹ Respondents argue that the Chinese industry is not “export oriented” but that the expansion in the steel sector has been “for the sole purpose of feeding China’s enormous and expanding demand for steel.” *Ibid*, pp. 44-45.

¹⁰ Internal consumption/transfers were reported by a few firms and were used for a variety of purposes, including ***.

¹¹ Throughout the period for which data were collected in these preliminary investigations, exports of circular welded pipe from China received a “commodity export rebate” of 13 percent. However, in a document issued on June 19, 2007, China’s Ministry of Finance / State Administration of Taxation declared this rebate to be abolished with respect to “general ordinary pipe products (except oil casing),” effective July 1, 2007 (with the effective date for certain transactions extended to July 20, 2007). Postconference brief of Chinese producers and exporters, exhibit 25. Respondents contend that this action will serve as a “significant impediment” to exports to overseas markets. Postconference brief of Chinese producers and exporters, p. 47. Petitioners, however, point to a wide range of alleged subsidies (covering, as noted previously, eight broad areas) which, they contend, can replace and absorb the elements of the rebate, resulting, they argue, in no reduction in the incentive to export to the United States. Petitioners’ postconference brief, p. 14.

Although early analysis of Chinese exports is extremely limited, there is some suggestion that higher prices may lead to a reduction in import volume from China, but even this assessment is qualified based on other potential factors (reportedly including seasonal demand, quality issues, and dependence on price-based competition). *See* American Metal Market, “Chinese tubing imports lose ground on W. Coast,” July 13, 2007, found at http://amm.com/2007-07-13__10-27-32.html and retrieved July 16, 2007.

Table VII-5
Circular welded pipe: Chinese producers' total plant capacity and production, by products, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Quantity (short tons)					
Total plant capacity ¹	4,121,317	4,678,250	5,655,048	1,288,368	1,352,745
Production:					
Subject circular welded pipe	2,667,115	3,057,631	3,902,553	813,456	859,546
Small/medium line pipe ²	72,719	51,153	110,798	15,057	31,826
Large diameter line pipe ³	***	***	***	***	***
OCTG	89,538	107,788	148,616	52,191	30,062
Other ⁴	***	***	***	***	***
Total, all products	2,829,372	3,216,572	4,161,967	880,704	921,434
Total plant capacity utilization (<i>percent</i>)	76.3	75.9	82.3	78.7	76.1
¹ Capacity (production capability) is based on operating *** hours per week, *** weeks per year. ² Welded line pipe 16 inches or less in outside diameter (excluding dual-stenciled pipe used in standard/structural applications). ³ Welded line pipe greater than 16 inches in outside diameter. ⁴ Other products consist primarily of non-circular tubing.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Most Chinese producers reported constraints on their capacity which are presented in table VII-6. These constraints consisted primarily of raw materials shortages, power cuts, and production equipment issues.

Table VII-6
Circular welded pipe: Chinese producers' constraints on capacity to produce circular welded pipe in China

* * * * *

China's Export Markets

Information regarding China's export markets for circular welded pipe under HTS six-digit subheading 7306.30 are presented in table VII-7.¹² The data are based on the import records of China's trading partners.¹³

The United States was the principal trading partner for China's exports of circular welded pipe and related tubular products during 2004-06. Other leading export markets during 2006 were Canada (8.5 percent of total exports), Belgium (5.9 percent), the United Kingdom (4.9 percent), and Australia (4.9 percent). The data, while over-broad, are consistent with the data in table VII-4 regarding Chinese respondents' exports of the subject product, which show roughly half of exports destined for the United States. Average unit values of imports by the United States were generally higher than those of imports in other destination markets, with the exception of the United Kingdom.¹⁴

¹² HTS subheading 7306.30 is a broader tariff classification that includes tubular products that are not subject to these investigations.

¹³ The data are compiled from the World Trade Atlas.

¹⁴ Average unit values should be viewed with caution as import valuations in the World Trade Atlas vary by country (e.g., customs value for the United States and c.i.f. for Belgium).

Table VII-7
Circular welded pipe: Imports from China by major trading partners, 2004-06

Destination	Calendar year		
	2004	2005	2006
	Quantity (short tons)		
United States	215,294	328,064	620,077
Canada	56,365	86,973	109,587
Belgium	20,102	39,028	76,826
United Kingdom	35,588	71,171	63,976
Australia	30,053	47,129	63,442
Hong Kong ¹	30,001	26,633	36,648
Philippines	4,435	23,706	34,374
Singapore	19,925	19,790	19,137
All other	62,006	139,326	269,948
Total	473,767	781,820	1,294,015
	Unit value (per short ton)		
United States	\$526	\$535	\$517
Canada	490	499	508
Belgium	472	544	481
United Kingdom	526	608	590
Australia	417	463	472
Hong Kong ¹	472	517	499
Philippines	472	481	481
Singapore	517	553	508
All other	486	525	507
Average	503	530	512
	Shares of quantity (percent)		
United States	45.4	42.0	47.9
Canada	11.9	11.1	8.5
Belgium	4.2	5.0	5.9
United Kingdom	7.5	9.1	4.9
Australia	6.3	6.0	4.9
Hong Kong ¹	6.3	3.4	2.8
Philippines	0.9	3.0	2.7
Singapore	4.2	2.5	1.5
All other	13.1	17.8	20.9
Total	100.0	100.0	100.0
¹ Excludes re-exports of Chinese-origin product. ² Not applicable or less than 0.05 percent.			
Source: World Trade Atlas, importer records (HTS subheading 7306.30).			

U.S. IMPORTS SUBSEQUENT TO MARCH 31, 2007

U.S. importers responding to the Commission's questionnaire provided information concerning their imports of circular welded pipe from China scheduled for delivery after March 31, 2007. This information is presented in table VII-8.

Table VII-8

Circular welded pipe: Subject U.S. imports scheduled for delivery after March 31, 2007

Time period	Quantity (<i>short tons</i>)
April 2007	32,775
May 2007	67,654
June 2007	46,279
July 2007	63,865
August 2007	38,395
September 2007	33,124
After September 30, 2007	1,249
Total	283,341

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

U.S. IMPORTERS' INVENTORIES

Data collected in these investigations on U.S. importers' end-of-period inventories of circular welded pipe are presented table VII-9. U.S. importers' inventories of circular welded pipe from China decreased from 2004 to 2005, then more than quadrupled in 2006, and were higher in March 2007 than in March 2006. These inventories as a share of imports and U.S. shipments of imports rose irregularly by 0.4 and 0.5 percentage points, respectively, during 2004-06. The share of inventories to imports continued to rise, by 0.2 percentage point, during January-March 2006-07; however, the share of inventories to U.S. shipments of imports declined by 0.6 percentage point during January-March 2006-07. Inventories of nonsubject product followed similar patterns during 2004-06 with less pronounced increases; however, both shares of imports and shipments of imports of nonsubject product were sharply higher in January-March 2007 as compared to January-March 2006.

Table VII-9
Circular welded pipe: U.S. importers' end-of-period inventories of imports, by source, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
China:					
Inventories (<i>short tons</i>)	9,296	8,028	39,080	27,430	39,411
Ratio of inventories to imports (<i>percent</i>)	4.8	3.0	5.2	4.8	5.0
Ratio to U.S. shipments of imports (<i>percent</i>)	5.1	3.1	5.6	5.7	5.1
Nonsubject sources:					
Inventories (<i>short tons</i>)	35,265	24,123	40,040	29,115	49,607
Ratio of inventories to imports (<i>percent</i>)	8.9	8.5	13.2	8.8	19.0
Ratio to U.S. shipments of imports (<i>percent</i>)	9.1	8.2	13.9	9.4	22.3
All sources:					
Inventories (<i>short tons</i>)	44,561	32,151	79,120	56,545	89,018
Ratio of inventories to imports (<i>percent</i>)	7.5	5.8	7.5	6.3	8.5
Ratio to U.S. shipments of imports (<i>percent</i>)	7.8	5.8	8.1	7.1	9.0

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

DUMPING IN THIRD-COUNTRY MARKETS

Chinese questionnaire respondents reported that circular welded pipe was subject to an antidumping duty order in Australia imposed on June 25, 2006. Chinese respondents reported no additional barriers to their exports of circular welded pipe.

INFORMATION ON NONSUBJECT SOURCES

“Bratsk” Considerations

As a result of the Court of Appeals for the Federal Circuit (“CAFC”) decision in *Bratsk Aluminum Smelter v. United States* (“Bratsk”), the Commission is directed to:^{15 16}

¹⁵ *Silicon Metal from Russia, Inv. No. 731-TA-991 (Second Remand)*, USITC Publication 3910, March 2007, p. 2; citing *Bratsk Aluminum Smelter v. United States*, 444 F.3d at 1375.

¹⁶ In the silicon metal remand, Chairman Pearson noted “consistent with his views in *Lined Paper School Supplies From China, India, and Indonesia, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final)*, USITC Pub. 3884 (Sept. 2006) at 51, that while he agrees with the Commission that the Federal Circuit’s opinion suggests a replacement/benefit test, he also finds that the Federal Circuit’s opinion could be read, not as requiring a new test, but rather as a reminder that the Commission, before it makes an affirmative determination, must satisfy itself that it has not attributed material injury to factors other than subject imports.” *Silicon Metal from Russia, Inv. No. 731-TA-991 (Second Remand)*, USITC Publication 3910, March 2007, p. 2, fn. 17. Commissioner Okun joined in those separate and dissenting views in *Lined Paper*.

undertake an “additional causation inquiry” whenever certain triggering factors are met: “whenever the antidumping investigation is centered on a commodity product, and price competitive non-subject imports are a significant factor in the market.” The additional inquiry required by the Court, which we refer to as the Bratsk replacement / benefit test, is “whether non-subject imports would have replaced the subject imports without any beneficial effect on domestic producers.

Nonsubject Source Information

During the preliminary phase of these investigations, the Commission sought pricing data from U.S. importers of circular welded pipe from China and from all other countries. Those data are presented in Part V (China) and appendix D (all other countries) of this report. With respect to foreign industry data, the Commission sought publicly available information regarding producers of circular welded pipe from the top seven sources of imports into the United States in 2006: Canada, India, Korea, Mexico, Taiwan, Thailand, and Turkey. The information obtained is presented in the following sections.

Overview

Circular welded pipe is produced in substantial quantities by welded pipe producers throughout the world. Although figures for global circular welded pipe 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 welded pipe and tube.¹⁷ As shown in table VII-10, welded pipe production, primarily in China, increased between 2003 and 2005.¹⁸

Table VII-10
Circular welded pipe: Global welded tube and pipe production, by region, 2003-05

Region	Calendar year		
	2003	2004	2005
Quantity (1,000 short tons)			
North America	6,196	4,892	6,662
European Union (15)	9,916	10,049	9,984
Asia, excluding China	14,315	15,200	14,601
China	11,363	14,344	17,274
Commonwealth of Independent States	3,891	--	--
South America ⁵	--	--	--
Other	1,362	2,088	2,146
Total	47,043	46,573	50,668
<p>Note.—The data presented in this table are for all welded tubes, and so are substantially overstated with respect to the circular welded pipe subject to these investigations. No Thai or Turkish production was reported during 2003-05. In addition, data were not published for the Commonwealth of Independent States in 2004-05 or for South America in 2003-05. 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 2006</i>.</p>			

¹⁷ IISI, *Steel Statistical Yearbook 2006*. Global and regional production data as published by IISI refer to all welded pipe and tube (including, for example, OCTG and line pipe), 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.

¹⁸ Data for 2006 are not yet available.

Leading Nonsubject Sources of Circular Welded Pipe

As shown in table VII-11, each of the leading nonsubject sources of circular welded pipe has multiple producers capable of producing circular welded pipe, often in conjunction with other tubular products.

Table VII-11

Circular welded pipe: Locations, capacity,¹ product standards, and parent companies of production facilities in non-subject countries

Firm	Production location(s)	Capacity ¹ (short tons)	Product standard(s)	Parent company/related foreign producer
Canada				
Atlas Tube Inc. (Canada)	Harrow , Ontario	750,000	ASTM A-500	Atlas Tube Group (Canada) is an affiliate of Carlyle Group (US)
Canada Phoenix Steel Products Ltd.	Etobicoke, Ontario	(²)	ASTM A-252	(²)
IPSCO Inc ³	Calgary, Alberta	300,000	ASTM A-53, A-135, A-252, A- 500	SSAB Svenskt Stal AB (Sweden) is purchasing IPSCO ³
	Regina, Saskatchewan	1,000,000		
	Red Deer, Alberta	155,000		
OSM Tubular-Camrose	Camrose, Alberta	320,000	API 5L X 42 ASTM A 252	Purchased by Evraz (Russia) Previous name: Camrose Pipe Co.
Delta Tube Co.	Lasalle, Quebec	(²)	(²)	Joint venture between Nova (60 percent ownership) and Ispat Sidbec Inc. (a subsidiary of Mittal Canada Inc.)
Mittal Canada Inc.	Montreal, Quebec	143,000	ASTM A-53, A-795	Arcelor Mittal
Lake Side Steel Corp.	Welland, Ontario	200,000	API 5L, ASTM A-53, A-135, A-252, A-500, A-795	Lake Side purchased Telpipe in November 2005.
India				
Asian Mills Pvt Limited	Taluk Kalol, Gujarat	(²)	API 5L, ASTM A-53	(²)
Maharashtra Seamless	Rajpura, Punjab	165,000	API 5L, ASTM A-53,	(²)
Mukat Pipes Ltd.	Rajpura, Punjab	(²)	API 5L	(²)
Ratnamani Metals and Tubes	Kadi, Mahsana	(²)	API 5L	(²)
Steel Authority of India	Rourkela, Orissa	143,000	API 5L, ASTM A-53,	(²)
Surindra Engineering	Mumbai, Maharashtra	55,000	API 5L	Mukat Group of Companies
Surya Steel Pipe	Rohtak, Haryana	331,000	APL 5L, ASTM A-53	Former name: Surya Roshni Ltd.
Welspun Gujarat Stahl Rohren	Bharuch, Gujarat	1,102,000	API 5L, ASTM A-252	(²)
	Mumbai, Maharashtra			

Table continued on next page.

Table VII-11–Continued

Circular welded pipe: Locations, capacity,¹ product standards, and parent companies of production facilities in non-subject countries.

Firm's name	Production location(s)	Capacity ¹ (short tons)	Product standards	Parent company/related foreign producer
Korea				
Dongbu Steel	Seo Gu, Incheon	2,756,000	API 5L, ASTM A- 53, A-135, A- 252, A-500	(²)
Husteel Co.	Daebul, Chullanam-Do	331,000	API 5L, ASTM A-53, A-252, A-500	(²)
	Dangjin, Chungcheonnam-Do	551,000		
Hyundai HYSCO	Buk-Ku, Ulsan	1,102,000	API 5L, ASTM A-53, A-135, A-252, A-500	Hyundai Steel Pipe Co.
Miju Steel	Nam-Gu, Incheon	(²)	Standard, ordinary uses, structure, scaffolding	(²)
	Pohang-Si, Gyeongsangbuk-Do			
	Suncheon -Si Jeollanam-Do			
SeAH Steel Corp.	Changwon City, Gyongsannam-Do	1,300,000	API 5L, ASTM A-53, A-135, A-252, A-500	(²)
	Pohang City, Gyungsangbuk-Do			
Steel Flower	Kimhae City, Kyungnam	(²)	API 5L	(²)
Mexico				
Hylsa S.A.de C.V.	Nuevo Leon	(²)	Conduction pipe; structural tubing	Ternium
Tubacero, S.A. de C.V.	Monterrey, N.L.	386,000	API 5L	(²)
Tuberia Laguna	Parque Industrial Lagunero, Durango	138,000	API 5L, ASTM A-53	(²)
Tuberia Nacional S.A.de C.V.	Nuevo Leon	(²)	Conduction pipe; structural tubing	Villacero
Taiwan				
Femco	Chiayi	159,000	API 5L, ASTM A-53, A-252, A-500	
Kao Hsing Chang (KHC)	KoaHsiung	(²)	API 5L, ASTM A-53	(²)
Kouan Steel	Kaohsiung Shiann	(²)	Carbon and low alloy, structural, round,	(²)
Yieh Loong	Kaohsiung Hsieng	110,000	API 5L, ASTM A-53	(²)

Table continued on next page.

Table VII-11–Continued

Circular welded pipe: Locations, capacity,¹ product standards, and parent companies of production facilities in non-subject countries.

Firm's name	Production location(s)	Capacity ¹ (short tons)	Product standards	Parent company/related foreign producer
Thailand				
Able Industries	Pathumthani	120,000	APL 5L ASTM A-53 ⁴	
Saha Thai Steel Pipe	(²)	100,000	Black steel pipe, galvanized steel pipe ⁵	(²)
Turkey				
Borusan Mannesmann Boru	Gemlik, Bursa	827,000	API 5L, ASTM A53, A135, A252, A 500	(²)
	Sefakoy, Istanbul			
Emek Boru	Sincan, Ankara	176,000	API 5L, ASTM A252, A53	(²)
Erciyas Steel Pipe Industry	Duzce/Bolu	187,000	API 5L, ASTM A53, A252	(²)
Hatboru	Antakya Hatay	26,000	ASTM A53	(²)
HMD Steel Pipe Industry & Trade	Gebze-Kocaeli	(²)	ASTM A252	(²)
Nosksel	Henrek-Sakarya	110,000	API 5L, ASTM 53, ASTM 252	(²)
	Iskenderun	110,000		
Ufuk Spiral Pipe	Sanliurfa	44,000	ASTM A-53, A-252	Previous name: Uyar Celik Section Industry
Umransel Steel Pipe	Akcakoca	551, 000	API 5L, ASTM A- 53, A-252	(²)
	Umraniye, Istanbul	220,000		
¹ Capacity may be overstated because circular welded pipe is only one among the many products manufactured by the companies' production lines. ² Unavailable. ³ SSAB is acquiring IPSCO for a total of \$7.7 billion. ⁴ Found at http://www.able-industries.co.th/data/all_erw_std.htm , retrieved July 4, 2007. ⁵ Found at http://www.sahathai.com/prod01.htm , retrieved July 11, 2007.				
Sources: Companies' websites and <i>The Simdex Steel Tube Manufacturers Worldwide Guide, 2007.</i>				

Canada

Production Profile

As shown in table VII-11, there are several companies in Canada producing circular welded pipe. Some of these firms are owned by non-Canadian parent companies located in:

- The United States - Atlas Tube in Canada and Atlas Tube in Plymouth, Michigan, are affiliates of the Carlyle Group, a U.S. investment entity that purchased John Maneely, the parent company of Sharon Pipe and Wheatland Tube;
- Russia - Evraz-Oregon Steel Mills owns OSM-Camrose in Alberta; and

- Sweden - SSAB is in the process of purchasing IPSCO which also has production facilities in the United States.

In total, it is estimated that Canada has a capacity to produce approximately 2.9 million tons per year of circular welded pipe and related tubular products. This level serves as an approximated upper limit for production capacity by reporting companies because of product shifting flexibility among production lines. According to the IISI, Canadian production of welded pipe and tube increased from 2.6 million short tons in 2003 to 3.0 million short tons in 2004 and to 3.1 million short tons in 2005.¹⁹

Export Profile

According to Global Trade Atlas, in 2006, Canada exported almost exclusively to the United States, which accounted for nearly 98 percent of Canada's total exports of circular welded pipe and related tubular products in terms of quantity.²⁰ Canada's exports of circular welded pipe to Mexico, its second-largest export destination, amounted to only 0.6 percent in 2006 and exports to other countries accounted for about 0.3 percent or less each (table VII-12).

Table VII-12

Circular welded pipe: Canada's exports of circular welded pipe, 2000-06, in short tons

Rank	Country	2000	2001	2002	2003	2004	2005	2006	Export share in 2006 (percent)
	World	382,667	429,056	376,487	390,742	414,188	455,537	428,132	100.0
1	United States	378,132	376,239	364,970	386,351	409,872	446,526	419,271	97.9
2	Mexico	3,738	52,310	9,154	959	166	913	2,382	0.6
3	Australia	118	120	240	565	1,302	1,601	1,433	0.3
4	Chile	28	23	34	64	165	1,151	1,175	0.3
5	Germany	89	126	425	1,443	1,299	1,575	884	0.2
6	Peru	292	67	12	20	41	658	674	0.2
7	South Africa	0	0	0	14	26	206	315	0.1
8	Cuba	29	0	0	13	12	15	292	0.1
9	Russia	0	0	0	0	37	241	282	0.1
10	Malaysia	8	0	0	0	21	36	261	0.1

Source: Global Trade Atlas (data for HTS 7306.30).

¹⁹ International Iron and Steel Institute, *Steel Statistical Yearbook 2006*, Table 29. The data for 2004 and 2005 exceed capacity estimates in table VII-11 found in *The Simdex Steel Tube Manufacturers Worldwide Guide, 2007*. These different data sources have potentially different participants and are not expected to agree. Throughout the remainder of this section, capacity and production data from different sources are not directly comparable.

²⁰ There are no U.S. restrictions on circular welded pipe imports from Canada.

India

Production Profile

India has several production facilities with a wide range of products including ASTM A-53 and A-252, as well as APL 5L (which may be dual-stenciled to ASTM A-53). Table VII-11 shows a total reported Indian capacity of approximately 1.8 million short tons per year. Welspun Gujarat Stahl Rohren is the country's leading producer of circular welded pipe and related tubular products with a capacity of 1.2 million short tons per year.^{21 22}

Export Profile

According to Global Trade Atlas, India exports circular welded pipe and related tubular products mostly to neighboring Sri Lanka and to the Middle East and Africa (table VII-13). The United States is not listed among India's top 10 export markets for these products.²³ Metal Bulletin Reserach ("MBR")²⁴ reported that India's relative proximity to the Middle East provides Indian steel tubular products with a competitive advantage in this important regional market over those from the EU and Japan.²⁵

Table VII-13

Circular welded pipe: India's exports of circular welded pipe, 2000-06, in short tons

Rank	Country	2000	2001	2002	2003	2004	2005	2006	Export share in 2006 (percent)
	World	607	1,905	3,734	2,965	3,741	6,584	13,186	100.0
1	Sri Lanka	323	936	315	701	1,485	3,250	5,667	43.0
2	UAE ¹	0	4	20	453	15	637	2,434	18.5
3	Djibouti	0	0	353	41	0	1,120	1,789	13.6
4	Ghana	0	0	0	18	22	30	387	2.9
5	Kuwait	2	0	0	0	25	23	387	2.9
6	Tanzania	7	9	0	0	0	45	376	2.9
7	Mali	0	0	0	0	0	30	274	2.1
8	Belgium	0	0	0	20	0	7	217	1.6
9	Congo	0	0	0	0	0	110	170	1.3
10	Mauritius	0	0	20	0	0	4	140	1.1

¹ United Arab Emirates.

Note.—Data reported for exports from India are believed to be substantially understated.

Source: Global Trade Atlas (data for HTS 7306.30).

²¹ Welspun, a textile and steel tube maker, plans to form a joint venture with Lone Star, a Texas-based line pipe producer, to make nonsubject large line pipe. The status of this joint venture is less certain following the purchase of Lone Star by U.S. Steel earlier in 2007.

²² IISI has no current estimates of Indian production of welded tubular products.

²³ Indian imports into the United States must pay antidumping duties ranging from zero to 87.39 percent. *Preston Pipe and Tube Reports*, May, 2007, pp. 4-5.

²⁴ MBR, a London-based research and marketing firm which publishes the "Welded Steel Tube & Pipe Monthly," a well-regarded monthly publication in the pipe and tube industry.

²⁵ MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 7.

Korea

Production Profile

Korea is an important global producer of pipe and tube with a total reported capacity of more than 6 million tons (table VII-11). According to the IISI, Korean production of welded tubes and pipes increased from 4.673 million short tons in 2003 to 4.701 million short tons in 2004, but then decreased to 4.467 million short tons in 2005.²⁶

Export Profile

Korea exported a substantial portion of its circular welded pipe and related tubular products to the United States until 2002, when its exports to the United States began to diminish.²⁷ In 2006, Japan was Korea's largest customer for circular welded pipe and related tubular products, followed by the United States. Korean producers also export to several Asian countries (table VII-14).

Table VII-14

Circular welded pipe: Korea's exports of circular welded pipe, 2000-06, in short tons

Rank	Country	2000	2001	2002	2003	2004	2005	2006	Export share in 2006 (percent)
	World	517,942	543,336	410,241	253,005	221,389	215,814	209,106	100.0
1	Japan	111,456	95,874	84,073	60,235	49,461	52,128	41,879	20.0
2	United States	259,958	280,236	168,342	45,351	56,151	45,772	36,650	17.5
3	Hong Kong	28,017	29,806	31,798	24,048	24,228	20,341	20,727	9.9
4	China	11,747	16,635	28,252	51,026	26,051	25,962	13,445	6.4
5	Chile	7,132	8,799	2,134	1,518	543	4,275	11,539	5.5
6	Singapore	9,579	14,957	13,583	7,992	9,914	10,279	10,638	5.1
7	Thailand	6,389	10,593	5,616	8,416	8,565	8,079	8,957	4.3
8	Australia	6,070	4,325	6,209	3,316	2,295	1,463	6,711	3.2
9	Canada	8,811	5,146	5,010	2,055	2,644	4,071	6,515	3.1
10	Taiwan	11,944	6,768	10,884	12,700	10,904	6,280	5,950	2.8

Source: Global Trade Atlas (data for HTS 7306.30).

Mexico

Production Profile

Mexico's four identified producers of circular welded pipe have a reported capacity of over 500,000 short tons per year (table VII-11). According to IISI, production of all welded tubular products

²⁶ International Iron and Steel Institute, *Steel Statistical Yearbook 2006*, Table 29.

²⁷ Korea's imports of circular welded pipe into the United States must pay antidumping duties between 0.71 percent and 4.8 percent. *Preston Pipe and Tube Reports*, May, 2007, pp. 4-5.

in Mexico decreased from 625,000 short tons in 2003 to 611,777 short tons in 2004 and then increased to 639,334 short tons in 2005.²⁸

Export Profile

Since at least 2000, the United States has been the largest market for Mexico's circular welded pipe and related tubular products (table VII-15).²⁹ Other markets include Cuba, Guatemala, and, increasingly, Costa Rica.

Table VII-15

Circular welded pipe: Mexico's exports of circular welded pipe, 2000-06, in short tons

Rank	Country	2000	2001	2002	2003	2004	2005	2006
	World	(¹)						
1	United States	48,086	59,022	65,046	78,410	77,846	97,604	97,358
2	Cuba	261	71	1,163	1,670	632	1,695	737
3	Puerto Rico (U.S.)	2	0	0	432	958	1,022	496
4	Costa Rica	276	434	168	99	154	528	354
5	Guatemala	1,512	1,971	467	580	856	1,030	306
6	Germany	21	91	191	30	2	202	287
7	Taiwan	0	0	0	0	0	0	177
8	El Salvador	101	78	66	196	231	324	161
9	France	49	41	93	0	0	228	160
10	Belize	179	79	128	119	33	41	123

¹ Not available.

Source: Global Trade Atlas (data for HTS 7306.30).

Taiwan

Production Profile

As shown in table VII-11, several mills in Taiwan have the capacity to produce circular welded pipe and related tubular products, although reported capacity is substantially understated. Taiwan is the fourth largest producer of circular welded steel pipe and related tubular products in East Asia, behind China, Japan, and Korea. The IISI reported that Taiwan's production of welded tubes has fluctuated around 1.1 million short tons since 1996.

Export Profile

The United States has been the dominant export market for Taiwan's circular welded steel pipe and related tubular products since at least 2000, accounting for almost 83 percent of Taiwan's exports of

²⁸ International Iron and Steel Institute, *Steel Statistical Yearbook 2006*, Table 29.

²⁹ U.S. imports of circular welded pipe from Mexican companies must pay antidumping duties ranging from 2.92 percent to 32.62 percent. *Preston Pipe and Tube Reports*, May, 2007, pp. 4-5.

these products in 2006 (table VII-16).³⁰ In contrast, China, Taiwan's second largest customer, accounted for only over 4 percent of Taiwan's exports of these products.

Table VII-16
Circular welded pipe: Taiwan's exports of circular welded pipe, 2000–06, in short tons

Rank	Partner Country	2000	2001	2002	2003	2004	2005	2006	Export share (percent)
	World	97,007	75,331	75,210	46,902	60,056	36,868	61,050	100.0
1	United States	73,132	51,995	56,589	21,425	40,855	25,072	50,523	82.8
2	China	0	918	1,734	2,264	2,573	2,400	2,673	4.4
3	Vietnam	4,522	5,922	4,968	5,214	4,693	1,581	1,800	2.9
4	Thailand	45	660	885	355	1,452	2,134	1,733	2.8
5	Korea South	0	0	0	0	0	0	1,031	1.7
6	Australia	536	643	1,258	1,673	2,567	1,746	1,016	1.7
7	Japan	1,640	1,146	480	449	537	1,272	656	1.1
8	Singapore	272	400	0	368	457	191	528	0.9
9	Canada	0	0	0	0	0	209	412	0.7
10	United Arab Emirates	5,164	2,275	1,102	860	111	86	214	0.4

Source: Global Trade Atlas, (data for HTS 7306.30).

Thailand

Production Profile

Table VII-11 shows two producers of circular welded pipe and related tubular products in Thailand, namely, Able Industries and Saha Thai Steel Pipe. These two producers reportedly have a total capacity of approximately 220,000 short tons.³¹

Export Profile

Saha Thai claims to focus primarily on the domestic market and on exporting to Canada, Australia, the EU, and Latin American markets.³² However, the United States has long been the leading market for Thailand circular welded pipe exports and, in 2006, accounted for almost 70 percent of Thailand's total exports of circular welded pipe and related tubular products (table VII-17).³³ Thailand also exports circular welded pipe and related tubular products to neighboring Indonesia, Australia, and Singapore and other ASEAN countries.

³⁰ Currently, for imports of standard and structural welded round pipe (from 3/8 of an inch to 16 inches O.D.) into the United States, Taiwan's companies must pay antidumping duties from 1.61 percent to 43.7 percent. *Preston Pipe and Tube Reports*, May, 2007, p. 5.

³¹ IISI has no current estimates of Thai production of welded tubular products.

³² *Saha Thai Steel Pipe Clinched Baht 2.1 Billion Revenues in First 6 Months*, AsiaPRnews.com, October 6, 2005, found at <http://www.asiaprnews.com/real-estate/saha-thai-steel-pipe-clinched-baht-2-1-billion-revenues-in.html>, retrieved July 4, 2007.

³³ Currently, for imports of standard and structural welded round pipe (from 3/8 of an inch to 16 inches O.D.) into the United States, Saha Thai has to pay an antidumping duty of 2.26 percent while other Thai companies have to pay a 16.67 percent duty. *Preston Pipe and Tube Reports*, May, 2007, pp. 4-5.

Table VII-17**Circular welded pipe: Thailand's exports of circular welded pipe, 2000-06, in short tons**

Rank	Country	2000	2001	2002	2003	2004	2005	2006	Export share (percent)
	World	200,954	143,651	124,273	94,900	127,218	110,051	100,741	100.0
1	United States	110,794	73,137	87,402	55,486	91,959	79,282	69,849	69.3
2	Indonesia	0	0	521	1,577	2,747	12,986	8,898	8.8
3	Australia	5,073	6,059	7,298	13,813	13,856	1,647	4,499	4.5
4	Puerto Rico (U.S.)	0	0	0	0	0	6,335	3,287	3.3
5	Singapore	19,446	11,731	9,978	12,741	11,164	4,312	2,800	2.8
6	Vietnam	376	79	0	850	1	68	2,750	2.7
7	India	10	10	11	10	33	1,362	2,006	2.0
8	UAE ¹	154	578	551	50	114	192	1,505	1.5
9	Philippines	1	0	26	22	47	624	1,371	1.4
10	Qatar	0	0	0	0	225	642	984	1.0

¹ United Arab Emirates.

Source: Global Trade Atlas (data for HTS 7306.30).

Turkey

Production Profile

Turkey is a key producer of circular welded steel pipe and related tubular products in the world with an estimated total production capacity of over 2.250 million short tons. The IISI reports that, in the greater European region, Turkey's production of welded tubes (at 2.1 million short tons) was only behind those of Italy and Germany and accounted for over 15 percent of regional production of welded tubes in 1999.³⁴

Export Profile

Since 2000, Turkey exports to the United States has steadily increased, rising from 18,739 short tons in 2000 to 153,220 short tons in 2005, accounting for over one third of total Turkey's exports (table VII-18).³⁵ In 2002, the United States overtook the United Kingdom as the leading individual country importer of Turkey's circular welded products. As a group, however, the EU27 remains the largest customer of Turkey's exports.³⁶

³⁴ 1999 is the last year that Turkey provided the IISI with data on its production of welded tubes. Total Europe (1999) includes the 25 EU countries and other European countries comprising of Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro, and Turkey. *Steel Statistical Yearbook 2006*, Table 29.

³⁵ Currently, for imports of standard and structural welded round pipe (from 3/8 of an inch to 16 inches O.D.) into the United States, Turkey's companies must pay antidumping duties up to 25.01 percent and countervailing duties up to 2.9 percent. *Preston Pipe and Tube Reports*, May, 2007, pp. 4-5.

³⁶ The EU27 includes Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Romania, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

Table VII-18

Circular welded pipe: Turkey's exports of circular welded pipe, 2000–06, in short tons

Rank	Partner Country	2000	2001	2002	2003	2004	2005	2006	Export share in 2005 ¹ (percent)
	World	278,175	361,224	428,390	390,593	403,326	452,152	(¹)	100.0
1	United States	18,355	27,262	81,130	81,566	114,008	153,203	(¹)	33.9
2	United Kingdom	42,782	40,386	58,917	58,143	60,581	57,822	(¹)	12.8
3	Italy	18,347	29,812	36,592	37,605	39,940	30,574	(¹)	6.8
4	Greece	14,093	14,922	12,691	19,427	19,883	21,353	(¹)	4.7
5	Romania	1,852	3,059	7,044	13,626	10,725	17,549	(¹)	3.9
6	Germany	36,409	39,270	35,472	30,293	22,935	16,204	(¹)	3.6
7	Belgium	0	0	18,221	5,997	15,560	14,508	(¹)	3.2
8	Iraq	0	0	0	4,252	7,075	11,948	(¹)	2.6
9	Turk. Rep. of N. Cyprus	3,376	1,693	3,268	3,381	4,316	5,517	(¹)	1.2
10	Kayseri Free Zone	0	805	5,959	4,720	3,457	5,261	(¹)	1.2

¹ According to Global Trade Atlas, Turkey's data were not fully reported in 2006.

Source: Global Trade Atlas, (data for HTS 7306.30).

APPENDIX A

***FEDERAL REGISTER* NOTICES**

**INTERNATIONAL TRADE
COMMISSION**

[Investigation Nos. 701-TA-447 and 731-TA-1116 (Preliminary)]

**Circular Welded Carbon-Quality Steel
Pipe From China**

AGENCY: United States International Trade Commission.

ACTION: Institution of countervailing duty and antidumping duty investigations and scheduling of preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations, commencement of preliminary phase countervailing duty investigation No. 701-TA-447 (Preliminary), and commencement of preliminary phase antidumping duty investigation No. 731-TA-1116 (Preliminary) under sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a) and 19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of circular welded carbon-quality steel pipe, provided for in subheadings 7306.30.10 and 7306.30.50, as well as 7306.50.10 and 7306.50.50, of the Harmonized Tariff Schedule of the United States, that are alleged to be subsidized by the Government of China and sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to sections 702(c)(1)(B) and 732(c)(1)(B) of the Act (19 U.S.C. 1671a(c)(1)(B) and 1673a(c)(1)(B)), the Commission must reach preliminary determinations in countervailing duty and antidumping duty investigations in 45 days, or in this case by July 23, 2007. The Commission's views are due at Commerce within five

business days thereafter, or by July 30, 2007.

For further information concerning the conduct of these investigations 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 and B (19 CFR part 207).

DATES: *Effective Date:* June 7, 2007.

FOR FURTHER INFORMATION CONTACT: Cynthia Trainor (202-205-3354), 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 investigations may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on June 7, 2007, by Allied Tube & Conduit, Harvey, IL; IPSCO Tubulars, Inc., Camanche, IA; Northwest Pipe Co., Portland OR; Sharon Tube Co., Sharon, PA; Western Tube & Conduit Corp., Long Beach, CA; Wheatland Tube Co., Collingswood, NJ; and the United Steelworkers, Pittsburgh, PA.

Participation in the investigations and public service list.—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission countervailing duty and antidumping duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

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 investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on June 28, 2007, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Cynthia Trainor (202-205-3354) not later than June 25, 2007, to arrange for their appearance. Parties in support of the imposition of countervailing duties and antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before July 3, 2007, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must 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).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigation (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 investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: June 11, 2007.

William R. Bishop,

Hearings and Meetings Coordinator.

[FR Doc. E7-11472 Filed 6-13-07; 8:45 am]

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and Petitioners filed their responses on June 15, 2007, June 22, 2007, and June 25, 2007, respectively. In addition, Petitioners filed an amendment to the petition on June 15, 2007.

Scope of Investigation

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

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

- (i) 1.80 percent of manganese;
- (ii) 2.25 percent of silicon;
- (iii) 1.00 percent of copper;
- (iv) 0.50 percent of aluminum;
- (v) 1.25 percent of chromium;
- (vi) 0.30 percent of cobalt;
- (vii) 0.40 percent of lead;
- (viii) 1.25 percent of nickel;
- (ix) 0.30 percent of tungsten;
- (x) 0.15 percent of molybdenum;
- (xi) 0.10 percent of niobium;
- (xii) 0.41 percent of titanium
- (xiii) 0.15 percent of vanadium; or
- (xiv) 0.15 percent of zirconium.

All pipe meeting the physical description set forth above that is used in, or intended for use in, standard and structural pipe applications is covered by the scope of this investigation. Standard pipe applications include the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and as an intermediate product for protection of electrical wiring, such as conduit shells. Structural pipe is used in construction applications.

Standard pipe is made primarily to American Society for Testing and Materials (ASTM) specifications, but can be made to other specifications.

Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to an ASTM specification and to any other specification, such as the American Petroleum Institute (API) API-5L or 5L X-42 specifications, is covered by the scope of this investigation when used in, or intended for use in, one of the standard applications listed above, regardless of the Harmonized Tariff Schedule of the United States (HTSUS) category under which it is entered. Pipe used for the production of scaffolding (but not finished scaffolding) and conduit shells (but not finished electrical conduit) are included within the scope of this investigation.

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

The pipe products that are the subject of this investigation are currently classifiable in HTSUS statistical reporting numbers 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. However, the product description, and not the HTSUS classification, is dispositive of whether merchandise imported into the United States falls within the scope of the investigation.

Comments on Scope of Investigation

During our review of the petition, we discussed the scope with Petitioners to ensure that it accurately reflects the product for which the domestic industry is seeking relief. During this review, we noted that, while the Department typically prefers to rely upon physical characteristics to determine the scope of product coverage, the scope description proposed by Petitioners relied upon, in part, end-use applications as a method for determining scope coverage. On June 20, 2007, we met with Petitioners to discuss the scope and its reliance upon end-use applications as a method for determining scope coverage. See Memorandum to The File, through Abdelali Elouaradia, Office Director,

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-910]

Initiation of Antidumping Duty Investigation: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: July 5, 2007.

FOR FURTHER INFORMATION CONTACT: Maisha Cryor or Mark Manning, AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5831 or (202) 482-5253, respectively.

INITIATION OF INVESTIGATION

The Petition

On June 7, 2007, the Department of Commerce (Department) received a petition on imports of circular welded carbon quality steel pipe (CWP) from the People's Republic of China (PRC) filed in proper form by Allied Tube & Conduit, Sharon Tube Company, IPSCO Tubulars, Inc., Western Tube & Conduit Corporation, Northwest Pipe Company, Wheatland Tube Co., *i.e.*, the Ad Hoc Coalition For Fair Pipe Imports From China, and the United Steelworkers (collectively Petitioners). The period of investigation (POI) is October 1, 2006 - March 31, 2007.

In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), Petitioners alleged that imports of CWP from the PRC are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring and threaten to injure an industry in the United States. The Department issued supplemental questions to Petitioners on June 11, 2007, and June 19, 2007,

Office 4, from Maisha Cryor, Import Compliance Specialist, titled "Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Scope of the Petition," dated June 22, 2007. As discussed in the preamble to the Department's regulations, we are setting aside a period for interested parties to raise issues regarding product coverage. See *Antidumping Duties; Countervailing Duties; Final rule*, 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments, including comments regarding the scope's definition of covered merchandise based upon end-use application, and whether additional HTSUS numbers should be included in the scope description, 14 calendar days after publication of this initiation notice. Rebuttal comments are due 7 calendar days thereafter. Comments should be addressed to Import Administration's Central Records Unit in Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230 - Attention: Maisha Cryor, Room 3057. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with interested parties prior to the issuance of the preliminary determination.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed by an interested party described in subparagraph (C), (D), (E), (F) or (G) of section 771(9) of the Act, or on behalf of the domestic industry. In order to determine whether a petition has been filed by or on behalf of the industry, the Department, pursuant to section 732(c)(4)(A) of the Act, determines whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by

subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644 (1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of 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 title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that CWP constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, see *Antidumping Investigation Initiation Checklist: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China*, (Initiation Checklist) at Attachment I, (Analysis of Industry Support), on file in the Central Records Unit, Room B-099 of the main Department of Commerce building.

In determining whether Petitioners have standing (*i.e.*, those domestic

workers and producers supporting the petition account for (1) at least 25 percent of the total production of the domestic like product and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition), we considered the industry support data contained in the petition with reference to the domestic like product as defined in Attachment IV, (Scope of the Petition), to the Initiation Checklist. To establish industry support, Petitioners provided their shipments for the domestic like product for the year 2006, as well as shipments from supporters of the petition, and compared them to shipments for the domestic like product for the industry. In their second petition supplemental submission, Petitioners demonstrated the correlation between shipments and production. See "Circular Welded Carbon Quality Steel Pipe from the People's Republic of China/ Petitioner's Response To The Department's June 19, 2007 Request For Clarification Of Certain Items Contained In The Petition," dated June 22, 2007, (Second Petition Supplemental) at 7. Based on the fact that total industry production data for the domestic like product for 2006 is not reasonably available, and that Petitioners have established that shipments are a reasonable proxy for production data, we have relied upon shipment data for purposes of measuring industry support. For further discussion see Initiation Checklist at Attachment I (Analysis of Industry Support).

Our review of the data provided in the petition, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). See Sec. 732(c)(4)(D) of the Act. Second, the domestic producers have met the statutory criteria for industry support under 732(c)(4)(A)(i) because the domestic producers (or workers) who support the petition account for at least 25 percent of the total production of the domestic like product. Finally, the domestic producers have met the statutory criteria for industry support under 732(c)(4)(A)(ii) because the domestic producers (or workers) who support the petition account for more

than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. See *Initiation Checklist* at Attachment I (Analysis of Industry Support).

The Department finds that Petitioners filed the petition on behalf of the domestic industry because they are an interested party as defined in sections 771(9)(C) and (D) of the Act and they have demonstrated sufficient industry support with respect to the antidumping investigation that they are requesting the Department initiate. See *Initiation Checklist* at Attachment I (Analysis of Industry Support).

Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate this investigation on imports of CWP from the PRC. The source of data for the deductions and adjustments relating to the U.S. price as well as normal value (NV) for the PRC are also discussed in the *Initiation Checklist*. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we will reexamine the information and revise the margin calculations, if appropriate.

Export Price

Petitioners relied on five U.S. prices for CWP manufactured in the PRC and offered by U.S. distributors for sale in the United States. The prices quoted were for specific grades and quality of CWP falling within the scope of this petition, for delivery to the U.S. customer within the POI. Petitioners deducted from the prices the costs associated with exporting and delivering the product, including ocean freight and insurance charges, and foreign brokerage and handling. Petitioners did not deduct foreign inland freight charges from the export price (EP) because they were unable to establish the distances between the Chinese mills and the ports nearest to those mills. See Volume I of the petition at 35. Petitioners did deduct an amount for a U.S. distributor/importer mark-up. See Volume I of the petition at 34; see also *Initiation Checklist*.

Normal Value

Petitioners stated that the PRC is a non-market economy (NME) and no determination to the contrary has yet been made by the Department. In previous investigations, the Department has determined that the PRC is a NME. See *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007); *Final Determination of Sales at Less Than Fair Value: Magnesium Metal From the People's Republic of China*, 70 FR 9037 (February 24, 2005); and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Tissue Paper Products from the People's Republic of China*, 70 FR 7475 (February 14, 2005). In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and remains in effect for the purpose of initiating this investigation. Accordingly, the NV of the product is appropriately based on factors of production valued in a surrogate market economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

Petitioners selected India as the surrogate country. See Volume I of the petition at 28. Petitioners argued that India is an appropriate surrogate country because it is a market-economy country that is at a comparable level of economic development to the PRC and is a significant producer and exporter of CWP. *Id.* Based on the information provided by Petitioners, we believe that its use of India as a surrogate country is appropriate for purposes of initiating this investigation. After the initiation of the investigation, we will solicit comments regarding surrogate country selection. Also, pursuant to 19 CFR 351.301(c)(3)(i), interested parties will be provided an opportunity to submit publicly available information to value factors of production within 40 calendar days after the date of publication of the preliminary determination.

Petitioners provided dumping margin calculations using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioners calculated NV based on consumption rates for inputs used to produce CWP experienced by

U.S. producers. In accordance with section 773(c)(4) of the Act, Petitioners valued factors of production, where possible, on reasonably available, public surrogate country data. To value certain factors of production, Petitioners used official Indian government import statistics, excluding shipments from countries previously determined by the Department to be NME countries and excluding shipments into India from Indonesia, the Republic of Korea, and Thailand because the Department has previously excluded prices from these countries because they maintain broadly-available, non-industry specific export subsidies. See, e.g., *Hand Trucks and Certain Parts Thereof From the People's Republic of China: Final Results of Administrative Review and Final Results of New Shipper Review*, 72 FR 27287 and Issues and Decision Memorandum at Comment 23 (May 15, 2007).

For inputs valued in Indian rupees and not contemporaneous with the POI, Petitioners used information from the wholesale price indices (WPI) in India as published in the *International Financial Statistics* of the International Monetary Fund (IMF) for input prices during the period preceding the POI. See Second Petition Supplemental at 1 and Exhibit 1. In addition, Petitioners made currency conversions, where necessary, based on the POI-average rupee/U.S. dollar exchange rate for the POI, as reported on the Department's website. *Id.*

The Department calculates and publishes the surrogate values for labor to be used in NME cases on its website. Therefore, to value labor, Petitioners used a labor rate of \$0.83 per hour, published on the Department website, in accordance with the Department's regulations. See 19 CFR 351.408(c)(3) and *Initiation Checklist*.

Petitioners valued electricity in the production of CWP based on the Indian electricity rate as reported in the *Key World Energy Statistics 2003*, published by the International Energy Agency for the year 2000. See "Circular Welded Carbon Quality Steel Pipe from the People's Republic of China/ Petitioner's Response To The Department's June 11, 2007 Request For Clarification Of Certain Items Contained In The Petition," dated June 15, 2007 (Petition Supplemental) at 23 and Exhibit M. Petitioners originally inflated electricity to a POI value using the WPI published by the Reserve Bank of India. See Volume I of the petition at 31. However, Petitioners revised the inflator to the WPI published by the IMF at the direction of the Department. See Petition Supplemental at 23 and Exhibit

M; *see also* Initiation Checklist for further details. Petitioners valued natural gas in the production of CWP based on Indian natural gas prices charged to industrial users during a period overlapping the POI, as reported by CRISIL Research India. *See* Volume I of the petition at 32 and Volume II of the petition at Exhibit. However, the Department determined that the Gas Authority of India, Ltd. (GAIL) was more appropriate as the source for the valuation of natural gas. *See* Initiation Checklist for further details. Therefore, the Department requested that Petitioners recalculate the surrogate value for natural gas based upon values published by GAIL. *See* "Letter to Gilbert Kaplan, Counsel for Petitioners, from Mark Manning, Program Manager, Office 4, Regarding 'Petition for the Imposition of Antidumping Duties: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China,'" dated June 19, 2007. As a result, Petitioners valued natural gas in the production of CWP based on Indian natural gas rates, published by GAIL for February 2005. *See* Second Petition Supplemental at Exhibit 4. Petitioners inflated natural gas to a POI value using the WPI published by the IMF. *Id.*

For the NV calculations, Petitioners derived the figures for factory overhead, selling, general and administrative expenses, and profit from the financial ratios of two Indian producers of CWP: Zenith Birla (India) Limited and Surya Roshni Limited.

Fair Value Comparisons

Based on the data provided by Petitioners, there is reason to believe that imports of CWP from the PRC are being, or are likely to be, sold in the United States at less than fair value. Based upon comparisons of EP to the NV, calculated in accordance with section 773(c) of the Act, the estimated calculated dumping margins for CWP from the PRC range from 51.34 percent to 85.55 percent.

Allegations and Evidence of Material Injury and Causation

Petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than NV. Petitioners contend that the industry's injured condition is illustrated by reduced market share, lost sales, reduced production, capacity and capacity utilization rate, reduced shipments and increased inventories, underselling and price depression or suppression, lost revenue, reduced

employment, decline in financial performance and increase in import penetration. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* Initiation Checklist at Attachment II (Injury).

Separate-Rates Application

The Department modified the process by which exporters and foreign producers may obtain separate-rate status in NME investigations. *See* Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries (April 5, 2005) (Separate-Rates and Combination Rates Bulletin), available on the Department's website at <http://ia.ita.doc.gov/policy/bull05-1.pdf>. The process requires the submission of a separate-rate status application. Based on our experience in processing the separate-rates applications, we have modified the application for this investigation to make it more administrable and easier for applicants to complete. *See Initiation of Antidumping Duty Investigations: Certain Lined Paper Products From India, Indonesia, and the People's Republic of China*, 70 FR 58374, 58379 (October 6, 2005); *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People's Republic of China*, 70 FR 21996, 21999 (April 28, 2005); and *Initiation of Antidumping Duty Investigations: Diamond Sawblades and Parts Thereof from the People's Republic of China and the Republic of Korea*, 70 FR 35625, 35629 (June 21, 2005). The specific requirements for submitting the separate-rates application in this investigation are outlined in detail in the application itself, which will be available on the Department's website at <http://ia.ita.doc.gov/ia-highlights-and-news.html> on the date of publication of this initiation notice in the **Federal Register**. Submission of the separate-rates application is due no later August 26, 2007.

NME Respondent Selection and Quantity and Value Questionnaire

For NME investigations, it is the Department's practice to request quantity and value information from all known exporters identified in the petition. Although many NME exporters respond to the quantity and value information request, at times some exporters may not have received the

quantity and value questionnaire or may not have received it in time to respond by the specified deadline. Therefore, the Department typically requests the assistance of the NME government in transmitting the Department's quantity and value questionnaire to all companies who manufacture and export subject merchandise to the United States, as well as to manufacturers who produce the subject merchandise for companies who were engaged in exporting subject merchandise to the United States during the POI. The quantity and value data received from NME exporters is used as the basis to select the mandatory respondents.

The Department requires that the respondents submit a response to both the quantity and value questionnaire and the separate-rates application by the respective deadlines in order to receive consideration for separate-rate status. Appendix I of this notice contains the quantity and value questionnaire that must be submitted by all NME exporters no later than July 18, 2007. In addition, the Department will post the quantity and value questionnaire along with the filing instructions on the Department's website at <http://ia.ita.doc.gov/ia-highlights-and-news.html>. The Department will send the quantity and value questionnaire to those exporters identified in Volume II of the petition at Exhibit 5, and to the NME government.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The Separate-Rates and Combination Rates Bulletin states the following:

{w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific

combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.

See Separate-Rates and Combination Rates Bulletin, at 6.

Initiation of Antidumping Investigation

Based upon our examination of the petition on CWP from the PRC, we find that the petition meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of CWP from the PRC are being, or are likely to be, sold in the United States at less than fair value. Unless postponed, we will make our preliminary determination no later than 140 calendar days after the date of publication of this initiation notice.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the government of the PRC.

International Trade Commission Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 25 days after the date on which it receives notice of this initiation, whether there is a reasonable indication that imports of CWP from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. See section 733(a)(2)(A)(i) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: June 27, 2007.

Joseph A. Spetrini,

Deputy Assistant Secretary for Import Administration.

Appendix I

Where it is not practicable to examine all known producers/exporters of subject merchandise, section 777A(c)(2) of the Tariff Act of 1930 (as amended) permits us to investigate (1) a sample of exporters, producers, or types of products that is statistically valid based on the information available at the time of selection, or (2) exporters and producers accounting for the largest volume and value of the subject merchandise that can reasonably be examined.

In the chart below, please provide the total quantity and total value of all your sales of merchandise covered by the scope of this investigation (see scope section of this notice), produced in the PRC, and exported/shipped to the United States during the period October 1, 2006, through March 31, 2007.

Market	Total Quantity	Terms of Sale	Total Value
United States
1. Export Price Sales
2.
a. Exporter name
b. Address
c. Contact
d. Phone No.
e. Fax No.
3. Constructed Export Price Sales
4. Further Manufactured Sales
TOTAL SALES

Total Quantity:

- Please report quantity on a metric ton basis. If any conversions were used, please provide the conversion formula and source.

Terms of Sales:

- Please report all sales on the same terms, such as “free on board” at port of export.

Total Value:

- All sales values should be reported in U.S. dollars. Please provide any exchange rates used and their respective dates and sources.

Export Price Sales:

- Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated customer occurs before importation into the United States.
- Please include any sales exported by your company directly to the United States.

- Please include any sales exported by your company to a third-country market economy reseller where you had knowledge that the merchandise was destined to be resold to the United States.
- If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to the United States.
- Please *do not* include any sales of merchandise manufactured in Hong Kong in your figures.

Constructed Export Price Sales:

- Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated customer occurs after importation. However, if the first sale to the unaffiliated customer is made by a person in the United States affiliated with the foreign exporter, constructed export price applies

even if the sale occurs prior to importation.

- Please include any sales exported by your company directly to the United States.
- Please include any sales exported by your company to a third-country market economy reseller where you had knowledge that the merchandise was destined to be resold to the United States.
- If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to the United States.
- Please *do not* include any sales of merchandise manufactured in Hong Kong in your figures.

Further Manufactured Sales:

- Further manufacture or assembly (including re-packing) sales (“further manufactured sales”) refers to merchandise that

undergoes further manufacture or assembly in the United States before being sold to the first unaffiliated customer.

- Further manufacture or assembly costs include amounts incurred for direct materials, labor and overhead, plus amounts for general and administrative expense, interest expense, and additional packing expense incurred in the country of further manufacture, as well as all costs involved in moving the product from the U.S. port of entry to the further manufacturer.

[FR Doc. E7-13017 Filed 7-3-07; 8:45 am]

BILLING CODE 3510-DS-S

Initiation Of Investigations:**The Petition**

On June 7, 2007, the Department of Commerce (“the Department”) received a petition filed in proper form by the Ad Hoc Coalition for Fair Pipe Imports from China and its individual members (Allied Tube & Conduit; IPSCO Tubulars, Inc.; Northwest Pipe Company; Sharon Tube Company; Western Tube & Conduit Corporation; Wheatland Tube Company; and the United Steelworkers) (collectively, “petitioners”). The Department received timely information from petitioners supplementing the petition on June 15, June 20 and June 25, 2007.

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (“the Act”), petitioners allege that manufacturers, producers, or exporters of circular welded carbon quality steel pipe (“CWP”) in the People’s Republic of China (the “PRC”), receive countervailable subsidies within the meaning of section 701 of the Act and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds that petitioners filed the petition on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and (D) of the Act and petitioners have demonstrated sufficient industry support with respect to the countervailing duty investigation (*see* “Determination of Industry Support for the Petition” section below).

Scope of Investigation

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

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

- (i) 1.80 percent of manganese;
- (ii) 2.25 percent of silicon;

DEPARTMENT OF COMMERCE**International Trade Administration**

[C–570–911]

Notice of Initiation of Countervailing Duty Investigation: Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: July 5, 2007.

FOR FURTHER INFORMATION CONTACT: Damian Felton, Yasmin Nair or Nancy Decker, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–0133, (202) 482–3813 and (202) 482–0196, respectively.

SUPPLEMENTARY INFORMATION:

- (iii) 1.00 percent of copper;
- (iv) 0.50 percent of aluminum;
- (v) 1.25 percent of chromium;
- (vi) 0.30 percent of cobalt;
- (vii) 0.40 percent of lead;
- (viii) 1.25 percent of nickel;
- (ix) 0.30 percent of tungsten;
- (x) 0.15 percent of molybdenum;
- (xi) 0.10 percent of niobium;
- (xii) 0.41 percent of titanium
- (xiii) 0.15 percent of vanadium; or
- (xiv) 0.15 percent of zirconium.

All pipe meeting the physical description set forth above that is used in, or intended for use in, standard and structural pipe applications is covered by the scope of this investigation. Standard pipe applications include the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and as an intermediate product for protection of electrical wiring, such as conduit shells. Structural pipe is used in construction applications.

Standard pipe is made primarily to American Society for Testing and Materials (ASTM) specifications, but can be made to other specifications. Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to an ASTM specification and to any other specification, such as the American Petroleum Institute (API) API-5L or 5L X-42 specifications, is covered by the scope of this investigation when used in, or intended for use in, one of the standard applications listed above, regardless of the Harmonized Tariff Schedule of the United States (HTSUS) category under which it is entered. Pipe used for the production of scaffolding (but not finished scaffolding) and conduit shells (but not finished electrical conduit) are included within the scope of this investigation.

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

specifications; and (f) line pipe produced to API specifications for oil and gas applications.

The pipe products that are the subject of these investigations are currently classifiable in HTSUS statistical reporting numbers 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. However, the product description, and not the HTSUS classification, is dispositive of whether merchandise imported into the United States falls within the scope of the investigation.

Comments on Scope of Investigation

During our review of the petition, we discussed the scope with Petitioners to ensure that it accurately reflects the product for which the domestic industry is seeking relief. During this review, we noted that, while the Department typically prefers to rely upon physical characteristics to determine the scope of product coverage, the scope description proposed by Petitioners relied upon, in part, end-use applications as a method for determining scope coverage. On June 20, 2007, we met with Petitioners to discuss the scope and its reliance upon end-use applications as a method for determining scope coverage. See Memorandum to The File, through Abdelali Elouaradia, Office Director, Office 4, from Maisha Cryor, Import Compliance Specialist, titled "Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Scope of the Petition," dated June 22, 2007. As discussed in the preamble to the Department's regulations, we are setting aside a period for interested parties to raise issues regarding product coverage. See *Antidumping Duties; Countervailing Duties; Final rule*, 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments, including comments regarding the scope's definition of covered merchandise based upon end-use application, and whether additional HTSUS numbers should be included in the scope description, 14 calendar days after publication of this initiation notice. Rebuttal comments are due 7 calendar days thereafter. Comments should be addressed to Import Administration's Central Records Unit in Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230 - Attention: Maisha Cryor, Room 3057. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with interested parties prior

to the issuance of the preliminary determination.

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, the Department invited representatives of the Government of the PRC for consultations with respect to the countervailing duty petition. The Department held these consultations in Beijing, China with representatives of the Government of the PRC on June 24, 2007. See the Memoranda to The File, entitled, "Consultations with Officials from the Government of the People's Republic of China" (June 24, 2007) (public documents on file in the CRU of the Department of Commerce, Room B-099).

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for (1) at least 25 percent of the total production of the domestic like product and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission ("ITC") is responsible for determining whether "the domestic industry" has been injured and must also determine what constitutes a domestic like product in order to define the industry. While the Department and the ITC must apply the same statutory definition regarding the domestic like product, they do so for different purposes and pursuant to separate and distinct authority. See Section 771(10) of the Act. In addition, the Department's determination is

subject to limitations of time and information. Although this may result in different definitions of the domestic like product, such differences do not render the decision of either agency contrary to law.¹

Section 771(10) of 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.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation,” *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

With regard to domestic like product, petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information presented by petitioners, we have determined that there is a single domestic like product, CWP, which is defined in the “Scope of Investigation” section above, and we have analyzed industry support in terms of the domestic like product.

Our review of the data provided in the petition, the supplemental submission and other information readily available to the Department indicates that petitioners have established industry support. First, the petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). *See* Sec. 702(c)(4)(D) of the Act. Second, the domestic producers have met the statutory criteria for industry support under 702(c)(4)(A)(i) because the domestic producers (or workers) who support the petition account for at least 25 percent of the total production of the domestic like product. Finally, the domestic producers have met the statutory criteria for industry support under 702(c)(4)(A)(ii) because the domestic producers (or workers) who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. *See Initiation Checklist* at

Attachment I (Analysis of Industry Support). *See* “Office of AD/CVD Operations Initiation Checklist for the Countervailing Duty Petition on Circular Welded Carbon Quality Steel Pipe from China,” at Attachment II (“*CVD Initiation Checklist*”).

Injury Test

Because the PRC is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

Petitioners allege that imports of CWP from the PRC are benefitting from countervailable subsidies and that such imports are causing or threatening to cause, material injury to the domestic industry producing CWP. In addition, petitioners allege that subsidized imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the prices on imports from the PRC do not reflect recent increases in raw material costs, and that large margins of underselling exist, which are causing domestic producers to suffer. Petitioners assert that the industry’s injury is evidenced by a decline in production, U.S. shipments, capacity utilization, market share, employment and profitability. The allegations of injury and causation are supported by relevant evidence including U.S. Customs and Border Protection import data, lost sales, employment and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation and have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See CVD Initiation Checklist*.

Initiation of Countervailing Duty Investigations

Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition on behalf of an industry that (1) alleges the elements necessary for an imposition of a duty under section 701(a) of the Act and (2) is accompanied by information reasonably available to the petitioners supporting the allegations. The Department has examined the countervailing duty petition on CWP

from the PRC and found that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters of CWP in the PRC receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, *see CVD Initiation Checklist*.

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in the PRC:

Preferential Lending

1. Government Policy Lending Program
2. Loans and interest subsidies provided pursuant to the Northeast Revitalization Program

Income Tax Programs

3. “Two Free, Three Half” income tax program
4. Income tax exemption for export-oriented foreign investment enterprises (“FIEs”)
5. Corporate income tax refund program for reinvestment of FIE profits in export-oriented enterprises
6. Local income tax exemption and reduction program for “productive” FIEs
7. Reduced income tax rates for FIEs based on location
8. Reduced income tax rate for knowledge or technology intensive FIEs
9. Reduced income tax rate for high or new technology FIEs
10. Preferential tax policies for research and development at FIEs
11. Income tax credits on purchases of domestically produced equipment by domestically-owned companies
12. Income tax credits on purchases of domestically produced equipment by FIEs

Provincial Subsidy Programs

13. Program to rebate antidumping legal fees in Shenzhen and Zhejiang provinces
14. Funds for “outward expansion” of industries in Guangdong province
15. Export interest subsidy funds for enterprises located in Shenzhen and Zhejiang province
16. Loans pursuant to the Liaoning Province’s five-year framework

¹ *See USEC, Inc. v. United States*, 25 CIT 49, 55-56, 132 F. Supp. 2d 1, 7-8 (Jan. 24, 2001) (*citing Algoma Steel Corp. v. United States*, 12 CIT 518, 523, 688 F. Supp. 639, 642-44 (June 8, 1988)).

Indirect Tax Programs and Import Tariff Program

17. Export payments characterized as VAT rebates
18. VAT and tariff exemptions on imported equipment
19. VAT rebates on domestically produced equipment
20. Exemption from payment of staff and worker benefits for export-oriented enterprises

Grant Programs

21. State Key Technology Renovation Program Fund
22. Grants to loss-making state owned enterprises

Provision Of Goods Or Services For Less Than Adequate Remuneration

23. Hot-rolled steel
24. Electricity and natural gas
25. Water
26. Land

Government Restraints on Exports

27. Zinc
28. Hot-rolled steel

For further information explaining why the Department is investigating these programs, see *CVD Initiation Checklist*.

We are postponing our investigation of the following program until such time as we select our respondents because the allegation is company-specific:

1. Loans to uncreditworthy companies
- For further information explaining why the Department is postponing investigation of this program, see *CVD Initiation Checklist*.

We are not including in our investigation the following programs alleged to benefit producers and exporters of the subject merchandise in the PRC:

1. *Currency manipulation*

Petitioners allege that the GOC's policy of maintaining an undervalued RMB is an export subsidy that provides either a direct transfer of funds or the provision of a good or service at less than adequate remuneration. Petitioners have not sufficiently alleged the elements necessary for the imposition of a countervailing duty and did not support the allegation with reasonably available information. Therefore, we do not plan to investigate the currency manipulation program.

2. *Tax reduction for enterprises making little profit*

Petitioners allege that "enterprises making little profit" are a *de jure* specific group. Petitioners have not established with reasonably available evidence that "enterprises making little profit" are a *de jure* specific group pursuant to section 771(5A)(D)(i) of the Act. Therefore, we do not plan to

investigate tax reduction for enterprises making little profit.

3. *Tax incentives for companies engaging in research and development*

Petitioners allege that "domestic" companies (*i.e.*, companies that are not FIEs) are a *de jure* specific group. Petitioners have not established with reasonably available evidence that this program is *de jure* specific pursuant to section 771(5A)(D)(i) of the Act. Therefore, we do not plan to investigate tax incentives for "domestic" companies engaging in research and development.

4. *Exemption of CWP from export taxes*

Petitioners allege that CWP producers have been exempted from the export taxes that were imposed on 142 steel products effective June 1, 2007. Petitioners have not sufficiently alleged, on the basis of reasonably available information, that CWP producers have been relieved from paying export taxes that would otherwise have been due. Consequently, we do not plan to investigate the exemption of CWP producers from export taxes.

5. *Funds for technology and research*

Petitioners allege that because the GOC did not provide the criteria for awarding funds under this program when they notified it to the World Trade Organization, funds are awarded on a discretionary basis and, hence, specific. Petitioners have not adequately explained how this program is specific pursuant to section 771(5A)(D)(i) of the Act. Therefore, we do not plan to investigate funds for technology and research.

6. *Provision of goods or services for less than adequate remuneration - other companies*

Petitioners allege that the GOC's policy of combining steel companies results in the provision of productive assets to the combined companies at less than adequate remuneration. Petitioners have not sufficiently alleged the elements necessary for the imposition of a countervailing duty and did not support the allegation with reasonably available information. Consequently, we do not plan to investigate this program.

7. *Loan guarantees from government-owned banks*

As part of their Government Policy Lending allegation, petitioners include loan guarantees. To support this allegation, they point to a provincial guarantee program. However, the supporting evidence indicates that this program is for small and medium size enterprises, a non-specific group under our regulations. See 19 C.F.R.

351.502(e). Accordingly, we do not plan to investigate loan guarantees from government-owned banks.

8. *Loan to Huludao Economic Development Zone*

Petitioners identify a loan to the Huludao Economic Development Zone and suggest that some portion of the loan would likely have gone to a CWP producer in the zone. However, the supporting information indicates that the money was used to support infrastructure development within the zone. Therefore, we do not plan to investigate the loan to Huludao Economic Development Zone program.

For further information explaining why the Department is not initiating an investigation of these programs, see *CVD Initiation Checklist*.

Application of the Countervailing Duty Law to the PRC

Petitioners contend that there is no statutory bar to applying countervailing duties to imports from the PRC or any other non-market economy country. Citing *Georgetown Steel*, petitioners assert that the court deferred to the Department's conclusion that it did not have the authority to conduct a CVD investigation, but did not affirm the notion that the statute prohibits the Department from applying countervailing duties to NME countries. See Petition, Volume I, at 38 (citing *Georgetown Steel Corp. v. United States*, 801 F.2d 1308 (Fed. Cir. 1986) ("*Georgetown Steel*"). Petitioners further argue that *Georgetown Steel* is not applicable as the countervailing duty law (section 303 of the Tariff Act of 1930) involved in the court's decision has since been repealed and the statute has been amended to provide an explicit definition of a subsidy. See Petition, Volume I, at 39 (citing 777(5) of the Act). In addition, petitioners argue that the Chinese economy is entirely different from the economies investigated in *Georgetown Steel* and noted that the Department recently recognized in the *CFS Investigation* that the economic conditions of *Georgetown Steel* are not applicable to present-day China. See Petition, Volume I, at 41 (citing *Coated Free Sheet Paper from the People's Republic of China; Amended Preliminary Affirmative Countervailing Duty Determination*, 72 FR 17484, 17486 (April 9, 2007) ("*CFS Investigation*"); and Memorandum for David M. Spooner, Assistant Secretary for Import Administration, entitled "Countervailing Duty Investigation of Coated Free Sheet Paper from The People's Republic of China Whether the Analytic Elements of the *Georgetown Steel* Opinion are Applicable to China's

Present-day Economy,” (March 29, 2007) (“*Georgetown Steel Memorandum*”). Petitioners argue that the conditions of the CWP sector of the PRC economy are substantially the same as the Department found them to be in the *CFS Investigation*. Consequently, the countervailing duty law should be applied to the PRC in this investigation.

The Department has treated the PRC as an NME country in all past antidumping duty investigations and administrative reviews. In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority. See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, (“TRBs”) From the People’s Republic of China: Preliminary Results of 2001–2002 Administrative Review and Partial Rescission of Review*, 68 FR 7500, 7500–1 (February 14, 2003), unchanged in *TRBs from the People’s Republic of China: Final Results of 2001–2002 Administrative Review*, 68 FR 70488, 70488–89 (December 18, 2003). In the *CFS Investigation*, the Department preliminarily determined that the current nature of China’s economy does not create obstacles to applying the necessary criteria in the CVD law. As such, the Department determined that the policy that gave rise to the *Georgetown Steel* litigation does not prevent us from concluding that the PRC government has bestowed a countervailable subsidy upon a Chinese producer. See *Georgetown Steel Memorandum*. Therefore, because petitioners have provided sufficient allegations and support of their allegations to meet the statutory criteria for initiating a countervailing duty investigation of CWP paper from the PRC, we continue to find that *Georgetown Steel* does not preclude us from initiating this investigation. For further information, see *CVD Initiation Checklist*.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act, a copy of the public version of the petition has been provided to the Government of the PRC. As soon as and to the extent practicable, we will attempt to provide a copy of the public version of the petition to each exporter named in the petition, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 25 days after the date on which it receives notice of the initiation, whether there is a reasonable indication that imports of subsidized CWP from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. See section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: June 27, 2007.

Joseph A. Spetrini,

Deputy Assistant Secretary for Import Administration.

[FR Doc. E7–13014 Filed 7–3–07; 8:45 am]

BILLING CODE 3510–DS–S

APPENDIX B
CALENDAR OF PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference:

Subject: Circular Welded Carbon-Quality Steel Pipe from China

Inv. Nos.: 701-TA-447 and 731-TA-1116 (Preliminary)

Date and Time: June 28, 2007 - 9:30 a.m.

The conference in connection with these investigations was held in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS:

Petitioners (Joseph W. Dorn, King & Spalding LLP)
Respondents (James P. Durling, Vinson & Elkins LLP)

In Support of the Imposition of Countervailing and Antidumping Duties:

King & Spalding LLP
Schagrin Associates
Washington, D.C.
on behalf of

The Ad Hoc Coalition For Fair Pipe Imports From China and the United Steelworkers

Armand Lauzon, Co-Chair, Ad Hoc Coalition For Fair Pipe Imports From China;
Chief Executive Officer, John Maneely Company

Mark Magno, Vice President, Sales, Wheatland Tube Company and
Sharon Tube Company

Rick Filetti, Co-Chair, Ad Hoc Coalition For Fair Pipe Imports From China; President,
Allied Tube & Conduit

Scott Barnes, Vice President, Commercial, IPSCO Tubulars, Inc.

**In Support of the Imposition of
Countervailing and Antidumping Duties (continued):**

Holly Hart, Legislative Director, United Steelworkers

Bob Bussiere, General Manager, Sprinkler Sales & Services,
Allied Tube & Conduit

Joseph W. Dorn, Esq.)
Gilbert B. Kaplan, Esq.) – OF COUNSEL
Roger B. Schagrin, Esq.)

**In Opposition to the Imposition of
Countervailing and Antidumping Duties:**

Vinson & Elkins, LLP
Washington, D.C.
on behalf of

Weifang East Steel Pipe Co., Ltd.
Shanghai Minminerals and Metals I & E Corp.
Huludao Steel Pipe Industrial Co., Ltd.
Tianjin Shuangjie Steel Pipe Co., Ltd.
Zhejiang Kingland Pipe and Technology Co., Ltd.
Tai Feng Qiao Metal Products Co., Ltd.
Xuzhou Guanghuan Steel Tube Co., Ltd.
Guangdong Walsall Street Industrial Co., Ltd.
Tianjin Machinery and Electronics Trading Group Co., Ltd.
Tianjin Baolai International Trade Co., Ltd
Jiangsu Guoqiang Galvanized Industrial Co., Ltd.
Pangang Group Beihai Steel Pipe Corp.
Shanghai Alison Steel Pipe Corp.
Shandong Fubo Group
Shanghai Sinopec Tianbao Steel Pipe Co., Ltd.

James P. Durling, Esq.)
Daniel L. Porter, Esq.) – OF COUNSEL
Matthew P. McCullough, Esq.)

**In Opposition to the Imposition of
Countervailing and Antidumping Duties (continued):**

Kirkland & Ellis LLP
Washington, D.C.
on behalf of

Western International Forest Products

Doug Rudolph, Senior Steel Buyer/Trader,
Western International Forest Products

Scott Schmid, Steel Division Manager,
Western International Forest Products

Laura Fraedrich, Esq.) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioners (Joseph W. Dorn, King & Spalding LLP)
Respondents (Matthew P. McCullough, Vinson & Elkins LLP)

APPENDIX C
SUMMARY DATA

Table C-1

Circular welded pipe: Summary data concerning the U.S. market, 2004-06, January-March 2006, and January-March 2007

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
	2004	2005	2006	January-March		2004-06	2004-05	2005-06	Jan.-Mar. 2006-07
				2006	2007				
U.S. consumption quantity:									
Amount	2,429,332	2,367,999	2,684,367	663,717	627,743	10.5	-2.5	13.4	-5.4
Producers' share (1)	58.6	59.4	50.4	52.6	58.2	-8.2	0.7	-9.0	5.6
Importers' share (1):									
China	11.5	16.5	26.7	18.4	26.3	15.2	5.1	10.2	7.9
Other sources	29.9	24.1	22.9	29.0	15.5	-7.0	-5.8	-1.2	-13.5
Total imports	41.4	40.6	49.6	47.4	41.8	8.2	-0.7	9.0	-5.6
U.S. consumption value:									
Amount	1,905,716	2,099,424	2,215,150	536,132	526,209	16.2	10.2	5.5	-1.9
Producers' share (1)	65.7	65.7	60.0	59.9	64.1	-5.7	0.0	-5.7	4.2
Importers' share (1):									
China	8.5	12.0	19.0	14.2	20.0	10.5	3.5	6.9	5.8
Other sources	25.8	22.3	21.1	25.9	15.9	-4.8	-3.6	-1.2	-10.0
Total imports	34.3	34.3	40.0	40.1	35.9	5.7	-0.0	5.7	-4.2
U.S. imports from:									
China:									
Quantity	278,191	391,007	716,184	122,139	165,088	157.4	40.6	83.2	35.2
Value	161,926	252,849	419,960	76,087	105,223	159.4	56.2	66.1	38.3
Unit value	\$582	\$647	\$586	\$623	\$637	0.7	11.1	-9.3	2.3
Ending inventory quantity	9,296	8,028	39,080	27,430	39,411	320.4	-13.6	386.8	43.7
All other sources:									
Quantity	727,282	571,490	616,007	192,672	97,515	-15.3	-21.4	7.8	-49.4
Value	492,462	467,208	466,588	138,668	83,521	-5.3	-5.1	-0.1	-39.8
Unit value	\$677	\$818	\$757	\$720	\$856	11.9	20.7	-7.3	19.0
Ending inventory quantity	35,265	24,123	40,040	29,115	49,607	13.5	-31.6	66.0	70.4
All sources:									
Quantity	1,005,473	962,497	1,332,191	314,811	262,603	32.5	-4.3	38.4	-16.6
Value	654,388	720,057	886,548	214,755	188,744	35.5	10.0	23.1	-12.1
Unit value	\$651	\$748	\$665	\$682	\$719	2.3	14.9	-11.0	5.4
Ending inventory quantity	44,561	32,151	79,120	56,545	89,018	77.6	-27.8	146.1	57.4
U.S. producers:									
Average capacity quantity	2,662,522	2,544,494	2,397,006	652,041	592,064	-10.0	-4.4	-5.8	-9.2
Production quantity	1,470,770	1,428,990	1,350,551	365,202	387,472	-8.2	-2.8	-5.5	6.1
Capacity utilization (1)	55.2	56.2	56.3	56.0	65.4	1.1	0.9	0.2	9.4
U.S. shipments:									
Quantity	1,423,859	1,405,502	1,352,176	348,906	365,140	-5.0	-1.3	-3.8	4.7
Value	1,251,328	1,379,367	1,328,602	321,377	337,465	6.2	10.2	-3.7	5.0
Unit value	\$879	\$981	\$983	\$921	\$924	11.8	11.7	0.1	0.3
Export shipments:									
Quantity	35,710	37,571	30,742	7,203	10,561	-13.9	5.2	-18.2	46.6
Value	33,898	37,187	28,189	6,996	8,931	-16.8	9.7	-24.2	27.7
Unit value	\$949	\$990	\$917	\$971	\$846	-3.4	4.3	-7.4	-12.9
Ending inventory quantity	192,684	194,451	174,107	203,345	185,525	-9.6	0.9	-10.5	-8.8
Inventories/total shipments (1)	13.2	13.5	12.6	14.3	12.3	-0.6	0.3	-0.9	-1.9
Production workers	2,449	2,220	2,084	2,068	2,167	-14.9	-9.4	-6.1	4.8
Hours worked (1,000s)	4,540	4,079	3,888	1,012	1,007	-14.4	-10.2	-4.7	-0.5
Wages paid (\$1,000s)	89,038	82,221	78,048	20,463	21,236	-12.3	-7.7	-5.1	3.8
Hourly wages	\$19.61	\$20.16	\$20.07	\$20.22	\$21.09	2.4	2.8	-0.4	4.3
Productivity (tons/1,000 hours)	324.0	350.4	347.4	360.9	384.9	7.2	8.1	-0.8	6.6
Unit labor costs	\$60.54	\$57.54	\$57.79	\$56.03	\$54.81	-4.5	-5.0	0.4	-2.2
Net sales:									
Quantity	1,496,511	1,352,728	1,459,037	354,768	375,622	-2.5	-9.6	7.9	5.9
Value	1,231,347	1,301,584	1,382,064	326,671	346,044	12.2	5.7	6.2	5.9
Unit value	\$823	\$962	\$947	\$921	\$921	15.1	16.9	-1.6	0.0
Cost of goods sold (COGS)	994,404	1,117,662	1,191,587	275,149	316,668	19.8	12.4	6.6	15.1
Gross profit or (loss)	236,943	183,922	190,477	51,522	29,376	-19.6	-22.4	3.6	-43.0
SG&A expenses	64,270	59,621	62,614	16,810	17,914	-2.6	-7.2	5.0	6.6
Operating income or (loss)	172,673	124,301	127,863	34,712	11,462	-26.0	-28.0	2.9	-67.0
Capital expenditures	22,879	43,138	44,966	8,890	6,293	96.5	88.5	4.2	-29.2
Unit COGS	\$664	\$826	\$817	\$776	\$843	22.9	24.3	-1.2	8.7
Unit SG&A expenses	\$43	\$44	\$43	\$47	\$48	-0.1	2.6	-2.6	0.7
Unit operating income or (loss)	\$115	\$92	\$88	\$98	\$31	-24.0	-20.4	-4.6	-68.8
COGS/sales (1)	80.8	85.9	86.2	84.2	91.5	5.5	5.1	0.3	7.3
Operating income or (loss)/ sales (1)	14.0	9.5	9.3	10.6	3.3	-4.8	-4.5	-0.3	-7.3

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

**QUESTIONNAIRE SELLING PRICE DATA
FOR CIRCULAR WELDED PIPE PRODUCTS 1-4
IMPORTED FROM NONSUBJECT COUNTRIES AND
PRICE COMPARISONS WITH THE U.S.-PRODUCED PRODUCTS**

Table D-1

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1 and 4 produced domestically and imported from Guatemala and margins of underselling/(overselling), by quarters, January 2004-September 2005

Period of shipment	United States			Guatemala			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 1¹							
2004:							
Jan.-Mar.	\$599.77	32,387	5	\$***	***	1	***
Apr.-June	830.60	31,549	5	***	***	1	***
July-Sept.	891.48	20,297	5	***	***	1	***
2005:							
Apr.-June	906.73	23,728	6	***	***	1	***
July-Sept.	855.85	24,447	6	***	***	1	***
Subtotals	(³)	132,408	6	(³)	***	1	(³)
Product category 4²							
2004:							
Jan.-Mar.	\$939.07	29,196	4	\$***	***	1	***
Subtotals	(³)	29,196	4	(³)	***	1	(³)
Totals	(³)	161,604	8	(³)	***	1	(³)
¹ Product category 1: ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive. ² Product category 4: Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch. ³ Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-2

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-4 produced domestically and imported from India and margins of underselling/(overselling), by quarters, July 2004-March 2007

Period of shipment	United States			India			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 1¹							
2007:							
Jan.-Mar.	\$919.35	28,954	6	\$***	***	1	***
Subtotals	(⁵)	28,954	6	(⁵)	***	1	(⁵)
Product category 2²							
2004:							
July-Sept.	\$***	***	2	\$***	***	1	***
2005:							
Oct.-Dec.	***	***	2	***	***	1	***
2006:							
July-Sept.	***	***	2	***	***	1	***
Subtotals	(⁵)	***	2	(⁵)	***	3	(⁵)
Product category 3³							
2007							
Jan.-Mar.	\$872.91	23,569	8	\$***	***	1	***
Subtotals	(⁵)	23,569	8	(⁵)	***	1	(⁵)
Product category 4⁴							
2006:							
July-Sept.	\$1,183.95	17,706	4	\$***	***	1	***
2007:							
Jan.-Mar.	1,153.13	19,862	3	***	***	1	***
Subtotals	(⁵)	37,568	4	(⁵)	***	1	(⁵)
Totals	(⁵)	***	10	(⁵)	***	3	(⁵)
<p>¹ Product category 1: ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive.</p> <p>² Product category 2: ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive.</p> <p>³ Product category 3: ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive.</p> <p>⁴ Product category 4: Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch.</p> <p>⁵ Not applicable.</p>							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-3

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product category 1 produced domestically and imported from Japan and margins of underselling/(overselling), by quarters, January 2005-March 2006

Period of shipment	United States			Japan			
	Price <i>per short ton</i>	Quantity <i>short tons</i>	No. of firms	Price <i>per short ton</i>	Quantity <i>short tons</i>	No. of firms	Margin <i>percent</i>
Product category 1¹							
2005:							
Jan.-Mar.	\$914.04	19,829	6	\$***	***	1	***
2006:							
Jan.-Mar.	\$954.04	22,084	6	\$***	***	1	***
Subtotals	(²)	41,913	6	(²)	***	1	(²)
Totals	(²)	41,913	6	(²)	***	1	(²)
¹ Product category 1: ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive. ² Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-4

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-4 produced domestically and imported from Oman and margins of underselling/(overselling), by quarters, July 2004-December 2006

Period of shipment	United States			Oman			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 1¹							
2004:							
July-Sept.	\$891.48	20,297	5	\$***	***	1	***
2006:							
Oct.-Dec.	1,010.34	26,757	6	***	***	1	***
Subtotals	(⁵)	47,054	6	(⁵)	***	2	(⁵)
Product category 2²							
2006:							
Oct.-Dec.	\$***	***	2	\$***	***	1	***
Subtotals	(⁵)	***	2	(⁵)	***	1	(⁵)
Product category 3³							
2004:							
July-Sept.	\$930.85	32,383	7	\$***	***	1	***
Subtotals	(⁵)	32,383	7	(⁵)	***	1	(⁵)
Product category 4⁴							
2006:							
Oct.-Dec.	\$1,196.86	12,213	4	\$***	***	1	***
Subtotals	(⁵)	12,213	4	(⁵)	***	1	(⁵)
Totals	(⁵)	***	8	(⁵)	***	2	(⁵)
<p>¹ Product category 1: ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive.</p> <p>² Product category 2: ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive.</p> <p>³ Product category 3: ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive.</p> <p>⁴ Product category 4: Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch.</p> <p>⁵ Not applicable.</p>							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-5

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-3 produced domestically and imported from Romania and margins of underselling/(overselling), by quarters, January 2004-March 2007

Period of shipment	United States			Romania			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 1¹							
2004:							
Jan.-Mar.	\$599.77	32,387	5	\$***	***	1	***
Apr.-June	830.60	31,549	5	***	***	1	***
July-Sept.	891.48	20,297	5	***	***	1	***
Oct.-Dec.	914.57	13,687	5	***	***	1	***
2005:							
Jan.-Mar.	914.04	19,829	6	***	***	1	***
Apr.-June	906.73	23,728	6	***	***	1	***
July-Sept.	855.85	24,447	6	***	***	1	***
2006:							
Apr.-June	945.07	25,926	6	***	***	1	***
Oct.-Dec.	1,010.34	26,757	6	***	***	1	***
Subtotals	(⁴)	218,607	6	(⁴)	***	1	(⁴)
Product category 2²							
2005:							
July-Sept.	\$***	***	2	\$***	***	1	***
Oct.-Dec.	***	***	2	***	***	1	***
2006:							
Jan.-Mar.	***	***	2	***	***	1	***
Apr.-June	***	***	2	***	***	1	***
Subtotals	(⁴)	***	2	(⁴)	***	1	(⁴)

Table continued on next page.

Table D-5--Continued

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-3 produced domestically and imported from Romania and margins of underselling/(overselling), by quarters, January 2004-March 2007

Period of shipment	United States			Romania			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 3³							
2004:							
Jan.-Mar.	\$628.99	41,554	7	\$***	***	1	***
Apr.-June	837.27	43,518	7	***	***	1	***
July-Sept.	930.85	32,383	7	***	***	1	***
Oct.-Dec.	931.65	21,214	7	***	***	1	***
2005:							
Jan.-Mar.	937.04	22,785	8	***	***	1	***
Apr.-June	902.36	29,506	8	***	***	1	***
July-Sept.	845.95	32,492	8	***	***	1	***
Oct.-Dec.	909.31	25,200	8	***	***	1	***
2006:							
Jan.-Mar.	920.98	26,626	8	***	***	1	***
Apr.-June	929.50	32,927	8	***	***	1	***
July-Sept.	998.75	22,070	8	***	***	1	***
Oct.-Dec.	988.57	20,806	8	***	***	1	***
2007:							
Jan.-Mar.	872.91	23,569	8	***	***	1	***
Subtotals	(⁴)	374,650	8	(⁴)	***	1	(⁴)
Totals	(⁴)	602,555	8	(⁴)	***	1	(⁴)
¹ Product category 1: ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive. ² Product category 2: ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive. ³ Productcategory 3: ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive. ⁴ Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-6

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-4 produced domestically and imported from Korea and margins of underselling/(overselling), by quarters, January 2004-March 2007

Period of shipment	United States			Korea			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 1¹							
2004:							
Jan.-Mar.	\$599.77	32,387	5	\$***	***	1	***
Apr.-June	830.60	31,549	5	***	***	2	***
July-Sept.	891.48	20,297	5	***	***	2	***
Oct.-Dec.	914.57	13,687	5	***	***	2	***
2005:							
Jan.-Mar.	914.04	19,829	6	***	***	2	***
Apr.-June	906.73	23,728	6	***	***	3	***
July-Sept.	855.85	24,447	6	***	***	2	***
Oct.-Dec.	891.34	24,442	6	***	***	2	***
2006:							
Jan.-Mar.	954.04	22,084	6	***	***	2	***
Apr.-June	945.07	25,926	6	***	***	3	***
July-Sept.	1004.68	27,128	6	***	***	2	***
Oct.-Dec.	1010.34	26,757	6	***	***	2	***
2007:							
Jan.-Mar.	919.35	28,954	6	***	***	2	***
Subtotals	(⁵)	321,215	6	(⁵)	***	3	(⁵)
Product category 2²							
2004:							
Jan.-Mar.	\$***	***	2	\$***	***	1	***
Apr.-June	***	***	2	***	***	2	***
July-Sept.	***	***	2	***	***	2	***
Oct.-Dec.	***	***	2	***	***	2	***
2006:							
Jan.-Mar.	***	***	2	***	***	1	***
Subtotals	(⁵)	***	2	(⁵)	***	2	(⁵)

Table continued on next page.

Table D-6--Continued

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-4 produced domestically and imported from Korea and margins of underselling/(overselling), by quarters, January 2004-March 2007

Period of shipment	United States			Korea			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 3³							
2004:							
Jan.-Mar.	\$628.99	41,554	7	\$***	***	1	***
Apr.-June	837.27	43,518	7	***	***	2	***
July-Sept.	930.85	32,383	7	***	***	2	***
Oct.-Dec.	931.65	21,214	7	***	***	2	***
2005:							
Jan.-Mar.	937.04	22,785	8	***	***	2	***
Apr.-June	902.36	29,506	8	***	***	2	***
July-Sept.	845.95	32,492	8	***	***	2	***
Oct.-Dec.	909.31	25,200	8	***	***	2	***
2006:							
Jan.-Mar.	920.98	26,626	8	***	***	2	***
Apr.-June	929.50	32,927	8	***	***	2	***
July-Sept.	998.75	22,070	8	***	***	2	***
Oct.-Dec.	988.57	20,806	8	***	***	2	***
2007:							
Jan.-Mar.	872.91	23,569	8	***	***	2	***
Subtotals	(⁵)	374,650	8	(⁵)	***	2	(⁵)

Table continued on next page.

Table D-6--Continued

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-4 produced domestically and imported from Korea and margins of underselling/(overselling), by quarters, January 2004-March 2007

Period of shipment	United States			Korea			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 4⁴							
2004:							
Jan.-Mar.	\$939.07	29,196	4	\$***	***	1	***
Apr.-June	1,301.87	21,195	4	***	***	1	***
July-Sept.	1,361.53	14,297	4	***	***	1	***
Oct.-Dec.	1,278.50	12,838	4	***	***	1	***
2005:							
Jan.-Mar.	1,251.24	23,232	4	***	***	1	***
Apr.-June	1,250.23	23,824	4	***	***	1	***
July-Sept.	1,163.01	18,214	4	***	***	1	***
Oct.-Dec.	1,127.43	15,870	4	***	***	1	***
2006:							
Jan.-Mar.	1,101.34	22,770	4	***	***	1	***
Apr.-June	1,161.47	25,073	4	***	***	1	***
July-Sept.	1,183.95	17,706	4	***	***	1	***
Oct.-Dec.	1,196.86	12,213	4	***	***	1	***
2007:							
Jan.-Mar.	1,153.13	19,862	3	***	***	1	***
Subtotals	(⁵)	256,290	4	(⁵)	***	1	(⁵)
Totals	(⁵)	***	10	(⁵)	***	3	(⁵)
<p>¹ Product category 1: ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive.</p> <p>² Product category 2: ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive.</p> <p>³ Product category 3: ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive.</p> <p>⁴ Product category 4: Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch.</p> <p>⁵ Not applicable.</p>							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-7

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-3 produced domestically and imported from Thailand and margins of underselling/(overselling), by quarters, January 2004-March 2007

Period of shipment	United States			Thailand			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 1¹							
2004:							
Jan.-Mar.	\$599.77	32,387	5	\$***	***	1	***
Apr.-June	830.60	31,549	5	***	***	1	***
July-Sept.	891.48	20,297	5	***	***	1	***
Oct.-Dec.	914.57	13,687	5	***	***	1	***
2005:							
Jan.-Mar.	914.04	19,829	6	***	***	1	***
Apr.-June	906.73	23,728	6	***	***	1	***
July-Sept.	855.85	24,447	6	***	***	1	***
Oct.-Dec.	891.34	24,442	6	***	***	1	***
2006:							
Jan.-Mar.	954.04	22,084	6	***	***	1	***
Apr.-June	945.07	25,926	6	***	***	1	***
July-Sept.	1,004.68	27,128	6	***	***	1	***
Oct.-Dec.	1,010.34	26,757	6	***	***	1	***
2007:							
Jan.-Mar.	919.35	28,954	6	***	***	1	***
Subtotals	(⁴)	321,215	6	(⁴)	***	1	(⁴)

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Table D-7--Continued

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-3 produced domestically and imported from Thailand and margins of underselling/(overselling), by quarters, January 2004-March 2007

Period of shipment	United States			Thailand			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 2²							
2004:							
Jan.-Mar.	\$***	***	2	\$***	***	1	***
Apr.-June	***	***	2	***	***	1	***
July-Sept.	***	***	2	***	***	1	***
Oct.-Dec.	***	***	2	***	***	1	***
2005:							
Jan.-Mar.	***	***	2	***	***	1	***
Apr.-June	***	***	2	***	***	1	***
July-Sept.	***	***	2	***	***	1	***
Oct.-Dec.	***	***	2	***	***	1	***
2006:							
Jan.-Mar.	***	***	2	***	***	1	***
Apr.-June	***	***	2	***	***	1	***
July-Sept.	***	***	2	***	***	1	***
Oct.-Dec.	***	***	2	***	***	1	***
2007:							
Jan.-Mar.	***	***	2	***	***	1	***
Subtotals	***	***	2	***	***	1	(⁴)

Table continued on next page.

Table D-7--Continued

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-3 produced domestically and imported from Thailand and margins of underselling/(overselling), by quarters, January 2004-March 2007

Period of shipment	United States			Thailand			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 3³							
2004:							
Jan.-Mar.	\$628.99	41,554	7	\$***	***	1	***
Apr.-June	837.27	43,518	7	***	***	1	***
July-Sept.	930.85	32,383	7	***	***	1	***
Oct.-Dec.	931.65	21,214	7	***	***	1	***
2005:							
Jan.-Mar.	937.04	22,785	8	***	***	1	***
Apr.-June	902.36	29,506	8	***	***	1	***
July-Sept.	845.95	32,492	8	***	***	1	***
Oct.-Dec.	909.31	25,200	8	***	***	1	***
2006:							
Jan.-Mar.	920.98	26,626	8	***	***	1	***
Apr.-June	929.50	32,927	8	***	***	1	***
July-Sept.	998.75	22,070	8	***	***	1	***
Oct.-Dec.	988.57	20,806	8	***	***	1	***
2007:							
Jan.-Mar.	872.91	23,569	8	***	***	1	***
Subtotals	(⁴)	374,650	8	(⁴)	***	1	(⁴)
Totals	(⁴)	***	8	(⁴)	***	1	(⁴)
¹ Product category 1: ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive. ² Product category 2: ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive. ³ Product category 3: ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive. ⁴ Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-8

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-4 produced domestically and imported from Turkey and margins of underselling/(overselling), by quarters, January 2004-June 2006

Period of shipment	United States			Turkey			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 1¹							
2004:							
Jan.-Mar.	\$599.77	32,387	5	\$***	***	1	***
Apr.-June	830.60	31,549	5	***	***	1	***
July-Sept.	891.48	20,297	5	***	***	1	***
Oct.-Dec.	914.57	13,687	5	***	***	1	***
2005:							
Jan.-Mar.	914.04	19,829	6	***	***	1	***
Apr.-June	906.73	23,728	6	***	***	1	***
July-Sept.	855.85	24,447	6	***	***	1	***
Oct.-Dec.	891.34	24,442	6	***	***	1	***
2006:							
Jan.-Mar.	954.04	22,084	6	***	***	1	***
Apr.-June	945.07	25,926	6	***	***	1	***
Subtotals	⁽⁵⁾	238,376	6	⁽⁵⁾	***	1	⁽⁵⁾

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Table D-8--Continued

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-4 produced domestically and imported from Turkey and margins of underselling/(overselling), by quarters, January 2004-June 2006

Period of shipment	United States			Turkey			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 2²							
2004:							
Jan.-Mar.	\$***	***	2	\$***	***	1	***
Apr.-June	***	***	2	***	***	1	***
July-Sept.	***	***	2	***	***	1	***
Oct.-Dec.	***	***	2	***	***	1	***
2005:							
Jan.-Mar.	***	***	2	***	***	1	***
Apr.-June	***	***	2	***	***	1	***
July-Sept.	***	***	2	***	***	1	***
Oct.-Dec.	***	***	2	***	***	1	***
2006:							
Apr.-June	***	***	2	***	***	1	***
Subtotals	(⁵)	***	2	(⁵)	***	1	(⁵)

Table continued on next page.

Table D-8--Continued

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-4 produced domestically and imported from Turkey and margins of underselling/(overselling), by quarters, January 2004-June 2006

Period of shipment	United States			Turkey			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 3³							
2004:							
Jan.-Mar.	\$628.99	41,554	7	\$***	***	1	***
Apr.-June	837.27	43,518	7	***	***	1	***
July-Sept.	930.85	32,383	7	***	***	1	***
Oct.-Dec.	931.65	21,214	7	***	***	1	***
2005:							
Jan.-Mar.	937.04	22,785	8	***	***	1	***
Apr.-June	902.36	29,506	8	***	***	1	***
July-Sept.	845.95	32,492	8	***	***	1	***
Oct.-Dec.	909.31	25,200	8	***	***	1	***
2006:							
Jan.-Mar.	920.98	26,626	8	***	***	1	***
Apr.-June	929.50	32,927	8	***	***	1	***
Subtotals	(⁵)	308,205	8	(⁵)	***	1	(⁵)

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Table D-8--Continued

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-4 produced domestically and imported from Turkey and margins of underselling/(overselling), by quarters, January 2004-June 2006

Period of shipment	United States			Turkey			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 4⁴							
2004:							
Jan.-Mar.	\$939.07	29,196	4	\$***	***	1	***
Apr.-June	1,301.87	21,195	4	***	***	1	***
July-Sept.	1,361.53	14,297	4	***	***	1	***
Oct.-Dec.	1,278.50	12,838	4	***	***	1	***
2005:							
Jan.-Mar.	1,251.24	23,232	4	***	***	1	***
Apr.-June	1,250.23	23,824	4	***	***	1	***
July-Sept.	1,163.01	18,214	4	***	***	1	***
Oct.-Dec.	1,127.43	15,870	4	***	***	1	***
2006:							
Jan.-Mar.	1,101.34	22,770	4	***	***	1	***
Apr.-June	1,161.47	25,073	4	***	***	1	***
Subtotals	(⁵)	206,509	4	(⁵)	***	1	(⁵)
Totals	(⁵)	***	10	(⁵)	***	1	(⁵)
¹ Product category 1: ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive. ² Product category 2: ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive. ³ Product category 3: ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive. ⁴ Product category 4: Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch. ⁵ Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table D-9

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of circular welded pipe product categories 1-3 produced domestically and imported from Venezuela and margins of underselling/(overselling), by quarters, January 2004-March 2006

Period of shipment	United States			Venezuela			
	Price per short ton	Quantity short tons	No. of firms	Price per short ton	Quantity short tons	No. of firms	Margin percent
Product category 1¹							
2004:							
Jan.-Mar.	\$599.77	32,387	5	\$***	***	1	***
Apr.-June	830.60	31,549	5	***	***	1	***
July-Sept.	891.48	20,297	5	***	***	1	***
Oct.-Dec.	914.57	13,687	5	***	***	1	***
2005:							
Apr.-June	906.73	23,728	6	***	***	1	***
2006:							
Jan.-Mar.	954.04	22,084	6	***	***	1	***
Subtotals	(⁴)	143,732	6	(⁴)	***	1	(⁴)
Product category 2²							
2004:							
July-Sept.	\$***	***	2	\$***	***	1	***
Subtotals	(⁴)	***	2	(⁴)	***	1	(⁴)
Product category 3³							
2004							
Apr.-June	\$837.27	43,518	7	\$***	***	1	***
Oct.-Dec.	931.65	21,214	7	***	***	1	***
Subtotals	(⁴)	64,732	7	(⁴)	***	1	(⁴)
Totals	(⁴)	***	8	(⁴)	***	1	(⁴)
¹ Product category 1: ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive. ² Product category 2: ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive. ³ Product category 3: ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive. ⁴ Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

APPENDIX E

**ALLEGED EFFECTS OF SUBJECT IMPORTS ON U.S. PRODUCERS'
EXISTING DEVELOPMENT AND PRODUCTION EFFORTS,
GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL**

Responses of U.S. producers to the following questions:

1. Since January 1, 2004 has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of circular welded pipe from China?

Allied Tube & Conduit, Harvey, IL

American Steel Pipe, Birmingham, AL

Atlas Tube Co., Chicago, IL

Bull Moose Tube Co., Chesterfield, MO

California Steel Industries, Inc., Fontana, CA

Hanna Steel Corporation, Fairfield, AL

IPSCO Tubulars, Inc., Camanche, IA

Leavitt Tube Co., Chicago, IL

Lone Star Steel Company, Dallas, TX

Maruichi American Corp., Santa Fe Springs, CA

Northwest Pipe Co., Portland, OR

Sharon Tube Co., Sharon, PA

Southland Tube, Birmingham, AL

Stupp Corp., Baton Rouge, LA

Texas Tubular Products, Lone Star, TX

Tex-Tube Company, Houston, TX

U.S. Steel, Pittsburgh, PA

Western Tube & Conduit Corp., Long Beach, CA

Wheatland Tube Co., Collingswood, NJ

2. Does your firm anticipate any negative impact of imports of circular welded pipe from China?

Allied Tube & Conduit, Harvey, IL

American Steel Pipe, Birmingham, AL

Atlas Tube Co., Chicago, IL

Bull Moose Tube Co., Chesterfield, MO

California Steel Industries, Inc., Fontana, CA

Hanna Steel Corporation, Fairfield, AL

IPSCO Tubulars, Camanche, IA

Leavitt Tube Co., Chicago, IL

Lone Star Steel Company, Dallas, TX

Maruichi American Corp., Santa Fe Springs, CA

Northwest Pipe Co., Portland, OR

Sharon Tube Co., Sharon, PA

Southland Tube, Birmingham, AL

Stupp Corp., Baton Rouge, LA

Texas Tubular Products, Lone Star, TX

Tex-Tube Company, Houston, TX

U.S. Steel, Pittsburgh, PA

Western Tube & Conduit Corp., Long Beach, CA

Wheatland Tube Co., Collingswood, NJ

APPENDIX F

ADDITIONAL DATA REGARDING THE CHINESE INDUSTRY

Table F-1

Circular welded pipe: Chinese producers' basis for reporting capacity of circular welded pipe, 2001-06

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Table F-2

Circular welded pipe: Chinese producers' basis for their projections on production, capacity, and shipments of circular welded pipe in China, 2007-08

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