Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China

Investigation Nos. 701-TA-469 and 731-TA-1168 (Final)

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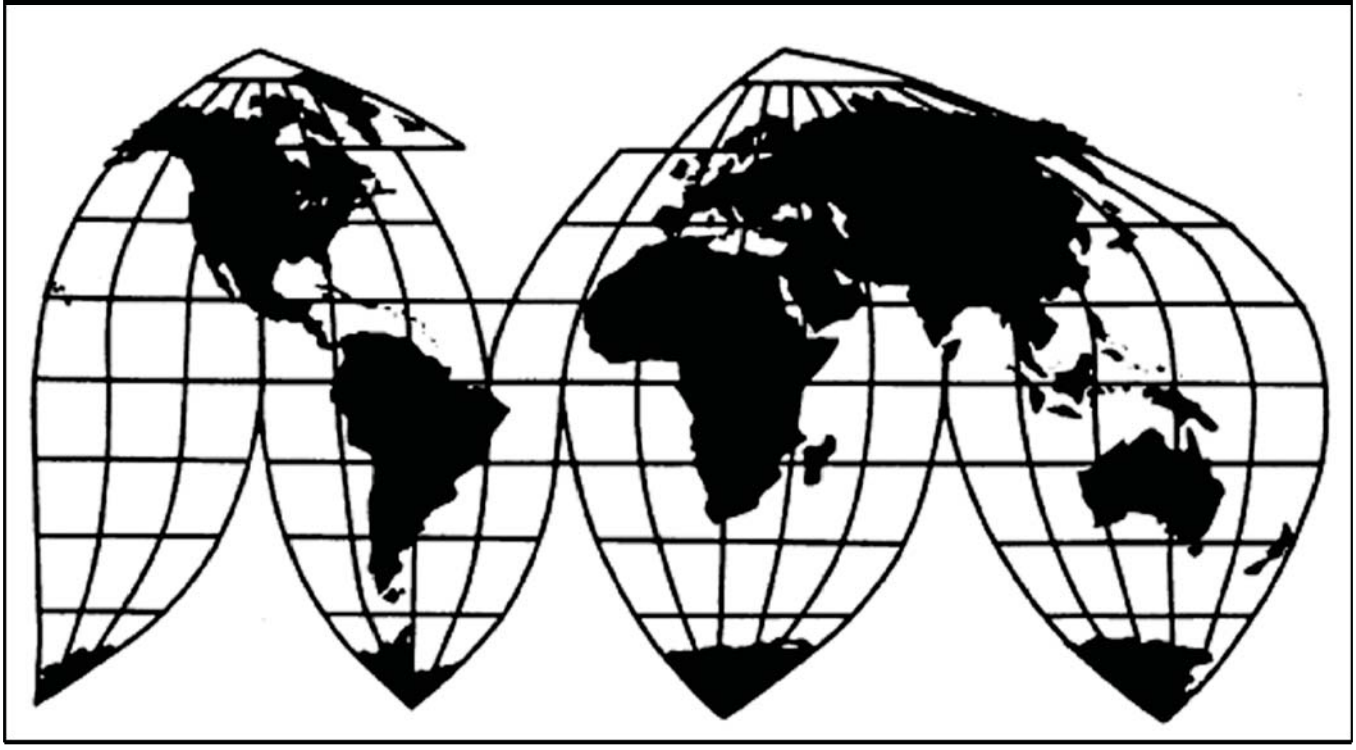
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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-469 and 731-TA-1168 (Final)

CERTAIN SEAMLESS CARBON AND ALLOY STEEL
STANDARD, LINE, AND PRESSURE PIPE FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) and (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is threatened with material injury by reason of imports from China of certain seamless carbon and alloy steel standard, line, and pressure pipe ("seamless SLP pipe"), provided for in subheadings 7304.19.10, 7304.19.50, 7304.31.30, 7304.31.60, 7304.39.00, 7304.51.50, 7304.59.60, and 7304.59.80 of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce has determined are subsidized and sold in the United States at less than fair value ("LTFV").[2] [3]

BACKGROUND

The Commission instituted these investigations effective September 16, 2009, following receipt of a petition filed with the Commission and Commerce by U.S. Steel Corp, Pittsburgh, PA and V&M Star L.P., Houston, TX.[4] The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of seamless SLP pipe from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and dumped within the meaning of 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on May 11, 2010 (75 FR 26273). The hearing was held in Washington, DC, on September 14, 2010, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commissioner Charlotte R. Lane determines that the domestic seamless SLP pipe industry is materially injured by reason of imports of the subject merchandise from China.

[3] Chairman Deanna Tanner Okun, Commissioner Daniel R. Pearson, Commissioner Shara L. Aranoff, Commissioner Irving A. Williamson, and Commissioner Dean A. Pinkert determine that they would not have found material injury but for the suspension of liquidation.

[4] On September 25, 2009, the petition was amended to add TMK IPSCO and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Worker International Union ("USW") as additional petitioners.

VIEWS OF THE COMMISSION

Based on the record in the final phase of these investigations, we determine that an industry in the United States is threatened with material injury by reason of imports of certain seamless carbon and alloy steel standard, line, and pressure pipe ("seamless SLP pipe") from the People's Republic of China ("China") that the U.S. Department of Commerce ("Commerce") has found to be sold in the United States at less than fair value ("LTFV") and subsidized by the Government of China.[1]

I. BACKGROUND

The petition in these investigations was filed on September 16, 2009, by U.S. Steel Corporation ("U.S. Steel") and V&M Star L.P. ("V&M Star"); the petition was amended on September 25, 2009, to add as petitioners TMK IPSCO and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW") (collectively "Petitioners").[2] U.S. Steel has seamless SLP pipe production facilities in Fairfield, Alabama, and Lorain, Ohio.[3] V&M Star has seamless SLP pipe production facilities in Houston, Texas, and Youngstown, Ohio.[4] TMK IPSCO has seamless SLP pipe production facilities in five U.S. locations.[5] Representatives from U.S. Steel, V&M Star, TMK IPSCO, and the USW appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs.[6] Another domestic producer of seamless SLP pipe, Wyman-Gordon Forgings, Inc. ("Wyman-Gordon"), submitted a prehearing brief, and a representative appeared on its behalf at the hearing.

Representatives and counsel for Chinese producers Hengyang Valin Steel Tube Co., Ltd. ("Hengyang Valin"), Baosteel Group Corporation ("Baosteel"), Tianjin Pipe (Group) Corporation, and U.S. importer Baosteel America, Inc. ("Baosteel") appeared at the hearing and submitted prehearing and posthearing briefs.

The Commission sent questionnaires to 14 firms identified as possible U.S. producers of seamless SLP pipe and received eight responses.[7] The responding producers accounted for all or virtually all known U.S. production of seamless SLP pipe in 2009.[8]

The Commission sent questionnaires to 119 firms believed to be importers of subject seamless SLP pipe, based on information provided in the petition and information provided by U.S. Customs and Border Protection.[9] Usable questionnaire responses were received from 31 companies.[10] Questionnaire responses were received from U.S. importers accounting for 90.6 percent of total seamless SLP pipe imports from China in 2009.[11]

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[1] Commissioner Lane determines that the domestic industry is materially injured by reason of subject imports. See Separate Views of Commissioner Charlotte R. Lane. She joins in parts I-V of these Views.

[2] CR/PR at I-1.

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

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

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

[6] V&M Star, TMK IPSCO, and the USW filed joint prehearing and posthearing briefs.

[7] U.S. Steel, V&M Star, TMK IPSCO, The Timken Company ("Timken"), Wheatland Tube Co. ("Wheatland"), Michigan Seamless, Plymouth Tube (limited information only), and Wyman-Gordon. CR/PR at Table III-1.

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

[9] CR/PR at IV-1.

[10] CR/PR at IV-1.

[11] CR/PR at Table IV-1 contains a list of the 31 importers of record responding to the Commission's questionnaire, as well as each importer's share of imports in 2009.

The Commission sent foreign producer questionnaires to 84 Chinese firms believed to be producing seamless SLP pipe.[12] Four firms provided usable responses.[13] The quantity of seamless SLP pipe exports to the United States reported by these four firms was equivalent to approximately one-third of U.S. imports of seamless SLP pipe from China in 2009, but was lower for other parts of the period examined.[14] Accordingly, the quantity of seamless SLP pipe exports to the United States reported by the four responding firms was equivalent to less than one-quarter of U.S. imports of seamless SLP pipe from China for the period from January 2007 to June 2010.[15] [16]

II. DOMESTIC LIKE PRODUCT

A. In General

In determining whether 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."[17] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[18] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[19]

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.[20] No single factor is dispositive, and the Commission

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[12] CR at VII-6, PR at VII-5.

[13] Data for these Chinese respondents are presented in CR/PR at Table VII-3.

[14] CR/PR at Tables VII-4 & C-1. The quantity of seamless SLP pipe exports to the United States reported by these firms was equivalent to approximately *** percent of U.S. imports of seamless SLP pipe from China in 2007 and *** percent of U.S. imports from China in 2008. Id.

[15] CR at VII-7, PR at VII-5; Compare CR/PR at Tables VII-4 & IV-2.

[16] Chairman Okun notes that the statute authorizes the Commission to take adverse inferences but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties' suggested interpretations of the record evidence. Regardless of the level of participation, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive." Statement of Administrative Action ("SAA") on Uruguay Round Agreements Act ("URAA"), H.R. Rep. 103-316, Vol. I at 869 (1994).

[17] 19 U.S.C. § 1677(4)(A).

[18] 19 U.S.C. § 1677(4)(A).

[19] 19 U.S.C. § 1677(10).

[20] See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions

(continued...)

may consider other factors it deems relevant based on the facts of a particular investigation.[21] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[22] Although the Commission must accept the determination of the U.S. Department of Commerce ("Commerce") as to the scope of the imported merchandise subsidized or sold at LTFV,[23] the Commission determines what domestic product is like the imported articles Commerce has identified.[24]

B. Product Description

Commerce has defined the scope of these investigations as follows:
Certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (*e.g.*, hot-finished or cold-drawn), end finish (e.g., plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (e.g., bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or "hollow profiles" suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials ("ASTM") or American Petroleum Institute ("API") specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-589, ASTM A-795, ASTM A-1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below.

Specifically excluded from the scope of the investigation are: (1) all pipes meeting aerospace, hydraulic, and bearing tubing specifications; (2) all pipes meeting the chemical requirements of ASTM A-335, whether finished or unfinished; and (3) unattached couplings. Also excluded from the scope of the investigation are all mechanical, boiler, condenser and heat exchange tubing, except when such products

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[20] (...continued)
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).

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

[22] Nippon, 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.").

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

[24] 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); Cleo, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

> conform to the dimensional requirements, i.e., outside diameter and wall thickness of ASTM A-53, ASTM A-106 or API 5L specifications.[25] [26]

Seamless SLP pipe is used for the transmission of oil and natural gas; in chemical, petrochemical, and refinery facilities; and in mechanical applications for general construction. Seamless standard pipe is intended for the low temperature and 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.[27] Seamless line pipe is produced to the API 5L specification and is intended for the conveyance of oil and natural gas or other fluids in pipelines, transmission lines, or gathering lines.[28] Seamless pressure pipe is commonly produced to the ASTM A-106 specification (covering seamless carbon steel pipe for higher temperature service) and is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases in industrial piping

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[25] Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part, 75 Fed. Reg. 57449 (Sept. 21, 2010); Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Critical Circumstances Determination, 75 Fed. Reg. 57444 (Sept. 21, 2010

[26] The scope of these investigations has been modified over the course of this proceeding. As filed, the petition specifically excluded boiler and mechanical tubing if such products are not produced to ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications and are not used in standard, line, or pressure pipe applications. Commerce's notices of initiation did not retain the language regarding the exclusion of boiler and mechanical tubing based on end-use applications. Subsequently, in Commerce's preliminary determination of sales at LTFV, the issue of boiler and mechanical tubing was discussed further, and Commerce stated that "if a product conforms to the specifications in the scope or a comparable specification, and it meets the physical parameters identified in the scope, it is covered by the scope of the investigation." However, on June 23, 2010, following a letter filed jointly by Petitioners and Respondents, Commerce issued a memorandum stating it was considering modifying the scope language to include the following sentence:

> "Also excluded from the scope of the investigation are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, i.e., outside diameter and wall thickness of ASTM A-53, ASTM A-106 or API 5L specifications."

In addition, on August 19, 2010, Commerce issued a memorandum in response to a request by Petitioners that Commerce exclude from the scope of the investigation seamless SLP pipe produced to the ASTM A-335 specification. Commerce indicated that it was planning to remove the reference to ASTM A-335 from the list of specifications within the scope and add the following language to the scope:

> "Also excluded from the scope of the investigation are all pipes that meet the chemical requirements of ASTM A-335 whether finished or unfinished."

The exclusions of mechanical and boiler tube and ASTM A-335 pipe were incorporated into the final scope language identified above in Commerce's final determinations.

CR at I-11 to I-12, PR at I-8 to I-9.

[27] CR at I-14, PR at I-10. Seamless standard pipe is most commonly produced to the ASTM A-53 specification and generally is not intended for high temperature service. If exceptionally low temperature uses or conditions are anticipated, standard pipe may be manufactured to ASTM A-333 or ASTM A-334 specifications.

[28] CR at I-15, PR at I-11.

systems.[29] Seamless pressure pipe may carry these substances at elevated pressures and temperatures and may be subject to the application of external heat.[30] Seamless SLP pipe is commonly produced and certified to meet all of the most common standard, line, and pressure pipe requirements (i.e., multiple-certified or multiple stenciled)[31] to avoid separate production runs and to allow distributors to maintain a single inventory of "quad-stenciled" pipe for multiple applications.[32]

C. Analysis

In the preliminary phase of these investigations, the Commission found that all seamless SLP pipe is used in the same general applications (i.e., the transmission of fluids or gas under pressure), shares common physical characteristics, is manufactured to the same specifications, and is sold through the same channels of distribution. In addition, it found that customers and producers generally do not perceive small diameter and large diameter seamless SLP pipe as two distinct product groups with a clear dividing line at 4.5 inches in outside diameter.[33] The Commission thus found there was no clear dividing line at 4.5 inches in outside diameter and identified a single domestic like product, consisting of all seamless SLP pipe less than or equal to 16 inches in outside diameter, that was co-extensive with the scope of the investigations.[34]

In the final phase of these investigations, U.S. Steel and V&M Star argue that the Commission should again find one domestic like product comprised of all seamless SLP pipe less than or equal to 16 inches in outside diameter that is coextensive with Commerce's scope.[35] Chinese Respondent Hengyang Valin argues that the Commission should define two domestic like products comprised of "small diameter" seamless SLP pipe less than or equal to 4.5 inches in outside diameter and "large diameter" seamless SLP pipe greater than 4.5 inches and less than or equal to 16 inches in outside diameter.[36] [37]

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[29] CR at I-15, PR at I-11.

[30] Seamless pressure pipe sold in the United States is commonly produced to the ASTM A-106 standard. Alloy pipe made to the ASTM A-335 standard must be used if temperatures and stress levels exceed those allowed for ASTM A-106. CR at I-15, PR at I-11.

[31] CR at I-15, PR at I-11.

[32] Quadruple certification is referred to as a "quad stencil," whereby manufacturers put four stencils, or markings, on the pipe to show that it has been produced to meet the requirements and tests pursuant to the respective specifications – ASTM A-53, ASTM A-106, API 5L grade B, and API 5L X-42. CR at I-15 & n.22, PR at I-11 & n.22.

[33] Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 & 731-TA-1168 (Preliminary), USITC Pub. 4106 at 9 (Nov. 2006) ("Preliminary Determinations").

[34] Preliminary Determinations at 9.

[35] U.S. Steel Prehearing Br. at 5-8; V&M Star Prehearing Br. at 13-14.

[36] Hengyang Valin Prehearing Br. at 3-7.

[37] In support of its proposed definitions, Hengyang Valin cites the Commission's like product findings in Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Japan and South Africa, USITC Pub. 3311, 731-TA-847 and 850 (Final) (June 2000). We note, however, that Commission determinations are sui generis, and like product determinations are based on the record of each investigation. See e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (CIT 1988); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp 1165, 1669 n.5 (CIT 1988). We note that, in the 2000 investigations of seamless SLP pipe from Japan and South Africa, the petitions defined two separate scopes: (1) seamless pipe less than or equal to 4.5 inches in outside diameter, and (2) seamless pipe greater than 4.5 inches and up to and including 16 inches in outside diameter. Therefore, given that Commerce found two scopes, the starting point for the Commission's like product analysis was different. Furthermore, Petitioners requested that the Commission find two domestic like products, defined as co-extensive with the two scopes, and the Respondents did not object. In addition, the Commission's final importer and purchaser questionnaires did not collect information on like product factors. In its final

Physical Characteristics and Uses

Responding U.S. producers observed that small diameter seamless SLP pipe and large diameter seamless SLP pipe have different size ranges, which can affect the flow rate.[38] Otherwise, U.S. producers reported that small diameter and large diameter seamless SLP pipe had similar physical characteristics and uses, although the large diameter may be used more intensively in pipeline applications than the smaller diameter pipe.[39] U.S. purchasers similarly noted few physical differences other than diameter, although two indicated that small diameter SLP pipe is available in shorter lengths.[40]

As the Commission found in the preliminary phase of these investigations, both small and large diameter pipe are generally used for the transmission of fluids or gas under pressure, and no new evidence has been developed to the contrary in this final phase.[41] Although several purchasers indicated that small diameter seamless SLP pipe may be used more intensively in higher pressure applications than large diameter seamless SLP pipe, the record does not demonstrate that 4.5 inches represents a clear dividing line between end uses.[42]

Interchangeability

Both U.S. producers and U.S. purchasers noted that small diameter seamless SLP pipe and large diameter seamless SLP pipe generally are not interchangeable due to the size requirements of the finished pipe, although these same limitations also are present within the "small" and "large" categories.[43] Exceptions were noted around 4.5 inches in outside diameter size and to a limited degree with respect to thicker-walled small diameter pipe, which can accommodate a higher flow rate than can be accommodated by thinner-walled large diameter pipe.[44] [45]

Channels of distribution

The parties agree, and purchaser questionnaire responses collected in these final phase investigations confirm, that both small diameter seamless SLP pipe and large diameter seamless SLP pipe are sold primarily through distributors.[46]

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determination, the Commission found, consistent with the two separate scopes, that small diameter and large diameter seamless SLP pipe constituted separate domestic like products. USITC Pub. 3311 at 4-5.

[38] CR at I-25, PR at I-18.

[39] CR at I-25, PR at I-18.

[40] CR at I-25, PR at I-18

[41] CR at I-25, PR at I-18.

[42] CR at I-25, PR at I-18.

[43] CR at I-27, PR at I-19.

[44] CR at I-27, PR at I-19.

[45] We note that "[a] lack of interchangeability between products at either end of a continuum is not inconsistent with a finding of a single domestic like product when the products are all part of a continuum." Outboard Engines from Japan, Inv. No. 731-TA-1069 (Preliminary), USITC Pub. 3673 (March 2004) at 8, n. 40; see also Certain Off-the-Road Tires from China, Inv. Nos. 701-TA-448 and 731-TA-1117 (Final), USITC Pub. 4031 (August 2008) at 9 ("This factor is, however, of limited use in assisting the Commission with making its finding because, in an industry in which there are literally thousands of products, each is designed for a specific use. As such the lack of interchangeability does not provide strong guidance as to whether a clear dividing line exists."); Citric Acid and Certain Citrate Salts from Canada and China, Inv. Nos. 701-TA-456 and 731-TA-1151-1152 (Preliminary), USITC Pub. 4008 (June 2008) at 11.

[46] CR at I-27, PR at I-19.

Common Manufacturing Facilities, Production Processes, and Production Employees

During the period for which data were collected, U.S. Steel and Timken manufactured both small diameter seamless SLP pipe and large diameter seamless SLP pipe in the United States. Timken's operations in Canton, OH produce seamless tubular products (primarily mechanical tubing, as well as pressure pipe and drill pipe) on three piercing mills.[47] The plant's overall production capability ranges from 1.9 inches to 13 inches in diameter.[48] U.S. Steel produces seamless SLP pipe ranging from 4.5 to 9.875 inches outside diameter at its facility in Fairfield, AL.[49] U.S. Steel produces both small diameter seamless SLP pipe and large diameter seamless SLP pipe at its facility in Lorain, OH, but in different mills on different equipment.[50] In their questionnaire responses, U.S. producers generally indicated that the production processes for small and large diameter seamless SLP pipe are similar, but that the dimensions of the mill equipment limit the degree of overlap on the same production lines.[51] U.S. purchasers also noted a general similarity in production processes, although several noted that some small diameter pipe is cold drawn.[52]

Producer and Customer Perceptions

U.S. producers reported in their questionnaire responses that their perceptions of small diameter and large diameter seamless SLP pipe were similar.[53] Responding U.S. purchasers largely agreed, although several noted that their perceptions of small diameter and large diameter seamless SLP pipe were dependent upon the dimensions required for a particular end-use application.[54]

Price

To the extent that U.S. producers identified price differences, small diameter seamless SLP pipe was considered to be priced higher than large diameter seamless SLP pipe.[55] Purchasers identified this relationship with greater frequency, but primarily emphasized the higher prices of pipe in diameters of two inches or less (but also, in some instances, in larger diameters such as those greater than ten inches).[56]

Conclusion

As in the preliminary phase, the record in the final phase of these investigations indicates that there is not a clear dividing line at 4.5 inches in outside diameter for seamless SLP pipe. In particular, the record reflects that small diameter seamless SLP pipe and large diameter seamless SLP pipe possess similarities and differences with respect to uses and common manufacturing facilities/employees, but mostly similarities with respect to physical characteristics, channels of distribution, manufacturing methods, customer and producer perceptions, and price.

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[47] CR at I-25, PR at I-18.
[48] CR at I-25, PR at I-18.
[49] CR at I-26, PR at I-18.
[50] CR at I-26, PR at I-18.
[51] CR at I-26, PR at I-19.
[52] CR at I-26, PR at I-19.
[53] CR at I-27, PR at I-19.
[54] CR at I-27, PR at I-19.
[55] CR at I-28, PR at I-20.
[56] CR at I-28, PR at I-20.

Small diameter seamless SLP pipe and large diameter seamless SLP pipe share nearly all physical characteristics and are made to common specifications from identical grades of carbon and alloy steel.[57] Differences in outside diameter size represent the only physical distinction between small diameter and large diameter seamless SLP pipe, but that factor is also present within the small diameter and large diameter groups.[58] Both small diameter pipe and large diameter pipe are generally used for the transmission of fluids or gas under pressure.[59] Domestic producers accounting for a substantial portion of seamless SLP pipe production manufactured both small diameter and large diameter pipe, with two producers manufacturing both size ranges in a single mill on the same types of equipment.[60] Because purchasers generally seek seamless SLP pipe that meets a particular ASTM/API or proprietary specification, different sizes of seamless SLP pipe generally will not be substitutable for each other in particular end uses.[61] All seamless SLP pipe is sold through the same channels of distribution, principally through distributors, with the remainder to end users.[62] Prices for seamless SLP pipe vary based on a number of factors, although the data are mixed regarding the existence of any relationship between price and diameter.[63] Although customers and producers perceive small diameter pipe and large diameter pipe as different insofar as they are not generally interchangeable, they do not perceive them to be two distinct product groups with a clear dividing line at 4.5 inches in outside diameter.[64]

Accordingly, for the above reasons, we find a single domestic like product consisting of all seamless SLP pipe less than or equal to 16 inches in outside diameter that is co-extensive with Commerce's scope.[65]

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[57] CR at I-24, PR at I-17.

[58] CR at I-24 to I-25, PR at I-17 to I-18.

[59] CR at I-25, PR at I-18.

[60] CR at I-25 to I-26, PR at I-18. The two domestic producers that manufacture both small diameter seamless SLP pipe and large diameter seamless SLP pipe, U.S. Steel and Timken, accounted for *** percent of total seamless pipe production in 2009. CR/PR at Table III-1.

[61] CR at I-27, PR at I-19.

[62] CR at I-27, PR at I-19.

[63] CR at I-28, PR at I-19.

[64] CR at I-27, PR at I-19.

[65] On February 4, 2010, the Commission received a letter from Wyman-Gordon requesting that seamless SLP pipe made to the ASTM A-335 specification be considered as a separate domestic like product. CR at I-24, PR at I-17. In light of Wyman-Gordon's request, the Commission collected separate data for pipe made to the ASTM A-335 specification and for all seamless SLP pipe. In its prehearing brief, Wyman-Gordon argued that the Commission should find that seamless SLP pipe produced to the ASTM A-335 specification is a separate domestic like product and that the Commission should reach a negative determination with respect to seamless SLP pipe made to the A-335 specification in the absence of any significant adverse impact on the domestic industry producing such pipe. See e.g., Wyman-Gordon Prehearing Br. at 4-10. Commerce, however, subsequently amended its scope language specifically to exclude SLP pipe made to the ASTM A-335 specification. See e.g., CR at I-24, PR at I-17. Given that Commerce has narrowed the scope language, we cannot decide the issue posed by Wyman-Gordon without first reaching the threshold question of whether to broaden the domestic like product to include domestically produced ASTM A-335 pipe. No party has advocated such an expansion and Wyman-Gordon's arguments that ASTM A-335 pipe should be treated as a separate like product weigh against expansion. Without intending to pre-judge how we would decide the issue in another investigation, we determine not to broaden the like product to include ASTM A-335 in these investigations. In light of our determination not to expand the like product, Wyman-Gordon's argument for a separate like product determination is rendered moot.

Separately, Toyota Tsusho America, Inc. ("TAI") requested that "the Commission publicly confirm that the injury determination it makes regarding SLP pipe from China does not include mechanical/boiler tubing products as like products, except those particular products used in SLP pipe applications." TAI's Prehearing Br. at 1. We note that TAI has not argued that mechanical/boiler tubing products constitute a separate domestic like product under the

III. DOMESTIC INDUSTRY

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[66] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Based on our definition of the domestic like product, we define a single domestic industry consisting of all domestic producers of seamless SLP pipe less than or equal to 16 inches in outside diameter.[67] [68]

IV. LEGAL STANDARDS

A. In General

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[69] 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.[70] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[71] In assessing whether 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

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traditional six-factor like product analysis. Rather, it appears that TAI sought to preserve a domestic like product argument in the event that Commerce did not exclude mechanical/boiler tubing products from the scope. TAI's Prehearing Br. at 1 n.2. Because Commerce excluded mechanical/boiler tubing from the scope, we find TAI's request to be moot.

[66] 19 U.S.C. § 1677(4)(A).

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

[68] We find no basis to exclude any producer from the domestic industry under the statute's related party provision, 19 U.S.C. § 1677(4)(A), and no party has argued that any producer should be excluded. In the final phase of these investigations, *** qualifies as a related party because it directly imported subject merchandise during the period examined. Nevertheless, as we found in the preliminary phase of these investigations, appropriate circumstances do not exist to exclude *** from the domestic industry because it supports the petition, its interests appear to be primarily in domestic production (particularly given that it ceased importing the subject merchandise in 2007), and no party has argued for its exclusion from the domestic industry.

*** likely qualifies as a related party because it appears to be under the control of a company that also controls a firm that exports seamless SLP pipe from China to the United States. *** parent company, ***, acquired a *** percent ownership interest in ***, which produces seamless SLP pipe in China and exports it to the United States. The *** percent ownership stake probably gives *** a significant degree of control over ***. Nevertheless, we find that appropriate circumstances do not exist to exclude *** from the domestic industry. *** did not acquire the ownership interest in *** until ***, meaning that *** probable related party status did not arise until very late in the period examined. Accordingly, *** interests are primarily in domestic production. We also note that *** and that no party has argued for the exclusion of *** from the domestic industry.

[69] 19 U.S.C. §§ 1671d(b), 1673d(b).

[70] 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 ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[71] 19 U.S.C. § 1677(7)(A).

States.[72] 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."[73]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[74] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[75] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[76]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[77] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[78] Nor does the

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[72] 19 U.S.C. § 1677(7)(C)(iii).

[73] 19 U.S.C. § 1677(7)(C)(iii).

[74] 19 U.S.C. §§ 1671d(a), 1673d(a).

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

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

[77] SAA at 851-52 ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); accord Mittal Steel, 542 F.3d at 877.

[78] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject

"by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[79] It is clear that the existence of injury caused by other factors does not compel a negative determination.[80]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[81] [82] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[83]

The Federal Circuit's decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[84] The additional "replacement/benefit" test looked at whether nonsubject imports might have

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imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Invs. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

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

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

[81] Mittal Steel, 542 F.3d at 877-78; see also id. at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

[82] Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of nonsubject imports. Mittal explains as follows:

> What Bratsk held is that "where commodity products are at issue and fairly traded, price-competitive, nonsubject imports are in the market," the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether nonsubject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

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

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

replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission's interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[85] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[86] [87]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[88] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[89]

B. Material Injury by Reason of Subject Imports

In evaluating the volume of subject imports, section 771(7)(C)(I) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[90]

In evaluating the price effects of the subject imports, section 771(7)(C)(ii) of the Tariff Act provides that 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

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

[86] Commissioner Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Invs. Nos. 731-TA-1131 to 1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

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

[88] We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

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

[90] 19 U.S.C. § 1677(7)(C)(i).

(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.[91]

In examining the impact of subject imports, section 771(7)(C)(iii) of the Tariff Act provides that the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[92] 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."[93]

C. Threat of Material Injury by Reason of Subject Imports

Section 771(7)(F) of the Tariff 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."[94] 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.[95] In making our determination, we consider all statutory threat factors that are relevant to these investigation.[96]

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[91] 19 U.S.C. § 1677(7)(C)(ii).

[92] 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.").

[93] 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 at 25 n.148 (Feb. 1999).

[94] 19 U.S.C. § 1677(7)(F)(ii).

[95] 19 U.S.C. § 1677(7)(F)(ii).

[96] These factors are as follows:

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

V. CONDITIONS OF COMPETITION

The following conditions of competition inform our analysis of whether there is material injury or threat of material injury by reason of subject imports.

A. Demand Conditions

Overall U.S. demand for seamless SLP pipe derives primarily from activity in the energy industry (petroleum, natural gas, and refineries), in drilling, and in nonresidential construction.[97] [98] Demand for seamless SLP pipe relating to the energy industry and to drilling generally rises in conjunction with higher prices for oil and natural gas.[99] Demand relating to nonresidential construction is more a function of overall economic activity.

Monthly prices for oil and gas increased irregularly from January 2007 to June 2008, and then generally declined during the remainder of 2008.[100] The price of oil has recovered somewhat from the low level reached in early 2009, but the price of natural gas has remained relatively low throughout 2009 and the early months of 2010.[101] Consistent with the observed changes in prices for oil and gas, demand for seamless SLP pipe in the relevant sectors of the energy industry increased irregularly from January 2007 to August 2008, and then declined throughout the remainder of 2008 and early 2009 before recovering to some extent in 2010.[102] The same general pattern emerged in drilling activity, as the number of rigs increased irregularly from January 2007 to September 2008, declined sharply for the

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

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the price effects analysis, and statutory threat factor (IX) is discussed in the impact analysis. Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in this investigation. No argument was made that the domestic industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, which would implicate statutory threat factor (VIII).

[97] CR at II-10, PR at II-6.
[98] CR at II-12, PR at II-8.
[99] CR at II-10, PR at II-6.
[100] CR/PR at Figure II-2.
[101] CR at II-10, PR at II-6.
[102] CR at II-10, PR at II-8.

remainder of 2008 and the first half of 2009, and recovered from the second half of 2009 to the first half of 2010.[103] [104]

Demand for seamless SLP pipe is also affected by nonresidential construction, including the construction and repair of petrochemical and refining facilities in the chemical industry, power generation, and mechanical applications for general construction.[105] Consistent with general economic activity, total nonresidential construction spending in the United States declined from 2007 to 2009 and stabilized at low levels in 2010.[106]

Most producers and importers reported that demand for seamless SLP pipe fluctuated over the period examined.[107] Of 16 responding purchasers, one reported that overall U.S. demand for seamless SLP pipe had both increased and fluctuated since 2007, four reported that it had decreased, eight reported that it had fluctuated, and three reported that it was unchanged.[108] Most producers, importers, and purchasers reporting that demand had fluctuated since 2007 also reported that demand had increased though 2008 before falling sharply in 2009 as a result of the recession.[109]

When measured by apparent U.S. consumption, U.S. seamless SLP pipe demand decreased by *** percent on a quantity basis from 2007 to 2009.[110] Total apparent U.S. consumption was *** percent higher in interim 2010 than in interim 2009.[111] The data on apparent U.S. consumption, however, do not fully reflect changes in demand because the data do not account for changes in the amount of seamless SLP pipe held in inventory by U.S. importers and purchasers. Those inventories surged in 2008, increased through June 2009, and then declined through the remainder of the period examined.[112]

The downturn in the seamless SLP pipe market is not unique to the United States. The global economic recession has caused a general decline in demand for oil and natural gas since the third quarter of 2008, which has led to a weakening global seamless SLP pipe market.[113]

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[103] CR/PR at Figure II-3. Since the first half of 2009, the number of drilling rigs has increased, although it remains below the peak level reached in 2008. CR at II-12, PR at II-8. However, most new drilling for natural gas is being done in so-called "shale plays," and in such areas welded pipe is generally preferred over seamless pipe because of its lower cost. CR at II-12, PR at II-8.

[104] Drilling rigs are used in both inland and offshore drilling. Although offshore drilling rigs account for a small share of the total rig count, offshore drilling is an important market for seamless SLP pipe. Weekly data show that offshore rigs as a share of total rigs ranged from one to five percent from 2007 to early September 2010. The weekly counts have generally declined since 2007. CR at II-13, PR at II-9. Recent events in the Gulf of Mexico, including a moratorium on deepwater drilling, appear likely to have contributed to a decline in the level of offshore, particularly deepwater, drilling. CR at II-13, PR at II-9. Subsequent to the period examined, the moratorium was slightly revised. See e.g., CR at II-13 n.15, PR at II-9 n.15.

[105] CR at II-14, PR at II-9; Transcript of September 14, 2010 Hearing ("Hearing Tr.") at 96-97 (Mr. Durham).

[106] CR/PR at Figure II-4; See also Hearing Tr. at 97 (Mr. Durham), 159-60 (Mr. Thompson) (on much lower demand for seamless SLP pipe in nonresidential construction sector).

[107] CR at II-15, PR at II-11.

[108] CR at II-15, PR at II-11.

[109] CR at II-15, PR at II-11.

[110] CR/PR at Table C-1. Apparent U.S. consumption of seamless SLP pipe increased from *** short tons in 2007 to over *** short tons in 2008 and then decreased sharply to *** short tons in 2009. Id.

[111] Apparent U.S. consumption of seamless SLP pipe was *** short tons in interim 2009 and *** short tons in interim 2010. CR/PR at C-1.

[112] U.S. importers' end-of-period inventories of subject imports surged *** percent from 2007 to 2008. CR/PR at Table C-1. U.S. importers' end-of-period inventories of subject imports peaked in June 2009, decreased by *** percent in December 2009, and then decreased a further *** percent by June 2010. CR/PR at Additional Table 1. The record also indicates a substantial drawdown of inventories (including subject and nonsubject imports and domestically produced pipe) by U.S. purchasers from December 2009 through June 2010. CR/PR at Table II-2.

[113] CR at II-14-15, PR at II-9; see also CR/PR at Table VII-12.

B. Supply Conditions

There are three sources of supply in the U.S. market: imports of subject merchandise from China, imports from nonsubject countries, and domestic production. During the period examined, nonsubject imports were supplied by many countries, including Argentina, the Czech Republic, Germany, Italy, Japan, Mexico, Russia, and Ukraine.[114] At the beginning of the period, domestic producers accounted for the largest share of the U.S. market, followed by nonsubject imports, then subject imports. By 2008, the three sources of seamless SLP pipe *** of the U.S. market, with subject imports holding the largest share.[115] In 2009, as apparent consumption of seamless SLP pipe plunged, the domestic industry's market share shrank substantially, and subject and nonsubject imports accounted for almost *** percent of the U.S. market.[116] In interim 2010, however, domestic producers accounted for the largest share of the U.S. market (almost ***), followed by nonsubject imports, while the market share of subject imports was sharply lower.[117]

As discussed above, U.S. importers and purchasers held significant inventories over the period examined. End-of-period inventories held by U.S. importers increased significantly from 2007 to interim 2009, and then decreased throughout the remainder of the period examined, although these inventory levels remain higher than they were in 2007.[118] End-of-period inventories held by U.S. purchasers increased significantly from 2007 to 2008, and then decreased throughout the remainder of the period examined, ending below 2007 levels.[119]

C. Interchangeability

Although factors such as differences in availability and product quality may limit substitutability somewhat, the record indicates a moderately high level of substitutability between subject imports and the domestic like product.[120] The majority of producers, importers, and purchasers reported that domestically produced seamless SLP pipe and subject imports are "frequently" or "always" interchangeable, with the remainder reporting that the domestic like product and subject imports are "sometimes" interchangeable.[121] Most purchasers ranked price, availability, and quality as the most important factors in purchasing decisions, with price identified most often as the most important factor.[122]

D. Other Conditions

Whether domestically produced or imported, seamless SLP pipe is sold mainly through distributors. In 2009, the final full year of the period examined, *** percent of domestically produced

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[114] CR/PR at Table IV-5.

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

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

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

[118] U.S. importers' end-of-period inventories of seamless SLP pipe from all sources were *** short tons in 2007, *** short tons in 2008, *** short tons in 2009, *** short tons in interim 2009, and *** short tons in interim 2010. CR/PR at Table VII-8.

[119] U.S. purchasers' end-of-period inventories of seamless SLP pipe from all sources were *** short tons in 2007, *** short tons in 2008, *** short tons in 2009, and *** short tons in interim 2010. CR/PR at Table II-2.

[120] CR at II-21 to II-25, PR at II-16 to I-18.

[121] CR/PR at Tables II-7 & II-8.

[122] CR/PR at Tables II-3 & II-4.

seamless SLP pipe was sold to distributors, while *** percent of U.S. imports of seamless SLP pipe from China and *** percent of nonsubject imports were sold to distributors.[123]

Raw materials account for a large share of the cost of seamless SLP pipe. These costs ranged from a low of *** percent of the cost of goods sold ("COGS)" in 2009 to a high of *** percent in 2008.[124] During January-June 2010, raw material costs accounted for *** percent of COGS. Ferrous scrap is a major input used in the production of seamless SLP pipe.[125] The price of ferrous scrap rose irregularly to peak levels in mid-2008 and then declined sharply in the latter part of that year.[126] Ferrous scrap prices increased irregularly in 2009 and 2010 and have fluctuated in recent months.

VI. MATERIAL INJURY AND THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS[127]

Based on the record in the final phase of these investigations, we find that an industry in the United States is threatened with material injury by reason of imports of seamless SLP pipe from China that Commerce has found are sold at LTFV and subsidized by the Government of China.

A. Volume of the Subject Imports[128]

1. Analysis of Material Injury by Reason of Subject Imports

In absolute terms, the volume of subject imports increased from *** short tons in 2007 to *** short tons in 2008, then dropped to *** short tons in 2009.[129] Although the volume of subject imports fell by *** percent overall from 2007 to 2009, it rose sharply by *** percent between 2007 and 2008.[130] Subject imports were *** percent lower in interim 2010, at *** short tons, than in interim 2009, at *** short tons.[131]

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

[124] CR/PR at V-1.

[125] CR/PR at V-1.

[126] CR/PR at V-1.

[127] Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations. Official statistics from Commerce indicate that, from September 2008 to August 2009, which is the most recent 12-month period preceding the filing of the petition for which data were available, subject imports from China accounted for 52.5 percent of total U.S. imports of seamless SLP pipe. CR at IV-20 to IV-21. The volume of subject imports is thus well above the statute's three percent negligibility level.

[128] In its final countervailing duty determination regarding imports of seamless SLP pipe from China, Commerce assigned subsidy rates ranging from 13.66 percent to 33.66 percent ad valorem. In its investigation, Commerce examined seven preferential loan programs, four equity programs, four direct tax benefit programs, nine indirect and tax exemption programs, seven remuneration programs, eight grant programs, and two other regional programs. CR/PR at Tables I-2 & I-3.

Commerce also determined that certain producers in China were selling seamless SLP pipe in the U.S. market at less than fair value. Commerce calculated dumping margins ranging from 48.99 percent to 65.51 percent ad valorem for certain Chinese producers of seamless SLP pipe and a dumping margin of 98.94 percent ad valorem for the PRC-wide entity.

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

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

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

The market share of subject imports increased sharply or at least remained stable for most of the period examined regardless of whether demand was rising or falling.[132] Between 2007 and 2008, as demand increased, the volume of subject imports increased at a substantially faster rate. Specifically, apparent U.S. consumption increased by *** percent, whereas the volume of subject imports increased by *** percent.[133] As a result, the market share held by subject imports increased from *** percent in 2007 to *** percent in 2008.[134] From 2008 to 2009, as apparent U.S. consumption fell by *** percent and the volume of subject imports decreased by *** percent, the market share held by subject imports fell by just *** percentage points, from *** percent in 2008 to *** percent in 2009.[135] By contrast, the domestic producers' market share consistently declined from *** percent in 2007 to *** percent in 2008 and *** percent in 2009.[136]

We note that the market share held by subject imports was sharply lower in interim 2010, at *** percent, than in interim 2009, when it was *** percent.[137] By contrast, domestic producers' market share was markedly higher in interim 2010, at *** percent, than in interim 2009, when it was *** percent.[138] Nonsubject imports' share of apparent U.S. consumption, based on quantity, was only slightly lower in interim 2010, at *** percent, than in interim 2009, at *** percent.[139]

Notwithstanding the declines in subject import volume and market share in interim 2010, we find the volume of subject imports during the period examined to be significant, both in absolute terms and relative to consumption and production in the United States. From 2007 to 2009, subject imports comprised between one-quarter and one-third of apparent U.S. consumption. The declines in subject imports' volume and market share in interim 2010 occurred after the petitions in these investigations were filed,[140] and stand in stark contrast to the relatively substantial presence of nonsubject imports at that time.[141] We therefore find that the decline in subject import volumes at the end of the period examined resulted, in part, from the pendency of these investigations. Absent these investigations, the absolute and relative volumes of subject imports would likely have been greater in interim 2010.

2. Analysis of Threat of Material Injury by Reason of Subject Imports

The Commission sent foreign producer questionnaires to 84 Chinese firms believed to be producing seamless SLP pipe.[142] Only four firms provided usable responses: Baoshan Iron & Steel Co., Hengyang Valin, Tianjin Pipe (Group) Corp., and Yangzhou Chengde Steel.[143] As discussed above, exports to the United States by these four firms accounted for only about one-quarter of all seamless SLP pipe imported from China from January 2007 to June 2010.[144] Given Chinese producers' limited cooperation in responding to our questionnaires, comprehensive data on the Chinese seamless pipe industry are not available from that source. Nevertheless, there are substantial published data on the

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[132] CR/PR at Table C-1.
[133] CR/PR at Table C-1.
[134] CR/PR at Table C-1.
[135] CR/PR at Table C-1.
[136] CR/PR at Table C-1.
[137] CR/PR at Table C-1.
[138] CR/PR at Table C-1.
[139] CR/PR at Table C-1.
[140] CR/PR at Table IV-4.
[141] CR/PR at Table IV-4.
[142] CR at VII-6, PR at VII-5.
[143] Data for these Chinese respondents are presented in CR/PR at Table VII-3.
[144] CR/PR at Tables VII-4 & C-1.

Chinese seamless pipe industry from various independent sources. These sources indicate that the available supply from China will likely be very high in the imminent future.

Chinese seamless SLP pipe producers will likely have the ability to increase shipments to the United States significantly. China is the world's largest producer of seamless tubular products, a category that includes both seamless SLP pipe and other seamless products, such as oil country tubular goods ("OCTG"). According to the World Steel Association ("WSA"),[145] China was the leading global producer of seamless tubular products in 2008, accounting for 72.8 percent (22.2 million short tons) of global production of seamless pipe and tube.[146] *** reports that, with respect to seamless line pipe alone, China's 2007 production level exceeded an estimated *** short tons.[147] According to ***, China's annual production of seamless tubular products increased by more than *** percent during 2000-08, accounting for approximately half of global production.[148]

As one of the witnesses for the Chinese Respondents acknowledged in hearing testimony, the Chinese industry's production capacity for subject seamless SLP pipe is "huge and growing."[149] China reportedly has more than *** seamless pipe and tube producers, and they continue to expand or upgrade their seamless pipe capacity.[150] Moreover, even based on the limited responses to the Commission's questionnaire provided by Chinese producers, it is clear that significant amounts of seamless tubular capacity are available in China that can be used to produce seamless SLP pipe.[151] Production facilities in China that are currently used to produce other pipe products have a strong potential to be shifted to the production of seamless SLP pipe. Chinese producers reported that ***.[152] Given Chinese OCTG producers' large production capacity, there is an enormous potential for product shifting by Chinese producers from OCTG to seamless SLP pipe.[153]

Chinese producers' inventories would also permit them to increase exports to the United States significantly. Chinese producers' reported end-of-period inventories were *** short tons in 2007, *** short tons in 2008, *** short tons in 2009, *** short tons in interim 2009, and *** short tons in interim 2010.[154] Notably, in interim 2010, Chinese producers' reported end-of-period inventories of *** short tons were equivalent to *** percent of domestic producers' interim 2010 production of *** short tons.[155] U.S. importers' inventories of subject imports were also substantial at the end of the period examined,[156]

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[145] The WSA, formerly known as the International Iron and Steel Institute, is an international organization representing approximately 180 steel producers, national and regional steel industry associations, and steel research institutes. WSA members produce about 85 percent of the world's steel. WSA provides data for all seamless tubular products, a much broader category than the subject product. CR/PR at VII-2.

[146] CR/PR at Table VII-1. Between 2002 and 2007, China's production of seamless pipe and tube almost tripled, increasing from 6.7 million short tons to 20.0 million short tons as China's share of global seamless tubular production increased from 40 percent to 60 percent. CR at VII-17, PR at VII-8 to VII-9.

[147] CR/PR at Table VII-2.

[148] CR/PR at VII-1.

[149] Hearing Tr. at 217 (Mr. Tang).

[150] CR/PR at VII-4 to VII-5, PR at VII-3 to VII-4.

[151] Compare CR/PR at Table VII-4 with CR/PR at Table VII-7 (production of other seamless tubular products more than *** times the level of production of seamless SLP pipe on shared equipment in 2009).

[152] CR/PR at Table VII-3 (***).

[153] See e.g., U.S. Steel Prehearing Br. at 88-89.

[154] CR/PR at Table VII-4. We note that these data are limited to data provided by the four Chinese producers that responded to the Commission's foreign producer questionnaire.

[155] CR/PR at Tables VII-6 and C-1.

[156] CR/PR Table VII-8. Importers' inventories of subject merchandise increased from *** short tons in 2007 to *** short tons in 2008 and *** short tons in 2009. Importers' inventories of subject imports were *** short tons in interim 2009 and *** short tons in interim 2010. Id.

and the sale of those inventories into the U.S. market would likely have a significant negative impact on domestic production of seamless SLP pipe.

The record indicates that the Chinese seamless SLP pipe industry is significantly export-oriented. According to *Global Trade Atlas*, China surpassed Germany in 2007 to become the world's leading exporter of seamless pipe (excluding OCTG).[157] In 2008 and 2009, Chinese producers accounted for approximately 25 percent of global exports of seamless pipe (excluding OCTG).[158] China has been the world's leading seamless pipe exporter (excluding OCTG) in each year from 2007 to 2009, with exports ranging from 1.4 million short tons to 2.4 million short tons of seamless pipe (excluding OCTG).[159]

Chinese producers have an incentive to increase exports to the U.S. market for several reasons. First, Chinese producers face trade restrictions, both existing and pending, in several important non-U.S. markets. In September 2009, the EU imposed antidumping duties on certain seamless pipe and tube from China.[160] The Government of India has reportedly placed imports of seamless pipe and tube on a list of "restricted" imported products in order to reduce the potential volume of seamless pipe and tube imports from China.[161] [162] These actions will likely inhibit shipments of seamless SLP pipe from China to these significant third-country markets in the imminent future.

Second, the United States represents a highly attractive market. The United States is the world's largest importer of seamless SLP pipe,[163] and the U.S. market has attractive prices, with prices generally higher in the United States than in other markets such as Europe or Asia.[164] The United States also has a large, well-developed distribution network for seamless SLP pipe.[165] Moreover, the U.S. market is familiar to seamless SLP pipe producers in China, who increased their share of the U.S. market from 2007 to 2009 and, in so doing, established relationships with a broad range of importers. There is no indication in the record that Chinese producers, in the absence of a countervailing or antidumping duty order, would find the U.S. market any less attractive in the imminent future than they did between 2007 and 2009, when they increased their U.S. market share overall by *** percentage points, or *** percent.[166] Although demand in the United States is expected to be lower in the imminent future than in 2007 and 2008, albeit increasing, Chinese producers would likely target new orders for seamless SLP pipe in an attempt to gain market share as they did from 2007 to 2008.

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[157] CR at VII-5, PR at VII-4.

[158] CR at VII-5, PR at VII-4.

[159] CR/PR at Table VII-11.

[160] CR at VII-15, PR at VII-7. In March 2008, the Canadian Government imposed antidumping and countervailing duty orders on seamless OCTG casing from China. CR at VII-16, PR at VII-8.

[161] CR at VII-15, PR at VII-7.

[162] In May 2010, Mexico imposed provisional antidumping duty margins on seamless SLP pipe from China. In addition, Argentina has reportedly recently instituted an antidumping duty investigation into imports of seamless pipe from China. CR at VII-15 to VII-16, PR at VII-7 to VII-8. Mexico's imposition of provisional duties and Argentina's institution of an antidumping duty investigation will likely dampen demand for the targeted products in the imminent future even if both inquiries are ultimately resolved in favor of the Chinese parties. Cf. 19 U.S.C. § 1677(7)(I) (U.S. law recognizing that the filing of an antidumping or countervailing duty petition may affect the volume of subject imports).

[163] CR/PR at Table VII-11.

[164] See, e.g., Metal Bulletin Research (Issue No. 57) (June 2010) (comparing U.S., European, Asian, and Middle Eastern prices for seamless line pipe).

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

[166] As discussed above, official Commerce statistics indicate that subject imports have been at extremely low levels since March 2010. CR/PR at Tables IV-4. As noted above, we find that the decline in subject import volumes is at least in part attributable to the pendency of these investigations. See 19 U.S.C. § 1677(7)(I)).

Third, Chinese OCTG producers have a strong incentive to shift production to seamless SLP pipe in reaction to the recently imposed countervailing and antidumping orders in the United States on OCTG.[167] Given their ability and incentive to shift production from OCTG to seamless SLP pipe, it is likely that Chinese producers will ship more seamless SLP pipe to the U.S. market in order to make up for their significant losses in the OCTG market.[168]

Finally, we note that the rate of demand growth in the Chinese home market has slowed.[169] Despite the higher rate of growth in the home market earlier in the period examined, Chinese producers substantially increased exports to the U.S. market.[170] As the rate of growth slows, the Chinese home market will be less able to absorb increases in shipments by Chinese producers, creating an additional incentive to increase substantially exports to the United States.

Based on the above, we conclude that producers of seamless SLP pipe in China have both the ability and the incentive to increase exports of subject seamless SLP pipe. We also conclude that the United States is a highly attractive market for Chinese seamless SLP pipe producers, for reasons including its size and attractive prices, trade barriers in other markets, the U.S. antidumping and countervailing duty orders on OCTG, and Chinese producers' familiarity with the U.S. market. Additionally, we note that the market share of subject imports in the United States has increased during the period examined or remained at near-period high levels, regardless of U.S. market conditions. Thus, we conclude that subject import volume is likely to be significant in the imminent future, both in absolute terms and relative to consumption and production in the United States, and that the increase in subject imports' market share will likely be significant.

D. Price Effects of the Subject Imports

1. Analysis of Material Injury by Reason of Subject Imports

As explained above in the discussion of conditions of competition, the domestic like product and subject imports are generally interchangeable, and price is an important consideration in purchasing decisions.[171] Moreover, most sales of both the domestic like product and subject imports are made to distributors.[172]

The Commission collected quarterly pricing data for four seamless SLP pipe products.[173] Usable pricing data were provided by four domestic producers, accounting for *** percent of domestic producers' shipments during the period examined, and thirteen importers, accounting for *** percent of shipments of subject imports during the period.[174] Subject imports undersold the domestic like product in

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[167] See e.g., Oil Country Tubular Goods from China, USITC Pub. 701-TA-463, 731-TA-1159 (Final) (May 2010); Oil Country Tubular Goods from China, USITC Pub. 4124, Inv. Nos. 701-TA-469 (Final) (Jan. 2010).

[168] Imports of OCTG from China into the United States increased from 725,027 short tons in 2006 to 860,711 short tons in 2007 and 2.20 million short tons in 2008. Oil Country Tubular Goods from China, USITC Pub. 4124 at 16, Inv. Nos. 701-TA-469 (Final) (Jan. 2010). Following the imposition of antidumping and countervailing duties, imports of OCTG from China into the United States virtually ceased. See e.g., Prehearing Br. of V&M Star, TMK IPSCO, and the United Steel Workers at 17 & Exh. 5 at 4.

[169] Prehearing Br. of U.S. Steel Corporation at 83-84 and Exh. 97; Metal Bulletin Research, Issue 55 (April 2010) at 9.

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

[171] CR/PR at Tables II-5 & II-7.

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

[173] CR at V-4, PR at V-3 to V-4.

[174] CR at V-5, PR at V-4.

55 of 56 quarterly pricing comparisons by margins ranging from 5.2 percent to 65.4 percent.[175] We find that subject imports undersold the domestic like product to a significant degree during the period examined.

In examining the record for evidence that subject imports had significant price depressing effects, we note that prices for all four U.S.-produced seamless SLP pipe products increased overall during the period examined.[176] U.S. prices for all four products increased sharply between 2007 and 2008, but then declined in 2009 from their peak 2008 levels, before recovering somewhat in late 2009 (product 1) and the first half of 2010 (products 2, 3, and 4).[177] Prices for the subject imports from China also generally increased between 2007 and 2008 and often moved in the same direction as U.S. prices in 2009 and interim 2010.[178]

Despite price declines in 2009 and significant underselling, we do not find adequate evidence on the record to conclude that subject imports significantly depressed or suppressed the price of domestically produced seamless SLP pipe. As discussed above, domestic producers' prices increased to very high levels in 2008, indicating that the underselling by subject imports did not depress prices for the domestic like product between 2007 and 2008. Although domestic producers' prices declined in 2009, we are unable to conclude that subject imports had significant price depressing effects given that there were other, unusually adverse market factors having an impact at that time, including a sharp fall in demand and the relatively large amount of seamless SLP pipe that was stockpiled in inventory. Indeed, despite underselling, Chinese subject import market share actually fell slightly from *** percent in 2008 to *** percent in 2009.[179] Absent additional data demonstrating the price depressing effects of subject imports in 2009, we are unable to conclude that those effects were significant. Nor do we see evidence of significant price depression in interim 2010. To the contrary, U.S. prices for three of the four products increased somewhat in interim 2010.[180]

We also do not find sufficient evidence to conclude that subject imports prevented price increases that otherwise would have occurred to a significant degree. Given that the domestic industry's COGS to net sales ratio declined between 2007 and 2008, the domestic industry was evidently able to raise its prices sufficiently to more than cover its costs.[181] Although the domestic industry experienced a sharp increase in costs relative to sales revenues in 2009,[182] this increase coincided with a sharp drop in demand.[183] [184] [185] This decline in demand during the period examined, especially between 2008 and 2009,

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[175] For products 1 and 2, subject imports undersold the domestic like product in 27 out of 28 quarterly pricing comparisons by margins ranging from 5.2 percent to 63.2 percent. For products 3 and 4, subject imports undersold the domestic like product in all 28 quarterly pricing comparisons by margins ranging from 8.3 percent to 65.4 percent. CR/PR at Table V-7.

[176] CR at V-5, PR at V-4; CR/PR at Tables V-2 to V-5.

[177] CR at V-5, PR at V-4; CR/PR at Tables V-2 to V-5.

[178] CR at V-5, PR at V-4; CR/PR at Tables V-2 to V-5.

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

[180] CR/PR at Tables V-2 to V-5.

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

[182] COGS as a percentage of sales increased from *** percent in 2008 to *** percent in 2009, and was lower in interim 2010, at *** percent, than in interim 2009, at *** percent. CR/PR at Table C-1.

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

[184] We do not find the increasing COGS to net sales ratio between 2008 and 2009 to be especially probative because other factory costs rose sharply as a result of a large dropoff in capacity utilization, which in turn was due to the sharp contraction in demand. CR/PR at Table C-1.

[185] Commissioner Pinkert notes here that U.S. demand for seamless SLP is inelastic relative to supply. See CR at II-25, 26, PR at II-18. He notes as well, however, that -- despite the slump in demand discussed in the text -- U.S. producers were able to pass through to their purchasers a very substantial percentage of their unit cost increases,

made it more difficult for domestic producers to raise prices; purchasers had less need for seamless SLP pipe and were therefore likely less willing to pay higher prices. Accordingly, we are unable to find that subject imports, which fell in tandem with the downturn in demand and maintained a relatively steady share of the market, played a significant role in the increase in the industry's COGS/sales ratio in 2009. For these reasons, we do not find that subject imports significantly suppressed prices for the domestic like product in 2009. Further, we do not find that subject imports suppressed price increases in interim 2010. The domestic industry's COGS/sales ratio was lower in interim 2010, at *** percent, than in interim 2009, at *** percent.[186]

For the above reasons, we conclude that subject imports are not currently having a significant adverse effect on domestic producers' prices for seamless SLP pipe.[187]

2. Analysis of Threat of Material Injury by Reason of Subject Imports

We next consider the likely price effects of subject imports in the imminent future. As it attempts to increase exports to the United States, the Chinese industry is likely to continue to use aggressive pricing as a means to increase market share, given that seamless SLP pipe from China and the domestic like product are generally substitutable. Because subject imports undersold domestically produced seamless SLP pipe to a significant degree during the period examined – both in 2007 and 2008 when demand was robust, and in 2009 when demand was relatively depressed – we find that underselling is likely to be significant in the imminent future. This underselling by subject imports is likely to increase the attractiveness of those imports to domestic purchasers compared with domestically produced pipe.

With regard to whether price depression is likely as a result of subject imports, we first examine how the market responded when subject imports largely exited the market in interim 2010. The record indicates that certain demand indicators, such as apparent U.S. consumption and the rig count, were somewhat higher in interim 2010 than in interim 2009, but that overall demand was still relatively depressed compared to levels earlier in the period examined.[188] Despite continuing weak demand, however, the substantial declines in subject import volumes in interim 2010 (due in part to the pendency of these investigations) allowed the domestic industry to raise prices by more than enough to cover its costs.[189] In fact, for all four pricing products, domestic producers' U.S. prices were moderately higher beginning in the second quarter of 2010 compared to the fourth quarter of 2009.[190] In the imminent future, however, and in the absence of antidumping or countervailing duty orders, increasing and significant subject import volumes would be priced aggressively in an effort to gain market share. Moreover, demand is not expected to grow robustly in the imminent future, and inventory stockpiles are still relatively high.[191] In this environment, domestic producers would be forced to lower prices in order to compete for sales and try to prevent erosion of their market share. Accordingly, subject imports are

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particularly in the first half of 2009 (when unit costs peaked). See CR/PR at Table VI-1. Because the degree to which the cost increases were passed through during a period of declining demand was consistent with the relative elasticities of demand and supply, he does not find that subject imports prevented price increases that otherwise would have occurred.

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

[187] The domestic industry did not make any lost sales or lost revenue allegations in these investigations.

[188] Demand for seamless SLP pipe in the U.S. market was slightly higher in interim 2010, at *** short tons, than in interim 2009, at *** short tons. CR/PR at Table C-1.

[189] CR/PR at Tables V-2 to V-5.

[190] CR/PR at Tables V-2 to V-5.

[191] See, e.g., Hearing Tr. at 77 (Mr. Conway).

likely to enter the U.S. market at prices that would have a significant depressing effect on domestic prices for seamless SLP pipe.

Similarly, with regard to price suppression, although demand is expected to increase to a modest degree in the imminent future, domestic producers will likely be unable to raise prices to offset cost increases that might occur, due to competition from the increased volume of aggressively priced subject imports. As subject imports cause the domestic industry to experience increased per-unit production costs due to declining sales volumes and prevent domestic producers from raising prices in order to offset the higher costs, the domestic industry will likely experience a cost/price squeeze. For these reasons, we conclude that subject imports are likely to enter at prices that will have significant price suppressing as well as price depressing effects.

We conclude that, in the imminent future, and in the absence of antidumping and countervailing duty relief, increased quantities of subject imports that are priced aggressively in an effort to gain market share will cause domestic producers to lower prices in a market recovering from severely depressed demand. As subject imports cause domestic sales volumes and prices to deteriorate and per-unit costs to increase, the domestic industry will likely experience significant price depression and suppression.

E. Impact of the Subject Imports on the Domestic Industry

1. Analysis of Material Injury by Reason of Subject Imports

Apparent U.S. consumption of seamless SLP pipe fluctuated over the period examined, increasing from 2007 to 2008, and falling from 2008 to 2009.[192] As discussed above, apparent U.S. consumption was slightly higher in interim 2010 than in interim 2009, although it remained well below its level in 2007.[193] Many indicators of the domestic industry's performance fluctuated in the same manner, including production,[194] capacity,[195] capacity utilization,[196] shipments,[197] net sales,[198] operating income and

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

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

[194] The domestic industry's production declined *** percent overall between 2007 and 2009. Its production was *** short tons in 2007, *** short tons in 2008, and *** short tons in 2009. Production was *** short tons in interim 2009 and *** short tons in interim 2010. CR/PR at Table C-1.

[195] The domestic industry's capacity declined *** percent overall between 2007 and 2009. Its capacity was *** short tons in 2007, *** short tons in 2008, and *** short tons in 2009. Capacity was *** short tons in interim 2009 and *** short tons in interim 2010. CR/PR at Table C-1.

[196] The domestic industry's capacity utilization declined by *** percent overall between 2007 and 2009. Its capacity utilization was *** percent in 2007, *** percent in 2008, and *** percent in 2009. Capacity utilization was *** percent in interim 2009 and *** percent in interim 2010. CR/PR at Table C-1.

[197] U.S. producers' U.S. shipments declined by *** percent overall between 2007 and 2009. Their domestic shipments were *** short tons in 2007, *** short tons in 2008, and *** short tons in 2009. Shipments were *** short tons in interim 2009 and *** short tons in interim 2010. CR/PR at Table C-1.

[198] The domestic industry's net sales, by value, declined *** percent overall between 2007 and 2009. Its net sales totaled *** in 2007, *** in 2008, and *** in 2009. Net sales totaled *** in interim 2009 and *** in interim 2010. CR/PR at Table C-1.

operating margins,[199] employment,[200] and inventory.[201] Although most of the industry's performance indicators were down sharply in 2009 compared with 2007, this decline appears to have been linked primarily to declines in demand. In particular, despite increasing volumes of subject imports, favorable demand conditions permitted the industry to increase prices and register record profits in 2008.[202] Although competition from aggressively priced subject imports may have prevented the domestic industry from making even greater gains, the record does not establish a significant adverse impact on the domestic industry during the period from 2007 to 2009, with the domestic industry registering solid operating profits in all of those years.[203] As noted above, the domestic industry experienced modest improvement in most of its performance indicators in interim 2010, including double-digit operating profits.[204]

Accordingly, we do not find that the domestic industry producing seamless SLP pipe was materially injured by reason of subject imports during the period examined.

2. Analysis of Threat of Material Injury by Reason of Subject Imports

Throughout much of the period examined, the seamless SLP industry maintained strong financial returns. As discussed above, as a ratio to net sales, the domestic industry's operating income was *** percent in 2007, *** percent in 2008, and *** percent in 2009. It was *** percent in interim 2010 compared to *** percent in interim 2009.[205] Indeed, the profitability of the U.S. industry reached record levels in 2008, at *** percent, even as subject import volumes were at their highest level.[206] U.S. prices rose during the period examined overall.[207] Moreover, in the most recent period, interim 2010, the domestic industry was able to increase its prices to cover increases in costs.[208] On the other hand, in light of the fact that demand is unlikely to rise substantially in the imminent future, the domestic industry is unlikely to perform as well in the near term as it did during the period examined. On balance, however, given the industry's solid financial performance throughout the period, we do not find that the domestic

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[199] The domestic industry's operating income declined by *** percent overall between 2007 and 2009. Its operating income totaled *** in 2007, *** in 2008, and *** in 2009. Operating income was *** in interim 2009 and *** in interim 2010. As a ratio to net sales, the domestic industry's operating income was *** percent in 2007, *** percent in 2008, and *** percent in 2009. It was *** percent in interim 2009 and *** percent in interim 2010. CR/PR at Table C-1.

[200] Production and related workers ("PRWs") were *** in 2007, *** in 2008, *** in 2009, *** in interim 2009, and *** in interim 2010. Hours worked by PRWs were *** in 2007, *** in 2008, *** in 2009, *** in interim 2009, and *** in interim 2010. Worker productivity (in tons per 1,000 hours) was *** in 2007, *** in 2008, *** in 2009, *** in interim 2009, and *** in interim 2010 . CR/PR at Table C-1.

[201] U.S. producers' end-of-period inventories were *** short tons in 2007, *** short tons in 2008, *** short tons in 2009, *** short tons in interim 2009, and *** short tons in interim 2010. CR/PR at C-1.

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

[203] As discussed above, as a ratio to net sales, the domestic industry's operating income was *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. CR/PR at Table C-1.

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

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

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

[207] CR/PR at Tables V-2 to V-5.

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

industry is currently in a vulnerable state, despite lost wages and lost employment among production workers.[209]

Although we do not find that the domestic industry is in a vulnerable condition, the state of the domestic seamless SLP industry toward the end of the period examined (2009 and interim 2010) weighs heavily in our consideration of the likely impact of subject imports in the imminent future. As discussed above, despite a positive trend in the industry's performance through 2008, its performance in 2009 declined substantially in terms of production, capacity utilization, shipments, net sales, operating income, and operating margins. The industry experienced overall declines in these performance indicators between 2007 and 2009 and only a moderate recovery in interim 2010.[210]

The current state of the domestic industry is primarily attributable to the sudden drop in demand that began in 2008. Looking forward, the conditions that drove demand and domestic prices upward earlier in the period examined are not likely to recur in the imminent future. Rather, demand is likely to improve only modestly in the imminent future.[211]

We evaluate the likely effects of the significant volume of aggressively priced subject imports from China on the domestic industry in the imminent future in light of these market conditions. As discussed above, with stable but relatively weak demand for seamless SLP pipe, and with a substantial decline in the volume of subject imports in interim 2010 due in part to the pendency of these investigations, the domestic industry was able to increase its sales volume compared to interim 2009. In the absence of antidumping and countervailing duty relief, the likely increasing and significant volumes of subject imports would be aggressively priced in an effort to gain market share and would put pressure on domestic producers to lower prices to compete for sales and prevent erosion of their market share. Consequently, the domestic industry would likely experience declines in production, market share, capacity utilization, shipments, employment levels, net sales, operating income, and profitability. Accordingly, we find that there is a likely causal relationship between the subject imports and an imminent adverse impact on the domestic industry.

We have considered whether other factors would likely have an imminent adverse impact on the domestic industry. As noted, we recognize the impact of the decline in demand for seamless SLP pipe after 2008 on the domestic industry's performance. Although demand is likely to remain at depressed levels in the imminent future, it is not likely to decline further from present levels, but instead will increase only modestly. Accordingly, the likely further declines in the domestic industry's production, market share, capacity utilization, shipments, employment levels, productivity, and operating income will come as a result of subject imports gaining market share and having adverse price effects on domestic seamless SLP pipe, rather than as a result of renewed declines in demand.

We also recognize that nonsubject imports were a factor in the U.S. market during the period examined. Nonsubject import prices, however, tended to be higher than subject import prices.[212] Although subject imports and nonsubject imports *** of the U.S. market between 2007 and 2009,[213]

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[209] Commissioner Pinkert does not join this paragraph and finds that the domestic industry is vulnerable to material injury by reason of the subject imports. He notes that, in addition to the generally declining indicators of the industry's condition during 2007-2009, the industry's financial performance reached its low point for the period examined in July-December 2009 (the last period that was essentially unaffected by the filing of the petition), with its operating income margin falling to only *** percent and its operating income falling to only $***. See CR/PR at Additional Table 1.

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

[211] CR/PR at II-1 to II-2.

[212] CR/PR at Table E-1.

[213] U.S. producers' market share, based on quantity, decreased from *** percent in 2007 to *** percent in 2009; it was *** percent in interim 2009 and *** percent in interim 2010. The market share of the subject imports, based on quantity, increased from *** percent in 2007 to *** percent in 2009; it was *** percent in interim 2009 and ***

subject imports gained more market share from the domestic industry than did nonsubject imports, some of which were subject to the discipline of antidumping duty orders.[214] While the market share of nonsubject imports was *** percent in interim 2010 compared to *** percent in interim 2009, the domestic industry's market share was *** percent in interim 2010 compared to *** percent in interim 2009, indicating that the domestic industry captured market share entirely from subject imports following the filing of the petitions.[215] Moreover, a significant portion of the volume of nonsubject imports in 2009 and interim 2010 was attributable to imports of specialized products that are not produced by the domestic industry.[216] Despite the substantial market share maintained by nonsubject imports in interim 2010, we note that the domestic industry's condition improved, as the industry's operating income as a ratio to net sales was *** percent in interim 2010, compared to *** percent in interim 2009.[217] Accordingly, nonsubject imports are not likely to take market share or sales from the domestic industry in the imminent future.

We conclude that a significant volume of LTFV and subsidized imports from China would likely gain additional U.S. market share in the imminent future and lead to material injury by reason of subject imports in the absence of antidumping and countervailing duty relief. Accordingly, we determine that the domestic industry is threatened with material injury by reason of subject imports from China.

We further determine, pursuant to 19 U.S.C. § 1671d(b)(4)(B), that we would not have found material injury but for the suspension of liquidation of subject imports.

CONCLUSION

For the foregoing reasons, we determine that the domestic industry producing seamless SLP pipe is threatened with material injury by reason of subject imports from China that are sold at LTFV and subsidized by the Government of China.

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percent in interim 2010. Nonsubject imports' share of apparent U.S. consumption, based on quantity, increased from *** percent in 2007 to *** percent in 2009; it was *** percent in interim 2009 and *** percent in interim 2010. CR/PR at Table C-1.

[214] U.S. imports of seamless SLP pipe from Germany, Romania, and Japan were subject to antidumping duty orders during the period examined. CR at IV-8, PR at IV-5.

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

[216] CR/PR at IV-8 to IV-9; Hearing Tr. at 90-91 (Pognonec).

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

SEPARATE VIEWS OF COMMISSIONER CHARLOTTE R. LANE

On the basis of the record in the final phase of these investigations, I determine that an industry in the United States producing certain seamless carbon and alloy steel standard, line, and pressure pipe ("seamless SLP pipe") is materially injured by reason of imports of seamless SLP pipe from the People's Republic of China ("China") that the Department of Commerce ("Commerce") has found to be sold in the United States at less than fair value and subsidized by the Government of China. I join my colleagues' findings with regard to: I. Background, II. Domestic Like Product, III. Domestic Industry, IV. Legal Standards, and V. Conditions of Competition. I write separately to explain my conclusion that the domestic industry has already suffered material injury at the hands of subject imports. I also make a negative critical circumstances finding.

VI. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS:

From 2007 through 2008, the domestic seamless SLP pipe industry performed strongly in a growing market, enjoying increasing levels of sales, prices, employment, production and profits. However, during 2008, the continued pervasive underselling of the domestic like product by Chinese seamless SLP pipe, enabled U.S. importers to more than double their entries of seamless SLP pipe into the United States, gain U.S. market share at the expense of domestic producers, and more than triple their own inventories of subject imports.

In late 2008 and early 2009, as the financial crisis hit the U.S. economy, energy prices and the active rig counts dropped, while the decline in non-residential construction accelerated. This severely reduced U.S. demand for seamless SLP pipe. However, low-priced subject imports flooded the U.S. market in late 2008 and continued at relatively high volumes over the course of 2009, maintaining their 2008 market share in a significantly smaller U.S. market, and further increasing inventories of Chinese seamless SLP pipe.

While sales prices of U.S.-produced seamless SLP pipe continued at a relatively high level in the first half of 2009 (due to commitments negotiated in late 2008), the combination of high inventories of low-priced subject imports and a further decrease in U.S. consumption of seamless SLP pipe meant that the prices for new seamless SLP pipe decreased in the second half of 2009. The domestic industry's order books plummeted in 2009, causing U.S. producers to operate at a mere *** percent capacity utilization in 2009, compared to over *** percent in 2008. U.S. importers began working-down their large inventories of low-priced subject imports in the second half of 2009 and the first half of 2010, creating additional downward pressure on U.S. prices.

The connection between subject imports and the U.S. industry's poor 2009 experience is apparent even after accounting for the impact of the economic crisis that began in late 2008. While apparent U.S. consumption of seamless SLP pipe was down *** percent in 2009 compared to 2008, domestic production and shipments were approximately *** percent lower and operating profits were *** percent lower, forcing producers to layoff more than *** of their production-related workforce. Notwithstanding the recession of 2009, the presence of large volumes of unfairly-traded and highly-substitutable subject imports negatively affected every domestic industry performance indicator in 2009, and many performance indicators in the first half of 2010.

During the preliminary phase of these investigations, at which time the period examined included data up through June 2009, my colleagues and I found a reasonable indication that the domestic industry

was threatened with material injury by reason of subject imports.[1] Now having an additional twelve months of data on the record, it is clear that the U.S. seamless SLP pipe industry was materially injured by reason of unfairly-traded seamless SLP pipe imports from China during the period examined.

For these reasons, as explained further below, I make an affirmative determination on the basis of present material injury.

A. Volume of Subject Imports:

While apparent U.S. consumption increased *** percent from 2007 to 2008, subject import volume increased at a substantially faster rate in 2008, increasing by *** percent compared to 2007.[2] Subject imports' share of the U.S. market increased, from *** percent in 2007 to *** percent in 2008, and remained stable at *** percent in 2009.[3] Thus, subject imports captured a substantial portion of the domestic seamless SLP pipe market from 2007 to 2009.

Subject import levels continued to be very high throughout 2009, entering in volumes larger than total domestic production and sales. From February 2010 onward, new entries of subject imports dramatically declined. I attribute the reduction of new entries of subject imports to Commerce's preliminary determinations issued in March and April 2010.[4] As a result I give reduced weight to the decline in the absolute volume of entries of subject imports in 2010.

A substantial share of the subject imports purchased by U.S. importers in 2008 was not sold downstream to distributors and end-users in that year, but instead remained in the inventories of U.S. importers. Inventories of subject imports held by U.S. importers increased by *** percent from 2007 to 2008, and peaked at *** short tons in June 2009.[5] Even with a decline in inventories during the second half of 2009 as importers worked down their large inventories of subject seamless SLP pipe, these

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[1] Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Preliminary), USITC Pub. 4106 (Nov. 2006) ("Preliminary Determination"). The data on the record in the preliminary phase of these investigations showed: (1) increasing subject import market share throughout the period examined; (2) increasing U.S. importer end-of-period inventories of subject imports throughout the period examined; (3) a domestic industry with "strong performance" from 2006 through 2008; but (4) a "severe curtailment" of domestic industry operations in the second quarter of 2009, such that Commissioners Williamson and Pinkert and I found that the domestic industry was in a weakened and vulnerable state. Id., at 34, n.142.

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

[3] CR/PR at Table C-1. The ratio of subject imports to domestic production increased even more substantially, from *** percent in 2007 to *** percent in 2008 and *** percent in 2009. The ratio of subject imports to domestic production was *** percent in January-June 2010 compared to *** percent in January-June 2009. CR/PR at Table IV-20.

[4] Commerce's preliminary countervailing duty determination, describing twelve countervailable programs with subsidy margins of 11.06 to 12.97 percent, was published in the Federal Register on March 1, 2010. Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, 75 Fed. Reg. 9163, 9180 (March 1, 2010). Commerce's preliminary antidumping duty determination, with dumping margins that ultimately ranged from 22.67 to 98.37 percent, was initially published on April 28, 2010. Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, 75 Fed. Reg. 22372, 22383-22383 (April 28, 2010); and Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Amended Preliminary Affirmative Determination of Sales at Less Than Fair Value, 75 Fed. Reg. 29972, 29973 (May 28, 2010).

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

inventories were *** percent higher in December 2009 than they had been in December 2008.[6] U.S. importers further worked down their large inventories of subject seamless SLP pipe in the first half of 2010.[7] Similarly, responding U.S. purchasers (primarily distributors) worked down their large inventories of subject imports in the first half of 2010.[8]

Thus, including sales of subject imports from U.S. importers' inventories, the volume of subject imports competing with the domestic like product was still quite significant in the first half of 2010, despite the large decline in new entries of subject imports. Specifically, subject imports still comprised *** percent of shipments of seamless SLP pipe in the U.S. market during the first half of 2010.[9]

As a result of the growth in subject import volume, the U.S. market share held by domestic seamless SLP pipe producers steadily declined over the period examined. The domestic industry's U.S. market share fell from *** percent in 2007, to *** percent in 2008, and to *** percent in 2009. The domestic industry's market share was substantially higher in interim 2010, at *** percent, than it was in interim 2009, at *** percent.[10]

The combined volume of imports from nonsubject countries nearly followed demand trends, increasing from 2007 to 2008, then decreasing from 2008 to 2009, for an overall decrease of *** percent from 2007 to 2009. The market share of nonsubject imports increased from *** percent in 2007 to *** percent in 2009.[11]

Based on the foregoing discussion, I find that the volume of subject imports was significant, both in absolute terms and relative to consumption and production in the United States, during the period examined.

B. Price Effects of Subject Imports:

As addressed in Part V. Conditions of Competition, the record indicates that: (1) there is a moderately high level of interchangeability between subject imports from China and domestic seamless

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[6] U.S. importers' inventories of subject imports were the following: *** short tons in December 2008; *** short tons in June 2009; and *** short tons in December 2009. CR/PR at Table C-1.

[7] U.S. importers' inventories of subject imports decreased *** percent from December 2009 to June 2010. INV-HH-099 at Additional Table 1.

[8] U.S. purchasers reduced their inventories of subject imports by at least 37,336 short tons, from an end-of-period inventory of 89,816 short tons in 2009, to an end-of-period inventory of 52,480 short tons in June 2010. CR/PR at Table II-2.

[9] See CR/PR at Table C-1. After adjusting for changes in U.S. importers' end of period inventories from 2009 to June 2010, calculated U.S. consumption of seamless SLP pipe was *** short tons in the first half of 2010. Of that, *** short tons were of Chinese origin, *** short tons were from nonsubject sources, and *** short tons were U.S. producers' U.S. shipments. Thus, U.S. market shares based on this calculation of U.S. consumption were as follows: U.S. producers with *** percent; subject imports with *** percent; and nonsubject imports with the remaining *** percent.

[10] CR/PR at Table C-1. See supra, note 9, for market shares adjusted for inventory depletion.

[11] The sudden increase in market share for nonsubject imports in 2009 reportedly is attributable to the importation from Germany of special, heavy-walled line pipe designed specifically for two projects in the Gulf of Mexico. CR at IV-8 - 9; PR at IV-5; Conference Transcript at 105 (Pognonec); U.S. Steel Postconference Brief at n.139; and V&M Postconference Brief at 9. This type of pipe reportedly is not produced by the domestic industry, and the Chinese industry does not compete for the Gulf projects. Preliminary Determination, at 35, n.145. The leading source for heavier-walled large diameter seamless SLP pipe in 2009 was Germany. CR/PR at IV-1 - 2, n.4. The data on the record appear to confirm at least the large increase in nonsubject import market share in the first half of 2009. 91 percent of German seamless SLP pipe imports in 2009 entered the U.S. market in the first half of 2009. CR/PR at Table IV-5 and tabular n.1. In the second half of 2009, nonsubject import market share was *** percent, down from *** percent during the first half of 2009. INV-HH-099 at Additional Table 1.

SLP pipe;[12] (2) most sales of both the domestic like product and subject imports are made to distributors;[13] (3) price is a very important factor in purchasing decisions;[14] and (4) raw materials account for a large share of the cost of seamless SLP pipe production.[15]

The Commission collected quarterly pricing data from domestic producers and importers of subject imports for four seamless SLP pipe products.[16] Usable pricing data were provided by four domestic producers, accounting for *** percent of domestic producers' shipments during the period examined, and thirteen importers, accounting for *** percent of shipments of subject imports during the period.[17] Subject imports undersold the domestic like product in 55 of 56 quarterly pricing comparisons by margins averaging 37.7 percent, and ranging from 5.2 to 65.4 percent.[18] Subject import underselling margins were high throughout the period examined. I find subject import underselling of the domestic like product to be both pervasive and significant throughout the period examined.

I have considered trends in seamless SLP pipe prices over the period examined. Prices for all four pricing products increased steadily from 2007 through the first quarter of 2008, sharply increased from the second quarter of 2008 through the first quarter of 2009,[19] and then decreased significantly in the second and third quarters of 2009.[20] From the fourth quarter of 2009 through June 2010, prices recovered, albeit unevenly, to end higher than they were in 2007.[21]

Average unit values ("AUVs") of domestic seamless SLP pipe increased by *** percent from 2007 to 2008, increased *** percent from 2008 to 2009, but were *** percent lower in interim 2010 compared to interim 2009.[22]

Given the large price rise during the period examined, and the fact that prices for all four pricing products, as well as AUVs, ended the period higher than when they started despite the fall-off in underlying demand, I do not find that the subject imports significantly depressed prices for the domestic like product.

I have also considered the degree to which subject imports prevented domestic industry price increases which otherwise would have occurred.[23] Specifically, I examined the domestic industry's cost of goods sold ("COGS") as a share of net sales over the period examined. However, due to significant fluctuations in demand, U.S. production, and raw material costs, I have also closely examined per unit sales values and per unit raw material costs.[24]

For the entire period examined, the domestic industry's COGS-to-sales ratio increased slightly from *** percent to *** percent.[25] This increase was caused by fixed costs being allocated over fewer

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[12] CR at II-21 to II-25; PR at II-16 to II-18. CR/PR at Table II-7 and Table II-8.

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

[14] CR/PR at Table II-3 and Table II-4.

[15] CR/PR at V-1.

[16] CR at V-2 through V-5; PR at V-2 to V-4.

[17] CR at V-5.

[18] CR/PR at Table V-7.

[19] Three of the four products' prices peaked in the first quarter of 2009, and one product's prices peaked in the fourth quarter of 2008. CR at V-2 through V-5; PR at V-2 to V-4.

[20] CR at V-2 through V-5; PR at V-2 to V-4.

[21] CR at V-2 through V-5; PR at V-2 to V-4.

[22] Within the full year 2009, prices in the first half of 2009 were *** percent higher than that for the second half of 2009. Interim 2010 prices were only *** percent lower than prices for the second half of 2009. CR/PR at Table C-1; INV-HH-099 at Additional Table 1.

[23] See 19 U.S.C. § 1677(7)(C)(ii).

[24] In comparing per unit sales values and per unit raw material costs, I was mindful of the potential product mix issues inherent in using average unit values.

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

sales.[26] From 2007 to 2008, the domestic industry's COGS-to-sales ratio decreased by *** percentage points from *** percent to *** percent.[27] However, from 2008 to 2009 U.S. producers' COGS-to-sales ratio increased by *** percentage points to *** percent.[28] Similar to the comparison of full period examined, this increase in the domestic industry's COGS-to-sales ratio was again due to fixed costs being allocated over significantly fewer sales.[29] Within the full year 2009, as subject imports increased their share of the U.S. market from the first half to the second half of 2009, the domestic industry's COGS-to-sales ratio increased by *** percentage points to *** percent, despite a *** percent increase in U.S. producers' U.S. shipments in the second half of 2009.[30] Compared to the first half of 2009, the domestic industry's per unit raw material costs for the second half of 2009 increased ***, while per unit sales values decreased ***.[31] Similarly, comparing interim 2009 and interim 2010, per unit raw material costs increased ***, while per unit sales values decreased ***, although the domestic industry's COGS-to-sales ratio decreased slightly due to fixed costs being allocated over more than twice the amount of sales.[32]

Given the range of assumed demand, substitution, and supply elasticities, U.S. producers should have been able to pass through a significant portion of any increase in their input cost to purchasers.[33] From 2007 through 2008, as demand sky-rocketed, domestic producers were able to pass through all raw material cost increases to purchasers. However, beginning in 2009 and continuing through the remainder of the period examined, the continuing sales by U.S. importers of large volumes of significantly lower-priced seamless SLP pipe from China prevented U.S. producers from even *maintaining* their prices during a period of rising raw material costs.[34] Accordingly, I find that subject imports suppressed domestic prices to a significant degree during the period examined.

In sum, I find that pervasive and significant subject import underselling of the domestic like product throughout the period examined contributed significantly to the substantial market share that subject imports gained during the 2007 to 2009 period at the expense of the domestic industry. Subject imports gained *** percentage points in market share between 2007 and 2009, while U.S. producers lost

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[26] Per unit sales values were *** higher in 2010 than in 2007, while per unit raw material costs were only *** higher in 2010 than in 2007. However, combined per unit direct labor and "other factory costs" were *** more in 2010 than in 2007. CR/PR at Table VI-1.

[27] Per unit sales values were *** higher in 2008 than in 2007, while per unit raw material costs were only *** higher in 2008 than in 2007. CR/PR at Table VI-1.

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

[29] Per unit sales values were *** higher in 2009 than in 2008, while per unit raw material costs were *** less in 2009 than in 2008. However, combined per unit direct labor and "other factory costs" were *** more in 2009 than in 2008. CR/PR at Table VI-1.

[30] U.S. producers' U.S. shipments increased from *** short tons in the first half of 2009 to *** short tons in the second half of 2009. CR/PR at Table C-1; INV-HH-099 at Additional Table 1.

[31] U.S. producers' per unit raw material costs increased from *** per short ton in the first half of 2009 to *** per short ton in the second half of 2009, while U.S. producers' per unit sales values decreased from *** in the first half of 2009 to *** in the second half of 2009. CR/PR at Table VI-1 and CR/PR at VI-5, n.6.

[32] Combined per unit direct labor and "other factory costs" were *** more in interim 2009 compared to interim 2010. CR/PR at Table VI-1.

[33] Since demand for seamless SLP pipe is relatively price inelastic, one would expect that U.S. producers would be able to pass a majority of the increased input cost to purchasers. As the available information suggests that there were no close substitutes for seamless SLP pipe in most applications, the demand elasticity for seamless SLP pipe is likely to be low to medium. Commission Staff estimated a demand elasticity in the range of -0.5 to -1.0. Commission Staff have estimated the elasticity of substitution between U.S.-produced seamless SLP pipe and imported seamless SLP pipe to be in the range of 2 to 4. Commission Staff have estimated that domestic supply elasticity for seamless SLP pipe is likely to be relatively high, in the range of 5 to 10. CR at II-25 through II-26; PR at II-18 through II-19.

[34] See CR/PR at Tables V-2 through V-5.

*** percentage points in market share during that same period.[35] Furthermore, continued subject import underselling from 2009 through the end of the period examined suppressed U.S. prices to a significant degree. Accordingly, I find that subject imports have had significant adverse effects on domestic prices during the period examined.

C. Impact of Subject Imports:

I have examined the performance indicators in the trade and financial data for the domestic seamless SLP pipe industry.[36] Between 2007 and 2008, the domestic seamless SLP pipe industry registered significant gains in most indicators, except for market share, for which it lost *** percentage points.[37] However, for many of the indicators that did improve, the extent of the gains were well below the *** percent increase in apparent U.S. consumption from 2007 to 2008 because the volume of low-priced subject imports increased by *** percent over this period and captured *** percentage points of market share, *** points of which came at the expense of the domestic industry.[38]

Demand for seamless SLP pipe in the U.S. market began to decline in the fourth quarter of 2008, and remained low throughout 2009. Apparent U.S. consumption in 2009 was *** percent lower than in 2008.[39] However, significant volumes of subject imports continued to enter the U.S. market through February 2010,[40] increasing U.S. importer inventories of low-priced subject imports[41] and decreasing demand for new seamless SLP pipe supply in 2009. Instead of purchasing newly-produced seamless SLP pipe, many distributors and end-users purchased subject imports from U.S. importers' inventories, significantly decreasing domestic order books.[42] In the first half of 2008, U.S. producers' order books for seamless SLP pipe peaked at roughly 73,500 short tons per quarter.[43] Since then, order books decreased markedly, reaching the lowest level of 3,093 short tons in the second quarter of 2009.[44]

As a result, virtually all domestic industry performance indicators were drastically lower in 2009 compared to 2008. Domestic production was *** percent lower in 2009 compared to 2008.[45] Similarly, U.S. shipments in 2009 were *** percent less than the level of U.S. shipments in 2008.[46] Domestic producers lost *** percentage points of market share in 2009 compared to 2008.[47] With domestic producers operating at only *** percent of production capacity in 2009, employment of production and related workers was *** percent lower than in 2008, the equivalent of *** fewer workers.[48]

Domestic industry profits were still relatively strong in the first half of 2009 as many sales were made at higher prices negotiated when demand was stronger in 2008. However, the significant decline in domestic industry prices led to increasingly poor financial performance during the second half of 2009. Compared to the first half of 2009, domestic industry operating income was *** percent lower in the second half of 2009 and the domestic industry's profit margin was *** percentage points lower in the

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[35] Nonsubject imports gained *** percentage points of market share at the expense of the domestic industry from 2007 to 2009. CR/PR at Table C-1.

[36] See 19 U.S.C. § 1677(7)(C)(iii).

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

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

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

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

[41] CR/PR at Table C-1; INV-HH-099 at Additional Table 1.

[42] CR/PR at Table III-6.

[43] CR/PR at Table III-8.

[44] CR/PR at Table III-8.

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

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

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

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

second half of 2009.[49] Comparing the full year 2008 to 2009, domestic industry operating profits were *** percent less and profit margins were *** percentage points lower.[50]

I have examined factors other than subject imports to ensure that I have not attributed injury from other factors to the subject imports.[51] In doing so I note that even if other factors are contributing injury to the domestic industry, the Commission is not required to isolate the effects of subject imports from other factors contributing to injury[52] or make "bright-line distinctions" between the effects of subject imports and other causes,[53] and that the existence of injury caused by other factors does not compel a negative determination.[54] It is sufficient to consider causes of injury to the domestic industry other than subject imports, and to determine that, notwithstanding other causes of injury, the subject imports contributed to the injury to a significant degree.

One significant "other factor" in this case is the significant decline in U.S. demand for, and apparent U.S. consumption of, seamless SLP pipe. I reject respondents' argument that the condition of the domestic industry is solely the result of the market cycle entering a downturn.[55] The decrease in U.S. producer U.S. shipments and production of new seamless SLP pipe by the U.S. industry in 2009 significantly exceeded the decrease in actual U.S. consumption of seamless SLP pipe.[56] Despite the decrease in demand, subject imports entered the United States in significant volumes, exceeding the U.S. shipments of the domestic industry and maintaining market share in the much smaller U.S. market of 2009.[57] Although 2009 output levels would be expected to drop due to the reduction in demand from 2008, the evidence in this case indicates that the impact of unfairly-traded subject imports, which maintained *** of the U.S. market, contributed significantly to the domestic industry's low capacity utilization in 2009.[58]

Furthermore, a significant share of the seamless SLP pipe consumed in the first half of 2010 (at least *** percent) was being drawn from the large U.S. importer inventories, which were disproportionately comprised of subject imports.[59] Similarly, data on responding U.S. seamless SLP pipe

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

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

[51] See Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008); Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("SAA"); S. Rep. 96-249 at 75. I also refer to my dissenting views in Polyethylene Terephthalate Film, Sheet and Strip from Brazil, China, Thailand and the United Arab Emirates, Invs. Nos. 731-TA-1131 to 1134 (Final), USITC Pub. 4040 (Oct. 2008).

[52] SAA at 851-52; Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[53] Associacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F.Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002).

[54] See Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[55] Hengyang Valin Prehearing Brief at 14.

[56] Apparent U.S. consumption was *** percent less in 2009 than in 2008, whereas domestic shipments were *** percent less, and domestic production was *** percent less, over the same period. CR/PR at Table C-1.

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

[58] In the first half of 2010, in which subject imports' presence in the market dropped significantly, despite apparent U.S. consumption levels being slightly higher than that in the first half of 2009, U.S. producers were able to increase sales by *** percent and increase production by *** percent, compared to the first half of 2009. CR/PR at Table C-1.

[59] See CR/PR at Table C-1. U.S. importers reduced their inventories of subject imports by *** short tons, and reduced their inventories of nonsubject imports by *** short tons. Thus, *** percent of actual U.S. consumption during the first half of 2010 was comprised of U.S. importer sales of subject imports. See supra, note 9, for an adjusted calculation of U.S. consumption for interim 2010.

purchasers (primarily distributors) show that distributors also sold very substantial amounts of subject imports out of inventory in the first half of 2010.[60] This working down of large inventories of low-priced subject imports prolonged the negative impact of the subject imports, as they depressed domestic sales and revenues through June 2010. I find that, although the decline in U.S. consumption during the 2009 through June 2010 period had a negative impact on the domestic industry, that impact was exacerbated by significant volumes of low-priced subject imports entering the market in 2009 as well as the inventory work down in the first half of 2010, both of which displaced domestic sales. Thus, decreased U.S. demand does not sufficiently explain the severe decrease in virtually all of the domestic seamless SLP pipe industry's performance indicators in 2009.

In addition to the decline in apparent U.S. domestic consumption and demand, I have also considered nonsubject imports as a potential "other factor" that may have been contributing to the injury to the domestic industry during the period examined. I find that the presence of nonsubject imports does not undermine my finding of material adverse effects due to subject imports. Although combined imports from nonsubject sources gained *** percentage points of U.S. market share from 2007 to 2009, subject imports captured *** percentage points during that same period. Furthermore, the overall increase in subject import market share in 2009 is largely attributable to the importation of specialized German pipe in the first half of 2009.[61] Nonsubject imports did not increase in absolute or relative terms to the same degree as did subject imports, particularly from 2007 to 2008, and U.S. importer inventory levels of nonsubject imports were much more stable than that for subject imports.[62] Prices of nonsubject imports were generally higher than prices of subject imports throughout the period examined.[63] If subject imports had been fairly traded, subject import volumes would have likely been lower. It is likely that the lower subject import volumes would have been filled to some extent, but not exclusively, by fairly-traded nonsubject imports. The remainder of that volume would have benefitted the domestic industry by way of increased prices, sales, production, market share and employment, among other performance indicators.

After considering other potential causes of injury to the domestic industry, including decreased demand and the presence of nonsubject imports, I conclude that the domestic industry would have been better off if subject imports had been fairly traded. I have not attributed any injury from decreased U.S. demand and/or nonsubject imports to subject imports.

In sum, I find that both the absolute and relative volumes of subject imports, and their increase during the period examined, were significant. Subject imports gained market share at the expense of the domestic industry by underselling the domestic product to a significant degree throughout the period examined and suppressing U.S. prices from 2009 through June 2010. The presence of large volumes of unfairly-traded subject imports exacerbated the severe declines in the domestic industry's trade, employment, and financial performance in 2009 and the first half of 2010: the injury caused by imports of seamless SLP pipe from China was not merely "incidental, tangential, or trivial."[64] Accordingly, I find that subject imports had a material adverse impact on the domestic industry during the period examined.

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[60] Responding purchasers reduced their inventories of subject imports by at least 37,336 short tons in the first half of 2010. CR/PR at Table II-2.

[61] See supra, at note 11.

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

[63] Nonsubject imports had AUVs substantially higher than those of subject imports, and even higher than those of the domestic product, throughout the period examined. CR/PR at Table C-1. Based on quarterly price comparisons involving specific seamless SLP pipe products, prices of nonsubject imports were in most cases higher than prices of subject imports, while in most cases lower than prices of the domestic product. CR/PR at E-3.

[64] See Nippon Steel Corp., 345 F.3d at 1384; Mittal Steel, 542 F.3d at 873.

D. Conclusion:

For the foregoing reasons, I determine that the domestic seamless SLP pipe industry is materially injured by reason of subject imports of seamless SLP pipe from China found to be sold in the United States at less than fair value and subsidized by the Government of China.

VII. CRITICAL CIRCUMSTANCES:

In its final antidumping and countervailing duty determinations, Commerce found, as it had in its preliminary determinations, that critical circumstances existed with respect to imports from China of seamless SLP pipe from Hengyang Valin and the PRC-wide entity, but did not exist with respect to Tianjin Pipe (Group) Corporation.[65] Because I have determined that the domestic seamless SLP pipe industry is materially injured by reason of subject imports from China, I must further determine "whether the imports subject to the affirmative *** ... are likely to undermine seriously the remedial effect of the antidumping order to be issued."[66] The SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order."[67]

The statute further provides that in making this determination the Commission shall consider among other factors it considers relevant –

> (I) the timing and the volume of the imports,
> (II) a rapid increase in inventories of the imports, and
> (III) any other circumstances indicating that the remedial effect of the antidumping order will be seriously undermined.[68]

In considering the timing and volume of subject imports, the Commission's practice is to consider import quantities prior to the filing of the petition with those subsequent to the filing of the petition[69] using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstance determination.[70]

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[65] CR/PR at IV-18; PR at IV-14; Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From the People's Republic of China: Final Affirmative Countervailing Determination, Final Affirmative Critical Circumstances Determination, 75 FR 57444, September 21, 2010; Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From the People's Republic of China: Final Affirmative Countervailing Determination, Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part, 75 FR 57449, September 21, 2010.

[66] 19 U.S.C. § 1673d(b)(4)(A)(I).

[67] SAA at 877.

[68] 19 U.S.C. § 1673d(b)(4)(A)(ii).

[69] The legislative history for the critical circumstances provision indicates that the provision was designed "to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between the initiation of an investigation and a preliminary determination by ***." ICC industries, Inc. v. United States, 812 F.2d 694, 700 (Fed. Cir. 1987), quoting H.R. Rep. No. 317, 96th Cong., 1st Sess. 63 (1979).

[70] See Certain Lined School Paper Supplies from China, India, and Indonesia, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final) USITC Pub. 3884 (September 2006) at 47; Carbozole Pigment from China and India, Inv. Nos. 701-TA-437 and 731-TA-1060 and 1061 (Final), USITC Pub. 3744 (December 2004) at 26; Certain Frozen Fish Fillets from Vietnam, Inv. No. 731-TA-1012 (Final), USITC Pub. 3617 (August 2003) at 20-22. However, the Commission is not required to examine the same period that Commerce examined in performing its critical circumstances analysis. Steel Concrete Reinforcing Bars from Turkey, Inv. No. 731-TA-745 (Final), USITC

(continued...)

U.S. Steel argues that the Commission should make an affirmative finding of critical circumstances based on the fact that subject import volume was *** percent higher in the six months following the filing of the petition compared to the six-month period up to and including the month in which the petition was filed.[71] Hengyang Valin argues that critical circumstances do not exist because the increase in subject imports was mainly due to a spike in November 2009, and that spike did not have any impact on the domestic industry.[72]

Based on a comparison of subject import volumes over the six-month periods before and after the petition's filing in September 2009, although monthly imports from China *** in the six months after the petition was filed, I do not consider the increase as likely to seriously undermine the remedial effect of the orders.

I have also examined the extent to which there was an increase in inventories of the subject imports.[73] U.S. importers' ending inventories of subject imports increased by *** short tons during the first six months of 2009, but then decreased by *** short tons for the second six months of 2009, and then decreased further by *** short tons in the first half of 2010.[74] The inventory evidence on the record strongly supports that U.S. importer inventories of subject imports were lower in the six month period following the filing of the petition compared to the six months prior to the filing of the petition. Accordingly, I conclude that the likely decrease in inventories of subject imports during that time period will not seriously undermine the remedial effect of the orders.

Nor do I find the existence of any other circumstances indicating that the remedial effect of orders will be seriously undermined.

In sum, I find that critical circumstances do not exist with respect to the subject imports covered by Commerce's affirmative critical circumstances determination, and therefore I make a negative critical circumstances finding.

[70](...continued)
Pub. 3034 (April 1997) at 34.

[71] U.S. Steel Prehearing Br. at 39-41.

[72] Hengyang Valin Posthearing Br. at 28-29.

[73] See 19 U.S.C. § 1673d(b)(4)(A)(i)(II).

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

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by U.S. Steel Corp., Pittsburgh, PA and V&M Star L.P., Houston, TX on September 16, 2009,[1] alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of certain seamless carbon and alloy steel standard, line, and pressure pipe ("seamless SLP pipe")[2] from China. Information relating to the background of the investigations is provided below.[3]

Effective date	Action
September 16, 2009	Petition filed with Commerce and the Commission; institution of Commission investigation (74 FR 48282, September 22, 2009)
October 14, 2009	Commerce's antidumping duty notice of initiation (74 FR 52744)
October 15, 2009	Commerce's countervailing duty notice of initiation (74 FR 52945)
November 6, 2009	Commission's determination in preliminary (74 FR 57521)
March 1, 2010	Commerce's preliminary countervailing duty determination (75 FR 9163)
April 28, 2010	Commerce's preliminary antidumping duty determination (75 FR 22372); scheduling of final phase of Commission's investigations (75 FR 26273, May 11, 2010)
May 28, 2010	Commerce's amended preliminary antidumping duty determination (75 FR 29972)
September 14, 2010	Commission's hearing[1]
September 21, 2010	Commerce's final countervailing duty determination (75 FR 57444); Commerce's final antidumping duty determination (75 FR 57449)
October 15, 2010	Commission's vote
November 4, 2010	Commission's determination transmitted to Commerce
[1] A list of witnesses appearing at the hearing is presented in appendix B.	

[1] On September 25, 2009, the petition was amended to add TMK IPSCO and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Worker International Union ("USW") as additional petitioners.

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

[3] *Federal Register* notices relating to Commerce's final determinations and the Commission's schedule are presented in app. A.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

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

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

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

> *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.*

Organization of the Report

Part I of this report presents information on the subject merchandise, final subsidy 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 of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

U.S. MARKET SUMMARY

Seamless standard pipe's end-use 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 sprinklers, and other related uses. Seamless line pipe is intended for the conveyance of oil and natural gas and other fluids in pipe lines, transmission lines, or gathering lines. Seamless pressure pipe is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases at elevated temperatures or pressures, or both, in industrial piping systems.

The U.S. producers of seamless SLP pipe include Michigan Seamless Tube LLC ("Michigan Seamless"); Plymouth Tube Co. ("Plymouth"); The Timken Co. ("Timken"); TMK Ipsco ("TMK IPSCO"); U.S. Steel Corp. ("U.S. Steel"); V&M Star, L.P. ("V&M Star"); Wheatland Tube Co. ("Wheatland"); and Wyman-Gordon Forgings, Inc. ("Wyman-Gordon"). U.S. Steel is the largest producer of seamless SLP pipe ***. The largest responding producer of seamless SLP pipe in China is ***. The leading U.S. importers of seamless SLP pipe from China are ***. U.S. purchasers of seamless SLP pipe include distributors and, to a lesser extent, end users that typically purchase directly from U.S. mills and U.S. importers. The leading U.S. purchasers of seamless SLP pipe are distributors ***.

Apparent U.S. consumption of total seamless SLP pipe[4] totaled *** short tons ($***) in 2009. Currently, eight firms reported producing seamless SLP pipe (either small or large diameter) in the United States. U.S. producers' U.S. shipments of total seamless SLP pipe totaled *** short tons ($***) in 2009, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from China totaled *** short tons ($***) in 2009 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** short tons ($***) in 2009 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

Apparent U.S. consumption of small diameter seamless SLP pipe[5] totaled *** short tons ($***) in 2009. Currently, six firms (Michigan Seamless, Plymouth, Timken, TMK IPSCO, U.S. Steel, and Wheatland) are known to produce small diameter seamless SLP pipe in the United States. U.S. producers' U.S. shipments of small diameter seamless SLP pipe totaled *** short tons ($***) in 2009, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from China totaled *** short tons ($***) in 2009 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports of small diameter seamless SLP pipe from nonsubject sources totaled *** short tons ($***) in 2009 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

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[4] The term "total seamless SLP pipe" refers to the combination of both small diameter and large diameter seamless SLP pipe (as those terms are defined in the following footnotes).

[5] The term "small diameter seamless SLP pipe" refers to seamless SLP pipe up to and including 4.5 inches in outside diameter.

Apparent U.S. consumption of large diameter seamless SLP pipe[6] totaled *** short tons ($***) in 2009. Currently, four firms (Timken, U.S. Steel, V&M Star, and Wyman-Gordon) reported producing large diameter seamless SLP pipe in the United States. U.S. producers' U.S. shipments of large diameter seamless SLP pipe totaled *** short tons ($***) in 2009, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from China totaled *** short tons ($***) in 2009 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports of large diameter seamless SLP pipe from nonsubject sources totaled *** short tons ($***) in 2009 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, tables C-1 through C-6. Tables C-1 through C-3 include all seamless SLP pipe currently within the scope of these investigations (which excludes ASTM A-335 pipe). Tables C-4 through C-6 include all seamless SLP pipe within the scope and also ASTM A-335 pipe. The eight identified producers that provided at least partial data accounted for the large majority of U.S. production of seamless SLP pipe during 2009 (see Part III of this report). U.S. imports are based on official Commerce statistics (see Part IV of this report) as adjusted by questionnaire data to exclude ASTM A-335 pipe. Foreign producers' and exporters' data are based on questionnaire responses of four producers and exporters in China (see Part VII of this report) as well as published sources. Additional information regarding a comparison of small diameter and large diameter seamless SLP pipe as well as a comparison of seamless pipe meeting the ASTM A-335 specification and seamless pipe not meeting the ASTM A-335 specification appears in appendix D. Further information regarding price data -- specifically incorporating prices of small diameter and large diameter seamless SLP pipe from nonsubject countries -- appears in appendix E.

PREVIOUS AND RELATED INVESTIGATIONS

Title VII Investigations

Seamless SLP pipe has been the subject of several Commission investigations and reviews. A listing of these proceedings is presented in table I-1. Of the three antidumping duty orders in place, two cover small diameter seamless SLP pipe only (Germany, Romania) while one covers small diameter and large diameter seamless SLP pipe (Japan).

[6] The term "large diameter seamless SLP pipe" refers to seamless SLP pipe greater than 4.5 inches and less than or equal to 16 inches in outside diameter.

Table I-1
Seamless SLP pipe: Previous and related investigations, 1980-2010

Original Investigation				Review		Current status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	
1980	731-TA-15	Japan	Negative[2 3]	-	-	-
1982	731-TA-87	Japan	Affirmative/ Negative[4]	-	-	ITA revoked effective 10/29/85
1994	701-TA-362	Italy	Affirmative	2000	Negative	ITA revoked effective 8/8/00
1994	731-TA-707	Argentina	Affirmative	2000	Affirmative	ITA revoked effective 7/16/06
				2006	Negative	
1994	731-TA-708	Brazil	Affirmative	2000	Affirmative	ITA revoked effective 7/16/06
				2006	Negative	
1994	731-TA-709	Germany	Affirmative	2000	Affirmative	Continuation order 5/18/07
				2006	Affirmative	
1994	731-TA-710	Italy	Affirmative	2000	Negative	ITA revoked effective 8/3/00
2000	731-TA-846	The Czech Republic	Affirmative	2005	Negative	ITA revoked effective 8/14/05
2000	731-TA-847	Japan	Affirmative	2005	Affirmative	Continuation order 5/8/06
2000	731-TA-848	Mexico	Affirmative	2005	Negative	ITA revoked effective 8/14/05
2000	731-TA-849	Romania	Affirmative	2005	Affirmative	Continuation order 5/8/06
2000	731-TA-850	South Africa	Affirmative	2005	Negative	ITA revoked effective 8/14/05

[1] "Date" refers to the year in which the investigation or review was instituted by the Commission.
[2] Preliminary determination.
[3] *See Determination of the Commission After Reconsideration of Imports Provided for in Item 610.3205 of the Tariff Schedule of the United States Annotated*, 45 FR 47769, July 16, 1980.
[4] The Commission made an affirmative determination with respect to seamless heat-resisting and seamless stainless pipes and tubes, and a negative determination with respect to seamless "other alloy" pipes and tubes.

Source: Compiled from U.S. International Trade Commission publications.

Global 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 1974[7] to determine whether certain steel products, which included seamless carbon and alloy steel SLP pipe,[8] 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.[9] On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate ("Senate Finance

[7] 19 U.S.C. § 2252.

[8] *Steel*, Inv. No. TA-201-73, USITC Publication 3479, December 2001, volume 1, p. 155.

[9] *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.

Committee" or "Committee") requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.[10] 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.[11] On December 20, 2001, the Commission issued its determinations and remedy recommendations. With regard to this product category, the Commission made a negative determination, concluding that the U.S. seamless pipe industry was not seriously injured by increased U.S. imports, citing the profitability of the U.S. industry during the period examined.[12]

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On September 21, 2010, Commerce published a notice in the *Federal Register* of its final determination of countervailable subsidies for producers and exporters of seamless SLP pipe from China.[13] Commerce identified the following government programs in China:

A. Policy Loans to the Seamless Pipe Industry

B. Export Loans from the Export-Import Bank of China

C. Provision of Steel Rounds for Less Than Adequate Remuneration

D. Provision of Electricity for Less Than Adequate Remuneration

E. The State Key Technology Project Fund

F. Subsidies Provided in the Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area

G. Other Subsidies Received by TPCO

H. Import Tariff and VAT Exemptions for FIEs Using Imported Equipment in Encouraged Industries

I. Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment

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[10] 19 U.S.C. § 2251.

[11] *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.

[12] *Steel*, Inv. No. TA-201-73, Publication No. 3479, volume 1, p. 188 ("In summary, the data present a mixed picture as to whether the domestic industry is seriously injured. There were annual fluctuations in many of the factors examined. . . Nevertheless, one facet of domestic industry performance remained consistent throughout the period examined: profitability. The domestic industry maintained strong operating margins throughout the period, other than in 1999.").

[13] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination*, 75 FR 57444, September 21, 2010.

J. "Two Free, Three Half" Program

K. Local Income Tax Exemption and Reduction Programs for "Proactive" FIEs

L. Government Debt Forgiveness

Table I-2 presents Commerce's findings of subsidization of seamless SLP pipe from China.

Table I-2
Seamless SLP pipe: Commerce's final subsidy determination with respect to imports from China

Entity	Final countervailable subsidy margin (*percent*)
Tianjin Pipe (Group) Co., Tianjin Pipe Iron Manufacturing Co., Ltd., Tianguan Yuangtong Pipe Product Co., Ltd., Tianjin Pipe International Economic and Trading Co., Ltd., and TPCO Charging Development Co., Ltd.	13.66
Hengyang Steel Tube Group International Trading, Inc., Hengyang Valin Steel Tube Co., Ltd., Hengyang Valin MPM Tube Co., Ltd., Xigang Seamless Steel Tube Co., Ltd., Wuxi Seamless Special Pipe Co., Ltd., Wuxi Resources Steel Making Col, Ltd., and Jiansu Xigang Group co., Ltd.	53.65
All others	33.66
Source: 75 FR 57444, September 21, 2010.	

Sales at LTFV

On September 21, 2010, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from China.[14] Table I-3 presents Commerce's dumping margins with respect to imports of seamless SLP pipe from China.

[14] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part,* 75 FR 57449, September 21, 2010.

Table I-3
Seamless SLP pipe: Commerce's final weighted-average LTFV margins with respect to imports from China

Exporter	Producer	Final dumping margin (*percent*)
Tianjin Pipe International Economic and Trading Corporation	Tianjin Pipe (Group) Corporation	48.99
Hengyang Steel Tube Group International Trading Inc.	Hengyang Valin Steel Tube Co., Ltd. and Hengyang Valin MPM Tube Co., Ltd.	82.03
Xigang Seamless Steel Tube Co., Ltd.	Xigang Seamless Steel Tube Co., Ltd, and Wuxi Seamless Special Pipe Co., Ltd.	65.51
Jiangyin City Changjiang Steel Pipe Co., Ltd.	Jiangyin City Changjiang Steel Pipe Co., Ltd.	65.51
Pangang Group Chengdu Iron & Steel Co., Ltd.	Pangang Group Chengdu Iron & Steel Co., Ltd.	65.51
Yangzhou Lontrin Steel Tube Co., Ltd.	Yangzhou Lontrin Steel Tube Co., Ltd.	65.51
Yangzhou Chengde Steel Tube Co., Ltd.	Yangzhou Chengde Steel Tube Co., Ltd.	65.51
PRC-Wide Rate		98.74

Source: 75 FR 57449, September 21, 2010.

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the scope of these investigations as follows:
Certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (e.g., hot-finished or cold-drawn), end finish (e.g., plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (e.g., bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or "hollow profiles" suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials ("ASTM") or American Petroleum Institute ("API") specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-589, ASTM A-795, ASTM A-1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below.

> Specifically excluded from the scope of the investigation are: (1) all pipes meeting aerospace, hydraulic, and bearing tubing specifications; (2) all pipes meeting the chemical requirements of ASTM A-335, whether finished or unfinished; and (3) unattached couplings. Also excluded from the scope of the investigation are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, i.e., outside diameter and wall thickness of ASTM A-53, ASTM A-106 or API 5L specifications.[15]

The scope of these investigations has been modified over the course of this proceeding. As filed, the petition specifically excluded boiler and mechanical tubing if such products are not produced to ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications and are not used in standard, line, or pressure pipe applications. Commerce's notices of initiation did not retain the language regarding the exclusion of boiler and mechanical tubing based on end-use applications. Subsequently, in Commerce's preliminary determination of sales at less than fair value, the issue of boiler and mechanical tubing was discussed further, and Commerce stated that "if a product conforms to the specifications in the scope or a comparable specification, and it meets the physical parameters identified in the scope, it is covered by the scope of the investigation." However, on June 23, 2010, following a letter filed jointly by Petitioners and Respondents, Commerce issued a memorandum stating it was considering modifying the scope language to include a sentence reading:

> "Also excluded from the scope of the investigation are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, i.e., outside diameter and wall thickness of ASTM A-53, ASTM A-106 or API 5L specifications."

This scope language modification was integrated into the questionnaires issued by the Commission.

Commerce also addressed an additional issue involving ASTM A-335 pipe. On August 19, 2010, Commerce issued a memorandum following a request by Petitioners that Commerce exclude from the scope of the investigation seamless SLP pipe produced to the ASTM A-335 specification. Commerce indicated its intent to remove the reference to ASTM A-335 from the list of specifications within the scope and to add the following language to the scope:

> "Also excluded from the scope of the investigation are all pipes that meet the chemical requirements of ASTM A-335 whether finished or unfinished."

Both the mechanical and boiler tube and the ASTM A-335 exclusions were incorporated into the final scope language in Commerce's final determinations.

Tariff Treatment

The imported seamless SLP pipe subject to these investigations is classified in the 2010 Harmonized Tariff Schedule of the United States ("HTS") in subheadings 7304.19, 7304.31, 7304.39,

[15] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part,* 75 FR 57449, September 21, 2010.

7304.51, and 7304.59.[16] The HTS statistical reporting numbers are provided for convenience and customs purposes only; the written description of the scope of the investigations is dispositive. The column-1 general (normal trade relations) rates of duty for the subject product under all covered subheadings are free.

THE PRODUCT[17]

Overview

Steel pipes and tubes are made in circular, rectangular, or other cross sections, and are generally manufactured by either the welded or seamless production process. Steel pipe and tube manufactured by either process can be categorized by the grades of steel (e.g., carbon and alloy) used in steel production.[18] In addition, steel pipe and tube can be categorized by end-use. The American Iron and Steel Institute (AISI) has defined six such end-use categories: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods (OCTG).[19] The imported products subject to these investigations are certain seamless SLP pipe produced from carbon or alloy (other than stainless) steel.

Steel pipes and tubes generally are produced according to standards and specifications published by a number of organizations, including the American Society for Testing and Materials (ASTM), the American Society of Mechanical Engineers (ASME), and the American Petroleum Institute (API). Comparable organizations in the United Kingdom, Japan, Russia, and other countries also have developed standard specifications for steel pipes and tubes.[20]

Description and Applications

Seamless standard pipe is commonly produced to the ASTM A-53 specification, and generally is not intended for high temperature or high pressure service. Rather, typical end-use 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 sprinklers, and other related uses. If used in water

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[16] The merchandise covered by these investigations is currently imported under the following HTS statistical reporting numbers: 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.31.3000, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, and 7304.59.8070.

[17] Except where noted, information presented in this section is drawn from *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review)*, USITC Publication 3918, May 2007.

[18] Included in alloy grades are heat-resisting, stainless, and "other" alloy grades.

[19] Standard, line, and pressure pipe generally is intended to convey liquids and typically is tested and rated for its ability to withstand hydrostatic pressure. Structural pipe and tubing is used for load-bearing purposes and construction, although only small amounts of prime seamless pipe are used in structural applications. Seamless mechanical tubing is typically a custom-designed product employed within the automotive industry and by equipment manufacturers. OCTG is used in the drilling of oil and gas wells (drill pipe) and in the conveying of oil and gas from within the well to ground level (casing and tubing).

[20] Particular specifications to which pipe products are produced are commonly marked on each pipe and are referred to as a "stencil."

wells, such pipe is typically certified to the ASTM A-589 specification. Fire protection applications are covered by the ASTM A-795 specification.

Depending on the type and grade, however, standard pipe may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature end uses or conditions are anticipated, seamless standard pipe may be produced to meet ASTM A-333 and A-334 specifications (covering carbon and alloy seamless pipe and tube for low temperature service).

Seamless line pipe is produced to the API 5L specification, and is intended for the conveyance of oil and natural gas and other fluids in pipe lines, transmission lines, or gathering lines. Line pipe may also be certified to the ASTM A-1024 specification.

Seamless pressure pipe is commonly produced to the ASTM A-106 specification (covering seamless carbon steel pipe for higher temperature service), and is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases at elevated temperatures or pressures, or both, in industrial piping systems. Seamless pressure pipe may carry substances at elevated temperatures and pressures and may be subjected to external heat. Seamless pressure pipe meeting the ASTM A-106 specification may be used in temperatures of up to 1,000 degrees Fahrenheit at various ASME code stress levels.[21]

Seamless SLP pipe is commonly produced and certified to meet multiple specifications to avoid separate production runs and inventories for pipe sold for different applications. Manufacturers often quadruple certify[22] pipe made to the ASTM A-53, ASTM A-106, API 5L grade B, and API 5L X-42 specifications,[23] thus allowing distributors to maintain a single inventory of quad stenciled pipe for use in multiple applications.[24] [25]

Seamless SLP pipe less than 2 inches in outside diameter is commonly pressure pipe produced to the ASTM A-106 specification, and is frequently used in high pressure or high temperature applications,

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[21] Seamless alloy pipes made to the ASTM A-335 specification (covering alloy steel pipe for high temperature service) must be used if temperatures and stress levels exceed those allowed for ASTM A-106.

[22] Quadruple certification is referred to as a "quad stencil," whereby manufacturers put four stencils, or markings, on the pipe to show that it has been produced to meet the requirements and tests pursuant to the respective specifications.

[23] Principal differences among standard pipe made to the ASTM A-53 specification, pressure pipe made to the ASTM A-106 specification, and line pipe made to the API 5L X-42 or grade B specifications include differences in minimum yield strength, chemical composition, and variation in permissible weight and dimensional tolerances. Line pipe made to the API 5L X-42 specification has a higher minimum yield strength (42,000 pounds per square inch (psi)) than line pipe made to the API grade B specification (35,000 psi), pressure pipe made to the ASTM A-106 grade B specification (35,000 psi), and standard pipe made to the ASTM A-53 grade B specification (35,000 psi). Alloying elements such as Columbium (niobium) and titanium may be included in line pipe made to the API 5L X-42 or grade B specifications to achieve a higher minimum yield strength than that of standard pipe made to the ASTM A-53 specification. Line pipe made to the API 5L X-42 specification may also contain more manganese, which increases tensile strength and hardness, than either standard pipe (ASTM A-53) or pressure pipe (ASTM A-106). Variations in permissible weight and dimensional tolerances are more stringent for pressure pipe (ASTM A-106) and line pipe (API 5L grade B or X-42) than those for standard pipe (ASTM A-53). However, all of these specifications overlap, so that pipe may be produced to comply with all of them.

[24] Conference transcript, p. 29 (Lindgren).

[25] Although seamless SLP pipe may be quad-stenciled to meet the ASTM A-53, ASTM A-106, and API 5L X-42 or grade B specifications, seamless SLP pipe produced to the ASTM A-333 and A-334 specifications (covering carbon and alloy seamless pipe and tube for lower temperature service) is not dual, triple, or quadruple certified with ASTM A-53, ASTM A-106, and API 5L X-42 or grade B because of the inclusion of higher levels of alloying elements such as nickel, chromium, and molybdenum, and higher requirements for minimum tensile and yield strengths that exceed those of ASTM A-53, ASTM A-106, and API 5L X-42 or grade B. This is also true for seamless pipe produced to the ASTM A-335 specification (covering alloy steel pipe for high temperature service).

such as in the construction or repair of refineries and chemical plants. Seamless SLP pipe with outside diameters greater than 2 inches and less than or equal to 4.5 inches is commonly produced and certified to the quad stencil certification and used in more general high pressure applications in industrial piping systems. However, seamless SLP pipe that is 2-3 inches in outside diameter may also be used as gathering lines connecting oil and natural gas wells to transmission lines.[26] Oil and natural gas producers specify the diameter of seamless SLP pipe needed according to the type of flow of oil or natural gas achieved from a particular well.[27]

Most steel products, including those subject to these investigations, are produced from carbon steel, which contains controlled amounts of carbon and manganese.[28] Alloy steels, which provide physical properties not achievable to the same degree as carbon steels,[29] contain controlled amounts of alloying elements—usually nickel, chromium, and molybdenum.[30] ASTM specifications that include alloy steel and that are referred to in these investigations are ASTM A-333 and A-334 (covering carbon and alloy seamless pipe and tube for low temperature service)[31] and the now-excluded ASTM A-335 (covering alloy steel pipe for high temperature service).[32]

Production Processes

In the United States, steel used to produce seamless SLP pipe is made by either the basic-oxygen process, in which scrap is added to molten pig iron and alloying materials to convert into molten steel, or by the electric-arc furnace process, in which steel scrap, direct-reduced iron, cold pig iron, and alloying materials are melted to convert into molten steel. The chemical composition of steel, including level of carbon, manganese, and other alloying materials is controlled in the melting process. Molten steel produced by either steelmaking process is continuously cast into either round or square billets, which are the starting materials, for the production of seamless SLP pipe. Seamless SLP producers that do not maintain steelmaking operations use purchased billets or redraw hollows as their raw material. Of the eight U.S. producers that reported producing seamless SLP pipe, four use billets produced in their own

[26] "Over the years as you know there has been a huge development for the gas drilling in the U.S. In fact, close to 80 percent of the drilling is for gas, not for oil, and when you develop a gas well in a new territory where no infrastructure exists, you need to be able to gather in line, let's say transmission line, and those will be using a diameter that will in a two- to three-inch range in addition to the main line that will be more in a six-inch and eight-inch range." Conference transcript, p. 57 (Pognonec, responding to a question regarding shale gas).

[27] Conference transcript, pp. 56–57 (Pognonec).

[28] Manganese primarily increases tensile strength and hardness, while reducing ductility and weldability.

[29] Alloy steels achieve a high degree of strength and toughness while maintaining weldability—attributes that carbon steels can achieve, though not always to the same degree.

[30] Nickel primarily increases toughness, especially at lower temperatures. Nickel also increases tensile strength and hardness, while slightly reducing weldability. Chromium partly increases tensile strength and hardness, and reduces weldability. Higher concentrations of chromium can improve corrosion and abrasion resistance. Molybdenum primarily increases tensile strength and hardness, but reduces weldability.

[31] ASTM A-333 and A-334 cover several grades of steel used for low temperature applications. Grades 1, 6, and 10 are carbon steel grades. Grades 3, 4, 7, 8, 9, and 11 are alloy steel grades containing nickel and additional alloying elements. The most common alloy steel grade is grade 3, which contains approximately 3.5 percent nickel.

[32] ASTM A-335 covers 12 different alloy steel grades containing varying levels of chromium and molybdenum and additional alloying elements used for high temperature service.

steelmaking facilities,[33] two purchase billets as raw materials,[34] one is a finisher of pipe using purchased semifinished pipe or redraw hollows,[35] and one uses billets or hollows as inputs.[36]

Seamless SLP pipe is generally manufactured by either of two high temperature processes to form a central cavity in a solid steel billet. In the rotary piercing process, a heated billet is gripped by angled rolls that cause the billet to rotate and advance over a piercer point, forming a hole through the billet's length (figure I-1). In the extrusion process, the billet is hot-punch pierced and then extruded axially through a die and over a mandrel, forming a hollow shell (figure I-2). The hollow shell produced by either process is then rolled with either a fixed plug or a continuous mandrel inside the shell to reduce the wall thickness and increase the length. The shell is then rolled in a sizing mill or a stretch reduction mill where it is formed into a true round and sized to the specified diameter.[37]

Wyman-Gordon's vertical extrusion manufacturing process for the production of ASTM A-335 and other forms of seamless pipe differs from the process described above. ***.

***.

***.[38]

[33] Timken, TMK IPSCO, U.S. Steel, and V&M Star. TMK IPSCO's Koppel (PA) facility produces billets to make seamless SLP pipe at IPSCO's Ambridge (PA) facility. U.S. Steel produces both billets and seamless SLP pipe at its Fairfield (AL) facility and purchases billets to make seamless SLP pipe at its Lorain (OH) facility. Timken's Gambrinus plant utilizes billets shipped from its Harrison Steel Plant and Faircrest Steel Plant. *See, e.g.*, Staff interviews and plant tours at Timken (August 10, 2010) and U.S. Steel / Lorain (August 11, 2010).

[34] Wyman-Gordon does not make its own steel and Michigan Seamless Tube purchases solid round billets as raw material. Company website found at http://www.mstube.com/process/index.html/.

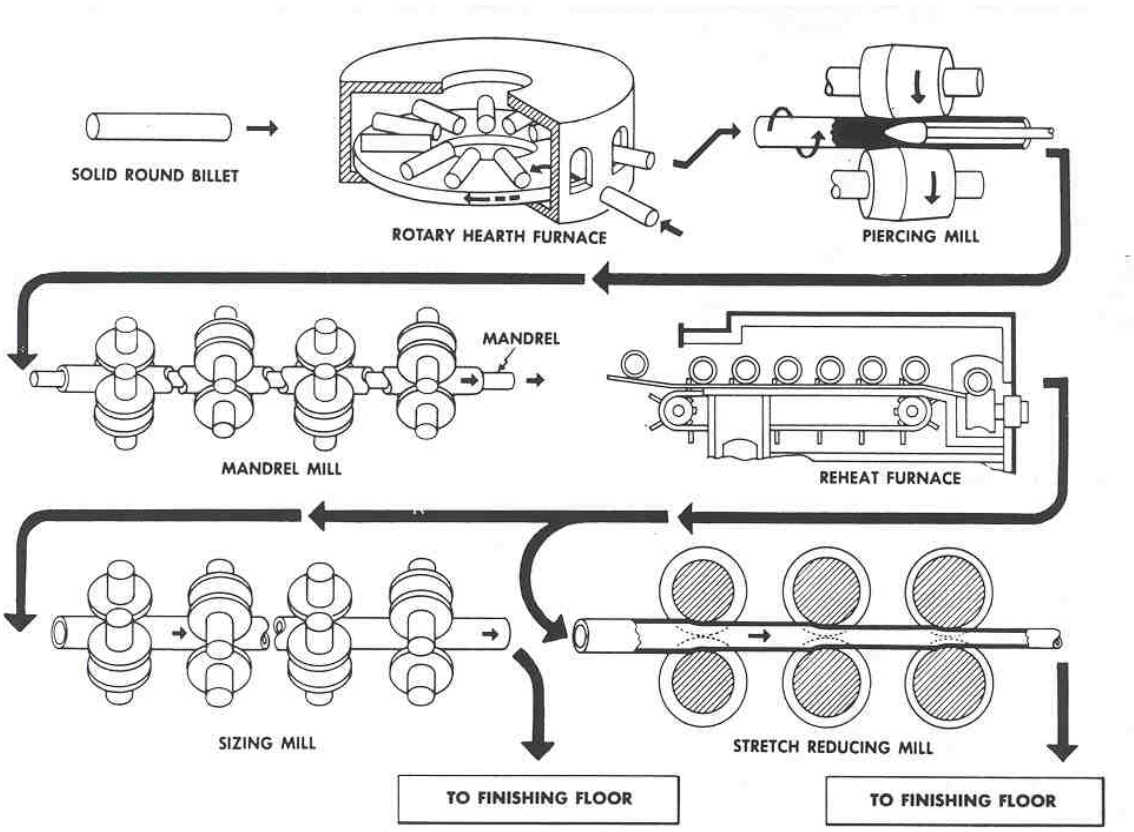
[35] Wheatland Tube Co.'s Wheatland (PA) and Sharon Tube (PA) facilities.

[36] Staff telephone interview with *** on August 26, 2010. Plymouth Tube Company is a privately-held, family owned supplier of carbon, alloy, specialty, stainless steel and nickel alloy tubing. It also produces boiler and heat exchanger tubes to specification ASTM A-106.

[37] For a detailed description of the tube-forming operations employed by the two U.S. producers that manufacture both small diameter and large diameter seamless SLP pipe in the United States, *see* Staff interviews and plant tours at Timken (August 10, 2010) and U.S. Steel / Lorain (August 11, 2010).

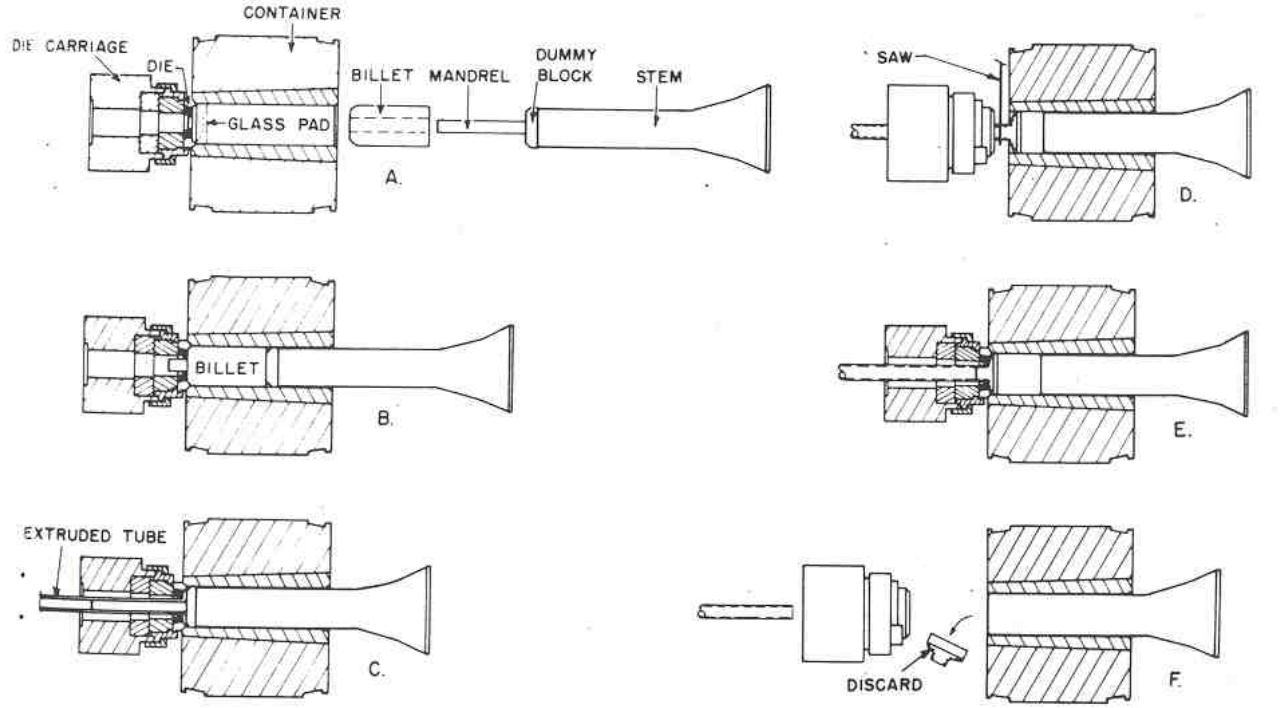
[38] Staff interview and field trip to Wyman-Gordon, August 5, 2010.

Figure I-1
Seamless pipe: Sequence of operations used to produce seamless pipe products by piercing and rolling



Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products*, October 1980, p. 17.

Figure I-2
Seamless pipe: Sequence of operations in the production of an extruded tubular section



Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products*, October 1980, p. 19**.**

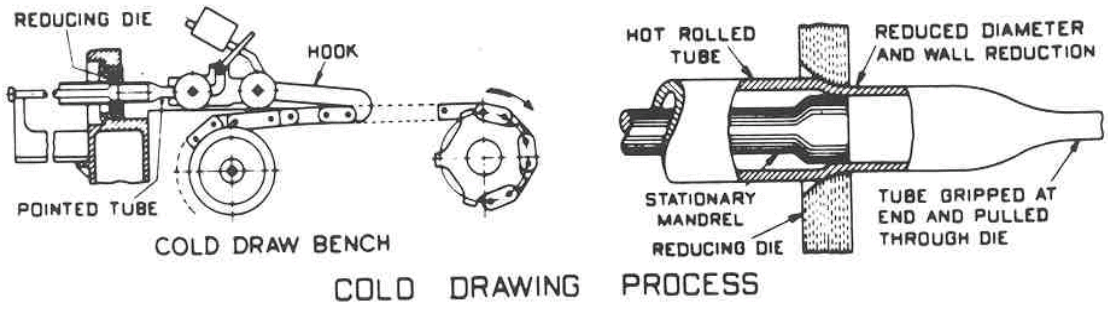
Whereas most seamless SLP pipe is normally produced hot-finished, small diameter pipe of less than two inches in outside diameter is normally cold drawn because hot-rolling of small diameter pipe is not possible.[39] Pipe also may be cold drawn to provide a smoother surface and closer dimensional tolerances than that which can be produced by hot finishing. When pipe is to be cold drawn, seamless hollows (redraw hollows)[40] are first pickled in acid to remove scale and oxides from both the outside and inside surfaces. Redraw hollows are then rinsed in water and coated with a lubricant for cold drawing. The hollow is pulled through a die and over an internal mandrel, which reduces the outside diameter and increases the length (figure I-3). The mandrel inside the hollow controls the inside diameter and the wall thickness. Following cold drawing, the hollows are annealed (heat treated).[41]

[39] The minimum diameter for hot rolling differs from producer to producer because of differences in equipment capabilities.

[40] Redraw hollows, in these investigations, are any unfinished carbon or alloy steel pipe or "hollow profiles" suitable for hot or cold finishing operations to form a tube or pipe that meet the ASTM or API specifications or comparable specifications of the subject products.

[41] Alloy steel pipe and carbon steel pipe may require heat treating, which may involve one or more heating cycles in either a continuous furnace or a batch furnace, with controlled rates of cooling. Specific heat treating requirements are dependent upon the grade of steel being processed and the specification to which the steel is produced. The same processes and equipment are used to heat treat carbon and alloy seamless SLP pipe.

Figure I-3
Seamless pipe: Diagram of the cold drawing process



Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products*, October 1980, p. 25.

Finishing operations on subject seamless SLP pipe can include a variety of steps such straightening, cutting to length, inspection, testing, end finishing (e.g., beveling or threading), and coating. Pipes may be furnished galvanized (hot-dip zinc coated for additional corrosion resistance) and may be threaded and coupled, though such operations are not typical for line pipe.[42]

As discussed in Part III of this report, other steel seamless tubular products that are produced on the same equipment as subject seamless SLP pipe include mechanical tubing, OCTG, boiler tubing, as well as structural and other pipe and tubing. Of these products, OCTG is by far the largest, substantially exceeding production levels of seamless SLP pipe in the United States.

DOMESTIC LIKE PRODUCT ISSUES

Overview

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. Information regarding these factors is discussed below.

For the purposes of its determinations in the preliminary phase of these investigations, the Commission found, "a single domestic like product consisting of all seamless SLP pipe less than or equal to 16 inches in outside diameter, that is co-extensive with the scope of the investigations." In finding a single domestic like product, the Commission commented:

> "In any final phase of these investigations, we intend to seek further data to better assess the extent to which the end uses for seamless SLP pipe vary with diameter, as argued by

[42] For example, common finishing operations at the U.S. Steel / Lorain facility include ***. During the final stages of production at Timken, the tube ***. The tube is ***. After completion of all testing, the tube is stenciled and tagged, and prepared for shipment. Staff interviews and plant tours at Timken (August 10, 2010) and U.S. Steel / Lorain (August 11, 2010).

Hengyang Valin, in order to determine whether end use presents a clear dividing line between small and large diameter seamless SLP pipes."[43]

In light of these comments by the Commission and as was the case in the preliminary phase of these investigations, data were collected for total seamless SLP pipe as well as separately for small and large diameter seamless SLP pipe.

Petitioners contend that the Commission should find that seamless SLP pipe up to and including 16 inches in outside diameter constitutes one domestic like product.[44] Respondents contend that seamless SLP pipe up to and including 4.5 inches in outside diameter should constitute one domestic like product ("small diameter SLP pipe"), while seamless SLP pipe greater than 4.5 inches and less than or equal to 16 inches in outside diameter should constitute a separate domestic like product ("large diameter SLP pipe").[45]

In the preliminary views, the Commission noted that "(a)ccording to staff interviews and follow-up communications, Wyman-Gordon Forgings is now believed to produce the domestic like product. The company estimates that it produces and sells *** of large diameter (*** inch seamless ***) pipe annually. We will examine this issue in any final phase of these investigations."

On February 4, 2010, the Commission received a letter from Wyman-Gordon requesting a separate like product consideration for seamless SLP pipe made to the ASTM A-335 specification. In light of this, data were collected for total seamless SLP pipe as well as separately for pipe made to the ASTM A-335 specification. In Commerce's final affirmative countervailing duty and LTFV determinations for seamless SLP pipe, the scope language specifically excludes pipe meeting the chemical requirements of ASTM A-335, whether finished or unfinished.

Small and Large Diameter Seamless SLP Pipe

Physical Characteristics and Uses

Petitioners argue that the only difference in the physical characteristics of small diameter and large diameter seamless SLP pipe is the diameter of the products and that both small diameter and large diameter seamless SLP pipe are made to identical specifications from the same grades of carbon and alloy steel.[46] Petitioners argue that such a size difference, by itself, cannot form the basis for a finding of multiple like products.[47] Petitioners argue that small diameter and large diameter seamless SLP pipe have overlapping end uses and that both are used in standard pipe, line pipe, and pressure pipe applications.

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[43] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Investigation Nos. 701-TA-469 and 731-TA-1168 (Preliminary),* USITC Publication 4106, November 2009, p. 9.

[44] U.S. Steel's prehearing brief, exh. 1 p. 8 and V&M Star, TMK IPSCO, and USW's prehearing brief, p. 2.

[45] Respondents' prehearing brief, pp. 2-3.

[46] Petition, pp. 15-16; V&M Star, TMK IPSCO, and USW's postconference brief, p. 4. Hearing transcript, p. 120 (Thompson).

[47] Petition, pp. 15-16; U.S. Steel's postconference brief, Exhibit 1, p. 6.

Respondents argue that small diameter seamless SLP pipe and large diameter seamless SLP pipe often have distinct and separate end uses.[48] Respondents also maintain that the information collected by the Commission suggests that 4.5 inch outside diameter represents a clear dividing line within the like products in terms of physical characteristics.[49] Respondents argue that small diameter seamless SLP pipe is primarily used in industrial applications, such as refineries and chemical plants, to carry small amounts of liquids or gases under pressure, while large diameter seamless SLP pipe is primarily used in pipeline applications to convey large volumes of oil or gas over longer distances.[50]

Responding U.S. producers observed that small diameter and large diameter seamless SLP pipe have different size ranges, which can impact the flow rate.[51] Otherwise, however, U.S. producers reported that small diameter and large diameter seamless SLP pipe had similar physical characteristics and uses, although the larger diameter pipe may be used more intensively in pipeline applications than the smaller diameter pipe. U.S. purchasers similarly noted few physical differences other than diameter, although two indicated that small diameter seamless SLP pipe is available in shorter lengths. In terms of use, several purchasers indicated that small diameter seamless SLP pipe may be used more intensively in higher pressure applications than large diameter seamless SLP pipe.

Manufacturing Facilities and Employees

During the period for which data were collected, U.S. Steel and Timken manufactured both small diameter and large diameter seamless SLP pipe in the United States. Timken's operations at Canton, OH, produce seamless tubular products (primarily mechanical tubing, as well as pressure pipe and drill pipe) on three piercing mills. The plant's overall production capability ranges from 1.9 inches to 13 inches in diameter.[52] U.S. Steel produces large diameter seamless SLP pipe (4.5-9.875 inches outside diameter) at its facility in Fairfield, AL. U.S. Steel produces both small diameter and large diameter seamless SLP pipe at its facility in Lorain, OH, but in different mills on different equipment at that location.[53]

Petitioners contend that small diameter and large diameter seamless SLP pipe is produced in common manufacturing facilities using the same manufacturing equipment and employees,[54] and further point to the capability of TMK IPSCO to produce seamless SLP pipe up to 5.5 inches in outside diameter on the same equipment as that used to produce small diameter SLP pipe.[55] U.S. Steel states that the processes used to make small diameter pipe and large diameter pipe are the same.[56]

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[48] Conference transcript, p. 133 (Mills).

[49] Respondents' posthearing brief, pp. A-26, A-27.

[50] Conference transcript, pp. 133-134 (Mills); Hengyang's postconference brief, p. 7.

[51] Hearing transcript, p. 119 (Thompson).

[52] The Timken / Gambrinus Plant's piercing mills are designated #3 (*** in outside diameter); #4 (*** in outside diameter); and #5 (*** in outside diameter). Although Timken is primarily a mechanical tubing producer, company representatives described ***. Staff plant tour and interview, Timken, August 10, 2010.

[53] U.S. Steel operates two seamless pipe mills at its Lorain facility. #3 seamless mill has a size range of 10.125" - 26"; the mill's major products are ***. #4 seamless mill has a size range of 1.900" - 4.500"; its major products are ***. Staff plant tour and interview, U.S. Steel / Lorain, August 11, 2010.

[54] Petition, p. 17.

[55] ***. E-mail from ***, October 12, 2009; staff telephone interview with ***.

[56] U.S. Steel's producer questionnaire response, section II-14, attachment 16A.

Respondents argue that small diameter and large diameter seamless SLP pipe is generally manufactured in different mills using different equipment.[57] Respondents argue that ***.[58]

In general, U.S. producers indicated that the production processes for small and large diameter seamless SLP pipe are similar, but that the dimensions of the mill equipment limit the degree of overlap on the same production lines. U.S. purchasers also noted a general similarity in production processes, although several noted that some small diameter pipe is cold drawn.

Interchangeability

Both U.S. producers and U.S. purchasers responding to Commission questionnaires noted that small diameter and large diameter seamless SLP pipe generally are not interchangeable due to size requirements of the finished pipe, although these same limitations are present within the "small" and "large" categories. Exceptions were noted around the 4-1/2" diameter size and to a limited degree when thicker-walled small diameter product can accommodate a higher flow rate that is comparable to thinner-walled larger diameter product.

Customer and Producer Perceptions

U.S. producers responded that the perceptions are similar for both small diameter and large diameter seamless SLP. Responding U.S. purchasers largely agreed, although several noted that their perception of small diameter and large diameter seamless SLP pipe is dependent upon the dimensions required for the end-use application.

Channels of Distribution

Both small diameter and large diameter seamless SLP pipe are sold primarily through distributors and secondly to end users.[59] Table I-4 presents data on channels of distribution for U.S. producers' U.S. shipments of the small diameter and large diameter seamless SLP pipe.

Table I-4
Seamless SLP pipe: Channels of distribution for U.S. producers' U.S. shipments of small diameter and large diameter seamless SLP pipe, 2007-09, January-June 2009, and January-June 2010

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Price

Details for pricing practices and prices reported for domestically produced and imported seamless SLP pipe in response to the Commission's questionnaires are presented in Part V of this report, *Pricing and Related Information*. Table I-5 presents data on the average unit values of U.S. producers' U.S. shipments of the small diameter and large diameter seamless SLP pipe. Consistent with the data presented below, to the extent that U.S. producers identified price differences, small diameter seamless

[57] Hengyang's postconference brief, pp. 8–9.

[58] Hengyang's postconference brief, p. 9.

[59] Both petitioners and respondents agree that the channels of distribution are generally the same for both small diameter and large diameter seamless SLP pipe. Petitioners' IPSCO, V&M Star, and USW postconference brief, p. 7 and Hengyang's postconference brief, p. 8. In addition, U.S. producers and U.S. purchasers confirmed this similarity in their responses to Commission questionnaires.

SLP pipe was considered to be priced higher than large diameter seamless SLP pipe. Purchasers identified this relationship with greater frequency, but primarily emphasized the higher prices of pipe in diameters of two inches or less (but also, in some instances, in larger diameters such as those greater than ten inches).

Table I-5
Seamless SLP pipe: Average unit values of U.S. producers' U.S. shipments of small diameter and large diameter seamless SLP pipe, 2007-09, January-June 2009, and January-June 2010

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ASTM A-335 Pipe and Non-ASTM A-335 Pipe

Physical Characteristics and Uses

Wyman-Gordon has argued that seamless A-335 pipe produced from alloy steel should be treated as a separate like product from seamless carbon steel and low-alloy steel pressure pipes ("carbon steel pipe") because the A-335 specification is very different from the standards applicable to carbon steel pipes.[60] Specifically, Wyman-Gordon maintained that because of the inclusion of alloying elements such as chromium, nickel, and molybdenum, which effectively increase the toughness of the material, A-335 has much higher tensile strengths that exceed those of carbon steel pipe. In addition, A-335 pipe is used in applications at highly elevated temperatures whereas carbon steel pipe are only suitable for applications at lower temperatures.[61]

The A-335 specification includes several grades of steels which are required to contain molybdenum, chromium, and other alloys. The contents of these alloying elements cover a wide range because distinct properties for the steel can be created by substituting these elements in the chemical composition of the steel in these grades. For example, while all A-335 grades contain about 0.5 percent to above 1 percent of molybdenum, low grade P1 does not require any chromium while high grade P122 must contain between 10 to 11.50 percent of chromium.[62]

In response to Commission questionnaires, responding U.S. producers reported differences in chemistry between A-335 pipe and other forms of seamless SLP pipe, largely focusing on differences between alloy and carbon steel, and on the heat treatment requirements for A-335 pipe, resulting in their use in higher temperature applications. Responding purchasers generally agreed with respect to both chemistry and applications.

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[60] As stated earlier, the scope language in Commerce's final determinations specifically excludes all A-335 pipe.

[61] As stated before, seamless carbon pressure pipe meeting the A-106 standard may be used in temperature up to 1000 degrees Fahrenheit, at various American Society of Mechanical Engineers ("ASME") code stress levels. ASTM A-335 alloy pipe includes several alloys containing varying contents by weigh of up to 10 percent of chromium while A-106 only contain 2 percent of chromium at maximum. Chromium is a chemical that enhance the toughness of the material. A-53 and A-106 have tensile strengths ranging from 30,000 psi to 60,000 psi while A-335's tensile strengths range from 55,000 psi to 95,500 psi. Tensile strength is the maximum pulling force at which the material will break down. Tensile strength is measured in pounds per square inch (psi) which is the pulling force per square inch of the cross sectional area of the material.

[62] Annual Book of ASTM Standards-2009, Volume 01.01, p. 214; U.S. Steel Corp., "*The Making, Shaping and Treating of Steel,*" 10th Edition, 1985, p. 1317.

Manufacturing Facilities and Production Employees

Wyman-Gordon argues that petitioners do not manufacture A-335 pipe and that Wyman-Gordon's Houston plant is the only domestic producer of A-335 pipe that can produce seamless pipe with nominal wall-thickness greater than 1.594 inches.[63] Specifically, Wyman-Gordon claimed that its 35,000-ton vertical extrusion process is unique worldwide to Wyman-Gordon. Furthermore, Wyman-Gordon's specialized heat-treatment equipment, which has a quench-and-temper procedure that can operate up to 2,200 degrees Fahrenheit, is unique in the United States to Wyman-Gordon.[64] By contrast, other domestic seamless pipe producers typically employ the rotary piercing method with a maximum capacity from 2,000 to 5,000 tons. Since equipment operators at Wyman-Gordon's facilities are trained in a very sophisticated technology that is unique in the United States, these employees have skills that are completely different from those of the employees in a typical carbon steel pipe mill.

Wyman-Gordon stressed that its vertical extrusion process is entirely concentrated in the production of A-335 pipe in large diameters while Michigan Seamless Tube's process focuses exclusively in smaller-diameter sizes.[65]

Petitioners, in response, disputed some of the specifics of those claims, stressing that there are other producers of A-335 pipe in the United States.[66] Petitioners also provided evidence showing that they can produce seamless standard and line pipe with outside diameter of less than 16 inches and a wall thickness at or larger than 1.594 inches. They also pointed out that domestic seamless producers such as Michigan Seamless Tube have achieved very close tolerance for its pipe diameter, using a draw bench and stationary die.[67] However, U.S. producers generally acknowledged the different heat treatment facilities required for A-335 pipe. U.S. purchasers provided few responses, typically indicating similar production processes while noting distinctions such as cold drawing or heat treating.

Interchangeability

U.S. producers reported a degree of interchangeability in which A-335 pipe could be used in certain applications, most specifically pressure applications requiring A-106 pipe. However, such substitution was not deemed economical and was not possible in reverse. U.S. purchasers were largely unable to even address the question, but those that did indicated that any interchangeability would be unusual, one-way, and costly.

Customer and Producer Perceptions

Responding U.S. producers focused on the requirement of A-335 pipe for higher temperature applications, but also noted differences in the customer base and in pricing practices. U.S. purchasers provided limited responses and generally focused on material differences, application differences, differences in volume and inventory, and prices.

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[63] Bruce Malashevich, Economic Consulting Services, LLC, to the Commission, March 18, 2010, on behalf of Wyman-Gordon.

[64] Wyman-Gordon's producer questionnaire response, Part V–ASTM A-335, p. 40.

[65] Wyman-Gordon's prehearing brief, p. 5.

[66] U.S. Department of Commerce's letter to the Commission, April 22, 2010, p. 8.

[67] U.S. Department of Commerce's letter to the Commission, April 22, 2010, p. 8.

Channels of Distribution

Both producers and purchasers, to the extent that they could address the issue, identified some overlap in the channel structure for A-335 pipe and other forms of seamless SLP pipe, although the end-use customers could differ. Table I-6 presents the channels of distribution for U.S. producers' U.S. shipments of ASTM A-335 pipe and seamless SLP pipe not produced to ASTM-335 specifications ("non-ASTM A-335"). Additional details regarding the channel structure of U.S.-produced and imported seamless SLP pipe are presented in Part II of this report, *Conditions of Competition in the U.S. Market*.

Table I-6
Seamless SLP pipe: Channels of distribution for U.S. producers' U.S. shipments of ASTM-335 and non-ASTM-335 seamless SLP pipe, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Price

Responding U.S. producers and purchasers identified A-335 pipe as higher priced than other forms of seamless SLP pipe. Table I-7 presents average unit values for U.S. producers' U.S. shipments of ASTM A-335 and non-ASTM A-335 seamless SLP pipe in the United States from various sources. The average unit value of small diameter ASTM A-335 pipe was *** times greater than small diameter non ASTM A-335 pipe. The average unit value of large diameter ASTM A-335 pipe was *** times greater than non-ASTM A-335 pipe.[68] Pricing practices and prices reported for domestically produced and imported seamless SLP pipe in response to the Commission's questionnaires are presented in Part V of this report, *Pricing and Related Information*.

Table I-7
Seamless SLP pipe: Average unit values of U.S. producers' U.S. shipments of ASTM-335 and non-ASTM-335, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

[68] However, in 2007, ***. This is consistent with an observation by U.S. importer *** that low-grade A-335 pipe can be sold at prices only *** - *** percent higher than carbon steel pipe. *** quoted prices of imported A-335 pipe at $*** - $*** per short ton, depending on the grade.

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

U.S. MARKET CHARACTERISTICS

Overview

Seamless SLP pipe is used for the transmission of oil and natural gas; in chemical, petrochemical, and refinery facilities; in certain applications for general construction; and in industrial applications. Larger volume varieties of seamless SLP pipe in common diameters and wall thicknesses are often stenciled to multiple certifications for crossover applications and ease of stocking in inventory.

Business Cycle

When asked whether the demand for seamless SLP pipe is subject to distinct business cycles, questionnaire responses were varied. Three of 5 responding U.S. producers, 8 of 22 responding importers, and 11 of 22 responding purchasers identified business cycles unique to seamless SLP pipe, although descriptions of the cycles varied widely. Firms reporting the existence of business cycles for this product frequently reported that they are tied closely to the general U.S. economy or to economic activity in certain industries, particularly the oil, natural gas, and chemical industries. Some firms reported that demand increased greatly in 2008 and then decreased in 2009 as a result of the recession. In assessing the length of the business cycle for seamless SLP pipe, estimates ranged from two to five years.

Regional Availability and Lead Times

Seamless SLP pipe is sold nationally by both U.S. producers and importers of Chinese product. Among the seven responding U.S. producers, four reported that they sell nationally (including not only the continental United States, but also Alaska, Hawaii, Puerto Rico, and the Virgin Islands). Two reported that their sales are limited to the continental United States. For the 25 responding firms that import from China, 2 reported that they sell nationally, 5 reported that they sell throughout the continental United States, and 18 reported that their sales are limited to specific regions. The regions most frequently cited were the Central Southwest and the Pacific Coast.

Average lead times for delivery of seamless SLP pipe depend upon whether the product is sold from inventory or produced to order.[1] Six of the seven responding U.S. producers reported that between 90 and 100 percent of their sales were items produced to order during 2008 and 2009, while one producer reported that *** percent of its sales were from inventory.[2] Throughout 2008-09, lead times for items sold from producers' inventories consistently ranged between 1 and 7 days. However, reported lead times by producers for items produced to order ranged widely from firm to firm over the 2008-09 period. Throughout this period, the delivery lead time for one producer, ***, consistently ranged between 14 and 21 days. However, for the other six producers, lead times were generally longer, although they decreased

[1] Most importers reported importing and selling both small diameter and large diameter seamless SLP pipe during the investigation period.

[2] While the majority of all sales of seamless SLP pipe are produced to order, the vast majority of sales by producers are to distributors rather than end users. Staff contacted producers for an explanation. According to email responses from Timken, TMK IPSCO, U.S. Steel, and V&M Star, distributors order both generic, standard products that they sell to multiple customers, and also unique products requested by specific end users. *** noted that it often does not know whether a product is being ordered for inventory, or for a specific customer. See emails from Timken, U.S. Steel, and V&M Star (September 23, 2010), and from Schagrin Associates (September 24, 2010).

between 2008 and 2009. Among these six producers, lead times ranged from 28 to 365 days in January-June 2008, from 42 to 273 days in July-December 2008, from 28 to 273 days in January-June 2009, and from 21 to 180 days in July-December 2009.

Among all importers, most sales also consist of items produced to order. During July 2008 through December of 2009, lead times for imported items for the small quantity of items sold from inventory ranged from 3 to 7 days. Ten importers were able to estimate delivery lead times for items produced to order during the first and second halves of 2008 and 2009. For seven of these firms, the length of delivery lead times remained the same throughout the period and consistently ranged between 14 and 180 days. However, for the other three importers, lead times varied during 2008 and 2009 with no consistent trend.

Channels of Distribution

The majority of shipments of seamless SLP pipe by both U.S. producers and importers of product from China and other sources went to distributors throughout the period for which data were collected, as shown in table II-1. A larger share of shipments of imports of large diameter seamless SLP pipe from nonsubject countries was directed to end users than for U.S. producers or importers from China.

Table II-1
Seamless SLP pipe: Channels of distribution for U.S. producers' and U.S. importers' U.S. shipments, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. seamless SLP pipe producers have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced seamless SLP pipe to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the availability of unused capacity and the existence of inventories. In addition, it may be feasible to shift to the production of seamless SLP pipe from the production of other products manufactured at industry facilities.

Industry capacity

During 2007-09, aggregate capacity utilization rates for U.S. producers of small diameter and large diameter SLP pipe ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, the rate was *** percent as compared a level of just *** percent in January-June 2009.[3] This level indicates that the U.S. producers could expand output in response to a change in market conditions.

[3] During 2007-09, capacity utilization rates for U.S. producers of small diameter SLP pipe ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, the rate was *** percent as compared to a level of just *** percent in January-June 2009. During 2007-09, capacity utilization rates for U.S. producers of large diameter SLP pipe ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, the rate was *** percent as compared to a level of *** percent in January-June 2009.

Alternative markets

During 2007-09, exports as a share of total shipments by small diameter and large diameter seamless SLP pipe producers ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, exports accounted for *** percent of total shipments.[4] One U.S. producer (***) reported that export opportunities are generally limited because of formal and informal barriers to exports in other markets (such as currency manipulation and control over the channels of distribution by mills in other countries).

Inventory levels

During 2007-09, the ratio of inventories to total shipments for small diameter and large diameter seamless SLP pipe producers ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, this ratio was *** percent as compared to *** percent in January-June 2009.[5] This inventory level also indicates that domestic producers could respond to a change in market conditions with increased supply of seamless SLP pipe.

Production alternatives

Six of seven U.S. producers reported that they make other products on the equipment and machinery used to produce seamless SLP pipe. The products listed included ***. It is possible that these producers could shift from production of these other products to increase production and shipment of seamless SLP pipe.

Purchaser Inventories

Table II-2 presents end-of-period inventories of seamless SLP pipe held by responding purchasers for 2007-09 and January-June 2010. The purchase data are broken out by country (i.e, U.S.-

[4] During 2007-09, exports as a share of all small diameter pipe shipments by producers ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June of 2010 they accounted for *** percent of total shipments. During 2007-09, exports as a share of all large diameter pipe shipments by producers ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010 they accounted for *** percent of total shipments.

[5] During 2007-09, the ratio of inventories to total shipments of small diameter pipe by producers ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, this ratio was *** percent as compared to *** percent in January-June 2009. During 2007-09, the ratio of inventories to total shipments of large diameter pipe by producers ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, it was *** percent as compared to *** percent in January-June 2009.

produced, imports from China, and imports from nonsubject countries) and by size (i.e, small and large diameter pipe). One large U.S. purchaser, ***, was not able to break out purchases by size or by country source. The data show that inventories of U.S.-produced seamless SLP pipe, both small and large diameter, decreased between 2007 and 2009. All inventory data for China showed an increase during 2007-09. Inventories of both large and small diameter pipe from nonsubject sources increased irregularly during 2007-09.

Table II–2
Seamless SLP pipe: Purchasers' aggregate end-of-period inventories, 2007-09 and January-June 2010

Quantity *(short tons)*					
Item	**Country**	**Period**			
		2007	**2008**	**2009**	**Jan.-June 2010**
Small & Large	**United States**	82,312	62,158	39,454	41,057
	China	32,474	79,779	89,816	52,480
	Other	44,463	64,064	46,088	36,754
	Unknown	48,527	66,378	55,417	45,782
Small	**United States**	***	***	***	***
	China	***	***	***	***
	Other	***	***	***	***
	Unknown	***	***	***	***
Large	**United States**	***	***	***	***
	China	***	***	***	***
	Other	***	***	***	***
	Unknown	***	***	***	***
Unknown Sm/Lg	**United States**	***	***	***	***
	China	***	***	***	***
	Other	***	***	***	***
	Unknown	***	***	***	***
Grand Total		207,776	272,579	230,775	176,073

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

Foreign Supply

Subject Imports

Based on available information, the Chinese producers have the ability to respond to changes in demand with small to moderate changes in the quantity of shipments of seamless SLP pipe to the U.S. market.[6] The main contributing factors are the existence of some excess capacity, inventories, alternative markets, and the ability to shift from other products produced at their facilities to the production of seamless SLP pipe.

Industry capacity

During 2007-09, Chinese producers' capacity utilization rates ranged from a low of *** percent in *** to a high of *** percent in ***.[7] During January-June 2010, the rate was *** percent as compared to a level of *** percent in January-June 2009. Capacity utilization is projected to be *** percent for all of 2010 and *** percent for 2011. These data indicate that the Chinese industry could expand output in response to a change in market conditions.

Alternative markets

Home market shipments for all subject pipe accounted for *** percent of total shipments in 2007, *** percent in 2008 and *** percent in 2009.[8] They are projected to be *** percent of total shipments for 2010 and *** percent for 2011. Exports to markets other than the United States accounted for *** percent of total shipments in 2007, *** percent in 2008, and *** percent in 2009. They are projected to be *** percent of total shipments in 2010 and *** percent in 2011.

Inventory levels

During 2007-09, the ratio of inventories to total shipments ranged from a low of *** percent in*** to a high of *** percent in ***. During January-June 2010, the ratio was *** percent as compared

[6] The Commission received questionnaire responses from four Chinese producers; exports to the United States were equivalent to approximately one-third of official Commerce imports in 2009.

[7] During 2007-09, capacity utilization rates for the responding Chinese producers manufacturing small diameter pipe ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, the rate was *** percent as compared to a level of *** percent in January-June 2009. During 2007-09, capacity utilization rates for responding Chinese firms producing large diameter pipe ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, the rate was *** percent, as compared to *** percent in January-June 2009.

[8] Home market shipments of small diameter pipe accounted for *** percent of all shipments of small diameter pipe in 2007, *** percent in 2008, and *** percent 2009. Exports to markets other than the United States accounted for *** percent of total shipments in 2007, *** percent in 2008, and *** percent in 2009. Home market shipments of large diameter pipe accounted for *** percent of total large diameter pipe shipments in 2007, *** percent in 2008 and *** percent in 2009. Exports to markets other than the United States accounted for *** percent of total shipments in 2007, *** percent in 2008, and *** percent in 2009.

to *** percent in January-June 2009.[9] Inventories are projected to be equivalent to *** percent of total shipments in 2010 and *** percent in 2011.

Production alternatives

All four of the responding Chinese producers reported that they make other products on the equipment and machinery used to produce seamless SLP pipe. The products listed included ***.

Nonsubject Imports

The quantity of nonsubject imports increased between 2007 and 2008, before declining in 2009 and in January-June 2010 (relative to January-June 2009). Nonsubject imports accounted for approximately one-third of the U.S. market in 2007 and again in 2008 (when U.S. imports from China surpassed imports from all other sources combined in terms of market share), and for *** percent of the U.S. market in 2009 and January-June 2010. Nonsubject imports account for a relatively smaller portion of apparent U.S. consumption of small diameter seamless SLP pipe than of large diameter seamless SLP pipe.

U.S. Demand

The overall U.S. demand for seamless SLP pipe is a derived demand that depends to an important extent on the energy industry and thus to some extent upon factors such as the level of prices of oil and natural gas and the extent of new drilling activity.[10] A number of indicators relating to the energy industry reflect increasing activity from January 2007 to mid-2008, followed by a large decline until mid-to-late 2009; many, though not all, indicators reflected some recovery in late 2009 and into 2010. Figure II-1 shows total consumption of new seamless pipe in the petroleum, natural gas, and refinery industries monthly from January 2007 through July 2010. The data show that consumption of new seamless pipe increased irregularly from January 2007 through August 2008, and then declined throughout the remainder of 2008 and early 2009 before recovering to some extent in 2010. Figure II-2 shows that monthly prices of oil and natural gas both increased irregularly from January 2007 through June 2008, and then generally declined during the remainder of 2008. The price of oil has recovered somewhat from its low level early in 2009, but the price of natural gas has generally remained relatively lower throughout 2009 and the early months of 2010. According to the Energy Information Administration (EIA), the Henry Hub spot averaged $4.32 per million btu (MMbtu) in August, $0.31 per MMbtu lower than the average spot price in July.[11] EIA expects that the Henry Hub spot price will average $4.54 per MMbtu in 2010 and $4.76 per MMbtu in 2011. Oil prices (West Texas Intermediate), which averaged $77 per barrel in August, are projected to average $77 per barrel in the fourth quarter of 2010 and $82 per barrel in 2011.

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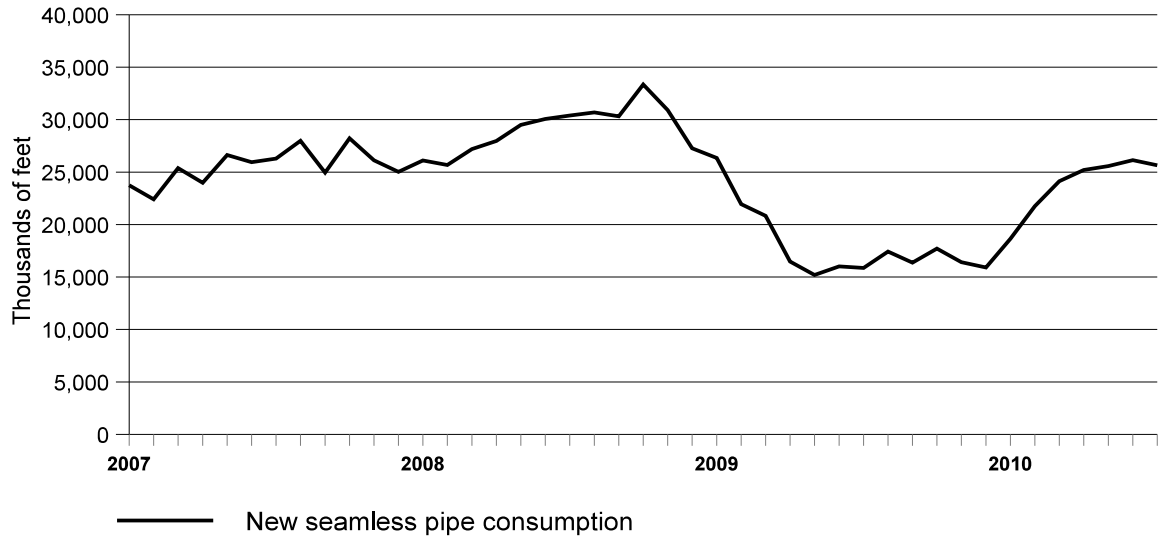
[9] During 2007-09, the ratio of inventories to total shipments of small diameter pipe ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, this ratio was *** percent as compared to *** percent in January-June 2009. During 2007-09, the ratio of inventories to total shipments of large diameter pipe ranged from a low of *** percent in *** to a high of *** percent in ***. During January-June 2010, this ratio was *** percent as compared to *** percent in January-June 2009.

[10] The petitioners have estimated that 15 to 20 percent of seamless SLP pipe consumption is used in the gathering and transmission of oil and gas from oil and gas wells. Posthearing brief of Schagrin and Associates, Answers to Commission questions, p. A-2.

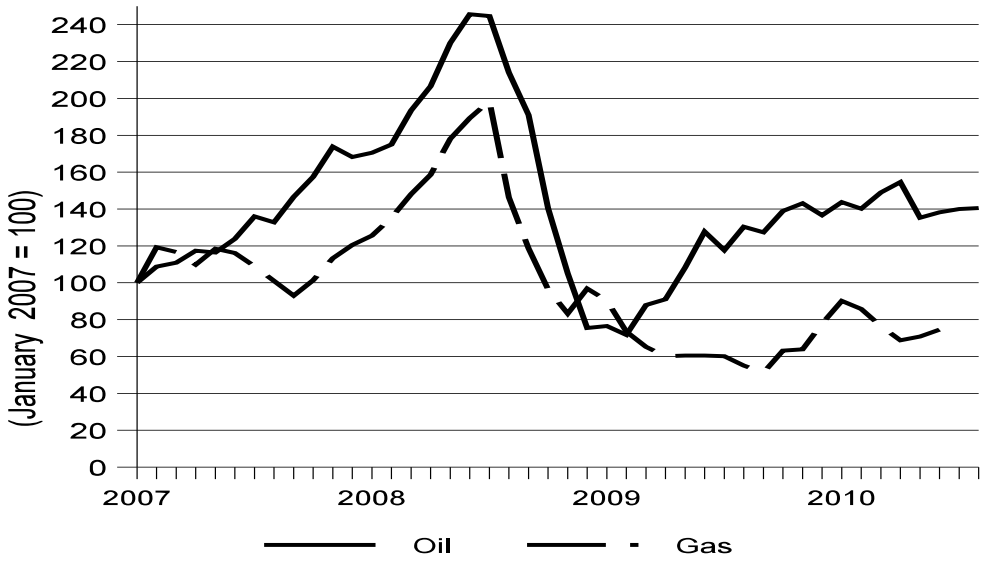
[11] *Short Term Energy Outlook (September 8, 2010)*, www.eia.doe.gov.

Figure II-1
Seamless pipe: Combined consumption of new seamless pipe in petroleum, natural gas, and refinery operations, by month, January 2007- July 2010



Source: U.S. Department of Energy official statistics and the American Petroleum Institute's "Basic Petroleum Data Book."

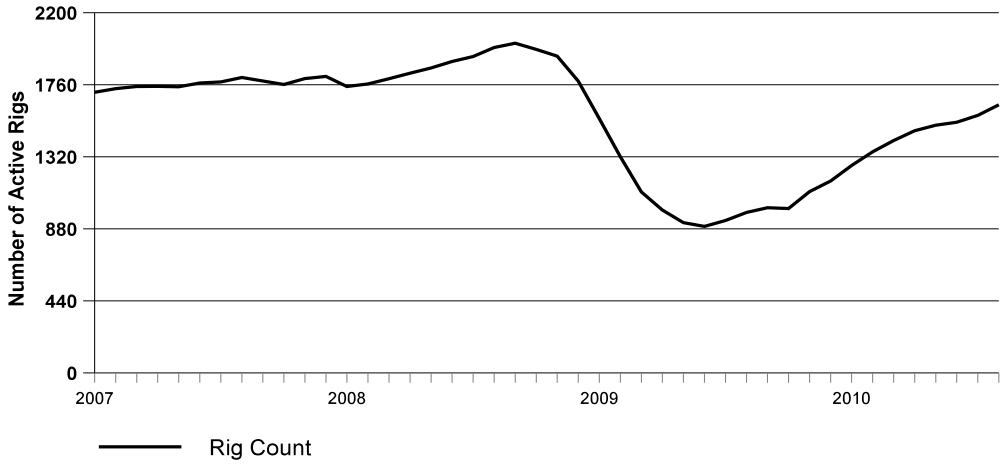
Figure II-2
Crude oil and natural gas: Monthly indexed prices, January 2007-August 2010 for oil and January 2007-June 2010 for natural gas



Source: Energy Information Administration, crude oil spot prices and monthly summary of natural gas prices and volumes.

As shown in figure II-3, drilling activity, as measured by the number of rigs, increased irregularly during January 2007 through September 2008 and then declined through the remainder of 2008 and the first half of 2009. Since that time, the number of drilling rigs has increased, although it remain below the peak levels reached in 2008. However, in the shale plays (geographic areas subject to intense exploration) where much of the new natural gas drilling is taking place, welded pipe is generally preferred over seamless because of its lower cost.[12]

Figure II-3
Rig counts: Number of drilling rigs actively exploring for or developing oil and natural gas in the United States, by month, January 2007- August 2010



Source: Compiled from Baker Hughes data, U.S. monthly averages, January 2007-August 2009.

During 2007-09 and in 2010, more active rigs have been involved in exploring for natural gas than for oil as shown in the following tabulation which breaks out the percentage of total rigs devoted to each in June and December from 2007 through 2010. However, the share devoted to oil has been increasing during this period.[13]

Item	2007		2008		2009		2010
	June	Dec	June	Dec	June	Dec	June
Oil	16%	18%	20%	21%	23%	35%	38%
Natural Gas	84%	82%	80%	78%	75%	64%	62%

[12] Hearing transcript, p. 55 (Mathews) and email comments from ***, September 15, 2010.

[13] Compiled from Baker Hughes data. The shares presented may not sum to 100, because Baker Hughes lists some rigs under "miscellaneous."

Drilling rigs are used in both inland and offshore drilling. While the number of offshore drilling rigs account for a small share of the total rig count, offshore drilling is an important market for seamless SLP pipe. During 2007 through early September 2010, weekly data show that offshore rigs as a share of total rigs has ranged from one to five percent of the total rig count. As shown in the following tabulation of reported offshore rig counts in June and December during 2007 through June of 2010, the weekly counts have been going down.[14]

2007		2008		2009		2010
June 28	Dec 28	June 27	Dec 26	June 26	Dec 31	June 25
78 rigs	63 rigs	64 rigs	66 rigs	43 rigs	39 rigs	17 rigs

As a result of the Deepwater Horizon drilling rig explosion and oil spill on April 20, 2010, a six-month moratorium on deepwater drilling was issued by the U.S. Government on May 28, 2010, to provide for the implementation of safety reforms.[15] Testimony at the Commission's hearing indicated that the Federal suspension of drilling at ocean depths beyond 500 feet has caused a steep demand for seamless pipe in deepwater applications.[16]

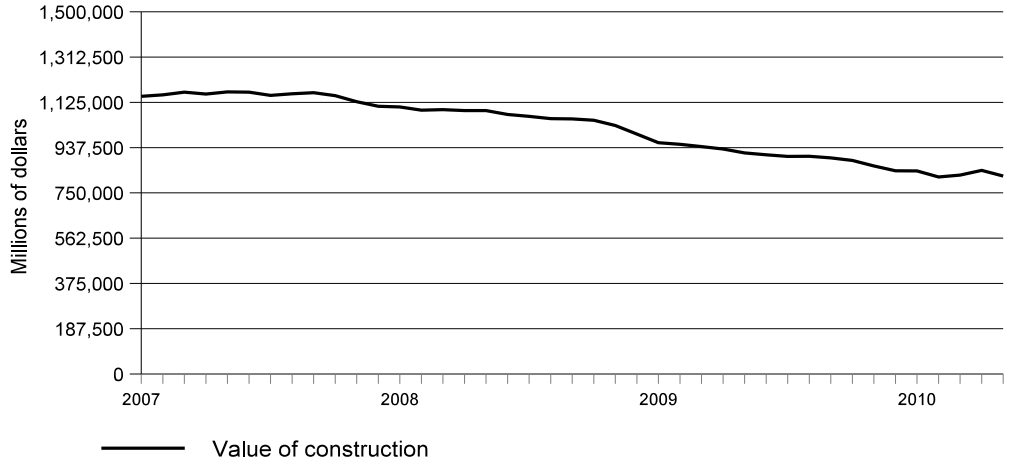
In addition to energy applications, seamless SLP pipe is used extensively in construction and repair of refining facilities in petrochemical and refining facilities, the chemical industry, in power generation, and in mechanical applications for general construction. As shown in figure II-4, total nonresidential construction spending in the United States exhibited a modest decline in 2007, continuing in 2008, then accelerating in 2009, before stabilizing at a much lower level in 2010.

[14] Compiled from Baker Hughes data.

[15] This moratorium was revised slightly on July 12, 2010 (www.doe.gov).

[16] Hearing transcript, p. 78 (Durham).

Figure II-4
Nonresidential construction: Total value of nonresidential construction spending, seasonally adjusted, monthly, January 2007-May 2010



Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending, http://www.census.gov/const.

Apparent U.S. consumption of seamless SLP pipe, in quantity terms, increased from *** short tons in 2009. During January-June 2010, apparent consumption was *** short tons as compared to *** short tons in January-June 2009.[17] These trends in consumption were generally the same for both small diameter and large diameter seamless SLP pipe.

Demand Characteristics

Producers, importers, and purchasers were asked whether demand for seamless SLP pipe had increased, decreased, fluctuated, or remained unchanged since January 1, 2007. Producer and importer responses are shown in the tabulation separately for small and large diameter seamless SLP pipe.

Item	Increased	No change	Decreased	Fluctuated
Small diameter				
Producers	0	0	2	3
Importer	2	2	8	13
Large diameter				
Producers	0	0	1	4
Importer	2	2	7	13

[17] At the hearing, it was argued that apparent consumption is not a good measure of actual consumption because it does not take inventory changes into account. Hearing transcript, p. 93 (Schagrin).

fluctuated, and 3 reported that it was unchanged. Firms that reported that demand had fluctuated since 2007 frequently reported that demand increased up through 2008 and then fell sharply in 2009 as a result of the recession.

Substitute Products

When asked whether substitutes for seamless SLP pipe exist, the majority of producers, importers, and purchasers answered "no." However, some firms reported that welded pipe can be substituted for either small or large diameter seamless SLP pipe in certain applications. Double submerged arc welded pipe, plastic pipe, and mechanical and boiler tubing were also listed as substitutes.

Producers and importers that did not list mechanical tubing or boiler tubing as substitutes for seamless SLP pipe were asked to discuss the characteristics of these products that limited or precluded substitution. Two of 7 producers and 11 of 30 importers responded to the question. Reported reasons that limited substitutability were differences in physical characteristics, price, and channels of distribution.

In addition, purchasers were specifically asked whether mechanical tubing or boiler tubing can be substituted for small diameter seamless SLP pipe or large diameter seamless SLP pipe. For small diameter pipe, 5 purchasers answered "yes" and 13 answered "no." For large diameter pipe, 5 purchasers answered "yes" and 14 answered "no." Firms answering no were asked to explain why the substitutions could not be made. Most firms answered that differences in physical dimension and specifications did not make such substitutions feasible.

Cost Share

When asked to estimate the cost of seamless SLP as a percentage of the cost of end-use products, none of the producers, and only two importers and one purchaser provided estimates. One importer, ***, estimated that large diameter pipe accounts for 30 to 40 percent of the cost of natural gas transmission lines. Another importer, ***, reported that large and small diameter pipe account for 100 percent of the cost of fence posts and framing. *** a manufacturer of ***, reported that large diameter seamless SLP accounts for ***.

SUBSTITUTABILITY ISSUES

The degree of substitutability between domestic products and subject imports, between domestic products and nonsubject imports, and between subject and nonsubject imports is examined in this section. Much of the discussion is based on information obtained from questionnaire responses.

Factors Affecting Purchasing Decisions

Purchasers

Twenty-five purchasers submitted questionnaires; these include 19 distributors, one firm that operates as a distributor and end user, one wholesale supplier to fence companies, one boiler manufacturer, one manufacturer of bearing accessories, a producer of redraw hollows, and a producer of subsea flowlines. Among these 25 firms, 22 have purchased both small and large diameter pipe; one has purchased only small diameter pipe; and two have purchased only large diameter pipe. Three of the

firms have purchased only U.S.-produced products; two have purchased imports only from China; one has purchased only from nonsubject sources; two have purchased only U.S.-produced products and imports from China; and 17 have purchased U.S.- produced products, imports from China, and imports from nonsubject sources.[18] The combined value of all purchases from these firms in 2009 was $550.3 million, equivalent to 91 percent of apparent U.S. consumption in 2009.

When asked to rank the three most important factors involved in purchasing decisions, the 23 purchasers that responded reported availability, price, and quality as the most important factors for both small and large diameter seamless SLP pipe (tables II-3).[19] Of the three factors, price was identified most often as the number one and number two factor. Other factors mentioned included credit, delivery, customer acceptance, industry acceptance, and reliability.

Table II-3
Seamless SLP pipe: Ranking of factors used in purchasing decisions as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Small diameter			
Availability	3	2	2
Price	7	9	3
Quality	1	5	1
Other[1]	11	4	16
Large diameter			
Availability	4	4	1
Price	6	8	5
Quality	3	3	1
Other[1]	10	7	17

[1] Other factors include traditional supplier, credit, delivery, contracts, customer acceptance, industry acceptance, market acceptance, trusted relationship, and reliability.

Note.– Some purchasers did not rank factors or listed less than three factors.

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

Purchasers were also asked whether their firm purchases seamless SLP pipe at the lowest possible price. Of the 24 responding purchasers, 1 answered "always," 10 answered "usually," 12 answered "sometimes," and 1 answered "never."

To examine further the importance of different factors in purchasing decisions, purchasers were asked to indicate whether the 19 factors listed in table II-4 were "very important," "somewhat important," or "not important" in their purchasing decisions. The factors ranked "very important" most frequently

[18] Purchasers identified Argentina, Austria, Brazil, Canada, Croatia, the Czech Republic, Germany, Hungary, Italy, Japan, Mexico, Poland, Russia, Spain, and Ukraine as nonsubject import sources.

[19] All but 3 of the 23 purchasers gave the same rankings to small and large diameter seamless SLP pipe. One purchaser that only bought large diameter pipe did not rank the factors for small diameter pipe

were quality meets standard pipe standard (23 purchasers), quality meets pressure pipe standard and quality meets line pipe standards (21 purchasers each), reliability of supply (20 purchasers), delivery time (19 purchasers), availability (18 purchasers), product consistency (17 purchasers), price (16 purchasers), and discounts offered (14 purchasers).

Table II-4
Seamless SLP pipe: Importance of purchasing factors, as reported by U.S. purchasers

Factor	Very important	Somewhat important	Not Important
	Number of firms responding		
Availability	18	6	1
Delivery terms	12	11	1
Delivery time	19	5	0
Discounts offered	14	9	1
Extension of credit	11	9	4
Price	16	8	0
Minimum quantity requirement	8	14	2
Packaging	6	14	4
Product consistency	17	7	0
Quality meets standard pipe standard	23	0	1
Quality meets line pipe standard	21	0	3
Quality meets pressure pipe standard	21	2	1
Quality triple stenciled	12	7	4
Quality meets ASTM A-335 standard	7	4	14
Quality exceeds industry standards	8	12	3
Product range	9	12	3
Reliability of supply	20	4	0
Technical support/service	11	11	2
U.S. transportation costs	8	11	5

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

Purchasers were also asked to compare U.S.-produced seamless SLP pipe and imported seamless SLP pipe from China with respect to the 23 selected characteristics listed in table II-5, noting whether the domestic product was superior, comparable, or inferior to the imported product. Among the responding purchasers, a majority ranked the United States superior with regard to delivery terms, delivery time, quality triple-stenciled, quality exceeding industry standards, and technical support/service. A plurality also ranked the United States superior with regard to availability as alloy steel and product consistency. In contrast, all purchasers identified China as being superior with regard to price, with additional recognition for discounts offered and minimum quantity requirements.

Table II-5
Seamless SLP pipe: Comparisons between U.S.-produced and subject China products as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	9	9	2
Availability as carbon steel	8	11	1
Availability as alloy steel	7	6	4
Availability of small diameter	7	8	5
Availability of large diameter	8	8	2
Delivery terms	12	6	2
Delivery time	12	6	2
Discounts offered	2	8	10
Extension of credit	4	12	2
Price[1]	0	0	20
Minimum quantity requirements	3	8	8
Packaging	3	15	2
Product consistency	10	9	1
Quality meets standard pipe standard	8	12	0
Quality meets line pipe standard	8	11	0
Quality meets pressure pipe standard	7	13	0
Quality triple stenciled	10	8	1
Quality meets ASTM A-335 standard	4	6	3
Quality exceeds industry standards	11	8	0
Product range	5	13	2
Reliability of supply	8	11	1
Technical support/service	12	6	2
U.S. transportation costs	6	12	2

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the China price.

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

Purchasers were also asked to compare U.S.-produced seamless SLP pipe and nonsubject imports with respect to the selected characteristics, noting whether the domestic product was superior, comparable, or inferior to the imported product. Among the responding purchasers, a majority or plurality ranked the United States superior in availability, availability as carbon steel, availability as alloy steel, availability of small diameter, availability of large diameter, and delivery time (table II-6). A majority ranked nonsubject imports superior in price, with additional recognition for discounts offered, and availability of alloy pipe more generally.

Table II-6
Seamless SLP pipe: Comparisons between U.S.-produced and nonsubject products as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	13	8	3
Availability as carbon steel	13	9	2
Availability as alloy steel	7	6	5
Availability of small diameter	10	9	4
Availability of large diameter	13	7	3
Delivery terms	8	15	1
Delivery time	13	8	2
Discounts offered	3	13	7
Extension of credit	3	18	2
Price[1]	1	6	17
Minimum quantity requirements	3	21	0
Packaging	3	21	0
Product consistency	6	18	0
Quality meets standard pipe standard	5	19	0
Quality meets line pipe standard	5	19	0
Quality meets pressure pipe standard	5	19	0
Quality triple stenciled	6	17	1
Quality meets ASTM A-335 standard	2	10	4
Quality exceeds industry standards	6	17	1
Product range	8	11	5
Reliability of supply	9	13	2
Technical support/service	6	15	3
U.S. transportation costs	4	18	2

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the nonsubject import price.

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

Comparisons of Domestic Products and Subject and Nonsubject Imports

To determine whether U.S.-produced seamless SLP pipe can generally be used in the same applications as subject imports from China and nonsubject sources, producers, importers, and purchasers were asked whether the product can "always," "frequently," "sometimes," or "never" be used interchangeably. A majority of questionnaire respondents including producers, importers, and purchasers reported that U.S.-produced products and imports from China can always or frequently be used interchangeably (tables II-7 and II-8). One U. S. producer, ***, stated that while not all purchasers accept Chinese pipe in the same applications, both small and large diameter Chinese pipe has steadily become accepted for an increased number of uses. One importer, ***, stated that some end users prefer small diameter pipe from sources other than China. Another importer, ***, stated that companies have approved manufacturers' lists for both small and large diameter pipe, and that products of some countries and suppliers are not considered acceptable. Another importer, ***, reported that some end users might not accept Chinese small or large diameter pipe due to its inconsistent quality. Another importer, ***, reported that during times when U. S. producers are unable to offer enough quantity of small and large diameter pipe to satisfy needs, alternative sources such as China are acceptable. One purchaser, ***, reported that in the case of small diameter pipe, many end users have approved manufacturers' lists and Chinese mills are not always acceptable.[20]

Table II-7
Small diameter seamless SLP pipe: Perceived degree of interchangeability of product produced in the United States and in other countries[1]

	U.S. producers				U.S. importers				Purchasers			
Country comparison	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	4	2	0	0	13	4	5	0	13	4	2	0
U.S. vs. Other countries	4	1	0	0	12	3	6	0	11	3	3	0
China vs. Other countries	4	1	0	0	11	4	6	0	9	7	1	0

[1] Producers, importers, and purchasers were asked if small diameter seamless SLP pipe produced in the United States and in other countries is used interchangeably.

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

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

[20] Staff requested and received from ***, a distributor, approved manufacturers lists (AMLs) of seamless SLP pipe from three of its end use customers, ***. While these lists probably limit the use of Chinese pipe in some applications, the volume of U.S. imports from China in 2008 suggests that the overall effect of AMLs likely is not large. In their posthearing brief, the petitioners have argued that AMLs are used largely for offshore pipeline applications, but less in other applications. See posthearing brief (Schagrin, p. A-2).

Table II-8
Large diameter seamless SLP pipe: Perceived degree of interchangeability of product produced in the United States and in other countries[1]

Country comparison	U.S. producers				U.S. importers				Purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	3	2	0	0	11	6	5	0	12	3	3	0
U.S. vs. Other countries	3	2	0	0	11	5	6	0	12	2	4	0
China vs. Other countries	3	2	0	0	10	6	6	0	10	7	1	0

[1] Producers, importers, and purchasers were asked if large diameter seamless SLP pipe produced in the United States and in other countries is used interchangeably.

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

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

In addition to questions concerning interchangeability, questionnaire respondents were also asked if differences in factors other than price are "always," "frequently," "sometimes," or "never" a factor in their sales of seamless SLP pipe. A majority of producers reported that factors other than price are "never" a consideration in sales of either small or large diameter pipe when comparing the United States with China or other countries, or when comparing China with other countries (tables II-9 and II-10). In contrast, a majority of importers and purchasers reported that factors other than price are "always," "frequently," or at least "sometimes" a factor in such comparisons. One importer, ***, reported that many end users place country of origin restrictions on manufacturers, fearing that Chinese origin may be of substandard quality. One purchaser, ***, reported that for small and large diameter pipe, most Chinese seamless SLP pipe falls into the non-approved category. Another purchaser, ***, reported that sometimes Chinese product does not meet certain additional customer requirements or "Buy America" provisions.

Table II-9
Small diameter seamless SLP pipe: U.S. producers', importers', and purchasers' perceived importance of factors other than price in sales of products produced in the United States and in other countries[1]

Country comparison	U.S. producers				U.S. importers				Purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	0	1	1	4	6	6	5	5	9	3	2	5
U.S. vs. Other countries	0	0	1	4	4	5	7	5	7	4	3	3
China vs. Other countries	0	1	1	4	4	5	6	5	6	5	3	4

[1] Producers, importers, and purchasers were asked if differences other than price between small diameter seamless SLP pipe produced in the United States and in other countries are a significant factor in their firms' sales or purchases of small diameter seamless SLP pipe.

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

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

Table II-10
Large diameter seamless SLP pipe: U.S. producers', importers', and purchasers' perceived importance of factors other than price in sales of products produced in the United States and in other countries[1]

Country comparison	U.S. producers				U.S. importers				Purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	0	2	0	3	2	9	5	6	9	3	3	4
U.S. vs. Other countries	0	1	1	3	2	7	7	4	7	4	3	3
China vs. Other countries	0	2	0	3	2	8	6	4	6	5	3	3

[1] Producers, importers, and purchasers were asked if differences other than price between large diameter seamless SLP pipe produced in the United States and in other countries are a significant factor in their firms' sales or purchases of large diameter seamless SLP pipe.

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates; the interested parties were encouraged to comment on these estimates in their briefs. The petitioners commented on the substitution elasticity in their prehearing brief, but did not comment on other elasticity estimates. The respondents did not comment on any of the estimates.

U.S. Supply Elasticity[21]

The domestic supply elasticity for seamless SLP pipe measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of seamless SLP pipe. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced seamless SLP pipe. Analysis of these factors, particularly the existence of excess production capacity, indicates that the elasticity is likely to be relatively high. A range of 5 to 10 is estimated.

U.S. Demand Elasticity

The U.S. demand elasticity for seamless SLP pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of seamless SLP pipe. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of this seamless SLP pipe in the production of any downstream products. Since the available information suggest that there are no close substitutes for this product in most applications, the demand elasticity is likely to be low to medium, in the range of -0.5 to -1.0.

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

Substitution Elasticity [22]

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced seamless SLP pipe and imported seamless SLP pipe is likely to be in the range of 2 to 4.

In their prehearing brief, the petitioners argued that a range of 2 to 4 is far too low for the subject product and should be in a range of 3 to 5 as was estimated for the case involving OCTG from China.[23] Because of the evidence that Chinese-produced seamless SLP pipe is not accepted in some applications, the lower range is probably more accurate.

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

[23] Prehearing brief of U.S. Steel, p .26 n. 48.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and margin of dumping 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 and (except as noted) is based on the questionnaire responses and other submissions from eight firms that accounted for all known U.S. production of seamless SLP pipe during 2009.[1]

U.S. PRODUCERS

The Commission sent producer questionnaires to 14 firms identified in the petition as domestic producers of seamless SLP pipe or in Commerce's preliminary determination of sales at less than fair value as potential producers of ASTM A-335 pipe or mechanical tubing.[2] Eight firms reported production of seamless SLP pipe.[3] Table III-1 lists the reporting domestic producers of seamless SLP pipe and presents each company's position on the petition, production location(s), related and/or affiliated firms, and share of reported production of seamless SLP pipe in 2009.

[1] Michigan Seamless and Wyman-Gordon reported on their seamless SLP pipe operations, including their operations on ASTM A-335 pipe, and were included in the prehearing staff report. Consistent with Commerce's exclusion of ASTM A-335 pipe from the scope of its investigations, data reported by these firms in this chapter now exclude their operations on ASTM A-335 pipe.

[2] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, in Part, and Postponement of Final Determination*, 75 FR 22372, April 28, 2010.

[3] Arcelor-Mittal, Atlas Tube, a subsidiary of the John Maneely Corporation, Evraz Rocky Mountain Steel, Mach Industrial Group, Rockwell Collins Rollmet, and Webco Industries Inc. certified that they had not produced seamless SLP pipe since 2007.

Table III-1
Seamless SLP pipe: Reporting U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2009 reported U.S. production

Firm	Position on petition	U.S. production location(s)	Related and/or affiliated firms	Share of production (*percent*)		
				Small diameter	Large diameter	Total
Michigan Seamless[1]	***	South Lyon, MI	None	***	0.0	***
Plymouth Tube[2]	([2])	Warrenville, IL	([2])	***	0.0	***
Timken	***	Canton, OH	None	***	***	***
TMK IPSCO[3]	Petitioner	Ambridge, PA Baytown, TX Houston, TX Koppel, PA Odessa, TX	Volzhsky Pipe Plant, Volgograd, Russia Sinarsky Pipe Plant, Sverdlovsk, Russia Seversky Tube Works, Sverdlovsk, Russia TagMet, Postov, Russia	***	0.0	***
U.S. Steel	Petitioner	Fairfield, AL Lorain, OH	None	***	***	***
V&M Star[4]	Petitioner	Youngstown, OH Houston, TX	V&M France V&M Deutchland V&M do Brasil SA	0.0	***	***
Wheatland[5]	***	Sharon, PA Wheatland, PA	None	***	0.0	***
Wyman-Gordon[6]	***	Houston, TX	Yanzhou Chengde Steel Tube Co., Ltd.	0.0	***	***
Total				100.0	100.0	100.0

[1] Wholly owned by Optima International.
[2] Plymouth Tube ***.
[3] Wholly owned by OAO TMK.
[4] Owned by Vallourec & Mannesmann Tubes (*** percent) and Sumitomo Corporation of America (*** percent).
[5] Wholly owned by DBO Holdings, Inc.
[6] Wholly owned by Precision Castparts Corp.

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

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

Three U.S. producers are related to foreign producers of seamless SLP pipe and one, ***, is related to a firm that exports seamless SLP pipe from China to the United States. As discussed in greater detail below, three U.S. producers (***) directly import seamless SLP pipe while one U.S. producer (***) purchased domestically produced SLP pipe during the period for which data were collected.[4]

Each firm was asked if it 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

[4] *See* table III-10.

organization relation to the production of seamless SLP pipe since January 1, 2007. Their responses are included in table III-2.

Table III-2
Seamless SLP pipe: Important industry events, 2007–10

Year	Company	Description of event (merger, shutdown, bankruptcy, change in production capacity level, etc.)
2007	IPSCO	**Acquisition**: SSAB (Sweden) purchases IPSCO for approximately $7.7 billion in July 2007. In December 2006, IPSCO had acquired NS Steel (parent company of former seamless SLP pipe producer Koppel Steel), Newport, KY.
	Wheatland Tube	**Acquisition**: John Maneely Co. (parent company of Wheatland Tube) acquires seamless SLP pipe producer Sharon Tube, Sharon, PA, in January 2007. John Maneely is a subsidiary of the Carlyle Group (a Washington, DC-based investment firm).
2008	Evraz Group SA and TMK (Russia)	**Acquisition**: Evraz Group SA and TMK purchase SSAB's IPSCO tubular facilities in North America for $4 billion in June 2008. TMK obtains all of IPSCO's U.S. tubular operations and 51 percent of NS Group for approximately $1.2 billion. IPSCO's tubular operations are renamed TMK IPSCO.
	Wheatland Tube	**Acquisition cancelled**: Russian steel producer OJSC Novolipestk Steel suspends efforts to acquire John Maneely Co.
	V&M Star	**Investment**: V&M Star (which acquired the seamless tubular assets of North Star Steel in 2002) announces plans to invest $639 million to increase liquid steel production by up to 70 percent to 1.4 million short tons, expand billet casting operations, and add a second pipe mill to make smaller diameter seamless pipe.
2009	Timken	**Expansion**: Timken expands the size capability of existing equipment from 12" maximum tube outside diameter (O.D.) to 13" O.D.
	TMK IPSCO	**Acquisition**: TMK IPSCO acquires the remaining shares of NS Group from Evraz for $508 million in February 2009, becoming sole owner.
	TMK IPSCO	**New facility**: TMK IPSCO completes a new quenching and tempering facility at Baytown Works in Baytown, TX. The facility is designed to heat treat and finish seamless standard pipes for high temperature applications, line pipe, and OCTG, with sizes from 2 3/8 to 7 5/8 inches in diameter with capacity of 85,000 tons per year and with potential for increasing to 100,000 tons.
	TMK IPSCO	**Plant idling**: All locations are closed for portions of the year and experience reduced operating schedules.
	V&M Star	**Investment delay**: V&M Star delays the implementation of a $600 million to $1 billion investment to increase steel production and expand seamless tubular production at its Youngstown, OH, facility.
	U.S. Steel	**Plant idling**: U.S. Steel idles its small diameter seamless pipe mill in Lorain, OH, in March 2009. In May 2009, U.S. Steel temporary idles the blast furnace and caster, but continues operating its large diameter seamless pipe mill at reduced levels at its Fairfield, AL, facility.

Table continued on next page.

Table III-2--*Continued*
Seamless SLP pipe: Important industry events, 2007–10

Year	Company	Description of event (merger, shutdown, bankruptcy, change in production capacity level, etc.)
2010	Wyman-Gordon	**Acquisition**: Precision Castparts Corp. (Parent company of Wyman-Gordon) acquires a 49.0 percent stake in Yangzhou Chengde Steel Tube Co., Ltd. (large diameter seamless pipe producer) in January 2010.
	V&M Star	**Capacity expansion**: V&M Star breaks ground on a $650-million tubular mill expansion project in Youngstown, Ohio. The melt shop and billet casting operations will increase annual output by 830,000 tons to 1.4 million tons of liquid steel. Current employment at the plant is about 500 workers; the expansion will add 350 new jobs. Existing tubular capacity is 550,000 tons with O.D. from 5 to 10.756 inches. The new plant will add 390,000 tons of finished tubulars with an O.D. from 2.375 to 7 inches, beginning in late 2011. The new mill has a heat-treat line and a high-speed threading facility for tube products and OCTG. Fifteen percent of the new mill's capacity will be for seamless SLP pipe, while 75 percent will be for OCTG and 10 percent for drill pipe. The plant will serve traditional natural gas customers and potential major shale basins including Marcellus, Fayetteville, and Haysville. The state of Ohio contributed $20 million to upgrade road and related infrastructure.
	TMK IPSCO	**Labor contract ratification**: TMK IPSCO and its employees at Koppel and Ambridge, PA, tubular plants ratify a new labor agreement which will remain in effect through May 31, 2014.
	U.S.Steel	**Capacity Adjustment**: U.S. Steel announces plans to install a new $87-million quench and temper facility at its Lorain plant for tubular products from 2 3/8 inches through 7 5/8 inches O.D. Capacity will be at 340,000 tons and will be directed toward OCTG.
	U.S. Steel	**Plant resuming**: ***.
	TPCO (China)	**Investment:** An air permit has been obtained for TPCO's $1-billion pipe mill project in Gregory, TX. Ground breaking is expected in October 2010.
	Timken	**Investment**: Timken announces plans to install a $50-million intermediate finishing line at the Gambrinus Steel Plant for both bar and tube products.

Source: Compiled from data submitted in response to Commission questionnaires*; American Metal Market*; "TMK IPSCO Opens Baytown Heat Treat Facility," The Fabricator, April 13, 2009; Preston April 2009, p.12; "Tianjin Pipe Sees Progress on Texas Tube Plant," Metal Bulletin, November 24, 2009; E-mail from ***– Gregory, TX, August 9, 2010; "TMK IPSCO Workers OK Contract," American Metal Market, June 22, 2010; "Vallourec Commits to Building $650 million Tubular Rolling in Ohio". U.S. Steel's posthearing brief, exh. 1, p. 6. Metal Bulletin, February 16, 2010; "US Steel to Install Quench and Temper Facility at Lorain Tubular," U.S. Steel, Press Releases, July 27, 2010. Staff field trip report, U.S. Steel, August 11, 2010. "http://www.precast.com/pr_pages/pr01.15.10.html," retrieved August 19, 2010. "The Timken Company to Invest $50 Million in Its Ohio Steel Operations"; The Timken Company, Press Release, August 12, 2010, http://www.timken.com/en-us/about/NewsRoom/Stories/Pages/Invest50MillionInOhioSteel Operations.aspx, retrieved September 16, 2010; Hearing transcript, p. 58 (Herald).

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Table III-3 presents U.S. producers' capacity, production, and capacity utilization data for seamless SLP pipe. U.S. producers' combined capacity for small and large diameter seamless SLP pipe decreased between 2007 and 2009, but was higher in January-June 2010 than in January-June 2009 (reflecting greater capacity allocated to small diameter seamless SLP pipe). Production and capacity utilization for both small and large diameter seamless SLP pipe peaked in 2008, but declined in 2009. Capacity, production, and capacity utilization for total seamless SLP pipe were substantially higher in the first half of 2010 than in the first half of 2009.[5]

Table III-3
Seamless SLP pipe: U.S. capacity, production, and capacity utilization, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

ALTERNATIVE PRODUCTS

Table III-4 presents data on U.S. seamless SLP pipe producers' capacity, production, and capacity utilization data for all seamless pipe products produced using the same machinery and equipment as the subject pipe. Responding firms reported that subject small diameter seamless SLP pipe accounted for *** percent of their total small diameter seamless pipe (including nonsubject pipe) production in 2009 and that subject large diameter seamless SLP pipe accounted for *** percent of their total large diameter seamless pipe production in 2009.

Nonsubject OCTG was the largest component of U.S. producers' overall seamless pipe production, for both small and large diameter pipe. Production of both OCTG and mechanical tubing substantially exceeded production of seamless SLP pipe in 2009. Reductions in the volume of production of OCTG accounted for the largest portion of the overall decline in small diameter and large diameter seamless pipe production in 2009, and for the largest portion of the expanded production in the first half of 2010 relative to the first half of 2009.

Production of every form of tubular product 16" in diameter and below declined steeply from 2008 to 2009, which resulted in a substantial decline of overall capacity utilization. While capacity utilization levels for small diameter, large diameter, and total seamless pipe were markedly higher in the first half of 2010 relative to the first half of 2009, they remained below 2007 levels and well below 2008 levels.

[5] Results in the second half of 2009 exceeded operational levels in the first half of 2009. Specifically, capacity was *** short tons, production was *** short tons and capacity utilization was *** percent.

Table III-4
Seamless pipe: U.S. capacity, production, and capacity utilization of seamless pipe products, 2007-09, January-June 2009, and January-June 2010

Item	Calendar year			January-June	
	2007	2008	2009	2009	2010
			Capacity (*short tons*)		
Total seamless pipe	3,026,900	3,030,700	3,106,700	1,529,500	1,552,500
Small diameter (4.5" or less OD)	***	***	***	***	***
Large diameter (4.5"-16" OD)	***	***	***	***	***
Over 16 inches	***	***	***	***	***
			Production (*short tons*)		
TOTAL (all seamless pipe)	1,992,173	2,302,102	972,387	419,707	938,926
Small diameter (4.5" or less OD):					
Standard, line & pressure pipe	***	***	***	***	***
OCTG	***	***	***	***	***
Boiler tubing	***	***	***	***	***
Mechanical tubing	***	***	***	***	***
Other tubing	***	***	***	***	***
Total small diameter	***	***	***	***	***
Large diameter (4.5"-16" OD):					
Standard, line & pressure pipe	***	***	***	***	***
OCTG	***	***	***	***	***
Boiler tubing	***	***	***	***	***
Mechanical tubing	***	***	***	***	***
Other tubing	***	***	***	***	***
Total large diameter	***	***	***	***	***
Seamless pipe greater than 16" OD	***	***	***	***	***
			Capacity utilization (*percent*)		
TOTAL (all seamless pipe)	65.8	76.0	31.3	27.4	60.5
Small diameter (4.5" or less OD)	***	***	***	***	***
Large diameter (4.5"-16" OD)	***	***	***	***	***
Seamless pipe greater than 16" OD	***	***	***	***	***

Note.– Production of ASTM A-335 pipe is included in “other tubing” for purposes of this presentation.

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

U.S. PRODUCERS' SHIPMENTS

Tables III-5, III-6, and III-7 present data on U.S. producers' shipments of total seamless SLP pipe, small diameter seamless SLP pipe, and large diameter seamless SLP pipe, respectively. The quantity of U.S. shipments of total seamless SLP pipe increased from 2007 to 2008, but decreased from 2008 to 2009. U.S. shipments were higher, however, in January-June 2010 than in January-June 2009 for both small and large diameter seamless SLP pipe. Export shipments of total seamless SLP pipe decreased throughout 2007-09 but were higher in January-June 2010 than in January-June 2009.

Overall, the quantity of U.S. shipments of seamless SLP pipe by domestic producers increased between 2007 and 2008, although less rapidly than apparent U.S. consumption. Between 2008 and 2009, the quantity of U.S. shipments decreased even more rapidly than the sharp decline in apparent U.S. consumption. The domestic producers' exports of seamless SLP pipe decreased as well, from a smaller base, and accounted for a diminishing share of total shipments.

Despite rising average unit values in both 2008 and 2009, the value of the domestic producers' U.S. and export shipments followed the same trend as the quantity of such shipments. In the second half of 2009, however, the quantity of domestic producers' U.S. and export shipments were higher than in January-June 2009, however the value of U.S. shipments decreased slightly. Both quantity and value of U.S. shipments were higher in January-June 2010, when compared with July-December 2009 by *** percent and *** percent, respectively, despite lower average unit values of U.S. shipments.[6] Export shipments continued to account for a diminishing share of total seamless SLP pipe shipments by domestic producers.

Table III-5
TOTAL seamless SLP pipe: U.S. producers' shipments, by types, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table III-6
SMALL diameter seamless SLP pipe: U.S. producers' shipments, by types, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table III-7
LARGE diameter seamless SLP pipe: U.S. producers' shipments, by types, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

ORDER BOOKS

Table III-8 presents the reported quantity of small diameter, large diameter, and total seamless SLP pipe, entered in reporting the firm's "order books" at the close of specified months.[7] Reported lead times ranged from 20 to 102 days for small diameter and 20 days to a year for large diameter seamless SLP pipe. The lead time of a year for large diameter seamless SLP pipe was reported by ***, and is

[6] During July-December 2009, the quantity of U.S. shipments was *** short tons, an increase relative to the quantity of U.S. shipments in January-June 2009. The value of U.S. shipments, however, was lower, at $*** , as the unit value of U.S. shipments decreased to $*** per short ton.

[7] ***'s producer questionnaire, sections II-12a, II-12b.

primarily for seamless *** pipe. Excluding ***'s experience, lead times ranged from 20 to 84 days for large diameter seamless SLP pipe.

Table III-8
Seamless SLP pipe: Seamless SLP pipe entered into order books, March 31, 2007 - June 30, 2010

Period	Total	Small diameter	Large diameter
		Quantity (*short tons*)	
2007			
March 31	33,498	***	***
June 30	32,430	***	***
September 30	28,725	***	***
December 31	42,593	***	***
2008			
March 31	73,563	***	***
June 30	73,405	***	***
September 30	37,324	***	***
December 31	27,713	***	***
2009			
March 31	5,364	***	***
June 30	3,093	***	***
September 30	10,060	***	***
December 31	17,208	***	***
2010			
March 31	27,794	***	***
June 30	29,088	***	***

Note.– The data presented in this table are slightly overstated because Michigan Seamless and Wyman-Gordon primarily produce ASTM A-335 pipe.

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

U.S. PRODUCERS' INVENTORIES

As shown in table III-9, end-of-period inventories for small and large diameter seamless SLP pipe declined between 2007-09 in absolute terms, but as a result of reduced operations were higher relative to production and shipments in interim 2009 than in any other period. Inventories of small diameter seamless SLP pipe increased in absolute terms from 2007 to 2008. In absolute terms, inventories were *** lower for small diameter seamless SLP pipe in January-June 2010 than in January-June 2009 but were higher for large diameter seamless SLP pipe in January-June 2010 than in January-June 2009. Aggregate inventories increased from 2007 to 2008, but were lower in 2009 when compared with 2008.

Table III-9
Seamless SLP pipe: U.S. producers' end-of-period inventories, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-10 presents U.S. producers' imports and purchases of seamless SLP pipe.

Table III-10
Seamless SLP pipe: U.S. producers' imports and purchases, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for seamless SLP pipe are presented in table III-11. For aggregate seamless SLP pipe, the number of hours worked by PRWs, the wages paid to PRWs, and productivity increased from 2007 to 2008, but decreased from 2008 to 2009. These same factors, however, were higher in the second half of 2009 when compared with the first half of 2009, and were higher again in the first half of 2010.[8] ***.[9] A witness V&M Star also testified to laying off a "significant" number of employees in 2009.[10]

Table III-11
Seamless SLP pipe: U.S. producers' employment-related data, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

[8] During July-December 2009, PRWs worked *** hours, wages paid to PRWs were $***, and productivity was *** short tons per hour.

[9] ***'s producer questionnaire response, attachment 1.

[10] Hearing transcript, p. 60 (Herald).

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 119 possible importers of subject seamless SLP pipe, as well as to all known U.S. producers of seamless SLP pipe,[1] and received usable responses from 31 companies.[2] Questionnaire responses from U.S. importers accounted for 90.6 percent of total seamless SLP pipe imports (79.6 percent of small diameter seamless SLP pipe and 100.5 percent of large diameter seamless SLP pipe from China). Questionnaire responses from U.S. importers from nonsubject sources accounted for 77.0 percent of total seamless SLP pipe imports (40.2 percent of small diameter seamless SLP pipe and 92.8 percent of large diameter seamless SLP pipe). Questionnaire responses from U.S. importers from subject and nonsubject sources accounted for 83.4 percent of total seamless SLP pipe imports (65.2 percent of small diameter seamless SLP pipe and 95.9 percent of large diameter seamless SLP pipe in 2009). Although staff believes that the coverage level is high, because of the differing coverage between subject and nonsubject sources and between small diameter and large diameter seamless SLP pipe, the data presented in this chapter are based on official import statistics.[3] [4]

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[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have imported at least $1 million of seamless SLP pipe under HTS subheadings 7304.10.10, 7304.10.50, 7304.19.10, 7304.19.50, 7304.39.00, 7304.59.80, 7304.10.10, 7304.10.50, 7304.19.10, 7304.19.50, 7304.39.00, and 7304.59.80 in 2008.

[2] Twenty-five other firms certified that they did not import seamless SLP pipe during the period for which data were collected.

[3] Small diameter seamless SLP pipe is covered under HTS subheadings: 7304.10.1020, 7304.10.5020, 7304.19.1020, 7304.19.5020, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.59.8010, and 7304.59.8015. Large diameter seamless SLP pipe is covered under HTS subheadings: 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5050, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5050, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8030, 7304.59.8045, and 7304.59.8060. Following the change in the scope by Commerce, the staff report has been amended to exclude data for U.S. imports of ASTM A-335 pipe only.

[4] The large majority of U.S. imports of seamless SLP pipe are of carbon steel and enter the United States under the following statistical reporting numbers:

- 7304.19.1020 -- Line pipe of a kind used for oil or gas pipelines, of iron or nonalloy steel, having an outside diameter not exceeding 114.3 mm (4-1/2 inches);
- 7304.19.1060 -- Line pipe of a kind used for oil or gas pipelines, of iron or nonalloy steel, having an outside diameter of 215.9 mm (8-1/2 inches) or more but not exceeding 406.4 mm (16 inches), and having a wall thickness of 12.7 mm (1/2 inch) or more;
- 7304.19.1045 -- Line pipe of a kind used for oil or gas pipelines, of iron or nonalloy steel, having an outside diameter of 215.9 mm (8-1/2 inches) or more but not exceeding 406.4 mm (16 inches), and having a wall thickness less than 12.7 mm (1/2 inch); and
- 7304.19.1030 -- Line pipe of a kind used for oil or gas pipelines, of iron or nonalloy steel, having an outside diameter exceeding 114.3 mm (4-1/2 inches) but less than 215.9 mm (8-1/2 inches).

U.S. imports from China comprised the largest share of the first item (small diameter seamless SLP pipe) throughout 2007-09, and the largest individual share of any country in each of the three full years for the third and fourth items (large diameter seamless SLP pipe). However, for heavier-walled large diameter seamless SLP pipe, the leading source of U.S. imports in 2007 was Argentina; the leading source in 2008 was Mexico; and the leading source in 2009 was Germany.

Table IV-1 lists confirmed U.S. importers of seamless SLP pipe from China and other sources, their locations, and their shares of reported U.S. imports, in 2009. Five out of 31 companies imported only small diameter seamless SLP pipe, one company imported only large diameter, and 25 companies imported both.[5]

Table IV-1
Seamless SLP pipe: U.S. importers, U.S. headquarters, source(s) of imports, and shares of imports in 2009

Firm	Headquarters	Source of imports	Share of imports *(percent)*		
			China	Other	Total
Baosteel America Inc.[1]	Montvale, NJ	***	***	***	***
Commercial Metals Co.[2]	Irving, TX	***	***	***	***
Connectors, Inc.	Hauppauge, NY	***	***	***	***
Conveyco Mfg. Co.	Clackamas, OR	***	***	***	***
Corus America[3]	Schaumburg, IL	***	***	***	***
Corus International[4]	Schaumburg, IL	***	***	***	***
Coutinho & Ferrostaal Inc.[5]	Houston, TX	***	***	***	***
Houston OCTG Group Inc.[6]	Houston, TX`	***	***	***	***
Kurt Orban Partners	Burlingame, CA	***	***	***	***
Marubeni Itochu Tubulars America Inc.[7]	Houston, TX	***	***	***	***
MinMetals Inc.[8]	Brea, CA	***	***	***	***
National Tube Supply, Co.[9]	University Park, IL	***	***	***	***
North American Interpipe, Inc.[10]	Houston, TX	***	***	***	***
Oxbow Steel International	Pleasant Hill, CA	***	***	***	***
Pusan Pipe America (SeAH Steel)[11]	Santa Fe Springs, CA	***	***	***	***
S B International, Inc.[12]	Dallas, TX	***	***	***	***
Schlumberger Tech. Corp.[13]	Sugarland, TX	***	***	***	***
SDB Trade International, LP[14]	Pasadena, TX	***	***	***	***
Seba Pipe, Inc.	Houston, TX	***	***	***	***
Shamrock	Eugene, OR	***	***	***	***
Sumitomo Corp. of America[15]	Houston, TX	***	***	***	***
Sunbelt Group, L.P.[16]	Houston, TX	***	***	***	***
Tenaris Global Services USA[17]	Houston, TX	***	***	***	***
TMK IPSCO[18]	Downers Grove, IL	***	***	***	***
Toyota Tsusho America, Inc.[19]	Houston, TX	***	***	***	***
TPCO Enterprise, Inc.[20]	Houston, TX	***	***	***	***
Tranton Company	San Marino, CA	***	***	***	***

Table continued on next page.

[5] *** imported ASTM A-335 pipe from China and *** from sources other than China.

Table IV-1--*Continued*
Seamless SLP pipe: U.S. importers, U.S. headquarters, source(s) of imports, and shares of imports in 2009

Firm	Headquarters	Source of imports	Share of imports *(percent)*		
			China	Other[1]	Total[1]
Uniwire Trading, LLC	New York, NY	***	***	***	***
Vallourec & Mannesmann USA Corp.[21]	Houston, TX	***	***	***	***
Wells Plumbing & Heating, Inc.	Chicago, IL	***	***	***	***
Wheatland Tube Co.[22]	Sharon, PA	***	***	***	***
Total			***	***	***

[1] Baosteel America Inc. is wholly owned by Baoshan Iron & Steel Co., Ltd. (China). It is also related to large diameter SLP pipe producer Yantai Lubao Steel Pipe Co., Ltd. (China).
[2] Commercial Metals is related to CMC Sisak d.o.o (Croatia), which is also a producer of both small and large diameter seamless SLP pipe.
[3] Corus America is wholly owned by Corus Group Ltd. (England) and related to Corus International Trading Ltd.
[4] Corus International is wholly owned by Corus America Holding, Inc.
[5] Coutinho & Ferrostaal is owned by Man-Ferrostaal (Germany), MPC (Germany), and Villacero Group (Mexico).
[6] Houston OCTG Group is wholly owned by WSP Holding Limited. It is related to Chinese seamless SLP pipe producers WSP Wuxi Seamless and Oil Pipe Co., Ltd.
[7] Marubeni Itochu Tubulars America Inc. is wholly owned by Marubeni Itochu Steel Inc.
[8] Minmetals Inc. (L.A.) is wholly owned by China MinMetals Group (China).
[9] National Tube is owned by STAD, S.A. (France), SICAM, S.P.A. (Italy), and Cleveland Steel & Tube Holdings (USA).
[10] North American Interpipe is wholly owned by Interpipe Europe SA. It is related to Ukranian seamless SLP pipe producers Interpipe Nikotube and Interpipe NTRP.
[11] Pusan Pipe is ***% owned by SeAH Steel Corp. (Korea).
[12] S B International is ***% owned by SBI Trading Co. (USA) and ***% owned by Virendra Gupta (USA).
[13] Schlumberger Tech. is wholly owned by Schlumberger Limited (USA).
[14] SDB Trade is ***% owned by Dilip Bhargava, limited partner, and ***% owned by SDB Trade, LLC (USA).
[15] Sumitomo is wholly owned by Sumitomo Corp. (Japan). It is related to small and large seamless SLP producer Sumitomo Metal Industries, Ltd. (Japan).
[16] Sunbelt is wholly owned by Russel Metals (Canada).
[17] Tenaris Global Services USA is wholly owned by Tenaris S.A. It is related to the following small and large diameter seamless SLP pipe producers: Dalmine SPA (Italy), Siderca SAIC (Argentina), Tubos de Acero de Mexico (Mexico), NKK Tubes (Japan), S.C. Silcotub SA (Romania), and Algoma Tubes (Canada).
[18] TMK IPSCO is wholly owned by OAO TMK (Switzerland). It is related to Russian seamless SLP pipe producers Volzhsky Pipe Plant, Sinarsky Pipe Plant, Seversky Tube Works, TagMet.
[19] Toyota Tsusho America is wholly owned by Toyota Tsusho Corp. (Japan).
[20] TPCO is ***% owned by Tianjin Pipe International Economic & Trading Co. and ***% owned by Look Ease Enterprises. It is related to small and large diameter seamless SLP producer Tianjin Pipe Group Corp. (China).
[21] V&M USA is wholly owned by V&M Tubes (France). It is related to the following small diameter seamless SLP pipe producers: V&M France, V&M Deutschland GmbH (Germany), V&M do Brasil SA (Brazil). It is also related to the following large diameter seamless SLP pipe producers: V&M France, V&M Deutschland GmbH, V&M do Brasil SA, and V&M Star L.P.
[22] Wheatland is wholly owned by DBO Holdings.

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

Tables IV-2, IV-3, and IV-4 present data for U.S. imports of total seamless SLP pipe, small diameter seamless SLP pipe, and large diameter seamless SLP pipe from China and all other sources, respectively. Imports from China and nonsubject sources of small and large diameter seamless SLP pipe (separately and jointly) increased from 2007 to 2008, but were lower in 2009 compared with 2008. Quantities and values of imports of seamless SLP pipe from China were lower in July-December 2009 than in January-June 2009, and were even lower in January-June 2010. Quantities and values of imports of seamless SLP pipe from all other sources decreased from the first to the second half of 2009, although they were higher in January-June 2010, with import quantities almost reaching the level of entries in the first half of 2009. Unit values of imports of seamless SLP pipe from China increased from 2007 to 2008,

but were lower in 2009. When comparing the three half-year periods of January 2009 - June 2009, July 2009 - December 2009, and January - June 2010, unit values of subject imports decreased in each period relative to the previous six-month period. Unit values of imports of seamless SLP pipe from all other sources increased from 2007 to 2009. However, they were lower in July-December 2009 than in January-June 2009, and they decreased again in January-June 2010.[6]

Houston-Galveston, TX, was by far the largest port of entry for both small and large diameter seamless SLP pipe from China during the period for which data were collected. The second largest port of entry was Los Angeles, CA. For imported seamless SLP pipe generally, Houston-Galveston and Los Angeles were the leading ports of entry, followed distantly by Seattle, Philadelphia, and Tampa.

Table IV-2
TOTAL seamless SLP pipe: U.S. imports, by sources, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table IV-3
SMALL diameter seamless SLP pipe: U.S. imports, by sources, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table IV-4
LARGE diameter seamless SLP pipe: U.S. imports, by sources, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

[6] During July-December 2009, quantities of imports of aggregate seamless SLP pipe from China, nonsubject sources, and total were ***, ***, and *** short tons, respectively. Values of imports of aggregate seamless SLP pipe from China, nonsubject sources, and total were $***, $***, and $***, respectively. Unit values of aggregate seamless SLP pipe imports from China, nonsubject sources, and total were $***, $***, and $*** per short ton, respectively.

Tables IV-5, IV-6, and IV-7 present data on U.S. imports of total seamless SLP pipe, small diameter seamless SLP pipe, and large diameter seamless SLP pipe by source, respectively. As discussed in Part I, U.S. imports of small diameter seamless SLP pipe from Germany and Romania are subject to antidumping duty orders, as are U.S. imports of small diameter and large diameter seamless SLP pipe from Japan. With respect to nonsubject import volumes in 2009, witnesses at the hearing testified that these are largely attributable to imports of specialized product that was imported for a specific project in the Gulf of Mexico.[7]

Table IV-5
TOTAL seamless SLP pipe: U.S. imports, by sources, 2007-09, January-June 2009, and January-June 2010

Country	Calendar year			January - June	
	2007	2008	2009	2009	2010
	Quantity (*short tons*)				
China	172,319	366,088	123,324	66,458	12,191
Argentina	36,357	44,409	12,433	9,627	10,682
Russia	30,889	33,333	9,983	9,853	18,637
Italy	21,136	36,176	22,614	11,663	10,553
Germany[1]	18,576	25,247	26,698	24,337	7,759
Czech Republic	23,473	31,799	6,970	6,590	6,081
Japan[2]	28,800	13,673	21,045	5,053	2,496
Mexico	5,953	39,332	11,403	2,675	1,948
Ukraine	16,199	33,679	1,740	1,622	2,493
Spain	7,066	17,807	7,927	5,504	6,806
France	6,987	18,115	9,869	9,079	1,457
All other	33,876	54,850	20,921	15,410	22,776
Total	401,629	714,508	274,926	167,871	103,878

Table continued on next page.

[7] Hearing transcript, pp. 90-91 (Pognonec); conference transcript, pp. 104-105 (Pognonec).

Table IV-5--*Continued*
TOTAL seamless SLP pipe: U.S. imports, by sources, 2007-09, January-June 2009, and January-June 2010

Country	Calendar year			January - June	
	2007	2008	2009	2009	2010
			Value (*$1,000*)		
China	142,658	412,051	135,240	88,099	10,548
Argentina	67,462	73,867	31,153	25,320	19,695
Russia	29,046	38,654	15,148	14,968	18,178
Italy	44,072	76,632	57,394	34,599	18,596
Germany	35,669	48,667	73,159	67,282	14,083
Czech Republic	25,483	40,710	13,600	13,051	7,175
Japan	56,365	26,828	47,006	13,213	6,482
Mexico	9,910	77,578	26,966	7,884	3,341
Ukraine	15,417	47,877	2,829	2,551	2,773
Spain	11,766	33,186	16,078	12,198	11,577
France	9,573	31,466	21,526	20,090	2,377
All other	47,570	101,763	43,752	32,306	28,608
Total	494,991	1,009,278	483,849	331,560	143,432
			Unit value (*dollars per short ton*)		
China	828	1,126	1,097	1,326	865
Argentina	1,856	1,663	2,506	2,630	1,844
Russia	940	1,160	1,517	1,519	975
Italy	2,085	2,118	2,538	2,967	1,762
Germany	1,920	1,928	2,740	2,765	1,815
Czech Republic	1,086	1,280	1,951	1,980	1,180
Japan	1,957	1,962	2,234	2,615	2,597
Mexico	1,665	1,972	2,365	2,947	1,715
Ukraine	952	1,422	1,626	1,573	1,113
Spain	1,665	1,864	2,028	2,216	1,701
France	1,370	1,737	2,181	2,213	1,631
All other	1,404	1,855	2,091	2,096	1,256
Average	1,232	1,413	1,760	1,975	1,381

[1] According to official import statistics, large diameter heavy-walled seamless SLP pipe accounted for the large majority of the observed increase in U.S. imports from Germany in 2009 (concentrated in January – June 2009).

[2] According to official import statistics, large diameter alloy steel seamless SLP pipe accounted for the large majority of the observed increase in U.S. imports from Japan in the second half of 2009.

Note.--Countries ranked by import quantity during 2007-June 2010.
Note.–These data do not exclude ASTM A-335 pipe and therefore do not reconcile with table IV-2.

Source: Compiled from official Commerce statistics (HTS 7304.10.1020, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5020, 7304.10.5050, 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8010, 7304.59.8015, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

Table IV-6
SMALL diameter seamless SLP pipe: U.S. imports, by sources, 2007-09, January-June 2009, and January-June 2010

Country	Calendar year			January - June	
	2007	2008	2009	2009	2010
			Quantity (*short tons)*		
China	103,677	197,022	58,577	35,641	5,306
Russia	12,473	10,448	4,674	4,674	5,859
Spain	6,564	15,092	6,899	4,636	3,267
Ukraine	12,080	12,302	1,103	991	1,943
Germany	11,728	9,058	2,431	1,137	1,694
France	6,720	10,057	4,532	4,240	1,398
Austria	1,651	9,489	6,919	4,926	2,630
Japan	5,440	7,381	3,734	2,081	1,845
Czech Republic	5,449	7,243	2,947	2,638	2,663
Slovak Republic	6,865	4,076	994	628	2,015
Argentina	1,333	7,222	1,640	1,073	1,591
All other	9,373	13,184	6,203	3,608	6,874
Total	183,354	302,573	100,653	66,273	37,085
			Value (*$1,000)*		
China	86,290	221,020	63,807	44,597	4,550
Russia	10,442	8,726	7,478	7,478	5,455
Spain	10,575	28,245	13,577	10,097	6,247
Ukraine	11,585	17,944	1,802	1,583	2,213
Germany	20,625	17,591	6,000	3,307	3,147
France	9,061	16,333	11,793	11,163	2,205
Austria	1,886	15,727	14,617	11,125	4,092
Japan	9,380	14,967	10,034	5,596	4,626
Czech Republic	5,679	10,209	5,611	5,208	3,229
Slovak Republic	8,446	6,032	1,671	1,136	2,554
Argentina	2,002	11,417	4,055	2,807	4,507
All other	14,829	24,806	11,352	6,616	8,494
Total	190,800	393,016	151,796	110,713	51,319

Table continued on next page.

Table IV-6--*Continued*
SMALL diameter seamless SLP pipe: U.S. imports, by sources, 2007-09, January-June 2009, and January-June 2010

Country	Calendar year			January - June	
	2007	2008	2009	2009	2010
	Unit value (*dollars per short ton*)				
China	832	1,122	1,089	1,251	858
Russia	837	835	1,600	1,600	931
Spain	1,611	1,871	1,968	2,178	1,912
Ukraine	959	1,459	1,633	1,598	1,139
Germany	1,759	1,942	2,469	2,909	1,858
France	1,348	1,624	2,602	2,633	1,576
Austria	1,142	1,657	2,113	2,259	1,556
Japan	1,724	2,028	2,687	2,689	2,508
Czech Republic	1,042	1,409	1,904	1,974	1,212
Slovak Republic	1,230	1,480	1,682	1,808	1,268
Argentina	1,501	1,581	2,472	2,617	2,832
All other	1,582	1,881	1,830	1,834	1,236
Average	1,041	1,299	1,508	1,671	1,384

Note.--Countries ranked by import quantity during 2007-June 2010.
Note.–These data do not exclude ASTM A-335 pipe and therefore do not reconcile with table IV-3.

Source: Compiled from official Commerce statistics (HTS 7304.10.1020, 7304.10.5020, 7304.19.1020, 7304.19.5020, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.59.8010, and 7304.59.8015).

Table IV-7
LARGE diameter seamless SLP pipe: U.S. imports, by sources, 2007-09, January-June 2009, and January-June 2010

Country	Calendar year			January - June	
	2007	2008	2009	2009	2010
			Quantity (*short tons*)		
China	68,642	169,066	64,747	30,817	6,885
Argentina	35,024	37,186	10,793	8,555	9,090
Italy	20,823	32,419	21,288	10,630	10,513
Russia	18,416	22,885	5,309	5,179	12,778
Mexico	5,946	39,298	11,139	2,669	1,839
Germany[1]	6,847	16,189	24,267	23,200	6,065
Czech Republic	18,024	24,556	4,023	3,952	3,418
Japan[2]	23,360	6,292	17,311	2,973	652
Ukraine	4,119	21,377	637	631	550
Brazil	6,079	13,083	1,889	1,273	81
France	267	8,058	5,337	4,839	59
All other	10,728	21,525	7,535	6,882	14,864
Total	218,275	411,934	174,273	101,598	66,793
			Value (*$1,000*)		
China	56,368	191,031	71,433	43,502	5,998
Argentina	65,460	62,449	27,099	22,513	15,188
Italy	43,380	70,145	55,219	32,818	18,525
Russia	18,603	29,928	7,670	7,490	12,723
Mexico	9,891	77,429	26,728	7,827	3,247
Germany	15,044	31,076	67,159	63,974	10,936
Czech Republic	19,804	30,501	7,989	7,843	3,946
Japan	46,985	11,862	36,972	7,617	1,856
Ukraine	3,832	29,934	1,027	968	560
Brazil	8,579	29,526	4,445	3,096	199
France	513	15,133	9,733	8,927	172
All other	15,730	37,249	16,579	14,272	18,763
Total	304,191	616,262	332,053	220,847	92,113

Table continued on next page.

Table IV-7--*Continued*
LARGE diameter seamless SLP pipe: U.S. imports, by sources, 2007-09, January-June 2009, and January-June 2010

Country	Calendar year			January - June	
	2007	2008	2009	2009	2010
	Unit value (*dollars per short ton)*				
China	821	1,130	1,103	1,412	871
Argentina	1,869	1,679	2,511	2,632	1,671
Italy	2,083	2,164	2,594	3,087	1,762
Russia	1,010	1,308	1,445	1,446	996
Mexico	1,663	1,970	2,399	2,933	1,766
Germany	2,197	1,920	2,768	2,758	1,803
Czech Republic	1,099	1,242	1,986	1,984	1,154
Japan	2,011	1,885	2,136	2,562	2,849
Ukraine	930	1,400	1,612	1,535	1,019
Brazil	1,411	2,257	2,354	2,433	2,473
France	1,923	1,878	1,824	1,845	2,939
All other	1,466	1,730	2,200	2,074	1,262
Average	1,394	1,496	1,905	2,174	1,379

[1] According to official import statistics, large diameter heavy-walled seamless SLP pipe accounted for the large majority of the observed increase in U.S. imports from Germany in 2009 (concentrated in January – June 2009).
[2] According to official import statistics, large diameter alloy steel seamless SLP pipe accounted for the large majority of the observed increase in U.S. imports from Japan in the second half of 2009.

Note.--Countries ranked by import quantity during 2007-June 2010.
Note.–These data do not exclude ASTM A-335 pipe and therefore do not reconcile with table IV-4.

Source: Compiled from official Commerce statistics (HTS 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5050, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5050, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

Tables IV-8, IV-9, and IV-10 present data on U.S. imports of total seamless SLP pipe, small diameter seamless SLP pipe, and large diameter seamless SLP pipe, by source and month from January 2007 to June 2009, respectively. These tables do not exclude A-335 and therefore they do not reconcile with tables IV-2 through IV-4.

Table IV-8
TOTAL seamless SLP pipe: U.S. imports, by source and month, January 2007-June 2010

Source	January	February	March	April	May	June	July	August	September	October	November	December	Total
						Quantity (*short tons*)							
2007													
China	15,047	26,460	10,972	11,228	27,430	11,496	14,717	11,418	11,709	14,367	13,831	3,645	172,319
Nonsubject	20,367	17,177	8,622	32,096	15,837	24,329	23,245	9,406	19,343	26,428	18,302	14,160	229,310
Total	35,415	43,637	19,593	43,324	43,267	35,824	37,962	20,823	31,051	40,795	32,133	17,805	401,629
2008													
China	23,244	12,632	18,042	13,634	23,948	26,100	21,546	32,594	45,437	50,582	49,971	48,357	366,088
Nonsubject	20,021	16,067	28,217	32,051	28,299	25,320	43,151	24,805	29,663	38,590	31,524	30,715	348,420
Total	43,264	28,699	46,259	45,685	52,247	51,420	64,697	57,400	75,100	89,171	81,494	79,072	714,508
2009													
China	28,235	10,768	10,037	12,190	3,829	1,399	7,313	1,779	2,263	8,321	29,339	7,851	123,324
Nonsubject	30,129	18,102	22,877	15,101	4,894	10,308	7,866	4,211	3,047	16,014	8,954	10,099	151,602
Total	58,364	28,871	32,914	27,291	8,723	11,708	15,179	5,989	5,310	24,335	38,293	17,950	274,926
2010													
China	2,621	8,706	179	300	357	28	---	---	---	---	---	---	12,191
Nonsubject	14,842	9,709	13,018	9,636	18,449	26,034	---	---	---	---	---	---	91,688
Total	17,463	18,415	13,197	9,936	18,806	26,062	---	---	---	---	---	---	103,878

Source: Compiled from official Commerce statistics (HTS 7304.10.1020, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5020, 7304.10.5050, 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8010, 7304.59.8015, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

Table IV-9
SMALL diameter seamless SLP pipe: U.S. imports, by source and month, January 2007-June 2010

Source	January	February	March	April	May	June	July	August	September	October	November	December	Total
						Quantity (*short tons*)							
2007													
China	9,887	14,125	5,610	5,370	16,314	7,566	10,619	6,537	5,932	11,117	8,068	2,532	103,677
Nonsubject	9,516	5,309	5,375	11,325	4,870	5,377	3,760	6,169	8,371	8,895	5,182	5,527	79,677
Total	19,403	19,434	10,985	16,695	21,184	12,943	14,379	12,706	14,304	20,012	13,250	8,059	183,354
2008													
China	14,086	7,213	8,877	11,143	11,372	11,155	9,962	13,717	24,854	27,761	28,882	28,000	197,022
Nonsubject	8,142	5,881	10,130	8,067	7,520	10,419	11,368	5,136	9,251	7,521	11,708	10,408	105,551
Total	22,228	13,094	19,007	19,210	18,893	21,574	21,330	18,853	34,105	35,282	40,589	38,408	302,573
2009													
China	13,515	6,218	7,327	5,506	2,360	715	4,909	1,406	1,063	2,134	10,998	2,427	58,577
Nonsubject	11,987	8,786	5,828	1,401	1,691	938	1,555	1,042	2,102	2,074	1,327	3,344	42,075
Total	25,502	15,004	13,155	6,908	4,050	1,653	6,463	2,448	3,165	4,208	12,324	5,771	100,653
2010													
China	2,217	2,744	154	99	75	17	---	---	---	---	---	---	5,306
Nonsubject	2,795	3,360	5,067	4,029	6,987	9,542	---	---	---	---	---	---	31,779
Total	5,012	6,104	5,220	4,128	7,061	9,559	---	---	---	---	---	---	---

Source: Compiled from official Commerce statistics (HTS 7304.10.1020, 7304.10.5020, 7304.19.1020, 7304.19.5020, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.59.8010, and 7304.59.8015).

Table IV-10
LARGE diameter seamless SLP pipe: U.S. imports, by source and month, January 2007-June 2010

Source	January	February	March	April	May	June	July	August	September	October	November	December	Total
						Quantity (*short tons*)							
2007													
China	5,160	12,335	5,361	5,858	11,116	3,929	4,098	4,881	5,776	3,251	5,764	1,113	68,642
Nonsubject	10,852	11,868	3,247	20,771	10,967	18,952	19,484	3,237	10,971	17,533	13,120	8,632	149,633
Total	16,012	24,203	8,608	26,629	22,083	22,881	23,582	8,117	16,748	20,783	18,883	9,746	218,275
2008													
China	9,158	5,419	9,164	2,491	12,576	14,945	11,584	18,878	20,583	22,821	21,089	20,357	169,066
Nonsubject	11,878	10,186	18,087	23,984	20,779	14,901	31,783	19,669	20,412	31,068	19,816	20,306	242,869
Total	21,036	15,605	27,251	26,475	33,354	29,847	43,367	38,547	40,995	53,889	40,905	40,663	411,934
2009													
China	14,720	4,550	2,710	6,684	1,469	684	2,405	373	1,200	6,186	18,342	5,424	64,747
Nonsubject	18,142	9,317	17,049	13,700	3,204	9,370	6,311	3,168	944	13,940	7,627	6,755	109,526
Total	32,862	13,867	19,758	20,384	4,672	10,055	8,716	3,541	2,144	20,126	25,969	12,179	174,273
2010													
China	404	5,962	26	201	282	10	---	---	---	---	---	---	6,885
Nonsubject	12,047	6,349	7,951	5,606	11,462	16,492	---	---	---	---	---	---	59,908
Total	12,452	12,311	7,977	5,807	11,744	16,503	---	---	---	---	---	---	66,793

Source: Compiled from official Commerce statistics (HTS 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5050, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5050, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8030, 7304.59.8045, and 7304.59.8060).

CRITICAL CIRCUMSTANCES

On September 21, 2010, Commerce issued its final determination that "critical circumstances" exist with regard to imports from China of seamless SLP pipe from Hengyang and PRC-wide entity.[8] In these investigations, if both Commerce and the Commission make affirmative final critical circumstances determinations, certain subject imports may be subject to antidumping and countervailing duties retroactive by 90 days of April 28, 2010 and/or March 1, 2010, the effective date of Commerce's preliminary affirmative LTFV and subsidy determinations, respectively. Tables IV-11, IV-12, and IV-13 present import quantity data for the six-month period prior to the filing of the petition and for the six month period following filing for total seamless SLP pipe, small diameter seamless SLP pipe, and large diameter seamless SLP pipe, respectively. Commerce has determined, in both the antidumping duty and countervailing duty determinations, that critical circumstances do not exist with respect to Tianjin Pipe (Group) Corporation ("TPCO").

Table IV-11
TOTAL seamless SLP pipe: U.S. imports from China, by month, April 2009 - March 2010

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Table IV-12
Small diameter seamless SLP pipe: U.S. imports from China, by month, April 2009 - March 2010

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Table IV-13
Large diameter seamless SLP pipe: U.S. imports from China, by month, April 2009 - March 2010

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[9] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that

[8] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination*, 75 FR 57444, September 21, 2010 and *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part*, 75 FR 57449, September 21, 2010, presented in app. A. When petitioners file timely allegations of critical circumstances, Commerce examines whether there is a reasonable basis to believe or suspect that (1) either there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at LTFV and that there was likely to be material injury by reason of such sales; and (2) there have been massive imports of the subject merchandise over a relatively short period.

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

precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[10] Imports from China accounted for 67.7 percent of total imports of small diameter seamless SLP pipe by quantity from September 2008 to August 2009; imports from China accounted for 40.8 percent of total imports of large diameter seamless SLP pipe byquantity from September 2008 to August 2009; and imports from China accounted for 52.5 percent of total imports of seamless SLP pipe by quantity from September 2008 to August 2009.[11]

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of total seamless SLP pipe, small diameter seamless SLP pipe, and large diameter seamless SLP pipe during the period for which data were collected are shown in tables IV-14, IV-15, and IV-16, respectively. Apparent U.S. consumption for total seamless SLP pipe increased from 2007 to 2008 by *** percent, but declined in 2009 by *** percent. Apparent U.S. consumption dipped again and was lower in the second half of 2009 than in the first half of 2009, but was higher in the first half of 2010 than in the second half of 2009.[12]

Table IV-14
TOTAL seamless SLP pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table IV-15
SMALL diameter seamless SLP pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table IV-16
LARGE diameter seamless SLP pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

U.S. MARKET SHARES

U.S. market share data for total seamless SLP pipe, small diameter seamless SLP pipe, and large diameter seamless SLP pipe are presented in tables IV-17, IV-18, and IV-19, respectively.

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

[11] Data are modestly overstated because they include ASTM A-335 pipe.

[12] During July-December 2009 apparent U.S. consumption was *** short tons by quantity and $*** by value.

Table IV-17
TOTAL seamless SLP pipe: U.S. consumption and market shares, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table IV-18
SMALL diameter seamless SLP pipe: U.S. consumption and market shares, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table IV-19
LARGE diameter seamless SLP pipe: U.S. consumption and market shares, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of total seamless SLP pipe, small diameter seamless SLP pipe, and large diameter seamless SLP pipe is presented in tables IV-20, IV-21, and IV-22, respectively.

Table IV-20
TOTAL seamless SLP pipe: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table IV-21
SMALL diameter seamless SLP pipe: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table IV-22
LARGE diameter seamless SLP pipe: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2007-09, January-June 2009, and January-June 2010

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PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw materials account for a large share of the cost of seamless SLP pipe. During 2007-09, these costs ranged from a low of *** percent of the cost-of-goods sold (COGS) in 2009 to a high of *** percent in 2008. During January-June 2010, raw material costs accounted for *** percent.[1] Ferrous scrap is a major input used in the production of seamless SLP pipe. As shown in figure V-1, the price of ferrous scrap rose irregularly to peak levels during mid-2008 and then declined sharply during the latter portion of the year. Ferrous scrap prices increased irregularly through 2009 and into 2010, but have fluctuated in recent months.

Figure V-1
Ferrous scrap: Prices for number 1 heavy melt, Chicago average, monthly, January 2007-September 2010

Source: American Metal Market, found at http.//www.amm.com/pricing, retrieved on September 16, 2010.

[1] For small diameter seamless SLP pipe, these costs ranged from a low of *** percent of the COGS in 2009 to a high of *** percent in 2008. During January-June 2010, raw material costs accounted for *** percent of the COGS for such pipe. For large diameter seamless SLP pipe, these costs ranged from a low of *** percent of the COGS in 2009 to a high of *** percent in 2008. During January-June 2010, raw material costs accounted for *** percent of the COGS for such pipe.

In addition to ferrous scrap, energy costs are also an important input in the cost of producing seamless SLP pipe. Table V-1 presents costs of natural gas and electricity to industrial users during 2007-09 and during January-July 2010 for natural gas and January-June for electricity. The data show that the cost of natural gas increased significantly in 2008 and then fell sharply in 2009 before recovering moderately in January-July 2010. The cost of electricity also increased significantly in 2008 and remained at the higher level in 2009 before declining in January-June 2010.

Table V-1
Energy and input prices: U.S. natural gas and electricity, average annual prices, 2007-09 and 2010 year-to-date

Item	2007	2008	2009	2010
U.S. natural gas industrial price[1]	$7.68	$9.67	$5.28	(Jan.-July) $5.74
Electricity industrial price[2]	6.1¢	6.8¢	6.8¢	(Jan.-June) 6.7¢

[1] Price to industrial users in dollars per thousand cubic feet.
[2] Price to industrial users in cents per kilowatt-hour.

Sources: U.S. Energy Information Administration, http://www.eia.doe.gov, official statistics of the U.S. Department of Energy, http://www.eia.doe.gov/cneaf/electricity/epm/table5_3.html, http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html,

U.S. Inland Transportation

Inland shipping charges vary as a share of delivered prices for U.S. producers and importers of seamless SLP pipe. For producers, estimated costs ranged from 3 to 5 percent. Most of the importers provided cost estimates ranging from 1 percent to 5 percent. Questionnaire responses show that U.S. producers' sales typically involve longer distances than importers'. U.S. producers reported that 75 to 100 percent of sales involve distances of 101 miles or more from their storage or production facilities. In contrast, 14 of 20 responding importers reported that 75 to 100 percent of their sales involved distances of 100 miles or less from their storage facilities.

PRICING PRACTICES

U.S. producers and importers of Chinese-produced and nonsubject products commonly establish seamless SLP prices through transaction-by-transaction negotiations, although they use other methods as well. Three of seven responding U.S. producers use transaction-by-transaction negotiations, two rely completely on price lists, one primarily uses price lists with some transactional negotiations, and one uses a combination of transaction-by-transaction negotiations and contracts for multiple shipments. Among 30 responding importers, 17 reported that prices are determined solely or principally by transaction-by-transaction negotiations. Other importers use price lists, markups based upon import costs, and contracts in determining prices.

Discount policies on seamless SLP pipe vary. Three of seven responding U.S. producers (***) reported that they provide or have provided volume discounts.[2] A fourth producer, ***, reported that it does not have a discount policy, but it does offer lower prices for larger volume transactions than for smaller volume transactions. Three producers, ***, generally do not offer discounts.[3] Among the 28 responding importers, 23 reported that they do not provide volume discounts or at least do not have a policy regarding such discounts, while 5 reported that they do regularly use volume discounts, or negotiate lower prices for larger volume sales. Six U.S. producers reported offering discounts, generally of 1 to 2 percent, for the early payment of accounts. Among importers, just three of 29 responding firms reported offering discounts of 1 to 2 percent for early payment.

Questionnaire respondents reported widely varying methods of quoting prices. U.S. producers commonly quote prices for seamless SLP pipe on an f.o.b. mill, f.o.b warehouse, or delivered basis. Among importers, methods for price quotes included f.o.b. dock, f.o.b. warehouse, f.o.b. storage yard, f.o.b. loaded truck port, delivered, c.i.f. duty paid, and direct discharge at port.

Five of seven responding U.S. producers and 24 of 28 responding importers sell entirely on a spot rather than contract basis. *** and *** reported using contracts for periods ranging from *** months or until further notice. For ***, both prices and quantities are fixed during the contract period, while for *** the price but not the quantity is fixed. Neither company has contracts with meet-or-release provisions. Among the importers that sell under contract, four reported contract periods ranging from 3 to 18 months, with most involving periods of 6 months or less. For most of these importers, contracts fix both prices and quantities for the duration of the contract periods, and do not include meet-or-release provisions.

PRICE DATA

The Commission requested U.S. producers and importers of seamless SLP pipe from China and nonsubject countries to provide quarterly data for the total quantity and value of two small diameter, and two large diameter seamless SLP pipe products shipped to distributors (unrelated to the supplying firms) in the U.S. market during the period January 2007 through June 2010. The products for which pricing data were requested are as follows:[4]

> ***Product 1***.**–Seamless pipe quad stenciled to meet ASTM A-106 grade B, ASTM A-53 grade B, API 5L and APL 5L grade X-42 specifications; 2" nominal size (2 3/8 inch OD x 0.154 wall thickness); plain ends.**
>
> ***Product 2***.**--Seamless pipe quad stenciled to meet ASTM A-106 grade B, ASTM A-53 grade B, API 5L and APL 5L grade X-42 specifications; 4" nominal size (4 ½ inch OD x 0.237 wall thickness); plain ends.**
>
> ***Product 3***.**--Seamless pipe quad stenciled to meet ASTM A-106 grade B, ASTM A-53 grade B, API 5L and APL 5L grade X-42 specifications; 8" nominal size (8 5/8 inch OD x 0.322 wall thickness); plain ends.**

[2] ***.

[3] ***.

[4] These four product descriptions were recommended in the original petition (see petition, volume 1, p. 22). Data were originally requested for a fifth product, ASTM A-335 P91 pipe. The product was defined as follows: *Product 5*.--Seamless pipe single stenciled to meet ASTM A-335 grade P91; 12" nominal size (12 3/4 inch OD x 1.00 wall thickness); square cut plain ends. However, ASTM A-335 pipe is no longer within the scope of the investigations.

Product 4.**--Seamless pipe quad stenciled to meet ASTM A-106 grade B, ASTM A-53 grade B, API 5L and APL 5L grade X-42 specifications; 12" nominal size (12 3/4 inch OD x 0.375 wall thickness); plain ends.**

Four U.S. producers of seamless SLP pipe and thirteen importers of seamless SLP pipe from China provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products or for all quarters. Pricing data reported by these firms accounted for 13.6 percent of U.S. producers' shipments of seamless SLP pipe and 27.5 percent of U.S. shipments of subject imports from China during 2007 through January-June 2010.[5]

Price Trends

Tables V-2 through V-5 present quarterly weighted-average prices for products 1-4 for the United States and China for the period January-March 2007 through April-June 2010.[6] [7] The data show that prices of all four U.S.-produced products increased overall during the period for which data were collected. U.S. prices for all four products increased sharply during 2008, with small diameter seamless SLP pipe prices peaking in the fourth quarter of 2008, and large diameter seamless SLP pipe prices peaking in the first quarter of 2009. U.S. prices of all four products declined from their peak levels, and then recovered to some extent in late 2009 (product 1) and the first half of 2010 (products 2, 3, 4). Prices of imports from China generally increased in 2008, and often moved in the same general direction as U.S. prices during the 14 quarter period. A summary of price ranges and percentage changes in prices is presented in table V-6.

Shipment quantities for all four U.S.- produced products and imports from China fluctuated widely during the 14 quarters for which data were collected. U.S. producers' shipment quantities for these quad-stencilled products fell markedly in 2009, while Chinese volumes also fell, but not to the same extent. In 2010, however, U.S. importers' sales volumes continued to decline most notably for large diameter seamless SLP pipe.

[5] For small diameter pipe, price data accounted for *** percent of U.S. producers' shipments of seamless SLP pipe and 31.3 percent of U.S. shipments of subject imports from China during 2007 through January-June 2010. For large diameter pipe, price data accounted for *** percent of U.S. producers' shipments of seamless SLP pipe and 23.9 percent of U.S. shipments of subject imports from China during 2007 through January-June 2010.

[6] Price data for U.S.-produced seamless SLP pipe and imports from both China and nonsubject sources are presented in Appendix E. Nonsubject country pricing data were reported for Argentina, Brazil, Croatia, Czech Republic, France, Italy, India, Poland, and Russia.

[7] Just one U.S. producer, Wyman-Gordon, reported prices for product 5. Wyman-Gordon sold *** short tons in the third quarter of 2009 at an average price of $*** per short ton, *** short tons in the fourth quarter of 2009 at an average price of $*** per short ton, and *** short tons in the second quarter of 2010 at an average price of $*** per short ton. There were no reported sales of this product from China.

Table V-2
Seamless SLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2007-June 2010

* * * * * * *

Table V-3
Seamless SLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2007-June 2010

* * * * * * *

Table V-4
Seamless SLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2007-June 2010

* * * * * * *

Table V-5
Seamless SLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2007-June 2010

* * * * * * *

Figure V-2
Seamless SLP pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2007-June 2010

* * * * * * *

Table V-6
Seamless SLP pipe: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China, January 2007-June 2010

* * * * * * *

Price Comparisons

Table V-7 presents margins of underselling and overselling for the period. As shown in the table, prices for seamless SLP pipe imported from China were below those for U.S.-produced seamless SLP pipe in 55 of 56 comparisons; margins of underselling ranged from 5.2 to 65.4 percent. Detailed breakouts of margin data between small and large diameter seamless pipe are presented in the table. For the specified price items, U.S. imports of Chinese small diameter seamless SLP pipe undersold comparable U.S.-produced pipe in 27 of 28 comparisons, with margins of underselling in excess of 33 percent in 15 comparisons. For the specified price items, U.S. imports of Chinese large diameter seamless SLP pipe undersold comparable U.S.-produced pipe in all 28 comparisons, with margins of underselling in excess of 33 percent in 22 comparisons.

Table V-7
Seamless SLP pipe: Instances of underselling/overselling in price comparisons between products produced in the United States and China and ranges and averages of margins, January 2007-June 2010

Item	Underselling			Overselling		
	Number of instances	Range (*percent*)	Average margin (*percent*)	Number of instances	Range (*percent*)	Average margin (*percent*)
All seamless SLP pipe	55	5.2 - 65.4	37.7	1	4.3	4.3
Small diameter (products 1 and 2)	27	5.2 - 63.2	34.0	1	4.3	4.3
Large diameter (products 3 and 4)	28	8.3 - 65.4	41.5	0	-	-

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

LOST SALES AND LOST REVENUES

Neither the petitioners nor the non-petitioning firms provided the detailed information and purchaser contacts needed to investigate lost sales or lost revenue allegations directly. The petitioners have argued that since most producer sales are made to distributors, the companies are not well positioned to trace a specific lost sale to a specific import. Nonetheless, petitioners attribute declining market shares, declining revenues due to falling prices, and the inability to make further sales to the presence of U.S. imports of seamless SLP pipe from China.[8] The respondents disagree with these allegations.[9]

[8] Conference transcript, p. 80 (Schagrin) and Postconference Brief of V&M Star, TMK IPSO and the USW, p. 16.

[9] See respondents' prehearing brief, pp. 13-14.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Eight U.S. firms produce and sell seamless SLP pipe; *** provided usable financial data on their operations producing seamless SLP pipe.[1] These reported data are believed to represent the large majority of U.S. seamless SLP pipe production during the period for which data were collected.[2]

OPERATIONS ON SEAMLESS SLP PIPE

Income-and-loss data for the reporting U.S. producers of seamless SLP pipe combined for small and large diameter are presented in table VI-1; income-and-loss data for U.S. producers of small diameter seamless SLP pipe and large diameter seamless SLP pipe are presented in tables VI-2 and VI-3, respectively. Table VI-1 data are briefly summarized as follows:

- Total industry net sales rose substantially from 2007 to 2008 and fell sharply in 2009. The average unit value ("AUV") of sales increased during the full year periods (the greatest amount of the increase occurred in 2008), which contributed to the initial increase in sales value. That increase in sales in 2008 from 2007 was ascribed to high energy prices for oil and gas, high scrap prices, and the "hot market"[3] during the latter half of that year. Sales were much higher on a quantity and value basis in interim 2010 compared with interim 2009 although sales AUV was much lower.
- Cost of goods sold ("COGS") tended to follow sales volume: From 2007 to 2008, the dollar values of sales and COGS both increased sharply with the increase in sales ($***) being much greater than that of COGS ($***). From 2008 to 2009, the dollar values of sales and COGS both fell sharply with the fall in sales being much greater than that of COGS ($*** versus $***). Total COGS was greater in January-June 2010 compared to January-June 2009 but the dollar value difference in COGS between the two periods was less than the dollar value difference in total sales. Changes in the dollar value of raw material costs accounted for most of the change in dollar value of COGS. The unit value of raw material costs increased sharply from 2007 to 2008; although the AUV of raw material costs were slightly lower in 2009 compared to 2008, the fixed cost components of direct labor and other factory costs led those two cost categories to much higher levels, particularly when sales volume fell sharply.
- Selling, general and administrative ("SG&A") expenses increased from 2007 to 2008 in dollar terms but were lower when expressed as a ratio to sales or as an AUV. Because SG&A expenses tend to have a higher proportion of fixed costs, these expenses were higher as a ratio to sales and as an AUV when sales volume fell in 2009. SG&A expenses were much higher in January-June 2010 than in January-June 2009 but the dollar difference was not as much as that of sales on a percentage basis; hence, the ratio of these costs to sales was lower as was the unit cost.

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[1] *** provided complete data on a calendar-year basis. ***.

[2] Data differences between the preliminary phase and final phase are due to: (1) ***; and (2) two firms (***) that changed data for 2007 and 2008. Data differences between the prehearing and posthearing staff reports are due to: (1) corrections to ***, and (2) the exclusion of data on ASTM A-335. *** reported on their seamless SLP pipe operations, including their operations on ASTM A-335, and were included in the prehearing staff report. Following the change in the scope by Commerce, the staff report has been amended to exclude the data on ASTM A-335 only. This affects the total reported for small diameter and large diameter seamless SLP pipe together and the reported data for small diameter (by ***) and large diameter (by ***) separately.

[3] Conference transcript, p. 94 (Schagrin).

- Operating income increased by more than *** percent from 2007 to 2008 but fell sharply in 2009 although it remained positive. Operating margins for the industry as a whole ranged from *** percent to *** percent during 2007-08 but were much lower at about *** percent in 2009. Most of the operating income in 2009 occurred during the first half of the year (discussed later). Operating income was higher in dollar terms in interim 2010 compared to interim 2009 (up by *** percent) and as a ratio to sales (up *** percentage points) while it was lower on a per-unit basis.
- Net income before taxes following adjustments for interest and other expenses and other income items and cash flows followed operating income. Both were positive in each of the periods for which data were collected.

Table VI-1
Combined small and large diameter seamless SLP pipe: Results of operations of U.S. producers, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

The fall in sales from 2008 to 2009 was ascribed to a combination of the economic crisis that began in late 2008 and high levels of imports and inventories of imported subject product.[4] Petitioners attributed the industry's 2009 profitability to sales made early in 2009 at prices reflecting 2008 values.[5] U.S. producers' reported total data reflect relatively higher profitability during the January-June 2009 period compared to the July-December 2009 period (half-year profitability for small and large diameter seamless SLP pipe is described later).[6]

Tables VI-2 and VI-3 present financial data for the firms producing small and large diameter seamless SLP pipe (a detailed presentation of U.S. producers' prices and sales volumes for representative small and large diameter seamless SLP pipe products may be found in tables V-1 through V-4).

[4] The sharp decline in net sales was characterized as a "collapse" in the preliminary phase of the investigations. Conference transcript, p. 17 (Vaughn). An industry witness stated that "in May of 2009, virtually the entire domestic industry was shut down." Hearing transcript, p. 50 (Matthews). See also hearing transcript, pp. 54-55 (Matthews). A witness from V&M Star described the effect on volume by saying that the import surge destroyed the firm's order book, and that the inventory overhang combined with weak demand prevented the firm's order book from returning to normal levels. These factors affected production, employment, pricing, and profitability as well. Hearing transcript, pp. 59-60 (Herald). Witnesses stated that prices, a lagging indicator, did not immediately collapse but drifted down for about a year starting in September 2008. Hearing transcript, pp. 155 (Vaughn), 156 (Thompson), and 157 (Pognonec–prices fell only when the firm resumed selling after almost a year of shutdown).

[5] Hearing transcript, pp. 156-157 (Thompson) and U.S. Steel's posthearing brief, exh. 1, p. 36.

[6] Subtracting the reported data for January-June 2009 from full year 2009 (table VI-1) provides the following for July-December 2009: Sales quantity was greater at *** short tons but the unit value was lower at $*** per short ton and total sales value was nearly the same at $***. Due to the greater sales volume, COGS was higher at $***, representing *** percent of sales and a unit cost of $*** per short ton). Within COGS, the dollar value, ratio to sales, and unit cost of raw materials were greater ($***; *** percent; and $*** per short ton, respectively), while the dollar value, ratio to sales, and unit cost of other factory costs were lower ($***; *** percent; and $*** per short ton, respectively). The dollar value, ratio-to-sales and unit cost of SG&A expenses were higher ($***, *** percent, and $*** per short ton). Operating income was $***, equivalent to *** percent of sales or $*** per short ton.

Table VI-2
Small diameter seamless SLP pipe: Results of operations of U.S. producers, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table VI-3
Large diameter seamless SLP pipe: Results of operations of U.S. producers, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Continuously cast rounds, a semifinished intermediate product, may be produced by either scrap-based or integrated steelmaking process[7] and transferred from the steelmaking unit to the pipe-making unit or purchased from an unrelated party. COGS were mostly affected by changes in raw material costs from 2007 to 2008, which increased as a share of total COGS, from *** percent to ***, but fell to *** percent in 2009. Raw material costs were *** percent of COGS in January-June 2010 compared with *** percent in the same period one year earlier. Raw material costs rose in absolute value, as a percentage of net sales, and on a per-unit basis from 2007 to 2008. This was ascribed to high natural gas costs, scrap, and other input costs in 2008, which was described as a "hot market."[8] For example, raw material costs averaged $*** per short ton of sales in 2008 for the reporting U.S. producers (up substantially from $*** per short ton in 2007. Raw material costs were lower in 2009 compared to 2008 as the market declined and demand for inputs fell; the ratio of such costs to sales and the unit value of raw material costs were lower as well, but to a lesser degree. Overall, the dollar value, ratio to sales, and unit value of raw material costs were greater in interim 2010 than in interim 2009. The unit value of raw material costs was somewhat lower for small diameter seamless SLP pipe in interim 2010 than in interim 2009.

Table VI-4 depicts operating data on a firm-by-firm basis for small diameter SLP pipe while table VI-5 provides that data for large diameter SLP pipe.[9]

Table VI-4
Small diameter seamless SLP pipe: Selected results of operations of U.S. producers, by firm, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

[7] Continuously cast rounds are the direct raw materials used in making seamless SLP pipe and may be produced or purchased by integrated steelmakers or electric arc furnace steelmakers. Steel scrap is the primary raw material utilized in the production of steel by electric furnace steelmakers, while the integrated steelmaking process utilizes such inputs as molten iron, coke, steel scrap, and other additives. In the integrated steelmaking process, molten iron (produced in a blast furnace) is transferred to a basic oxygen furnace (BOF) and combined with steel scrap and other additives (aluminum, ferro alloys, fluxes and the like) to produce liquid steel. The liquid steel, whether produced by the electric furnace or BOF, is transferred to a ladle, where the steel's chemistry may be fine-tuned, and thence to a casting unit where billets of circular cross section ("rounds") are continuously cast. For a description of ***, *see* Petition, exh. II-15. U.S. Steel is an integrated producer while the other U.S. producers are electric arc furnace scrap-based producers. Irrespective of process, direct raw materials such as steel scrap may be purchased.

[8] Conference transcript, pp. 72 (Schagrin, with regard to natural gas, scrap, and input costs), 72 (Schagrin, relationship between input costs and sales prices), and 94 (Schagrin, with regard to "hot" market).

[9] The data for small diameter seamless SLP pipe indicates that this product was ***. Petitioners stated that ***. *See* U.S. Steel's postconference brief, exh. 1, pp. 11-12.

Table VI-5
Large diameter seamless SLP pipe: Selected results of operations of U.S. producers, by firm, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

U.S. producers' combined data for small diameter and large diameter seamless SLP pipe reflect relatively higher profitability during the January-June 2009 period compared to the July-December 2009, as noted earlier. U.S. producers' financial performance on small diameter seamless SLP pipe was slightly better in July-December 2009 compared with January-June 2009; this result could be attributed to ***.[10] U.S. producers' financial performance on large diameter seamless SLP pipe was worse in July-December 2009 compared with January-June 2009; only ***.[11]

Michigan Seamless, ***, provided data for its production facility in South Lyon, MI, where it produces small diameter seamless SLP pipe. Including ASTM A-335, that product accounted for *** percent of its production at the plant in 2009. The firm, which described itself as a producer of small quantity runs that are customized to customer specifications,[12] reported producing ***. Unlike the other reporting producers of small diameter seamless pipe, Michigan Seamless's ***. It was ***. The firm's operating income was ***.

Plymouth Tube, as noted previously, ***.

Timken, ***, provided data for its production facility in Canton, OH, where it produces both small (accounting for *** percent of its total production in 2009) and large diameter seamless SLP pipe (*** percent of its total production in 2009). Mechanical tube (*** percent) and OCTG (*** percent) also were produced at the Canton, OH, facility. Timken reported ***.[13] The firm noted that it does not maintain historical data on booking levels and lead times but was able to determine that ***.[14]

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[10] Subtracting the reported data for January-June 2009 from full year 2009 for small diameter seamless SLP pipe (tables VI-2 and VI-4) provides the following for the July-December 2009 period: Sales quantity was greater at *** short tons but the unit value was lower at $*** per short ton. Total sales value was higher, $***. Due to the greater sales volume, COGS was greater at $***, representing *** percent of sales and a unit cost of $*** per short ton. Within COGS, the dollar value and ratio to sales of raw materials were greater ($*** and *** percent, respectively) while the unit cost was lower ($*** per short ton). The dollar value, ratio to sales, and unit cost of other factory costs were lower ($***; *** percent; and $*** per short ton, respectively). The dollar value and ratio-to-sales of SG&A expenses were higher ($*** and *** percent, respectively, while the unit costs were lower--$*** per short ton). Operating income was $***, equivalent to *** percent of sales and $*** per short ton of sales.

[11] Subtracting the reported data for January-June 2009 from full year 2009 for large diameter seamless SLP pipe (tables VI-3 and VI-5) provides the following for the July-December 2009 period: Sales quantity was greater at *** short tons but the unit value was lower at $*** per short ton. Total sales value was lower, $***. Due to the greater sales volume, COGS was greater at $***, representing *** percent of sales but a lower unit cost of $*** per short ton). Within COGS, the dollar value, ratio to sales, and unit cost of raw materials were greater ($***, *** percent, and $*** per short ton, respectively). The dollar value and ratio to sales of other factory costs were higher ($*** and *** percent; respectively) while the unit cost was lower at $*** per short ton. The dollar value, ratio-to-sales, and unit costs of SG&A expenses were higher ($***, *** percent, and $*** per short ton, respectively). The operating loss was $***, equivalent to a negative *** percent of sales or $(***) per short ton of sales.

[12] See company website at http://www.mstube.com. Company data were revised ***, as noted earlier.

[13] Timken's pipe operations are included in its steel segment for reporting purposes. Overall (including its bearings business) and for the steel segment, Timken reported a loss in 2009 compared with profit from operations during 2005-08. It reported that its steel segment sales fell by more than 60 percent from 2008 to 2009. Timken's annual report on form 10-K for 2009.

[14] Timken's questionnaire response, II-12a.

TMK IPSCO, ***, reported for its production facilities in Ambridge and Koppel, PA and for its processing facilities in Baytown,Houston, and Odessa, TX.[15] It produces only small diameter seamless SLP pipe, which accounted for percent of its production in 2009 (OCTG accounted for *** percent of production in that year by comparison). TMK IPSCO was ***.

U.S. Steel, which produces seamless SLP pipe at Fairfield, AL and Lorain, OH, was the *** producer and accounted for about *** percent by value of U.S. producers' total sales in 2009. U.S. Steel reported for both small and large diameter SLP pipe (small diameter accounted for *** percent of production and large diameter accounted for *** percent of production in 2009; OCTG production accounted for *** percent of production at U.S. Steel's facilities in Lorain, OH and Fairfield, AL in 2009. It was *** of the periods for which data were gathered; its *** in January-June 2010 were *** than in January-June 2009. U.S. Steel stated that its overall ***.[16] U.S. Steel reported in late 2008 and 2009 that its order book ***,[17] which it attributed to increased imports and inventories at distributors, and that it slashed production: the firm idled *** during 2009.

V&M Star, the *** U.S. producer overall in terms of sales value in 2009, produces only large diameter seamless SLP pipe at its plant in Youngstown, OH; its processing operation is located at Houston, TX. In 2009, large diameter seamless SLP pipe accounted for approximately *** percent of total production (OCTG production accounted for a *** share in that year, *** percent. In 2009, it was the *** producer of seamless SLP pipe, accounting for about *** percent, by value, of U.S. producers' sales. It reported ***. The firm stated it previously did not lay off any of its workers, even when demand conditions were depressed, but has been forced to lay off half of its workforce.[18]

Wheatland, the *** producer overall in terms of sales value in 2009, produces only small diameter seamless SLP pipe; its facilities are located in Sharon, PA, and Wheatland, PA. Small diameter seamless SLP pipe production accounted for *** percent of its 2009 production, whereas drawn over mandrel mechanical tubing accounted ***. Wheatland's sales ***. Wheatland ***.[19]

Wyman-Gordon, the ***, produces large diameter pipe at its Houston, TX facility (its production of seamless SLP pipe accounted for *** percent of total production at that facility in 2009).[20] After the firm's data were revised ***, Wyman-Gordon's sales ***.

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[15] TMK IPSCO was formed in June 2008 when TMK acquired IPSCO Tubular from SSAB Svenkst Stal AB. As noted in the firm's press release dated June 13, 2008, TMK acquired 10 production sites with combined pipe production capacity of over one million metric tons, including about 300,000 metric tons of seamless pipe production capacity as well as steelmaking capability of 450,000 metric tons of billets. The acquisition was described as TMK's largest to-date and an essential part of TMK's strategy to expand the firm's global presence. Press release found at company Internet site, http://www.tmk-group.com, retrieved on August 16, 2010.

[16] *See* U.S. Steel's postconference brief, exh. 21. U.S. Steel classifies its operations into three reportable segments, including "Tubulars". From 2008 to 2009 net sales fell 71 percent and operating income fell 95 percent. The Tubulars segment was profitable ($57 million) in contrast to other reporting segments of U.S. Steel, which together recorded a loss of $1.6 billion. The decline was attributed to "unfavorable commercial effects, operating inefficiencies related to idled facilities and facilities operating at reduced production levels and write-downs of inventory. These were partially offset by lower costs of substrate steel purchases from the Flat-rolled segment, and the absence of accruals for profit based payments." U.S. Steel's 2009 form 10-K, pp. 58, 61, and 64.

[17] Orders for small diameter seamless SLP pipe as of March 31, 2009 and June 30, 2009, were approximately *** percent and *** of the level one year earlier, respectively. Orders for large diameter seamless SLP pipe as of March 31, 2009 and June 30, 2009, were each approximately *** percent of the level one year earlier. U.S. Steel producers' questionnaire response, II-12a and II-12b.

[18] Conference transcript, p. 30 (Lindgren). In its questionnaire response, the firm stated that it ***. V&M Star's questionnaire response, III-16b.

[19] Wheatland's ***. The ratio of ***.

[20] Wyman-Gordon reported that *** percent of its production was accounted for by pipes with a diameter greater than 16 inches; it also reported the ***.

Summary variance analyses for the operations of U.S. producers on small and large diameter seamless SLP pipe are presented in table VI-6. The information for these variance analyses is derived from tables VI-1, VI-2, and VI-3.[21] The analysis for the combined small and large diameter pipe shows that the decrease of $*** in operating income from 2007 to 2009 was attributable to the favorable price variance (unit sales values increased) that was much less than the unfavorable net cost/expense variance (unit costs increased) and volume variances combined. Operating income increased by $*** in interim 2010 compared to interim 2009 because an unfavorable price variance (unit prices fell) was less than the favorable variances on net cost/expense (unit costs and expenses decreased) and volume. Changes in operating income and the mix of favorable/unfavorable variances between small and large diameter seamless SLP pipe were similar to the combined analysis.[22]

Table VI-6
Combined, small, and large diameter seamless SLP pipe: Summary of variance analysis on the operations of U.S. producers, 2007-09, and January-June 2009 to January-June 2010

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Each of the U.S. producers was asked about the nature of their capital expenditures and research and development ("R&D") expenses. As shown in table VI-7, capital expenditures and R&D expenses increased between 2007 and 2008, but were lower in 2009. Both were higher in January-June 2010 than in January-June 2009.

Table VI-7
Seamless SLP pipe: Capital expenditures and research and development expenses of U.S. producers, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Company responses regarding the focus of their capital expenditures and R&D expenses are summarized in the following tabulation.

* * * * * * *

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

[22] As noted earlier, at $***, U.S. producers' total operating income was lower by approximately $*** in July-December 2009, compared with January-June 2009, attributable to an unfavorable price variance (a negative $*** that overwhelmed the favorable variances on net cost/expense and volume. In July-December 2009, compared with January-June 2009, the operating income on small diameter seamless SLP was greater by $***, attributable to an unfavorable price variance of $*** that did not completely offset favorable variances on net cost/expense and volume. In July-December 2009, compared with January-June 2009, the operating income on large diameter seamless SLP was less by $***, reflecting an unfavorable price variance of $***.

ASSETS AND RETURN ON INVESTMENT

Data on the U.S. producers' total assets and their return on investment ("ROI") are presented in table VI-8. Total assets utilized in the production, warehousing, and sale of seamless SLP pipe for reporting U.S. producers increased by nearly *** percent from 2007 to 2008 led by accounts receivables, the book value of property, plant, and equipment, and by "other non-current" assets (goodwill, deferred tax assets and debt costs, and declining from 2008 to 2009 by nearly *** percent. To a large extent, changes in assets reflect the changing allocations of values to seamless SLP pipe (i.e., how the product uses costs differently from period to period). ROI, which is calculated as the ratio of operating income to total assets, therefore followed the trend of operating income, and was higher in 2008 from 2007 but fell back in 2009 to a much lower level than in 2007.[23]

Table VI-8
Seamless SLP pipe: Value of assets and return on investment of U.S. producers, fiscal years 2007–09

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of seamless SLP pipe to describe any actual or potential negative effects of imports of seamless SLP pipe from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Their responses are shown below.

Actual Negative Effects

* * * * * * *

Anticipated Negative Effects

* * * * * * *

[23] The calculated ROI for 2010 is *** percent. This is based on 2009 values being carried over to 2010 without change and doubling (annualizing) the January-June 2010 operating income as shown in table VI-1. The assumptions are that asset values allocated to seamless SLP pipe might be the same in 2010 as in 2009 or that the industry's operating income would continue at the same pace through the second half of 2010. Either or both assumptions might not be proven correct.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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 subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries and the global market.

THE INDUSTRY IN CHINA

Overview

According to ***, during 2000-08, China's annual production of seamless tubular products increased by more than *** percent,[1] growing to account for approximately half of global production.[2] China is believed to have more than *** seamless pipe and tube producers, of which the top five reportedly accounted for *** percent of production in China.[3] As shown in table VII-1, China was the largest producer of seamless tubular products in the world with production estimated at over 22 million tons in 2008 (and by one estimate 24 million tons in 2009).[4] As shown in table VII-2, with respect to seamless line pipe alone, China's 2007 production level has been estimated to exceed *** tons.

[1] For purposes of this discussion, "seamless pipe" or "seamless tubular products" refer to a broader range of seamless tubular products, including OCTG and other "nonsubject" products.

[2] ***, in V&M Star, TMK IPSCO, and USW postconference brief, exh. 2.

[3] ***, in V&M Star, TMK IPSCO, and USW postconference brief, exh. 2.

[4] See "Chinese Seamless Steel Tube Producers Suffer Export Bottlenecks," Mysteel, June 2010. http://www.mysteel.net/article/detail_w-a469108-c020107.html/. MySteel is a private Chinese consultant and data company in the iron and steel industry.

Table VII-1
Seamless pipe and tube: Global production, by region, 2006–08

Region	Calendar year		
	2006	2007	2008
	Quantity (*1,000 short tons*)		
North America			
United States	2,293	1,908	2,338
Mexico	823	732	744
Canada	([1])	([1])	254
Subtotal	3,116	2,640	3,336
South America			
Argentina	963	925	1,006
Brazil	614	([1])	([1])
Venezuela	55	64	50
Subtotal	1,633	989	1,056
European Union (27)			
Germany	1,958	2,011	([1])
Italy	913	933	([1])
France	873	929	([1])
Czech Republic	515	502	464
All others	1,978	2,108	1,035
Subtotal	6,237	6,483	1,499
Asia			
China	16,975	20,039	22,241
Japan	2,307	2,281	2,321
All others	22	22	23
Subtotal	19,305	22,341	24,586
Total	30,289	32,454	30,476

[1] Not reported.

Note.--Data originally reported in metric tons, which were converted to short tons by multiplying by 1.1023.

Source: WSA, *Steel Statistical Yearbook 2009*, table 25, p. 62.

Table VII-2
Seamless line pipe: Historical production estimates, by region, 2005–07

* * * * * * *

During the recent global recession, MBR noted that China's economy still grew by 8.7 percent in 2009, a growth rate attributed to a government stimulus package of $586 billion.[5]

China's steel industry and, in particular, its seamless pipe sector are in a stage of transition.[6] As part of the national effort to build a sustainable, globally competitive, and environmentally sound economy, the Government of China (GOC) has tried to consolidate its fragmented steel industry, eliminate outdated capacities, and upgrade its technology to improve product quality. To that end, several companies have been encouraged to merge to form more competitive companies[7] and most new pipe mills reportedly are now equipped with modern German-made equipment.[8]

In spite of market uncertainties, Chinese producers continue to expand or upgrade their seamless pipe capacity in China and abroad. The following examples have been identified from published sources, although the exact product mix is not always specified:

- Tianjin Pipe Group Corp. (TPCO) is investing in a seamless mill in Gregory, TX, that will have a 550,000-ton mini-mill to supply its own steel. The construction of the $1-billion mill is expected to begin in October 2010 and to be completed in 2011. The plant is expected to employ 600 at full capacity, producing seamless pipe (including OCTG and line pipe) with outside diameters from 4 ½ inches to 10 3/4 inches.[9]
- Tianjin Pipe and Huaigang Special Steel have formed a joint venture to build a 550,000-ton seamless plant in China which can potentially be increased up to 1.7 million tons. Production is expected to begin in July 2011. To produce high quality products, the rolling mill will be built with imported equipment from Germany (similar to efforts by other leading Chinese seamless pipe producers including Baosteel and Baotu).[10] ***.[11] However, this mill is believed to produce seamless pipe in a size range greater than 16" in outside diameter.[12]
- Baosteel, a leading Chinese steel producer, with current seamless capacity of almost 900,000 net tons, is expanding its range of seamless pipe production to X65 grade line pipe. Baosteel is expected to be capable of producing pipe of up to 168.3 mm (6 5/8 inches) in outside diameter and 9.5 mm (0.375 inch) thickness.[13]

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[5] Metal Bulletin–Worldnews, January 25, 2020, p. 3. See also "East Asia and Pacific Economic Update - Emerging Stronger from the Crisis", the World Bank, April 2010; found at http://siteresources.worldbank.org/INTEAPHALFYEARLYUPDATE/Resources/550192-1270538603148/eap_april2010_ch1.pdf.

[6] See "Four Chinese Steelmakers Agree to Merge," *Wall Street Journal*, July 15, 2010, p. B3.

[7] The government of the city of Tianjin has recently announced the merger of Tianjin Pipe (Group) Corp. with Tianjin Iron and Steel Group, Tianjin Metallurgical Group Co, and Tianjin Tiantie Metallurgical Group Co. to form the Tianjin Bohai Iron & Steel Group Corp. See "Four Chinese Steelmakers Agree to Merge," *Wall Street Journal*, July 15, 2010, p. B3.

[8] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*, July 2010, p. 12.

[9] Gregory is located in southern Texas, near Corpus Christi. Staff telephone interview with ***, July 13, 2010. *See also* "Tianjin Pipe Sees Progress on Texas Tube Plant," *American Metal Market*, November 24, 2009.

[10] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*-Seamless, July 2010, p. 12.

[11] U.S. Steel's prehearing brief, p. 71.

[12] Respondents' posthearing brief, p. A-12.

[13] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*-Seamless, July 2010, p. 12.

- Baotou Iron and Steel Co., in early 2010, commissioned a new $292-million, 440,000-ton seamless pipe mill of diameters up to 6.61 inches in China. Products include line pipe and other pipes for the chemical and oil industries. Baotou also has recently commissioned a new seamless pipe mill with a capacity of 100,000 tons that will make "commercial pipes" and OCTG.[14] [15]
- Anhui Haihe Pipe plans to build a 500,000-ton seamless pipe mill in Eastern China with outside diameters ranging from 5.24 inches to 10.75 inches. A second, similar, mill is expected to be built at the completion of the first mill.[16]
- Yantai Lubao Steel Pipe Co., a unit of Baoshan, will begin operations in April 2011 on a 600,000-ton per year seamless mill.[17]
- Xinbayi Steel Pipe will place in operation this year a new seamless pipe mill with a capacity of 400,000 tons per year. The facility will have the ability to make 100,000 tons of line pipe per year.[18]

According to Global Trade Atlas, China surpassed Germany in 2007 to become the world's leading exporter of seamless pipe (excluding OCTG).[19] Between 2007 and 2008, China's exports of seamless pipe (excluding OCTG) increased by approximately 1 million short tons, accounting for approximately one-quarter of global exports of seamless pipe (excluding OCTG).[20] In 2009, although its total exports decreased by 1 million short tons to approximately 1.5 million short tons, China remained the world's leading exporter, accounting for the same share of the global export market of seamless pipe (excluding OCTG).[21]

With respect to home market prospects, most Chinese oil and natural gas exploration activities have been concentrated in the onshore fields in the western provinces of Xinjiang, Sichuan, Gansu, and Inner Mongolia.[22] China reportedly plans to build *** kilometers of new oil and natural gas pipelines over the next decade, requiring approximately *** metric tons (*** short tons) of large diameter line pipe, *** metric tons (*** short tons) of which are forecasted to be used in the construction of natural gas pipelines.[23] According to the U.S. Energy Information Administration, China's domestic oil and gas pipeline is increasing at about six percent per year.[24] However, many pipelines (such as the 8,700-kilometer second West-to-East pipeline) utilize large diameter pipe that is welded and/or greater than 16" in outside diameter.[25]

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[14] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*–Seamless, April 2010, p. 12.

[15] U.S. Steel's prehearing brief, p. 70.

[16] Preston, November 2009, p. 17 and U.S. Steel's prehearing brief, p. 71.

[17] U.S. Steel's prehearing brief, p. 71.

[18] U.S. Steel's prehearing brief, p. 71.

[19] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, and 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of imports and exports of seamless SLP pipe.

[20] The United States is a net importer of seamless pipe (excluding OCTG), accounting for 4 percent of global exports of seamless SLP pipe, and approximately 9.2 percent of global imports in 2009.

[21] Table VII-11. As shown in this table, China is, by a substantial margin, the largest net exporter of seamless pipe (excluding OCTG).

[22] U.S. Department of Energy, Energy Information Administration (EIA), "China Energy Profile," July 2009.

[23] ***, in V&M Star, TMK IPSCO, and USW postconference brief, exh. 2.

[24] Respondent's posthearing brief, p. A-5.

[25] *See, e.g.,* GE press release dated March 25, 2009. The company noted that the 8,700 kilometer second West-to-East pipeline will utilize 48 inch pipe.

(continued...)

Operations on Seamless SLP Pipe

The petition in these investigations identified 84 foreign producers in China allegedly producing seamless SLP pipe.[26] [27] The Commission sent foreign producer questionnaires to all firms that were identified and received four completed foreign producer questionnaire responses. The names of the foreign firms, production, subject exports to the United States (by quantity) in 2009 are presented in table VII-3. In response to a question on capacity changes and inventory, no responding Chinese producer reported plans to change production capacity or production of seamless SLP pipe in China. Reported exports to the United States (*** short tons) accounted for approximately one-third of subject imports from China (*** short tons) in 2009.[28]

Table VII-3
Seamless SLP pipe: Reporting manufacturers/exporters in China, and quantities and shares of reported production and exports to the United States, 2009

* * * * * * *

Responding Chinese producers increased production of small and large diameter seamless SLP pipe from 2007 to 2009. Production was also higher in January-June 2010 than in January-June 2009. Capacity of small diameter seamless SLP pipe increased from 2007-08, decreased in 2009, and was lower in January-June 2010 than in January-June 2009. Capacity of large diameter seamless SLP pipe decreased *** during the entire period, but none of the responding foreign producers reported plans to change capacity or production in China. Capacity for responding firms was based on a range of 17 to 168 hours per week, 47 to 52 weeks per year. Reported exports of small and large diameter seamless SLP pipe to the United States increased from 2007-08, but fell from 2008-09. Exports of small and large diameter seamless SLP pipe to the United States were also lower in January-June 2010 when compared with January-June 2009. Chinese exports of total seamless SLP pipe to other markets grew from 2007 to 2008 but decreased *** in 2009, however were greater in January-June 2010 than in January-June 2009. Home market shipments in both quantity and shares were the largest component of shipments during the period examined. Table VII-4 presents information on responding Chinese producers' and exporters' production and exports of total seamless SLP pipe, table VII-5 presents information on responding Chinese producers' and exporters' production and exports of small diameter seamless SLP pipe, and table VII-6 presents information on large diameter seamless SLP pipe operations for the responding producers and exporters in China.

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[25] (...continued)
"http://www.genewscenter.com/content/detail.aspx?releaseid=6376&newsareaid=2&menusearchcategoryid=," retrieved October 1, 2010. Similarly, other major projects with international connections such as the ESPO Pipeline in Siberia are also substantially larger than 16" in diameter (up to 48 inches in the case of the ESPO Pipeline). *See, e.g.*, "ESPO Pipeline Siberia, Russia," http://www.hydrocarbons-technology.com/projects/espopipeline/, retrieved on October 4, 2010.

[26] Petition, exh. I-11.

[27] Petioner U.S. Steel argues that China recognizes itself that it has "high" seamless pipe capacity due to "heavy" investments. Petitioner U.S. Steel's postconference brief, pp. 27-28.

[28] According to their questionnaire responses, other export markets reported by Chinese producers included Africa, India, the Middle East, Russia, South Korea, South America, South East Asia, and Taiwan.

Table VII-4
TOTAL seamless SLP pipe: Chinese producers' operations, 2007-09, January-June 2009, January-June 2010, and projected 2010-11

* * * * * * *

Table VII-5
SMALL diameter seamless SLP pipe: Chinese producers' operations, 2007-09, January-June 2009, January-June 2010, and projected 2010-11

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Table VII-6
LARGE diameter seamless SLP pipe: Chinese producers' operations, 2007-09, January-June 2009, January-June 2010, and projected 2010-11

* * * * * * *

Alternative Products

In addition to the subject seamless SLP pipe, all four Chinese producers reported producing nonsubject seamless pipe using the same equipment and machinery. Table VII-7 presents information on the types of products produced using the same equipment and machinery by responding Chinese producers from 2007 to June 2010.[29]

Table VII-7
Seamless SLP pipe: Chinese capacity, production, and capacity utilization of seamless pipe products on same machinery & equipment used to produce seamless SLP pipe, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

U.S. INVENTORIES OF SEAMLESS SLP PIPE FROM CHINA

Data collected in these investigations on U.S. importers' end-of-period inventories of seamless SLP pipe are presented in tables VII-8, VII-9, and VII-10. For small and large diameter seamless SLP pipe, responding U.S. importers' reported inventories from China increasing from 2007 to 2009, however they decreased in the interim periods. U.S. importers also reported increased inventories from nonsubject sources for small and large diameter seamless SLP pipe between 2007 and 2008, but a decline from 2008 to 2009.

[29] Respondents assert that "there is no evidence that the subject producers will shift any significant production from machinery that is currently being used to produce other pipe products to the production of seamless SLP pipe...because OCTG is the highest value pipe product it is far more likely that with the rebound in the oil and gas sector Chinese producers would shift available SLP pipe capacity to producing OCTG." Respondents' postconference brief, p. 45. *See also* Respondents' posthearing brief, p. A-24.

Table VII-8
TOTAL seamless SLP pipe: U.S. importers' end-of-period inventories of imports, by source, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

Table VII-9
SMALL diameter seamless SLP pipe : U.S. importers' end-of-period inventories of imports, by source, 2007-09, January-June 2009, and January-June 2010

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Table VII-10
LARGE diameter seamless SLP pipe : U.S. importers' end-of-period inventories of imports, by source, 2007-09, January-June 2009, and January-June 2010

* * * * * * *

U.S. IMPORTERS' CURRENT ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of seamless SLP pipe from China after June 30, 2010. Of the questionnaire respondents, only one, ***, indicated that it had arranged for the importation of seamless SLP pipe from China after June 30, 2010. These imports were reported as approximately *** short tons of Chinese small diameter seamless SLP pipe and approximately *** short tons of Chinese large diameter seamless SLP pipe scheduled for delivery in *** 2010.

ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

In November 2008, the government of India reportedly placed imports of seamless pipes and tubes on a list of "restricted" imported products in order to reduce the potential volume of imports of seamless pipes and tubes from China.[30]

In September 2009, the European Union imposed antidumping duties on imports of certain seamless pipes and tubes from China. The European Union's investigation covered certain seamless pipes and tubes, or iron or steel, or circular cross section, or an external diameter not exceeding 16 inches (406.4 mm (also including OCTG used for drilling, casing, and tubing in the oil industry)). Definitive antidumping duty rates range from 17.7 percent to 39.2 percent.[31]

On May 25, 2010 Mexico imposed provisional antidumping duty margins on seamless SLP pipe costing less than $1,561. The rates will be set for no more than 36 percent.[32]

[30] "Govt imposes curbs on imports of more steel items," *Press Trust of India*, November 25, 3008, cited in USS's postconference brief, pp. 34–35 and exh. 41.

[31] Council Regulation (EC) No. 926/2009 of September 24, 2009, imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain seamless pipes and tubes of iron or steel originating in the People's Republic of China, Official Journal of the European Union, L 262/19.

[32] "http://www.reuters.com/article/idUSN2516573420100525," retrieved August 22, 2010 and "http://www.pymes.gob.mx/upci/paginas/1462.pdf," retrieved August 22, 2010.

Argentina has reportedly instituted an antidumping duty investigation into seamless pipe imports from China, covering tubes of 10.75 inches or less in diameter for both carbon and alloy steels.[33]

With respect to seamless OCTG, on March 10, 2008, the Canadian International Trade Tribunal (CITT) issued a finding that "the dumping and subsidizing of seamless carbon or alloy steel oil and gas well casing originating in or exported from the People's Republic of China have not caused injury but are threatening to cause injury to the domestic industry." The CITT's inquiry covered seamless carbon or alloy seamless carbon or alloy steel oil and gas well casing, whether plain end, beveled, threaded or threaded and coupled, heat-treated or not heat-treated, meeting API specification 5CT, with an outside diameter not exceeding 11.75 inches (298.5 mm), in all grades, including proprietary grades.[34] In August 2009, Canada initiated investigations into the dumping and subsidizing of certain seamless or welded OCTG from China. The CITT's inquiry covered casing, tubing, and coupling stock of carbon or alloy steel, welded or seamless, heat-treated or not heat-treated, regardless of end finish, having an outside diameter from 2-3/8 inches to 13-3/8 inches (60.3 mm to 339.7 mm), meeting the API specification 5CT, in all grades, excluding drill pipe and excluding seamless casing up to 11-3/4 inches (298.5 mm) in outside diameter.[35] In March 2010, the Canadian International Trade Tribunal found that "the dumping and subsidizing of those aforementioned goods that are casing and tubing have caused injury" but that "the dumping and subsidizing of those aforementioned goods that are coupling stock have not caused injury or retardation and are not threatening to cause injury."[36]

GLOBAL MARKET

Most published data on steel pipes and tubes generally distinguish welded from seamless and generally distinguish OCTG and line pipe from other forms of pipe, including standard pipe and various forms of structural and mechanical pipe, pressure pipe and tube, and piling. However, such data on steel pipes and tubes generally do not distinguish seamless SLP pipe as a separate category of seamless tubular products. Accordingly, for the purpose of this market review, information and data are provided based on their availability, and may include both subject and nonsubject pipe.

Supply

Seamless pipe and tube, including seamless SLP pipe, is produced throughout the world, as noted previously in table VII-1. Between 2002 and 2007, global production of all reported seamless tubular

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[33] SBB, "Future Looks Bleak for China's Seamless Pipe Exporters," November 23, 2009, in U.S. Steel's prehearing brief, exh. 107.

[34] *See generally* Canadian International Trade Tribunal, Dumping and Subsidizing Finding and Reasons, Inquiry No. NQ-2007-001, *Seamless Carbon or Alloy Steel Oil and Gas Well Casing*, findings issued March 10, 2008 and Reasons issued March 25, 2008. The report noted that the Canada Border Services Agency (CBSA) had previously determined that the weighted average margin of dumping was 62 percent and that the weighted average amount of subsidy was 19 percent.

[35] Canadian International Trade Tribunal, Statement of Reasons, Inquiry 421-26, *Certain Oil Country Tubular Goods Originating In Or Exported From The People's Republic of China*, issued September 8, 2009.

[36] Canadian International Trade Tribunal, Statement of Reasons, Inquiry No. NQ-2009-004, *Oil Country Tubular Goods*, issued April 7, 2010. The CITT determined that there were two classes of goods: (1) the subject coupling stock; and (2) the other subject oil country tubular goods. The Tribunal subsequently found that domestically produced coupling stock constitutes like goods in relation to the subject coupling stock and that domestically produced casing and tubing constitute like goods in relation to the subject goods. Ibid.

products (excluding the CIS countries)[37] was almost doubled, increasing from 16.7 million short tons to 32.5 million short tons.[38] During that time, China's production of seamless pipe and tube has almost tripled, increasing from 6.7 million short tons to 20.0 million net tons as China's share of global seamless tubular production increased from 40 percent in 2002 to 60 percent in 2007.[39]

Table VII-11 shows the major global exporters of seamless pipe (excluding OCTG). China was the largest exporter during 2007-09. In terms of its net trade position (exports minus imports) for seamless pipe other than OCTG, China was also the largest net exporter in each of the three years.

Table VII-11
Seamless pipe (excluding OCTG): Exports, imports, and net trade positions of major subject and nonsubject countries, 2007-09

Country	Calendar year		
	2007	2008	2009
	Quantity (*short tons*)		
Exports from:			
China	1,387,396	2,403,736	1,499,908
Germany	1,010,561	1,095,278	648,652
Italy	648,869	686,151	481,096
Japan	643,663	653,284	458,057
Russia	426,527	333,710	290,407
Ukraine	729,647	628,562	257,623
United States	276,176	371,134	240,043
Czech Republic	356,598	333,905	233,185
France	464,407	397,058	218,727
Romania	381,638	362,318	209,029
Argentina	274,032	262,025	146,891
Austria	154,907	178,768	100,950
Slovakia	128,059	137,117	95,748
Belgium	168,791	163,785	85,823
Spain	177,972	182,453	85,414
Mexico	92,362	102,483	72,181
Poland	70,312	80,077	67,977
All other	1,230,022	763,324	605,532
Total	8,621,937	9,135,168	5,797,242

Table continued on next page.

[37] The C.I.S. or Commonwealth of Independent States, for the purpose of the WSA's seamless data collection, includes Russia and Ukraine.

[38] WSA, "*Steel Statistical Yearbook 2009*," published 2010, table 25, p. 60. Trend data do not include 2008 because of changes in the coverage (many countries that are major seamless pipe producers were not included by the WSA).

[39] WSA, "*Steel Statistical Yearbook 2009*," published 2010, table 25, p. 60.

Table VII-11--*Continued*
Seamless pipe (excluding OCTG): Exports, imports, and net trade positions of major subject and nonsubject countries, 2007-09

Country	Calendar year		
	2007	2008	2009
	Quantity (*short tons*)		
Imports into:			
China	249,607	296,110	181,474
Germany	466,116	425,833	254,799
Italy	736,780	664,572	307,449
Japan	10,956	7,293	17,102
Russia	317,780	273,150	102,109
Ukraine	14,976	16,112	9,195
United States	723,685	1,159,864	445,029
Czech Republic	87,896	72,217	35,537
France	181,857	183,152	127,243
Romania	20,646	26,397	16,814
Argentina	25,616	27,823	15,746
Austria	121,385	103,961	109,305
Slovakia	50,102	62,884	22,362
Belgium	212,970	213,607	99,522
Spain	277,052	206,316	102,290
Mexico	109,775	123,787	67,188
Poland	148,611	155,417	85,692
All other	3,909,482	6,597,900	2,833,112
Total	7,665,292	10,616,399	4,831,968

Table continued on next page.

Table VII-11--*Continued*
Seamless pipe (excluding OCTG): Exports, imports, and net trade positions of major subject and nonsubject countries, 2007-09

Country	Calendar year		
	2007	2008	2009
	Quantity (*short tons*)		
Trade balance of:			
China	1,137,789	2,107,626	1,318,435
Germany	544,445	669,446	393,853
Italy	(87,911)	21,579	173,646
Japan	632,707	645,991	440,955
Russia	108,746	60,560	188,298
Ukraine	714,671	612,450	248,428
United States	(447,509)	(788,730)	(204,986)
Czech Republic	268,702	261,688	197,648
France	282,549	213,907	91,484
Romania	360,992	335,922	192,215
Argentina	248,416	234,201	131,145
Austria	33,522	74,806	(8,355)
Slovakia	77,957	74,233	73,386
Belgium	(44,179)	(49,822)	(13,699)
Spain	(99,080)	(23,864)	(16,876)
Mexico	(17,413)	(21,305)	4,994
Poland	(78,299)	(75,340)	(17,715)
All other	(2,679,460)	(5,834,576)	(2,227,580)
Total	956,645	(1,481,228)	965,274

Note.–The data presented in this table include nonsubject product (e.g., boiler tube), and therefore are likely overstated with respect to the seamless SLP pipe subject to these investigations. Positive numbers presented for "trade balance" show net exports and numbers with parentheses for "trade balance" show net imports. Based on top exporting countries to the world in 2009.

Source: Compiled from Global Trade Atlas database, HTS subheadings 7304.10 (prior to Feb. 2007), 7304.19 (after Feb. 2007), 7304.39, and 7304.59.

Demand

Worldwide demand for seamless standard, line, and pressure pipe is derived from its use for the conveyance of liquids and gases in a diverse array of end-use markets, including as line pipe or gathering lines in oil and natural gas production and transmission; its use in chemical, petrochemical, or other non-pipeline applications; its use in high pressure construction applications, such as in refineries or chemical plants; as well as its use as steam lines in manufacturing or factory applications.

Because seamless pipe is used in gathering lines and in oil and gas transportation, demand for seamless SLP pipe is influenced by drilling activity, although not as directly and predictably as demand for OCTG. Demand for seamless line pipe, for example, is influenced by energy prices and increased

drilling activity in new areas that require additional gathering lines.[40] As shown in table VII-12, worldwide drilling increased by approximately 7 percent between 2007 and 2008, led primarily by growth in drilling in the United States. However, worldwide rig counts declined substantially in 2009 compared with 2008, coinciding with the global economic downturn and falling oil and gas prices. Drilling activity in the United States decreased by approximately 42 percent in 2009 compared with 2008. Table VII-12 also shows improvements in rig counts, both in the United States and worldwide, in 2010.

Table VII-12
Worldwide rig count: Global and regional annual averages of operating rigs, 2006–09, January-June 2010

Region	2007	2008	2009	Jan.-June 2010 average
	Quantity (*number of rigs*)			
Latin America	355	384	356	381
Europe	78	98	84	92
Africa	66	65	62	82
Middle East	265	280	252	258
Far East	241	252	243	262
Canada	343	379	221	318
United States	1,768	1,878	1,086	1,427
Total	3,116	3,336	2,304	2,820

Note.– Data do not include operating rigs in China or the CIS.

Source: Baker Hughes, Inc., *Worldwide Rig Count*, August 16, 2010.

Leading Suppliers to the U.S. Market

Staff requested that U.S. producers provide a statistical profile of their related seamless SLP pipe operations in nonsubject countries. These operations account for a substantial portion or even essentially all of the seamless SLP pipe production in several of the leading nonsubject countries supplying the United States with seamless SLP pipe. Additional information concerning capacity, production, and shipments are presented in table VII-13.

Table VII-13
Seamless SLP pipe: Leading nonsubject foreign producers' trade data, 2009

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[40] Metal Bulletin Research, *Seamless Steel and Pipe Monthly*, Issue 1 (October 2005), p. 2; conference transcript, p. 57 (Pognonec).

Argentina

Argentina is the second largest manufacturer of seamless pipe in the Western Hemisphere, producing over 1 million short tons of seamless pipe and tube in 2008, as noted in table VII-1.[41] However, in 2009, Argentina's total exports were reduced by almost one half from the previous year's levels.[42] According to Global Trade Atlas, the United States was Argentina's largest export market for seamless pipe (excluding OCTG) in 2008. However, in 2009, the United States fell to third place among Argentina's leading export markets.[43]

Tenaris Siderca ("Siderca") is the only known producer of seamless pipe (excluding OCTG) in Argentina. Siderca is a wholly-owned subsidiary of Tenaris, a leading global producer of seamless pipe and tube.[44] As a major global seamless producer, Siderca produces a wide range of seamless products including ASTM A-53, A-106, A-333, A-334, A-335, and API 5L. OCTG are believed to account for the largest share of the company's seamless production operations.[45]

Czech Republic

According to the WSA, the Czech Republic produced approximately 464,000 short tons of seamless pipe and tube in 2008.[46] Global Trade Atlas reports that the Czech Republic exported 233,185 short tons of seamless pipe and tube (excluding OCTG) in 2009, a decrease of almost one third compared with 2008.[47] Germany is the Czech Republic's largest export customer for seamless pipe and tube.

There are three known producers of seamless SLP pipe in the Czech Republic: ArcelorMittal Ostrava ("Ostrava"), Valcovna Trub TZ ("Valcovna"),[48] and Valcovny Trub Chomutov.

Ostrava has an annual production capacity of 353,000 short tons of finished seamless tubular products, which include OCTG.[49] Ostrava produces a wide range of seamless pipes including ASTM A-53, A-106, and APL 5L with outside diameters ranging from 0.840 inch to 10.750 inches.

Valcovna's annual seamless pipe and tube production capacity amounts to 132,000 short tons. The company reportedly produced 88,000 short tons of seamless pipes and tubes in 2009, including

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[41] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*, February 2010, p. 4.

[42] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

[43] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

[44] Tenaris is also affiliated with seamless pipe producers Dalmine (Italy), Algoma Tubes (Canada), TAVSA (Venezuela), TAMSA (Mexico), Silcotub (Romania), and NKK Tubes (Japan).

[45] *Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico, Inv. Nos. 731-TA-711 and 713-716 (Second Review)*, USITC publication 3923, June 2007, p. IV-14.

[46] Table VII-1.

[47] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59, and exclude OCTG. These subheadings include nonsubject products, including mechanical tubing and boiler tubing, and therefore substantially overstate the volume of exports of seamless SLP pipe.

[48] ArcelorMittal Ostrava is a wholly owned subsidiary of ArcelorMittal (Luxembourg), and is affiliated seamless pipe producers ArcelorMittal South Africa and ArcelorMittal Romania.

[49] ArcelorMittal company website, found at http://www.arcelormittal.com/tubular/ostrava-53.html, retrieved October 23, 2009.

seamless OCTG and couplings.[50] Valcovna produces a wide range of seamless pipes including ASTM A-53, A-106, A-333, A-335, and APL 5L with outside diameters ranging from 2.375 inches to 16 inches.

The third company, Valcovny Trub Chomutov, also provides a wide range of seamless products including ASTM A-53, A-106, A-333, and APL 5L with outside diameters ranging from 10.750 inches to 24.016 inches.[51]

Germany

According to the WSA, Germany produced over 2 million short tons of seamless pipe and tube in 2007, as noted in table VII-1.[52] Global Trade Atlas reports that Germany exported 648,652 short tons of seamless pipe (excluding OCTG) in 2009, a decrease of over 40 percent compared with 2008.[53] France is Germany's largest export market for seamless pipe (excluding OCTG), although the United States imported 57,887 short tons of seamless SLP pipe from Germany in 2009.

There are several seamless producers in Germany but the three best known producers are Benteler Steel AG, ESW Rohrewerke GmbH, and V&M Tube Deutschland GmbH ("VMD")[54] which account for the majority of seamless pipe production in Germany.[55] These companies also produce other seamless pipes, including OCTG, stainless pipe, boiler tubing, tubing suitable for ball or roller bearings, mechanical tubing, and structural tubing.[56]

VMD is the largest producer with a capacity exceeding 1.8 million net tons, a wide range of seamless products including ASTM A-53, A-335, and APL 5L with outside diameters ranging from 0.591 inch to 59.055 inches.[57]

Italy

According to the WSA, Italy produced 933,000 short tons of seamless pipe and tube in 2007, as noted in table VII-1.[58] Global Trade Atlas reports that Italy exported 481,096 short tons of seamless pipe (excluding OCTG) in 2009, a decrease of almost 30 percent compared with 2008.[59] The United States is Italy's second largest export market for seamless pipe (excluding OCTG), after Saudi Arabia.

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[50] Metal Bulletin Directories, *Iron and Steel Works of the World Directory 2009*, 18th Edition, January 2009, p. 70; Valcovna Trub TZ, *Annual Report 2008*, p. 7; and Valcovna Trub TZ company website, found at http://www.tube.cz, retrieved October 21, 2009.

[51] Simdex data does not provide total seamless production for Valcovny Trub Chomutov.

[52] Germany did not report its seamless tube production for 2009 to the WSA.

[53] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely substantially overstate the volume of exports of seamless pipe (excluding OCTG).

[54] VMD is affiliated with seamless pipe producers V&M Star (United States), V&M Brazil (Brazil), V&M France (France), and V&M Tubes (wholly-owned by Groupe Vallourec (France)).

[55] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review)*, USITC Publication 3918, May 2007, p. IV-15.

[56] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review)*, USITC Publication 3918, May 2007, p. IV-16.

[57] Simdex Steel Tube Manufacturers Worldwide Guide, April 2010 Update.

[58] Italy did not report its 2008 seamless production to the WSA.

[59] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

Tenaris Dalmine ("Dalmine") is the largest producer of seamless pipe (excluding OCTG) in Italy. Dalmine has an annual production capacity of approximately 1 million short tons, which includes seamless pipe, OCTG, mechanical tubing, and structural tubing.[60]

Mexico

According to the WSA, Mexico produced 744,000 short tons of seamless pipe and tube in 2008, as noted in table VII-1. Mexico exported approximately 72,181 short tons of seamless pipe (excluding OCTG) in 2009, a decrease of almost 30 percent compared with 2008.[61] The United States is Mexico's largest export market for seamless pipe.

Tubos de Acero de Mexico ("TAMSA"), wholly owned by Tenaris, is the only seamless pipe producer in Mexico.[62] TAMSA has an annual production capacity of approximately 860,000 short tons of seamless products, which include OCTG casing, drill pipe, fittings, mechanical tubing, and automotive components.[63] In September 2008, TAMSA announced plans to increase production capacity by installing a new seamless pipe facility capable of producing seamless pipe up to 7 inches in outside diameter.[64] The new $1.6 billion pipe mill, which reportedly will include iron and steelmaking facilities, will have an annual production capacity of approximately 500,000 short tons of finished tubular products, and is expected to begin production in 2011.[65] In March 2009, TAMSA reportedly was operating at 70-80 percent capacity as a result of decreased demand for seamless tubular products due to falling oil prices. The company has delayed drilling projects but stressed that it would continue to pursue its planned expansion investment when market conditions improve.[66]

Russia

Although estimates of seamless tube production in Russia are unavailable from the WSA, Russia exported 290,407 short tons of seamless pipe in 2009, primarily to Iran, Turkey, and Kazakhstan.[67]

TMK Group ("TMK") is a leading Russian seamless pipe maker. TMK reportedly produces both seamless and welded tubular products at the following subsidiaries: Seversky Tube Works, Sinarksy Pipe Works, Taganrog Metallurgical Works, and Volzhsky Pipe Plant with a total capacity of 2.3 million short

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[60] Tenaris Dalmine information sheet, found at http://www.tenaris.com/Italy/en/files/Dalmine_ing_02.pdf, retrieved October 19, 2009.

[61] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

[62] Simdex Steel Manufacturers Worldwide Guide, April 2010 Update.

[63] Simdex Steel Manufacturers Worldwide Guide, April 2010 Update.

[64] Tenaris, *Annual Report 2008*, p. 9; Tenaris press release, "Tenaris to expand production capacity, September 2, 2008).

[65] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*, May 2009, p. 12.

[66] *Steel Guru*, "Production pruning—Tenaris Tamsa operating at 80% capacity," March 12, 2009; *Steel Guru*, "Tenaris Tamsa to continue pursuing its investment plans," March 15, 2009. See also *MBR*– Seamless, May 2009, p. 12.

[67] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, and 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

tons for tubes and pipes of outside diameters ranging from 0.2 to 17 inches.[68] TMK has recently begun to explore opportunities in the Sub-Saharan Africa market by opening a sales office in South Africa.[69]

Currently, due to low demand, TMK is operating at 70-80 percent of capacity. Preston reported that the company believes that the demand for pipe products is currently "equally stable" in the United States (where it owns the former IPSCO tubular operations) and in Russia.[70]

Another seamless pipe producer, Pervouralsky Novotrubny Works, located near Moscow, has a capacity of 882,000 net tons. It produces seamless pipe to specifications ASTM A-53 and A-106 with outside diameters ranging from 0.157 inch to 8.625 inches.[71]

Chelyabinsk Tube Rolling Company Chelyabinsk produces seamless products to ASTM A-333 and API 5L with outside diameters ranging from 0.394 inch to 20 inches.[72]

Ukraine

Although estimates of seamless tube production in Ukraine are unavailable from the WSA, Global Trade Atlas reported that Ukraine exported 257,623 short tons of seamless pipe (excluding OCTG) in 2009, a decrease of almost 60 percent compared with 2008. Russia was the leading market for Ukraine's exports, accounting for approximately one third of Ukraine's exports in 2008-09. The United States was the second largest destination for Ukraine's seamless pipe in 2008, but fell to seventeenth in 2009.[73]

There are four known producers of seamless pipe (excluding OCTG) in Ukraine: Dniepropetrovsk Tube Works, Ilyich Iron & Steel Works, Interpipe, and Steelprom. Among these, Interpipe is the most well-known. In 2006, Interpipe's seamless pipe and tube mill NTRP reportedly produced 840,000 short tons of seamless pipe and tube, while its Niko Tube facility produced 238,000 short tons. In late 2008, Interpipe reportedly reduced production levels because of weak demand. Interpipe's NTRP facility reportedly was operating at 60 percent of normal production levels, while Niko Tube was operating at 20 percent of capacity.[74] In 2009, Russia reportedly introduced a five-year antidumping duty on imports of pipe from Ukraine. Interpipe reportedly had negotiated with Russia an export quota of 470,000 short tons of pipe into Russia.[75] As reported by MBR, Interpipe has recently extended their marketing activities in the Middle East region.[76]

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[68] Metal Bulletin Ltd., "*Iron & Steel Works of the World*," 18th edition, January 2009, p. 215.

[69] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*, July 2010, p. 12.

[70] Preston Publishing Company, Preston Pipe and Tube Report, June 2010, p. 20.

[71] Simdex Steel Tube Manufacturers Worldwide Guide, April 2010 Update.

[72] Simdex Steel Tube Manufacturers Worldwide Guide, April 2010 Update.

[73] Global Trade Information Services, Inc., *Global Trade Atlas* online database. Trade data reported at the HS 6-digit subheading level for subheadings 7304.10, 7304.19, 7304.39, 7304.59. These subheadings include nonsubject products and therefore likely overstate the volume of exports of seamless pipe (excluding OCTG).

[74] Metal Bulletin Research, "Interpipe Reduces Production," November 4, 2008.

[75] Metal Bulletin, *Interpipe Faces New Tariffs on Exports to Russia*," March 5, 2009.

[76] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*, June 2010, p. 12.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–469 (Final) and 731–TA–1168 (Final)]

Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of countervailing duty and antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of countervailing duty investigation No. 701–TA–469 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) (the Act) and the final phase of antidumping investigation No. 731–TA–1168 (Final) under section 735(b) of the Act (19 U.S.C. 1673d(b)) to determine whether 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 subsidized and less-than-fair-value imports from China of certain seamless carbon and alloy steel standard, line, and pressure pipe ("seamless SLP pipe"), provided for in subheadings 7301.19.10, 7304.19.50, 7304.31.60, 7304.39.00, 7304.51.50, 7304.59.60, and 7304.59.80 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of this phase of the investigations, hearing procedures, 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 C (19 CFR part 207).

DATES: *Effective Date:* April 28, 2010.

FOR FURTHER INFORMATION CONTACT: Jennifer Merrill (202–205–3188), 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

[1] For purposes of these investigations, the Department of Commerce has defined the subject merchandise as "* * * Certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall thickness, manufacturing process (*e.g.,* hot-finished or cold-drawn), end finish (*e.g.,* plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (*e.g.,* bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or "hollow profiles" suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials ("ASTM") or American Petroleum Institute ("API") specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–335, ASTM A–589, ASTM A–795, ASTM A–1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below. Specifically excluded from the scope of the investigation are unattached couplings."

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.—The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 703 of the Act (19 U.S.C. 1671b) are being provided to manufacturers, producers, or exporters in China of seamless SLP pipe, and that such products are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on September 16, 2009, by U.S. Steel Corp., Pittsburgh, PA, and V&M Star L.P., Houston, TX.

Participation in the investigations and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

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 the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on August 30, 2010, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on September 14, 2010, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before September 8, 2010. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on September 10, 2010, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is September 7, 2010. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is September 21, 2010; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, on or before September 21, 2010. On October 8, 2010, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before October 12, 2010, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (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 207.21 of the Commission's rules.

By order of the Commission.

Issued: May 5, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–11057 Filed 5–10–10; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–570–957]

Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the "Department") has determined that countervailable subsidies are being provided to producers and exporters of seamless carbon and alloy steel standard, line, and pressure pipe ("seamless pipe") from the People's Republic of China ("PRC"). For information on the estimated countervailing duty rates, please see the "Suspension of Liquidation" section, below.

DATES: *Effective Date:* September 21, 2010.

FOR FURTHER INFORMATION CONTACT: Shane Subler, Joseph Shuler, and Matthew Jordan, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0189, (202) 482–1293, and (202) 482–1540, respectively.

Period of Investigation

The period for which we are measuring subsidies, or period of investigation, is January 1, 2008, through December 31, 2008.

Case History

The following events have occurred since our preliminary determination. *See Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination,* 75 FR 9163 (March 1, 2010) ("*Preliminary Determination*").

On February 23, 2010, the Department received supplemental questionnaire

responses from Hengyang Steel Tube Group International Trading, Inc. ("Hengyang Trading"), Hengyang Valin Steel Tube Co., Ltd. ("Hengyang Valin"), Hengyang Valin MPM Tube Co., Ltd. ("Hengyang MPM"), Xigang Seamless Steel Tube Co., Ltd. ("Xigang Seamless"), Wuxi Seamless Special Pipe Co., Ltd. ("Special Pipe"), Jiangsu Xigang Group Co., Ltd. ("Xigang Group"), and Wuxi Resources Steel Making Co., Ltd. ("Resources Steel"), as well as responses from Hunan Valin Xiangtan Iron & Steel Co., Ltd. ("Valin Xiangtan"), Wuxi Sifang Steel Tube Co., Ltd. ("Sifang"), Hunan Valin Steel Co., Ltd. ("Hunan Valin"), and Hunan Valin Iron & Steel Group Co., Ltd. ("Valin Group"), (collectively, "Hengyang").

On March 3, 2010, and March 8, 2010, the Department issued questionnaires regarding new subsidy allegations to Tianjin Pipe (Group) Corp., Tianjin Pipe Iron Manufacturing Co., Ltd., Tianguan Yuantong Pipe Product Co., Ltd., Tianjin Pipe International Economic and Trading Co., Ltd., TPCO Charging Development Co., Ltd. (collectively, "TPCO"), and Hengyang. The Department received a response from TPCO on March 10, 2010. The Department received a response from Hengyang on March 23, 2010. The Department issued a supplemental questionnaire to Hengyang on March 29, 2010, and received a response on April 13, 2010. The Department issued a letter on April 5, 2010, to the Government of China ("GOC") asking for an update of its initial questionnaire response with respect to coking coal purchase information supplied to the GOC by Hengyang. The Department received a response to this letter on May 4, 2010. The Department issued a supplemental questionnaire regarding export restrictions to the GOC on April 13, 2010 and received a response on April 20, 2010. The Department issued a letter on April 16, 2010, to the GOC regarding CRC China, a company identified by Hengyang as the ultimate owner of subsidiary companies that held ownership stakes in the responding Hengyang companies since December 11, 2001.[1] The Department received a response on April 30, 2010. The Department sent a letter to the GOC on May 5, 2010, regarding the GOC's April 30 response on CRC China. The Department received a response on May 12, 2010. The Department issued a supplemental questionnaire to the GOC on May 18, 2010, and received a response on May 25, 2010.

On March 1, 2010, Petitioners[2] requested alignment of the final countervailing duty determination with the final determination in the companion antidumping duty investigation of seamless pipe from the PRC, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended ("the Act"), and 19 CFR 351.210(b)(4). On March 15, 2010, the Department announced the alignment of the final countervailing duty determination of seamless pipe from the PRC with the final determination in the companion antidumping duty investigation of seamless pipe from the PRC. *See Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination,* 75 FR 13255 (March 19, 2010).

On April 14, 2010, U.S. Steel filed an uncreditworthy allegation with respect to Xigang Group, Xigang Seamless, Special Pipe, and Resources Steel. On May 12, 2010, the Department announced it would not investigate the uncreditworthiness allegation. *See* Memorandum from Joseph Shuler and Shane Subler, International Trade Compliance Analysts, to Susan Kuhbach, Director, Office 1, Import Administration, entitled "Uncreditworthy Allegation," (May 12, 2010).

On May 12, 2010, the Department received a response from U.S. Steel regarding the GOC's April 20, 2010, export restrictions response.

From June 7, 2010, to June 18, 2010, we conducted verification of the questionnaire responses submitted by Hengyang and TPCO. *See* Memorandum from Shane Subler and Matthew Jordan, International Trade Compliance Analysts, Office 1, to Susan H. Kuhbach, Office Director, AD/CVD Operations, Office 1, entitled "Verification Report: Hengyang Steel Tube Group International Trading, Inc. ("Hengyang Trading"), Hengyang Valin Steel Tube Co., Ltd. ("Hengyang Valin"), Hengyang Valin MPM Tube Co., Ltd. ("Hengyang MPM"), Xigang Seamless Steel Tube Co., Ltd. ("Xigang Seamless"), Wuxi Seamless Special Pipe Co., Ltd. ("Special Pipe"), Jiangsu Xigang Group Co., Ltd. ("Xigang Group"), Wuxi Resources Steel Making Co., Ltd. ("Resources Steel"), Hunan Valin Xiangtan Iron & Steel Co., Ltd. ("Valin Xiangtan"), Wuxi Sifang Steel Tube Co., Ltd. ("Sifang"), Hunan Valin Steel Co., Ltd. ("Hunan Valin"), and Hunan Valin Iron & Steel Group Co., Ltd. ("Valin Group") (collectively, "Hengyang")" (July 16, 2010); and Memorandum from Scott Holland and Joseph Shuler, International Trade Compliance Analysts, Office 1, to Susan H. Kuhbach, Office Director, AD/CVD Operations, Office 1, entitled "Verification Report: Tianjin Pipe (Group) Corporation ("TPCO Group"), Tianjin Pipe Iron Manufacturing Co., Ltd. ("TPCO Iron"), Tianguan Yuantong Pipe Product Co., Ltd. ("Yuantong"), Tianjin Pipe International Economic and Trading Co., Ltd. ("TPCO International"), and TPCO Charging Development Co., Ltd. ("Charging") (collectively, "TPCO") (August 9, 2010).

On August 13, 2010, the Department issued its Hengyang Post-Preliminary Analysis and TPCO Post-Preliminary Analysis.[3] We received case briefs from the GOC, TPCO, Hengyang, U.S. Steel, Toyota Tsusho American Inc. ("TAI"), and Salem Steel North America, LLC ("Salem Steel") on August 26, 2010. We returned the case brief of Hengyang on August 26, 2010, as it appeared to contain new factual information not on the record of this case. Hengyang resubmitted its case brief on August 30, 2010. The GOC, TPCO, Hengyang, and U.S. Steel submitted rebuttal briefs on September 1, 2010.

The GOC, TPCO, and Petitioners requested a hearing. The same parties later withdrew their requests. Therefore, no hearing was held. Hengyang and U.S. Steel requested a meeting. A meeting with Hengyang was held on September

[1] *See* Volume 5, page 5 of Hengyang's January 4, 2010, questionnaire response.

[2] Petitioners in this investigation are United States Steel Corporation ("U.S. Steel"); TMK IPSCO; V&M Star L.P.; and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL–CIO–CLC (collectively, "Petitioners").

[3] *See* Memorandum from Susan H. Kuhbach, Office Director, AD/CVD Operations, Office 1, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, dated August 13, 2010, "Countervailing Duty Investigation of Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for: Hengyang Steel Tube Group International Trading, Inc. ("Hengyang Trading"), Hengyang Valin Steel Tube Co., Ltd. ("Hengyang Valin"), Hengyang Valin MPM Tube Co., Ltd. ("Hengyang MPM"), Xigang Seamless Steel Tube Co., Ltd. ("Xigang Seamless"), Wuxi Seamless Special Pipe Co., Ltd. ("Special Pipe"), Jiangsu Xigang Group Co., Ltd. ("Xigang Group"), Wuxi Resources Steel Making Co., Ltd. ("Resources Steel"), Hunan Valin Xiangtan Iron & Steel Co., Ltd. ("Valin Xiangtan"), Wuxi Sifang Steel Tube Co., Ltd. ("Sifang"), Hunan Valin Steel Co., Ltd. ("Hunan Valin"), Hunan Valin Iron & Steel Group Co., Ltd. ("Valin Group") (collectively "Hengyang") (August 13, 2010) ("Hengyang Post-Preliminary Analysis"); and Memorandum from Edward Yang to Ronald Lorentzen, "Countervailing Duty Investigation of Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for (TPCO)" (August 13, 2010) ("TPCO Post-Preliminary Analysis").

2, 2010. A meeting with U.S. Steel was held on September 3, 2010.

Scope of the Investigation

The scope of this investigation consists of certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (*e.g.,* hot-finished or cold-drawn), end finish (*e.g.,* plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (*e.g.,* bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or "hollow profiles" suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials ("ASTM") or American Petroleum Institute ("API") specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–589, ASTM A–795, ASTM A–1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below.

Specifically excluded from the scope of the investigation are: (1) All pipes meeting aerospace, hydraulic, and bearing tubing specifications; (2) all pipes meeting the chemical requirements of ASTM A–335, whether finished or unfinished; and (3) unattached couplings. Also excluded from the scope of the investigation are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, i.e., outside diameter and wall thickness of ASTM A–53, ASTM A–106 or API 5L specifications.

The merchandise covered by the investigation is currently classified in the Harmonized Tariff Schedule of the United States ("HTSUS") under item numbers: 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, and 7304.59.8070.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the merchandise subject to this scope is dispositive.

Scope Comments

On May 26, 2010, Salem Steel, a U.S. importer of cold drawn seamless mechanical tubing, submitted comments on the scope of this investigation. Salem requested that the Department amend the scope of this investigation to exclude CD Mechanical Tubing from the scope of the investigation. On June 4, 2010, Salem Steel submitted proposed scope language to exclude CD mechanical tubing from the scope of the investigation. On June 8, 2010, TAI submitted comments supporting Salem's proposed scope exclusion language. On June 23, 2010, the Department issued a proposed scope modification via letter and requested comments. *See* Letter to Interested Parties, Regarding the "Antidumping Duty Investigation of Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China," dated June 23, 2010. Specifically, the Department's proposed scope modification language excluded "all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, *i.e.,* outside diameter and wall thickness of ASTM A–53, ASTM A–106 or APL 5L specifications." *Id.* On June 30, 2010, TAI and Salem Steel submitted comments that both supported the Department's proposed scope modifications, as well as language that suggested additional modifications to the scope of the investigation. On July 2, 2010, Petitioners also submitted comments that both supported the Department's proposed scope modification, as well as language that suggested additional modifications to the scope of the investigation. On August 20, 2010, the Department issued a proposed scope modification via memorandum and requested comments. On August 23, 2010, TAI submitted comments supporting the Department's proposed scope modification language. After considering parties' comments, the Department has determined to remove ASTM A–335 from the list of covered specifications included within the scope of this investigation, and include the following exclusion language in the scope:

Specifically excluded from the scope of these investigations are: (1) All pipes meeting aerospace, hydraulic, and bearing tubing specifications; (2) all pipes meeting the chemical requirements of ASTM A–335, whether finished or unfinished; and (3) unattached couplings. Also excluded from the scope of these investigations are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, i.e., outside diameter and wall thickness of ASTM A–53, ASTM A–106 or API 5L specifications.

See Comment 5 of the accompanying Issues and Decision Memorandum for additional information.

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 U.S. International Trade Commission ("ITC") must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to a U.S. industry. On November 2, 2009, the ITC issued its affirmative preliminary determination that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of allegedly subsidized imports of seamless pipe from the PRC. *See Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From China,* 74 FR 57521 (November 6, 2009) and *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China: Investigation Nos. 701–TA–469 and 731–TA–1168 (Preliminary)* (November 2009).

Critical Circumstances

In the *Preliminary Determination,* the Department concluded that critical circumstances did not exist with respect to imports of seamless pipe from the PRC from TPCO, in accordance with 703(e)(1) of the Act, because TPCO's shipments did not reach the threshold for a finding that there have been massive imports of the subject merchandise over a relatively short period.[4] However, in the *Preliminary Determination,* the Department concluded that critical circumstances do exist with respect to imports of seamless pipe from the PRC from Hengyang, in accordance with 703(e)(1)(B) of the Act. For "all other" exporters, we determined that critical circumstances do exist with respect to imports of seamless pipe from the PRC from "all other" exporters, in

[4] *See* 75 FR at 9165.

accordance with section 703(e)(1)(B) of the Act.[5]

We have not received any information since the *Preliminary Determination* that would lead us to change our preliminary finding. Therefore, in accordance with 705(a)(2) of the Act, we continue to find that critical circumstances exist with respect to imports of subject merchandise from the PRC from Hengyang and "all other" exporters, but not for imports from TPCO.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the Memorandum from Susan H. Kuhbach, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Acting Deputy Assistant Secretary for Import Administration, entitled "*Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe ("Seamless Pipe") from the People's Republic of China*" (September 10, 2010) (hereafter "Decision Memorandum"), which is hereby adopted by this notice. Attached to this notice as an Appendix is a list of the issues that parties have raised and to which we have responded in the Decision Memorandum. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, Room 1117 in the main building of the Commerce Department. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at *http://ia.ita.doc.gov/frn/*. The paper copy and electronic version of the Decision Memorandum are identical in content.

Use of Adverse Facts Available

For purposes of this final determination, we have continued to rely on facts available and to draw an adverse inference, in accordance with sections 776(a) and (b) of the Act, to determine that the GOC's dominance of the market in the PRC for steel round billets supports the reasonable conclusion that this market is significantly distorted. Consequently, we are not relying on domestic prices in the PRC in determining whether a benefit was conferred through the GOC's provision of steel round billets to the mandatory respondents. Similarly, we have continued to apply AFA to determine that all of the steel round billets were provided by government authorities.

The Department continues to find that the use of "facts otherwise available" is warranted with regard to the GOC's provision of electricity to the mandatory respondents. Specifically, the Department requested that the GOC explain how electricity cost increases are reflected in retail price increases. The GOC responded that it was gathering this information, but it did not request an extension from the Department for submitting this information after the original questionnaire deadline date. Because the GOC did not provide the requested information, we determine that necessary information is not on the record. Accordingly, the use of facts otherwise available under section 776(a) of the Act is appropriate. By not responding to our questionnaire, the GOC has failed to act to the best of its ability. Accordingly, we find that an adverse inference is warranted, pursuant to section 776(b) of the Act. Specifically, we find that the GOC's provision of electricity constitutes a financial contribution within the meaning of section 771(5)(D) of the Act and is specific within the meaning of section 771(5A) of the Act. We have also relied on an adverse inference in selecting a benchmark for determining the existence and amount of the benefit.

The Department continues to find that the use of "facts otherwise available" is warranted with regard to TPCO's reported receipt of countervailable grants. The Department requested that the GOC provide information about these grants in the initial questionnaire and a supplemental questionnaire. The GOC did not provide the requested information, asserting that it needed more time to gather the data. Although the GOC responded that it was gathering this information, it did not request an extension from the Department for submitting this information after the supplemental questionnaire deadline date. Because the GOC did not provide the requested information concerning these grants, we determine that necessary information is not on the record and that the GOC did not provide requested information by the submission deadline. Accordingly, the use of facts otherwise available pursuant to section 776(a) of the Act is appropriate. Also, we determine that the GOC has failed to cooperate by not acting to the best of its ability to comply with our request for information as it did not respond by the deadline dates, nor did it explain why it is unable to provide the requested information, with the result that an adverse inference pursuant to section 776(b) of the Act is warranted in the application of facts available. We find that these subsidies are a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act, providing a benefit in the amount of the grant. See 19 CFR 351.504(a). We determine, in the absence of a response from the GOC, that the subsidies received under this program are limited to TPCO. Hence, we find that these subsidies are specific under section 771(5A)(D)(i) of the Act.

In a departure from the *Preliminary Determination,* the Department now finds that the use of "facts otherwise available" pursuant to section 776(a) of the Act is warranted with regard to the provision of coking coal for less than adequate remuneration ("LTAR"). In the *Preliminary Determination,* based on the information on the record at that time, the Department found that none of the mandatory respondents received benefits under the program.[6] At that time, Hengyang was scheduled to provide a supplemental questionnaire response on behalf of certain cross-owned affiliates. Accordingly, the Department stated, "We intend to address {Hengyang's supplemental} response in a post-preliminary determination."[7] In Hengyang's February 23, 2010 supplemental questionnaire response, Hengyang indicated that a cross-owned affiliate used coking coal. Accordingly, subsequent to the *Preliminary Determination,* the Department investigated the allegation concerning coking coal provided for LTAR. In the context of its investigation, the Department requested information from the GOC about the coking coal suppliers and the coking coal industry within the PRC. The GOC did not provide the requested information. Because the GOC did not provide the requested information concerning the coking coal industry within the PRC, we determine that necessary information is not on the record. Accordingly, the use of facts otherwise available pursuant to section 776(a) of the Act is appropriate. Also, we determine that the GOC has failed to cooperate by not acting to the best of its ability to comply with our request for information, with the result that an adverse inference pursuant to section 776(b) of the Act is warranted in the application of facts available. Consequently, we have applied AFA to

[5] *See* 75 FR at 9165.

[6] *See* 75 FR at 9180.

[7] *See* 75 FR at 9170.

determine that all of the coking coal was provided by government authorities.

In a departure from the *Preliminary Determination,* the Department now finds that the use of "facts otherwise available" is warranted with regard to export restrictions on coke. In the *Preliminary Determination,* the Department found the program to be not countervailable.[8] After the *Preliminary Determination,* we requested additional information on this program from the GOC. The GOC failed to answer certain questions from the supplemental questionnaires, which we described in the TPCO Post-Preliminary Analysis and Hengyang Post-Preliminary Analysis.[9] Because the GOC did not provide the requested information concerning the coke industry within the PRC, we determine that necessary information is not on the record. Accordingly, the use of facts otherwise available pursuant to section 776(a) of the Act is appropriate. Also, we determine that the GOC has failed to cooperate by not acting to the best of its ability to comply with our request for information, with the result that an adverse inference pursuant to section 776(b) of the Act is warranted in the application of facts available. In drawing an adverse inference, we determine that the GOC's export restraints on coke constitute a financial contribution (*i.e.,* provision of goods) to PRC producers of downstream goods that incorporate coke within the meaning of sections 771(5)(B) and (D)(ii) of the Act. Moreover, as an adverse inference, we find that GOC's export restraints on coke are specific to producers of seamless pipe in the PRC within the meaning of section 771(5A) of the Act. Accordingly, we determine that, through these export restraints, the GOC is providing inputs to downstream producers of seamless pipe.

The Department also now finds that the use of "facts otherwise available" is warranted with regard to deed tax exemption. In the Hengyang Post-Preliminary Analysis, we determined that Hengyang Valin and Valin Xiangtan each received benefits under this program.[10] We asked the GOC to update its response to the initial questionnaire regarding the benefits received by Hengyang Valin and Valin Xiangtan. However, the GOC stated that it has no record of either company receiving benefits from this program and, therefore, did not provide a response to any parts of the original questionnaire with respect to this program.[11] Because the GOC did not provide the requested information concerning these exemptions, we determine that necessary information is not on the record. Accordingly, the use of facts otherwise available pursuant to section 776(a) of the Act is appropriate. Also, we determine that the GOC has failed to cooperate by not acting to the best of its ability to comply with our request for information. We determine that these deed tax exemptions confer a countervailable benefit on Hengyang. The deed tax exemptions are a financial contribution in the form of revenue forgone.[12] In the absence of a response from the GOC, we find, as an adverse inference pursuant to section 776(b) of the Act, that the subsidies received under this program are limited to Hengyang and, therefore, are specific under section 771(5A)(D)(i) of the Act. The amount of the countervailable benefit is the amount of deed tax Hengyang would have paid in the absence of this program.[13]

The Department finds that the use of "facts otherwise available" is warranted with regard to CRC China and its subsidiaries. In the Hengyang Post-Preliminary Analysis, we found that Hengyang and the GOC failed to provide complete information on CRC China or its subsidiaries.[14] Thus, we had no information to determine the ownership structure of CRC China or its subsidiaries, or to determine whether CRC China or its subsidiaries received countervailable subsidies. We also could not determine whether CRC China and/or its subsidiaries have other cross-owned affiliates (*e.g.,* producers of seamless pipe) that received countervailable subsidies. Because the GOC did not provide the requested information concerning CRC China and its subsidiaries, we determine that necessary information is not on the record. Accordingly, the use of facts otherwise available pursuant to section 776(a) of the Act is appropriate. Also, we determine that the GOC has failed to cooperate by not acting to the best of its ability to comply with our request for information. Consequently, an adverse inference pursuant to section 776(b) of the Act is warranted in the application of facts available. For purposes of this final determination, we determine that CRC China together with its subsidiaries benefitted from all countervailable programs that at least one respondent in this investigation has used because we do not have information on the record concerning which programs CRC China and its subsidiaries actually used, but do have information that exporters or producers of seamless pipe and their cross-owned companies did use and benefit from these programs. For each of these programs, we are applying the highest rate that we calculated for that program for the responding Hengyang companies as a whole or for TPCO.[15] Specifically, we will apply the highest calculated rate for the identical program in this investigation if either Hengyang or TPCO used the program.

For a full discussion of these issues, please see the Decision Memorandum, at "Use of Facts Otherwise Available and Adverse Facts Available."

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have calculated a rate for each individually investigated producer/exporter of the subject merchandise. Section 705(c)(5)(A)(i) of the Act states that for companies not investigated, we will determine an "all others" rate equal to the weighted average countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act.

Notwithstanding the language of section 705(c)(1)(B)(i)(I) of the Act, we have not calculated the "all others" rate by weight averaging the rates of TPCO and Hengyang, because doing so risks disclosure of proprietary information. Therefore, we have calculated a simple average of the two responding firms' rates. Since both TPCO and Hengyang received countervailable export subsidies and the "all others" rate is a simple average based on the individually investigated exporters and producers, the "all others" rate includes export subsidies.

We determine the total net countervailable subsidy rates to be:

[8] *See* 75 FR at 9179.

[9] *See* TPCO Post-Preliminary Analysis at pages 3–9; *see also* Hengyang Post-Preliminary Analysis at pages 25–30.

[10] *See* Hengyang Post-Preliminary Analysis at pages 22–23.

[11] *See* Response of the Government of China to the Department's Fourth Supplemental Questionnaire (May 5, 2010) ("G4SR") at 1.

[12] *See* section 771(5)(D)(ii) of the Act.

[13] *See* 19 CFR 351.509(a)(1).

[14] *See* Hengyang Post-Preliminary Analysis at 8.

[15] Tianjin Pipe (Group) Corporation, Tianjin Pipe Iron Manufacturing Co., Ltd., Tianguan Yuantong Pipe Product Co., Ltd., Tianjin Pipe International Economic and Trading Co., Ltd., and TPCO Charging Development Co., Ltd. (collectively, "TPCO").

Exporter/Manufacturer	Net subsidy rate
Tianjin Pipe (Group) Corp., Tianjin Pipe Iron Manufacturing Co., Ltd., Tianguan Yuantong Pipe Product Co., Ltd., Tianjin Pipe International Economic and Trading Co., Ltd., and TPCO Charging Development Co., Ltd.	13.66
Hengyang Steel Tube Group Int'l Trading, Inc., Hengyang Valin Steel Tube Co., Ltd., Hengyang Valin MPM Tube Co., Ltd., Xigang Seamless Steel Tube Co., Ltd., Wuxi Seamless Special Pipe Co., Ltd., Wuxi Resources Steel Making Co., Ltd., Jiangsu Xigang Group Co., Ltd., Hunan Valin Xiangtan Iron & Steel Co., Ltd., Wuxi Sifang Steel Tube Co., Ltd., Hunan Valin Steel Co., Ltd., Hunan Valin Iron & Steel Group Co., Ltd.	53.65
All Others	33.66

Also, in accordance with section 703(d) of the Act, we instructed U.S. Customs and Border Protection ("CBP") to discontinue the suspension of liquidation for countervailing duty purposes for subject merchandise entered on or after June 29, 2010, but to continue the suspension of liquidation of entries made from March 1, 2010, through June 28, 2010.

We will issue a countervailing duty order if the ITC issues a final affirmative injury determination, and will instruct CBP to suspend liquidation of entries of seamless pipe from the PRC and to require a cash deposit of estimated countervailing duties for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated deposits or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an APO, without the written consent of the Assistant Secretary for Import Administration.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an administrative protective order ("APO") of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Dated: September 10, 2010.

Paul Piquado,

Acting Deputy Assistant Secretary for Import Administration.

Appendix—List of Comments and Issues in the Decision Memorandum

General Issues

Comment 1 Application of CVD Law to the PRC
Comment 2 Whether Application of the CVD Law to NMEs Violates the Administrative Protection Act
Comment 3 Double Counting/Overlapping Remedies
Comment 4 Cutoff Date for Identifying Subsidies
Comment 5 Scope of the Investigation

Provision of Steel Rounds for LTAR

Comment 6 Application of AFA in Determining the Benchmark for Steel Rounds
Comment 7 Government Ownership Should Not be the Dispositive Factor in Determining Whether a Financial Contribution Has Occurred
Comment 8 Trading Company Suppliers
Comment 9 Benchmark Issues

Government Policy Lending

Comment 10 Whether Chinese Commercial Banks Are "Authorities"
Comment 11 Whether the Policy Loan Program Is *De Jure* Specific
Comment 12 Whether the Department Should Use an In-country Benchmark
Comment 13 External Benchmark Methodology

Whether There is a Provision of Land for LTAR

Comment 14 Financial Contribution
Comment 15 Whether to Use an In-country Benchmark
Comment 16 Whether There Are Flaws in the Thai Benchmark
Comment 17 Whether Land Is Specific
Comment 18 Provision of Land-use Rights to Hengyang

Provision of Coking Coal for LTAR

Comment 19 Countervailability of Program
Comment 20 Freight Benchmark for Coking Coal Purchases

Hengyang-specific Issues

Comment 21 Cross-ownership Between Hengyang Companies
Comment 22 Application of AFA to CRC China
Comment 23 Finding that the GOC Did Not Cooperate With Respect to CRC China
Comment 24 Hengyang Attribution
Comment 25 Hengyang Electricity Purchases
Comment 26 Currency Denomination for Hengyang Loans
Comment 27 Clerical Error Allegations for Debt Restructuring
Comment 28 Uncreditworthiness Allegation

TPCO-specific Issues

Comment 29 TPCO Attribution of Subsidies
Comment 30 TPCO Group Accelerated Depreciation

Other Issues

Comment 31 Export Restraints on Steel Rounds
Comment 32 Export Restraints on Coke

[FR Doc. 2010–23547 Filed 9–20–10; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–956]

Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

DATES: *Effective Date:* September 21, 2010.

SUMMARY: The Department of Commerce ("the Department") has determined that certain seamless carbon and alloy steel standard, line, and pressure pipe from the People's Republic of China ("PRC")

are being, or are likely to be, sold in the United States at less than fair value ("LTFV") as provided in section 735 of the Tariff Act of 1930, as amended ("the Act"). The final dumping margins for this investigation are listed in the "Final Determination Margins" section below. The period covered by the investigation is January 1, 2009, through June 30, 2009 (the "POI").

FOR FURTHER INFORMATION CONTACT: Magd Zalok or Howard Smith, 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) 482–4162 and 482–5193, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department published in the **Federal Register** its preliminary determination of sales at LTFV on April 28, 2010.[1] The Department published in the **Federal Register** its amended preliminary determination of sales at LTFV on May 28, 2010, after identifying and correcting certain ministerial errors.[2] Between May 10, 2010, and May 14, 2010, the Department conducted a verification of Hengyang Steel Tube Group Int'l Trading Inc., and its affiliates Hengyang Valin Steel Tube Co., Ltd., and Hengyang Valin MPM Tube Co., Ltd., (collectively, Hengyang) at its facilities in Hengyang City, China. Between May 17, 2010, and May 26, 2010, the Department conducted a verification of Tianjin Pipe (Group) Corporation and Tianjin Pipe International Economic Trading Corporation (collectively, TPCO) at its facilities in Tianjin City, China. Between June 7, 2010, and June 9, 2010, the Department conducted a verification of TPCO Enterprise Inc. ("TEI"), an affiliate of TPCO, at its facilities in Houston, Texas. *See* the "Verification" section of this notice below for additional information.

On May 24, 2010, Salem Steel North America LLC (Salem Steel), a U.S. importer of cold drawn seamless mechanical tubing, submitted a request to the Department that it reconsider its preliminary decision to include cold drawn mechanical tubing within the scope of the antidumping duty investigation. On May 27, 2010, Petitioners,[3] Salem Steel and a number of other importers and end-users of mechanical tubing met with Department officials to discuss the May 24, 2010, submission filed by Salem Steel. Subsequently, a number of interested parties filed comments regarding excluding mechanical tubing from the scope of the investigation. Additionally, on July 2, 2010, Petitioners submitted a request to the Department that it exclude from the scope seamless pipe made to the American Society for Testing and Materials ("ASTM") A–335 specification. The Department has issued proposed modifications to the scope language addressing mechanical tubing and pipe meeting the ASTM A–335 specification and interested parties have commented on the proposed modifications. *See* the "Scope Comments" section of this notice below for additional information.

On July 9, 2010, Mr. Daniel Porter of Winston Strawn LLP, counsel to TPCO, submitted an affidavit in response to the Department's verification report. The Department subsequently rejected the affidavit because it contained untimely new factual information and Mr. Porter resubmitted the affidavit on July 22, 2010. The Department responded to the affidavit on August 16, 2010. United States Steel Corporation and TPCO filed comments regarding the Department's response to the affidavit on August 18, 2010. United States Steel Corporation filed rebuttal comments on August 20, 2010. *See* the "Verification" section of this notice below for additional information.

On June 7, 2010, Petitioners, Hengyang, and TPCO filed surrogate value information. On June 17, 2010, Petitioners filed rebuttal surrogate value information.

In response to the Department's invitation to comment on the *Preliminary Determination* and *Amended Preliminary Determination,* on July 14, 2010, Petitioners, Hengyang, TPCO, Salem Steel North America LLC ("Salem Steel"), Toyota Tsusho America, Inc. ("TAI") and MC Tubular Products, Inc. ("MC Tubular") filed case briefs. Petitioners, Hengyang, TPCO and the Government of China filed rebuttal briefs on July 21, 2010, and TPCO's rebuttal brief was resubmitted on July 26, 2010.

On July 16, 2010, the Department placed additional data on the record of the investigation and notified interested parties that it would be reconsidering its valuation of the labor wage rate in this investigation as a result of the recent decision in *Dorbest Limited et al.* v. *United States,* 604 F.3d 1363 (Fed. Cir. 2010) (*Dorbest*) issued by the United States Court of Appeals for the Federal Circuit ("CAFC") on May 14, 2010.[4] The Department invited interested parties to comment on the narrow issue of the labor wage rate in light of the CAFC's decision. On July 21, 2010, TPCO and United States Steel Corporation submitted comments on the export data. On August 10, 2010, the Department released additional information relating to the wage rate to interested parties.[5] United States Steel Corporation submitted comments on the additional information on August 12, 2010.

Analysis of Comments Received

All of the issues raised in the case and rebuttal briefs submitted in this investigation are addressed in the "Issues and Decision Memorandum for the Final Determination" dated September 10, 2010, which is hereby adopted by this notice ("Issues and Decision Memorandum"). Appendix I to this notice contains a list of the issues addressed in the Issues and Decision Memorandum. The Issues and Decision Memorandum, which is a public document, is on file in the Central Records Unit ("CRU") at the Main Commerce Building, Room 7046, and is accessible on the Web at *http://ia.ita.doc.gov/frn.* The paper copy and electronic version of the memorandum are identical in content.

Changes Since the Preliminary Determination

Based on our analysis of the comments received, we have made the following changes to our preliminary determination. The following changes have been made to surrogate values: (1) We calculated financial ratios based on data contained within the financial statements of Jindal Steel & Power, Ltd., Oil Country Tubular Ltd., and Lloyds Line Pipe, Ltd. (*see* Comment 6 in the Issues and Decision Memorandum); (2) we valued steel billets using Indonesian

[1] *See Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, in Part, and Postponement of Final Determination,* 75 FR 22372 (April 28, 2010) ("*Preliminary Determination*").

[2] *See Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Amended Preliminary Determination of Sales at Less than Fair Value,* 75 FR 29972 (May 28, 2010) ("*Amended Preliminary Determination*").

[3] Petitioners are United States Steel Corporation, V&M Star L.P, TMK IPSCO, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (hereinafter, "Petitioners").

[4] *See* Memorandum to The File, through Howard Smith, Program Manager, AD/CVD Operations, Office 4, concerning, "Data on Labor Wage," dated July 16, 2010.

[5] *See* Memorandum to The File, through Howard Smith, Program Manager, AD/CVD Operations, Office 4, concerning, "Honduras Data on Labor Wage Rate," dated August 10, 2010.

World Trade Atlas ("WTA") import data under Harmonized Tariff Schedule ("HTS") number 7201.20.100 (*see* Comment 7 in the Issues and Decision Memorandum); (3) we valued iron ore using the simple average of iron ore lump prices from the financial statements of Kirloskar Ferrous Industries, Limited and KIOCL, Limited (*see* Comment 9 in the Issues and Decision Memorandum); (4) we valued compressed air based on the value of electricity used to generate the air (*see* Comment 14 in the Issues and Decision Memorandum); (5) we revised our calculation of the value of labor (*see* Comment 5 in the Issues and Decision Memorandum); and (6) we valued calcium silicide (Si Ca cable and SICAWIRE) using HTS number 2850.00.41 (*see* Comment 12 in the Issues and Decision Memorandum).

The following TPCO-specific changes have been made: (1) We have not granted TPCO a by-product offset for electricity (*see* Comment 26 in the Issues and Decision Memorandum); (2) as partial adverse facts available ("AFA"), we assigned each model (control number (CONNUM)) of seamless pipe sold by TPCO to the United States during the POI the highest purchased-billet consumption quantity reported by TPCO (*see* Comment 16 in the Issues and Decision Memorandum); (3) we updated the AFA rate applied to TPCO's downstream sales to reflect the highest CONNUM-specific dumping margin calculated for TPCO (*see* Comment 17 in the Issues and Decision Memorandum); (4) we calculated a value for compressed air in TPCO's margin program (*see* Comment 14 in the Issues and Decision Memorandum); (5) as partial AFA, we based the consumption quantity for steel strap on the average of the three highest usage rates for steel strap reflected in Hengyang's factors of production ("FOP") database (*see* Comment 27 in the Issues and Decision Memorandum); (6) we deducted inland freight insurance from TPCO's reported U.S. prices (*see* Comment 23 in the Issues and Decision Memorandum); (7) we valued steel scrap based on both market economy prices and a surrogate value based on WTA Indian import data (*see* Comment 19 in the Issues and Decision Memorandum); (8) we reduced TPCO's reported by-product offset for steel scrap by the quantity of further processed steel scrap for which TPCO never reported the inputs used for further processing (*see* Comment 20 in the Issues and Decision Memorandum); (9) we corrected the conversion factor for argon gas (*see* Comment 24 in the Issues and Decision Memorandum); and (10) we added truck freight to TPCO's cost of manufacturing to account for TPCO's costs associated with transporting semi-finished pipes for further processing (*see* Comment 21 in the Issues and Decision Memorandum).

The following Hengyang-specific changes have been made: (1) We adjusted the market-economy and non-market economy ("NME") percentages of pig iron purchased (*see* Comment 33 in the Issues and Decision Memorandum); (2) we did not value dolomite and dolomite powder (*see* Comment 13 in the Issues and Decision Memorandum); and (3) we made several corrections to the *Preliminary Determination* margin calculation program (*see* Hengyang Analysis Memorandum).

Scope Comments

As noted above, on May 24, 2010, Salem Steel, submitted comments on the scope of this investigation. Salem requested that the Department amend the scope of this investigation to exclude cold drawn seamless mechanical tubing ("mechanical tubing"). On May 27, 2010, Petitioners, Salem Steel and a number of other importers and end-users of mechanical tubing met with Department officials to discuss the May 24, 2010, submission filed by Salem Steel. On June 4, 2010, Salem Steel submitted proposed scope language to exclude mechanical tubing from the scope of the investigation. On June 8, 2010, MC Tubular Products, Inc. ("MC Tubular") and Toyota Tsusho America, Inc. ("TAI") submitted comments supporting Salem's proposed scope exclusion language. On June 23, 2010, the Department issued a proposed scope modification to interested parties and requested comments.[6] Specifically, the Department's proposed scope modification language excluded "all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, *i.e.,* outside diameter and wall thickness of ASTM A–53, ASTM A–106 or APL 5L specifications."[7] On June 30, 2010, TAI, MC Tubular and Salem Steel submitted comments supporting the exclusion of mechanical tubing from the scope of the investigation and providing suggestions for additional modifications to the scope of the investigation. Primarily parties' comments involved modifying the language so that all forms of mechanical tubing, regardless of whether they conform to the dimensional requirements of certain seamless pipe specifications, are excluded from the scope. On July 2, 2010, Petitioners submitted a request that the Department exclude from the scope seamless pipe produced to the ASTM A–335 specification. On August 19, 2010, the Department issued an additional proposed scope modification which excludes all pipes meeting the chemical requirements of ASTM A–335 whether finished or unfinished. On August 23, 2010, TAI submitted comments supporting the Department's proposed exclusion of ASTM A–335. After considering parties' comments, the Department has determined to remove ASTM A–335 from the list of covered specifications included within the scope of this investigation, and include the following exclusion language in the scope:

> Specifically excluded from the scope of these investigations are: (1) All pipes meeting aerospace, hydraulic, and bearing tubing specifications; (2) all pipes meeting the chemical requirements of ASTM A–335, whether finished or unfinished; and (3) unattached couplings. Also excluded from the scope of these investigations are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, i.e., outside diameter and wall thickness of ASTM A–53, ASTM A–106 or API 5L specifications.

See Comment 1 of the accompanying Issues and Decision Memorandum for additional information.

Scope of Investigation

The merchandise covered by this investigation is certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (*e.g.,* hot-finished or cold-drawn), end finish (*e.g.,* plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (*e.g.,* bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or "hollow profiles" suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials ("ASTM") or American Petroleum Institute ("API") specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A–53, ASTM A–106, ASTM A–333,

[6] *See* Letter to Interested Parties, Regarding the "Antidumping Duty Investigation of Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China," dated June 23, 2010.

[7] *Id.*

ASTM A–334, ASTM A–589, ASTM A–795, ASTM A–1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below.

Specifically excluded from the scope of the investigation are: (1) All pipes meeting aerospace, hydraulic, and bearing tubing specifications; (2) all pipes meeting the chemical requirements of ASTM A–335, whether finished or unfinished; and (3) unattached couplings. Also excluded from the scope of the investigation are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, *i.e.,* outside diameter and wall thickness of ASTM A–53, ASTM A–106 or API 5L specifications.

The merchandise covered by the investigation is currently classified in the Harmonized Tariff Schedule of the United States ("HTSUS") under item numbers: 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, and 7304.59.8070.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the merchandise subject to this scope is dispositive.

Verification

As provided in section 782(i) of the Act, we conducted verifications of Hengyang, TPCO, and TEI.[8] In conducting the verifications, we used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by Hengyang, TPCO, and TEI. As noted above, on July 9, 2010, Mr. Daniel Porter of Winston Strawn LLP, counsel to TPCO, submitted an affidavit in response to the Department's verification report concerning TPCO, addressing the ratio TPCO calculated to distinguish between self-produced and purchased billets, as well as the Department's verification findings regarding certain market economy purchases of steel scrap. Specifically, Mr. Porter alleged that, at verification, the Department refused to accept a corrected chart and support documentation that revised its ratio of self-produced and purchased billets and erred in finding that TPCO's market economy purchases of steel scrap were less than the Department's 33 percent threshold for using a market economy price to value all of the input. The Department requested that Mr. Porter resubmit this affidavit to omit certain untimely new factual information; Mr. Porter complied and resubmitted the affidavit on July 22, 2010. On August 16, 2010, the Department issued a memorandum in response to Mr. Porter's affidavit. Specifically, the Department stated that it would not have accepted such information at verification because it would have been considered new information. On August 18, 2010, Petitioners submitted comments supporting the Department's response. On August 18, 2010, TPCO submitted comments contesting the facts in the Department's memorandum and arguing that the Department should have accepted its revisions and that information on the record prior to verification would have supported its ratio revisions. On August 20, 2010, Petitioners submitted comments arguing that TPCO's data for its consumption of steel billets could not be verified. *See* Comment 16 of the accompanying Issues and Decision Memorandum for additional information.

Surrogate Country

In the *Preliminary Determination,* pursuant to section 773(c) of the Act, we selected India as the appropriate surrogate country because it is at a level of economic development comparable to the PRC, and because it is a significant producer of merchandise comparable to subject merchandise. Additionally, we determined that reliable Indian data for valuing FOPs are readily available.[9] No party has commented on our selection of India as the appropriate surrogate country. We continue to find India to be the appropriate surrogate country in this investigation.

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department's policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.[10]

In the *Preliminary Determination,* we found that TPCO, Hengyang, Xigang Seamless Steel Tube Co., Ltd. ("Xigang"), Jiangyin City Changjiang Steel Pipe Co., Ltd., Pangang Group Chengdu Iron & Steel Co., Ltd., Yangzhou Lontrin Steel Tube Co., Ltd., and Yangzhou Chengde Steel Tube Co., Ltd., demonstrated their eligibility for, and were hence assigned, separate rate status. No party has commented on the eligibility of these companies for separate rate status. For the final determination, we continue to find that the evidence placed on the record of this investigation by these companies demonstrates both a *de jure* and *de facto* absence of government control with respect to their exports of the merchandise under investigation and that these companies are thus eligible for separate rate status.[11]

Critical Circumstances

In the *Preliminary Determination,* the Department determined that, in accordance with section 733(e)(1) of the Act, critical circumstances exist with respect to Hengyang and the PRC-wide entity but not for TPCO or the separate rate companies, including Xigang. After the *Preliminary Determination,* TPCO and Hengyang placed additional shipment data on the record for use in the Department's critical circumstances analysis. Furthermore, Hengyang contended that the Department must revisit its critical circumstances analysis using Hengyang's final antidumping duty margin. We have examined the additional shipment information placed on the record, as adjusted for verification findings, and reviewed Hengyang's final antidumping margin and, for the final determination, we continue to find that critical circumstances exist with respect to Hengyang and the PRC-wide entity but

[8] *See* the Department's verification reports for Hengyang and TPCO, both on file in the CRU.

[9] *See Preliminary Determination,* 75 FR at 22376–22377.

[10] *See, e.g., Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China,* 56 FR 20588 (May 6, 1991), as amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China,* 59 FR 22585 (May 2, 1994); *see also* 19 CFR 351.107(d).

[11] *See Preliminary Determination,* 75 FR at 22377–22378.

not for TPCO or the separate rate companies, including Xigang.

The PRC-Wide Rate

In the *Preliminary Determination,* the Department considered certain non-responsive PRC producers/exporters to be part of the PRC-wide entity because they did not respond to our requests for information and did not demonstrate that they operated free of government control over their export activities.[12] No additional information regarding these entities has been placed on the record since the publication of the *Preliminary Determination.* Since the PRC-wide entity did not provide the Department with requested information, pursuant to section 776(a)(2)(A) of the Act, we continue to find it appropriate to base the PRC-wide rate on facts otherwise available. Moreover, given that the PRC-wide entity did not respond to our request for information, we continue to find that it failed to cooperate to the best of its ability to comply with a request for information. Thus, pursuant to section 776(b) of the Act, and consistent with the Department's practice, we have continued to use an adverse inference in selecting from among the facts otherwise available.[13]

Pursuant to section 776(b) of the Act, the Department may select, as AFA, information derived from: (1) The petition; (2) the final determination from the LTFV investigation; (3) a previous administrative review; or (4) any other information placed on the record. To induce respondents to provide the Department with complete and accurate information in a timely manner, the Department's practice is to select, as AFA, the higher of: (a) The highest margin alleged in the petition; or (b) the highest calculated rate for any respondent in the investigation.[14]

Since we begin with the presumption that all companies within an NME country are subject to government control and only the exporters listed under the "Final Determination Margins" section below have overcome that presumption, consistent with the Department's practice, we are applying a single antidumping rate (*i.e.,* the PRC-wide rate) to all exporters of subject merchandise from the PRC, other than the exporters listed in the "Final Determination Margins" section of this notice.[15]

Corroboration

Section 776(c) of the Act provides that, when the Department relies on secondary information, rather than on information obtained in the course of an investigation as facts available ("FA"), it must, to the extent practicable, corroborate that information from independent sources reasonably at its disposal. Secondary information is described in the Statement of Administrative Action ("SAA") as "information derived from the petition that gave rise to the investigation or review, the final determination concerning subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise."[16] The SAA provides that to "corroborate" means simply that the Department will satisfy itself that the secondary information to be used has probative value.[17] The SAA also states that independent sources used to corroborate may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation.[18] To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used.[19]

As total AFA, the Department preliminarily selected the rate of 98.37 percent from the "Petition for the Imposition of Antidumping Duties: Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China," dated September 16, 2009 ("Petition"). In the *Preliminary Determination,* we preliminarily found the rate of 98.37 percent to be the highest Petition margin that could be corroborated within the meaning of section 776(c) of the Act. For the final determination, we find that this rate, as adjusted to reflect the CAFC's decision in *Dorbest* (98.74), is within the range of CONNUM-specific margins calculated for the mandatory respondents in this proceeding. Therefore, we consider the rate to have probative value. *See* Hengyang and TPCO Analysis Memoranda. Therefore, we continue to find that the margin based on the petition has probative value. Accordingly, we find that the rate of 98.74 percent is corroborated within the meaning of section 776(c) of the Act.

Partial AFA for TPCO

As in the *Preliminary Determination,* the Department has continued to apply partial AFA with respect to the unreported downstream sales of TPCO's U.S. affiliate which TPCO failed to timely submit to the Department. Because this information is not on the record and TPCO significantly impeded this proceeding by its failure to timely submit the information, we have continued to rely upon the FA with respect to the unreported sales pursuant to sections 776(a)(1) and (2)(C) of the Act. Further, because the Department finds that TPCO failed to cooperate to the best of its ability, pursuant to section 776(b) of the Act, the Department has determined to use an adverse inference when applying FA in this investigation. As partial AFA, the Department is applying to the unreported sales the highest control number-specific dumping margin calculated for TPCO. For further details, *see* Comment 17 of the Issues and Decision Memorandum.

Also, the Department finds that the correct ratios of purchased and self-produced billets which TPCO used to produce subject merchandise are not on the record because the information regarding these ratios that was provided by TPCO could not be verified, pursuant to sections 776(a)(1) and (2)(D) of the Act. Accordingly, the Department is using FA. Moreover, because the Department finds that TPCO failed to cooperate by not acting to the best of its ability, pursuant to section 776(b) of the Act, the Department has determined to use an adverse inference when applying partial facts available. As partial AFA,

[12] *See id.,* 75 FR at 22379–22380.

[13] *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation,* 65 FR 5510, 5518 (February 4, 2000) (where the Department applied an adverse inference in determining the Russia-wide rate); *Final Determination of Sales at Less Than Fair Value: Certain Artists Canvas from the People's Republic of China,* 71 FR 16116, 16118–19 (March 30, 2006) (where the Department applied an adverse inference in determining the PRC-wide rate).

[14] *See Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products From the People's Republic of China,* 65 FR 34660 (May 31, 2000), and accompanying Issues and Decisions Memorandum at "Facts Available."

[15] *See Synthetic Indigo From the People's Republic of China; Notice of Final Determination of Sales at Less Than Fair Value,* 65 FR 25706 (May 3, 2000) (applying the PRC-wide rate to all exporters of subject merchandise in the PRC based on the presumption that the export activities of the companies that failed to respond to the Department's questionnaire were controlled by the PRC government).

[16] *See* SAA, accompanying the Uruguay Round Agreements Act, H.R. Doc. 103–316, Vol. 1 at 870.

[17] *See id.*

[18] *See id.*

[19] *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews,* 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part,* 62 FR 11825 (March 13, 1997).

the Department is using the highest purchased billet usage rate of any CONNUM sold to the United States during the POI, reported in TPCO's FOP database, as the usage rate for purchased steel billets for all other CONNUMs. For further details, *see* Comment 16 of the Issues and Decision Memorandum.

In addition, the Department finds that necessary information is not on the record to determine TPCO's steel strap usage because TPCO did not report its steel strap usage by the deadline established by the Department, pursuant to sections 776(a)(1) and (2)(B) of the Act. Thus, the Department has determined to use FA. Moreover, because the Department finds that TPCO failed to cooperate by not acting to the best of its ability to report steel strap usage, pursuant to section 776(b) of the Act, the Department has determined to use an adverse inference when applying partial facts available. As partial AFA, we have assigned the average of the two highest consumption rates for steel strap provided on the record of this investigation by Hengyang, the other mandatory respondent in this investigation, to all CONNUMs reported in TPCO's FOP database. For further details, *see* Comment 27 of the Issues and Decision Memorandum.

Combination Rates

In the *Initiation Notice,* the Department stated that it would calculate combination rates for respondents that are eligible for a separate rate in this investigation.[20] This practice is described in Department Policy Bulletin 05.1, "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries," which states:

{W}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its {non-market economy} 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.[21]

Final Determination Margins

We determine that the following weighted-average dumping margins exist for the period January 1, 2009, through June 30, 2009:

Exporter & producer	Weighted-average margin (percent)
Tianjin Pipe International Economic and Trading Corporation	48.99
Produced by: Tianjin Pipe (Group) Corporation.	
Hengyang Steel Tube Group Int'l Trading Inc.	82.03
Produced by: Hengyang Valin Steel Tube Co., Ltd., and Hengyang Valin MPM Tube Co., Ltd..	
Xigang Seamless Steel Tube Co., Ltd.	65.51
Produced by: Xigang Seamless Steel Tube Co., Ltd., and Wuxi Seamless Special Pipe Co., Ltd..	
Jiangyin City Changjiang Steel Pipe Co., Ltd.	65.51
Produced by: Jiangyin City Changjiang Steel Pipe Co., Ltd..	
Pangang Group Chengdu Iron & Steel Co., Ltd.	65.51
Produced by: Pangang Group Chengdu Iron & Steel Co., Ltd..	
Yangzhou Lontrin Steel Tube Co., Ltd.	65.51
Produced by: Yangzhou Lontrin Steel Tube Co., Ltd..	
Yangzhou Chengde Steel Tube Co., Ltd.	65.51
Produced by: Yangzhou Chengde Steel Tube Co., Ltd..	
PRC-Wide Rate	98.74

Disclosure

We will disclose to parties the calculations performed within five days of the date of public announcement of this determination in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, and consistent with our finding of critical circumstances with respect to Hengyang and the PRC-wide entity, pursuant to section 733(e)(2) of the Act, the Department will instruct U.S. Customs and Border Protection ("CBP") to continue to suspend liquidation of all entries of certain seamless carbon and alloy steel standard, line, and pressure pipe from the PRC, as described in the "Scope of Investigation" section, entered, or withdrawn from warehouse, for consumption on or after January 28, 2010, which is 90 days prior to the date of publication of the *Preliminary Determination* in the **Federal Register**. However, because we have determined that critical circumstances does not exist for TPCO or the separate rate companies (including Xigang), we will instruct CBP to continue to suspend liquidation of all entries of the merchandise under consideration from the PRC entered, or withdrawn from warehouse, for the consumption on or after April 28, 2010, the date of publication of the *Preliminary Determination*.

[20] See Certain *Seamless Carbon and Alloy* Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Initiation of Antidumping Duty Investigation, 74 FR 52744, 52748 (October 14, 2009) ("*Initiation Notice*").

[21] *See* Policy Bulletin 05.1 can be found on the Import Administration Web site at the following address: *http://ia.ita.doc.gov/policy/bull05–1.pdf.*

Additionally, the Department determined in its final determination for the companion countervailing duty ("CVD") investigation that TPCO's and Hengyang's merchandise benefited from export subsidies.[22] Therefore, we will instruct CBP to require a cash deposit or posting of a bond equal to the weighted-average amount by which normal value exceeds U.S. price for TPCO and Hengyang, as indicated above, minus the amount determined to constitute an export subsidy.[23]

With respect to the companies other than TPCO and Hengyang that are receiving a separate rate, we have applied to these companies the average of the rates calculated for TPCO and Hengyang. In the companion CVD investigation, the Department found that TPCO's and Hengyang's merchandise benefited from export subsidies during the POI, and, consequently all other exporters (besides TPCO and Hengyang) were found to have benefited from export subsidies based upon TPCO's and Hengyang's results. Therefore, we will instruct CBP to require a cash deposit or posting of a bond equal to the weighted-average amount by which normal value exceeds U.S. price for TPCO and Hengyang, as indicated above, minus the amount determined to constitute an export subsidy.

With respect to the PRC-wide entity, as AFA, we applied the highest rate from the Petition, as adjusted to reflect the CAFC's decision in *Dorbest,* that we were able to corroborate. *See* the *Corroboration* section above.

Cash Deposit

The Department will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average dumping margin amount by which the normal value exceeds U.S. price, as follows: (1) The rate for the exporter/producer combinations listed in the chart above will be the rate the Department has determined in this final determination; (2) for all PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the PRC-wide entity rate; and (3) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter. These suspension-of-liquidation instructions will remain in effect until further notice.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission ("ITC") of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise within 45 days of this final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative protective order ("APO") of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination and notice are issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: September 10, 2010.

Paul Piquado,

Acting Deputy Assistant Secretary for Import Administration.

Appendix I

Comment 1: Scope Issues
Comment 2: Double Remedy
Comment 3: Zeroing
Comment 4: Whether to Deduct Chinese VAT from U.S. Price
Comment 5: The Appropriate Surrogate Value for Labor
Comment 6: The Appropriate Financial Statements
Comment 7: The Appropriate Surrogate Value for Steel Billets
Comment 8: The Appropriate Surrogate Value for Pig Iron
Comment 9: The Appropriate Surrogate Value for Iron Ore and Iron Powder
Comment 10: The Appropriate Surrogate Value for Oxygen and Nitrogen
Comment 11: The Appropriate Surrogate Value for Medium Chromium
Comment 12: The Appropriate Surrogate Value for SiCa Cable
Comment 13: The Appropriate Surrogate Value for Dolomite and Dolomite Powder
Comment 14: The Appropriate Surrogate Value for Compressed Air
Comment 15: The Appropriate Surrogate Value for Steam Coal
Comment 16: Whether to Apply AFA Because of Errors in the FOP Database
Comment 17: Whether TPCO is Affiliated with One of its U.S. Customers and Whether AFA or Partial AFA Should be Applied Because of Unreported Downstream Sales
Comment 18: Whether Targeted Dumping Exists
Comment 19: Whether Market Economy Purchase Prices Should be Used to Value Steel Scrap
Comment 20: Whether to Disallow a By-Product Offset for Steel Scrap
Comment 21: Calculating Freight Expenses for Transporting Pipe for Further Processing
Comment 22: Whether Certain Materials are Inputs or Overhead
Comment 23: Whether to Deduct Domestic Inland Insurance from the U.S. Price
Comment 24: Whether to Correct the Conversion Factor for Argon
Comment 25: Whether to Calculate a Factor for Pipeline Transmission
Comment 26: Whether to Disallow a By-Product Offset for Electricity
Comment 27: Whether to Apply Partial AFA to Unreported Steel Strap
Comment 28: Whether to Deduct Warranty Expenses from the U.S. Price
Comment 29: Whether to Deduct Unreported Stevedoring Expenses from the U.S. Price
Comment 30: Whether the 33 Percent Threshold Test is Appropriate When Deciding to Use Market Economy Purchase Prices
Comment 31: Whether the Ratio for Pig Iron was Calculated Correctly
Comment 32: Whether Freight Cost Should be Added to TPCO's Consumption of Water
Comment 33: Pig Iron Market Economy Purchases

[22] *See Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination,* dated concurrently with this notice.

[23] *See Notice of Final Determination of Sales at Less Than Fair Value: Carbazole Violet Pigment 23 from India,* 69 FR 67306, 67307 (November 17, 2004).

[FR Doc. 2010–23549 Filed 9–20–10; 8:45 am]

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APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China
Inv. Nos.:	701-TA-469 and 731-TA-1168 (Final)
Date and Time:	September 14, 2010 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

CONGRESSIONAL APPEARANCES:

The Honorable Arlen Specter, United States Senator, Pennsylvania

The Honorable Sherrod Brown, United States Senator, Ohio

The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

The Honorable Betty Sutton, U.S. Representative, 13th District, Ohio

The Honorable Jason Altmire, U.S. Representative, 4th District, Pennsylvania

The Honorable Kathy Dahlkemper, U.S. Representative, 3rd District, Pennsylvania

OPENING REMARKS:

Petitioners (**Stephen P. Vaughn**, Skadden, Arps, Slate, Meagher & Flom LLP)
Respondents (**Philippe M. Bruno**, Greenberg Traurig, LLP)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Schagrin Associates
Washington, D.C.
on behalf of

V&M Star, L.P.
TMK IPSCO
The United Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied Industrial
and Service Workers International Union,
AFL-CIO-CLC ("United Steelworkers")
Domestic Producers

Thomas M. Conway, Vice President, Administration**,**
United Steelworkers

James Herald, Managing Director, V&M North America

Michael Jardon, President, V&M USA Corporation

Joel Mastervich, President and COO, V&M Star

Yves Pognonec, Vice President of Sales, Energy
Division, V&M USA Corporation

L. Scott Barnes, Vice President and Chief
Commercial Officer, TMK IPSCO

Roger B. Schagrin)
) – OF COUNSEL
John W. Bohn)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, D.C.
on behalf of

United States Steel Corporation ("U.S. Steel")

Douglas R. Matthews, Vice President, Tubular Operations, U.S. Steel

George H. Thompson, General Manager, Commercial, U.S. Tubular Products, U.S. Steel

William M. Buono, Manager, Market Analysis and Strategy, U.S. Steel Tubular Products, U.S. Steel

Robert C. Upton, Manager, Standard and Line Pipe Marketing, U.S. Steel Tubular Products, U.S. Steel

Emmett K. Beever, Manager, Commercial Standard, and Line Pipe, U.S. Steel Tubular Products, U.S. Steel

James Durham, President, Dixie Pipe Sales, Inc.

Bob Gilleland, Senior Vice President, Edgen Murray

Robert E. Lighthizer)
James C. Hecht)
) – OF COUNSEL
Stephen P. Vaughn)
Stephen J. Narkin)

Available for Questions:

Economic Consulting Service, LLC
Washington, D.C.;
on behalf of

Wyman-Gordon Forgings, Inc.

Bruce Malashevich, President, Economic Consulting Services, LLC

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Greenberg Traurig, LLP
Washington, D.C.
on behalf of

Hengyang Valin Steel Tube Co., Ltd. (Hengyang")
Baosteel Group Corporation ("Baosteel")
Tianjin Pipe (Group) Corporation ("TPCO")

Changhua Tang, Overseas Manager, Hengyang

Binghua Qin, Sales Manager, Baosteel America, Inc.

Philippe M. Bruno)
) – OF COUNSEL
Rosa S. Jeong)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Stephen P. Vaughn**, Skadden, Arps, Slate, Meagher & Flom LLP and **Roger B. Schagrin**, Schagrin Associates)
Respondents (**Rosa S. Jeong**, Greenberg Traurig, LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Total seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, and January-June 2010

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Table C-2
Small diameter seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, and January-June 2010

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Table C-3
Large diameter seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, and January-June 2010

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Table C-4
Total seamless SLP pipe (including ASTM A-335): Summary data concerning the U.S. market, 2007-09, January-June 2009, and January-June 2010

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	2007	2008	2009	2009	2010	2007-09	2007-08	2008-09	2009-10
U.S. consumption quantity:									
Amount	677,065	1,060,383	369,101	210,087	204,358	-45.5	56.6	-65.2	-2.7
Producers' share (1)	40.7	32.6	25.5	20.1	49.2	-15.2	-8.1	-7.1	29.1
Importers' share (1):									
China	25.5	34.5	33.4	31.6	6.0	8.0	9.1	-1.1	-25.7
All other sources	33.9	32.9	41.1	48.3	44.9	7.2	-1.0	8.2	-3.4
Total imports	59.3	67.4	74.5	79.9	50.8	15.2	8.1	7.1	-29.1
U.S. consumption value:									
Amount	881,255	1,703,225	683,206	432,244	324,636	-22.5	93.3	-59.9	-24.9
Producers' share (1)	43.8	40.7	29.2	23.3	55.8	-14.7	-3.1	-11.6	32.5
Importers' share (1):									
China	16.2	24.2	19.8	20.4	3.2	3.6	8.0	-4.4	-17.1
All other sources	40.0	35.1	51.0	56.3	40.9	11.0	-4.9	16.0	-15.4
Total imports	56.2	59.3	70.8	76.7	44.2	14.7	3.1	11.6	-32.5
U.S. imports from:									
China:									
Quantity	172,319	366,088	123,324	66,458	12,191	-28.4	112.4	-66.3	-81.7
Value	142,658	412,051	135,240	88,099	10,548	-5.2	188.8	-67.2	-88.0
Unit value	$828	$1,126	$1,097	$1,326	$865	32.5	36.0	-2.6	-34.7
Ending inventory quantity	17,206	61,916	65,331	79,577	43,317	279.7	259.9	5.5	-45.6
All other sources:									
Quantity	229,310	348,420	151,602	101,413	91,688	-33.9	51.9	-56.5	-9.6
Value	352,332	597,227	348,609	243,461	132,883	-1.1	69.5	-41.6	-45.4
Unit value	$1,536	$1,714	$2,300	$2,401	$1,449	49.7	11.6	34.2	-39.6
Ending inventory quantity	20,101	38,655	21,523	32,040	20,163	7.1	92.3	-44.3	-37.1
All sources:									
Quantity	401,629	714,508	274,926	167,871	103,878	-31.5	77.9	-61.5	-38.1
Value	494,991	1,009,278	483,849	331,560	143,432	-2.3	103.9	-52.1	-56.7
Unit value	$1,232	$1,413	$1,760	$1,975	$1,381	42.8	14.6	24.6	-30.1
Ending inventory quantity	37,307	100,571	86,854	111,617	63,480	132.8	169.6	-13.6	-43.1
U.S. producers':									
Average capacity quantity	524,074	504,128	423,200	207,572	259,635	-19.2	-3.8	-16.1	25.1
Production quantity	308,760	374,821	87,428	35,041	111,620	-71.7	21.4	-76.7	218.5
Capacity utilization (1)	58.9	74.4	20.7	16.9	43.0	-38.3	15.4	-53.7	26.1
U.S. shipments:									
Quantity	275,436	345,875	94,175	42,216	100,480	-65.8	25.6	-72.8	138.0
Value	386,264	693,947	199,357	100,684	181,204	-48.4	79.7	-71.3	80.0
Unit value	$1,402	$2,006	$2,117	$2,385	$1,803	50.9	43.1	5.5	-24.4
Export shipments:									
Quantity	33,767	26,933	7,484	2,511	4,484	-77.8	-20.2	-72.2	78.6
Value	52,294	51,061	23,461	8,727	11,447	-55.1	-2.4	-54.1	31.2
Unit value	$1,549	$1,896	$3,135	$3,476	$2,553	102.4	22.4	65.4	-26.5
Ending inventory quantity	28,831	29,976	10,499	11,949	14,880	-63.6	4.0	-65.0	24.5
Inventories/total shipments (1)	9.3	8.0	10.3	13.4	7.1	1.0	-1.3	2.3	-6.3
Production workers	408	486	223	198	258	-45.4	19.0	-54.1	30.8
Hours worked (1,000s)	865	1,002	484	203	331	-44.0	15.8	-51.7	63.5
Wages paid ($1,000s)	29,017	32,055	15,186	7,074	11,023	-47.7	10.5	-52.6	55.8
Hourly wages	$33.53	$31.98	$31.36	$34.91	$33.26	-6.5	-4.6	-2.0	-4.7
Productivity (tons/1,000 hours)	356.8	373.9	180.5	172.9	336.8	-49.4	4.8	-51.7	94.8
Unit labor costs	$93.98	$85.52	$173.70	$201.89	$98.76	84.8	-9.0	103.1	-51.1
Net sales:									
Quantity	309,203	372,809	101,660	44,727	105,405	-67.1	20.6	-72.7	135.7
Value	438,558	745,006	222,811	109,410	193,817	-49.2	69.9	-70.1	77.1
Unit value	$1,418	$1,998	$2,192	$2,446	$1,839	54.5	40.9	9.7	-24.8
Cost of goods sold (COGS)	278,407	441,862	166,996	77,560	134,856	-40.0	58.7	-62.2	73.9
Gross profit or (loss)	160,151	303,144	55,815	31,850	58,961	-65.1	89.3	-81.6	85.1
SG&A expenses	44,839	51,520	31,273	13,588	21,216	-30.3	14.9	-39.3	56.1
Operating income or (loss)	115,312	251,624	24,542	18,262	37,745	-78.7	118.2	-90.2	106.7
Capital expenditures	11,483	23,360	10,705	4,831	6,671	-6.8	103.4	-54.2	38.1
Unit COGS	$900	$1,185	$1,643	$1,734	$1,279	82.4	31.6	38.6	-26.2
Unit SG&A expenses	$145	$138	$308	$304	$201	112.1	-4.7	122.6	-33.7
Unit operating income or (loss)	$373	$675	$241	$408	$358	-35.3	81.0	-64.2	-12.3
COGS/sales (1)	63.5	59.3	74.9	70.9	69.6	11.5	-4.2	15.6	-1.3
Operating income or (loss)/ sales (1)	26.3	33.8	11.0	16.7	19.5	-15.3	7.5	-22.8	2.8

(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.

Table C-5
Small diameter seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, January-June 2009, and January-June 2010

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	2007	2008	2009	2009	2010	2007-09	2007-08	2008-09	2009-10
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	103,677	197,022	58,577	35,641	5,306	-43.5	90.0	-70.3	-85.1
Value	86,290	221,020	63,807	44,597	4,550	-26.1	156.1	-71.1	-89.8
Unit value	$832	$1,122	$1,089	$1,251	$858	30.9	34.8	-2.9	-31.5
Ending inventory quantity	5,575	15,890	16,800	21,435	7,517	201.3	185.0	5.7	-64.9
All other sources:									
Quantity	79,677	105,551	42,075	30,631	31,779	-47.2	32.5	-60.1	3.7
Value	104,510	171,996	87,989	66,115	46,768	-15.8	64.6	-48.8	-29.3
Unit value	$1,312	$1,629	$2,091	$2,158	$1,472	59.4	24.2	28.3	-31.8
Ending inventory quantity	4,719	15,991	4,808	11,379	5,197	1.9	238.9	-69.9	-54.3
All sources:									
Quantity	183,354	302,573	100,653	66,273	37,085	-45.1	65.0	-66.7	-44.0
Value	190,800	393,016	151,796	110,713	51,319	-20.4	106.0	-61.4	-53.6
Unit value	$1,041	$1,299	$1,508	$1,671	$1,384	44.9	24.8	16.1	-17.2
Ending inventory quantity	10,294	31,881	21,608	32,814	12,714	109.9	209.7	-32.2	-61.3
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-6
Large diameter seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, January-June 2009, and January-June 2010

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	2007	2008	2009	2009	2010	2007-09	2007-08	2008-09	2009-10
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	68,642	169,066	64,747	30,817	6,885	-5.7	146.3	-61.7	-77.7
Value	56,368	191,031	71,433	43,502	5,998	26.7	238.9	-62.6	-86.2
Unit value	$821	$1,130	$1,103	$1,412	$871	34.4	37.6	-2.4	-38.3
Ending inventory quantity	11,631	46,026	48,531	58,142	35,800	317.3	295.7	5.4	-38.4
All other sources:									
Quantity	149,633	242,869	109,526	70,781	59,908	-26.8	62.3	-54.9	-15.4
Value	247,822	425,231	260,620	177,345	86,115	5.2	71.6	-38.7	-51.4
Unit value	$1,656	$1,751	$2,380	$2,506	$1,437	43.7	5.7	35.9	-42.6
Ending inventory quantity	15,382	22,664	16,715	20,661	14,966	8.7	47.3	-26.2	-27.6
All sources:									
Quantity	218,275	411,934	174,273	101,598	66,793	-20.2	88.7	-57.7	-34.3
Value	304,191	616,262	332,053	220,847	92,113	9.2	102.6	-46.1	-58.3
Unit value	$1,394	$1,496	$1,905	$2,174	$1,379	36.7	7.3	27.4	-36.6
Ending inventory quantity	27,013	68,690	65,246	78,803	50,766	141.5	154.3	-5.0	-35.6
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

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

COMPARISONS OF SEAMLESS SLP PIPE BY SIZE AND BY GRADE

All responses in appendix D contain information that would reveal confidential operations and therefore been have deleted from this report.

APPENDIX E

NONSUBJECT COUNTRY PRICE DATA

Nonsubject Price Comparisons

Table E-1 compares quarterly prices of nonsubject imports with U.S. producer prices and Chinese prices for products 1-4 sold to unrelated distributors during 2007-09 and January-June 2010. Figure 1 presents prices for each of the specified price items individually. Prices of imports from individual nonsubject countries were generally lower than U.S. producer prices in the majority of comparisons, with the exception of the Czech Republic (where there was only one comparison) and India. However, prices of these nonsubject imports were generally higher than prices of imports from China (with the exception of Croatia and Russia). For these higher volume standardized products sold to distributors, there were no reported prices for certain suppliers such as Germany and Japan.

Table E-1
Seamless SLP pipe: Number of quarterly price comparisons of imported nonsubject and U.S. products 1, 2, 3, and 4, and imported nonsubject and Chinese products 1, 2, 3, and 4

Nonsubject Countries	United States		China	
	Higher[1]	Lower	Higher[1]	Lower
Argentina	6	15	19	2
Brazil	0	10	10	0
Croatia	0	13	5	8
Czech Republic	1	0	1	0
France	6	11	16	1
India	5	0	4	1
Italy	1	9	10	0
Poland	1	4	5	0
Russia	2	36	11	27
Total	22	98	81	39

[1] "Higher" signifies that the price of the nonsubject country's product was higher than the U.S. or Chinese price.

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

Figure E-1
Seamless SLP pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2007-June 2010

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