Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Korea, Mexico, and Turkey

Investigation Nos. 701-TA-539 and 731-TA-1280-1282 (Preliminary)

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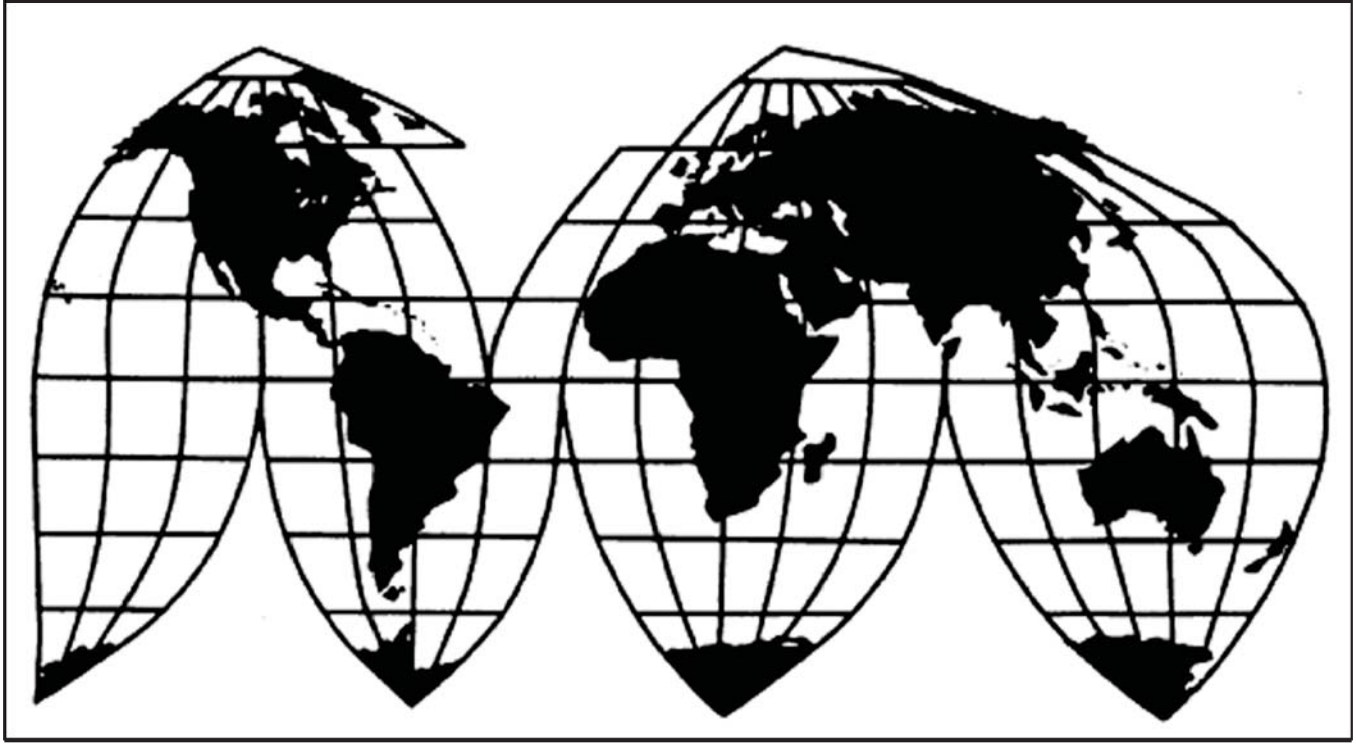

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been redacted and replaced with asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-539 and 731-TA-1280-1282 (Preliminary)

Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes
from Korea, Mexico, and Turkey

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of heavy walled rectangular welded carbon steel pipes and tubes from Korea, Mexico, and Turkey, provided for in subheadings 7306.61.10 and 7306.61.30 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV") and that are allegedly subsidized by the government of Turkey.

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

BACKGROUND

On July 21, 2015, Atlas Tube, a division of JMC Steel Group (Chicago, Illinois), Bull Moose Tube Company (Chesterfield, Missouri), EXLTUBE (North Kansas City, Missouri), Hannibal Industries, Inc. (Los Angeles, California), Independence Tube Corporation (Chicago, Illinois),

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

Maruichi American Corporation (Santa Fe Springs, California), Searing Industries (Rancho Cucamonga, California), Southland Tube (Birmingham, Alabama), and Vest, Inc. (Los Angeles, California) filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV and subsidized imports of heavy walled rectangular welded carbon steel pipes and tubes from Korea, Mexico, and Turkey. Accordingly, effective July 21, 2015, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. §§ 1671b(a) and 1673b(a)), instituted countervailing duty investigation No. 701-TA-539 and antidumping duty investigation Nos. 731-TA-1280-1282 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of July 27, 2015 (80 FR 44383). The conference was held in Washington, DC, on August 11, 2015, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of heavy walled rectangular welded carbon steel pipes and tubes ("HWR") from Korea, Mexico, and Turkey that are allegedly sold in the United States at less than fair value ("LTFV") and imports of HWR from Turkey that are allegedly subsidized by the government of Turkey.

I. The Legal Standard for Preliminary Determinations

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

II. Background

The petitions in these investigations were filed on July 21, 2015, by Atlas Tube, a division of JMC Steel Group ("Atlas"), of Chicago, IL; Bull Moose Tube Company ("Bull Moose") of Chesterfield, MO; EXLTUBE of N. Kansas City, MO; Hannibal Industries, Inc. ("Hannibal"), of Los Angeles, CA; Independence Tube Corporation ("Independence Tube") of Chicago, IL; Maruichi American Corporation ("Maruichi") of Santa Fe Springs, CA; Searing Industries ("Searing") of Rancho Cucamonga, CA; Southland Tube ("Southland") of Birmingham, AL; and Vest, Inc. of Los Angeles, CA.[3] Petitioners appeared at the staff conference and submitted a postconference brief.

Several respondent entities participated in the investigations. Participating in the conference and jointly filing a postconference brief were Maquilacero S.A. de C.V., Regiomontana de Perfiles y Tubos, S.A. de C.V., Perfiles y Herrajes L.M., S.A. de C.V., and Productos Laminados de Monterrey S.A. de C.V. (collectively, "Mexican respondents"), producers and exporters of subject merchandise from Mexico. Also participating in the staff

[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

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

[3] Confidential Report ("CR") at I-1; Public Report ("PR") at I-1. ***. CR at Table III-1 n.4.

conference and jointly filing a postconference brief were Ozdemir Boru Profil Sanayi ve Ticaret Limited Sirket, the Istanbul Minerals and Metals Exporters Association and its members, and the Turkish Steel Exporters' Association and its members (collectively, "Turkish respondents"), producers and exporters of subject merchandise from Turkey.

U.S. industry data are based on the questionnaire responses of 13 firms that accounted for almost all domestic production of HWR during 2014.[4] U.S. import data are based on official Customs statistics and questionnaire responses from 25 U.S. importers that are believed to have accounted for 13.0 percent of subject imports from Korea, *** percent of subject imports from Mexico, 71.9 percent of subject imports from Turkey, and 7.7 percent of imports from nonsubject sources.[5] Korean industry data are based on the questionnaire responses of one foreign producer of subject merchandise whose exports to the United States accounted for *** percent of subject imports from Korea during the January 2012-June 2015 period of investigation.[6] Mexican industry data are based on the questionnaire responses of seven foreign producers of subject merchandise whose exports to the United States accounted for 96.7 percent of subject imports from Mexico during the period of investigation.[7] Turkish industry data are based on the questionnaire responses of three foreign producers of subject merchandise whose exports to the United States accounted for 76.3 percent of subject imports from Turkey during the period of investigation.[8]

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[9] 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."[10] 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."[11]

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.[12] No single factor is

[4] CR at I-6, III-1; PR at I-4, III-1.
[5] CR at I-6; PR at I-4.
[6] CR at II-5 n.6; PR at II-4 n.6.
[7] CR at II-7 n.7; PR at II-5 n.7.
[8] CR at II-8 n.8; PR at II-6 n.8.
[9] 19 U.S.C. § 1677(4)(A).
[10] 19 U.S.C. § 1677(4)(A).
[11] 19 U.S.C. § 1677(10).
[12] *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*
(Continued…)

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[13] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[14] Although the Commission must accept the U.S. Department of Commerce's ("Commerce") determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,[15] the Commission determines what domestic product is like the imported articles Commerce has identified.[16]

A. Scope Definition

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

> The products subject to these investigations are certain heavy walled rectangular welded steel pipes and tubes of rectangular (including square) cross section, having a nominal wall thickness of not less than 4 mm. The merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A-500, grade B specifications, or comparable domestic or foreign specifications.

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

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

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

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

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

Included products are those in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.0 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium.

The subject merchandise is currently provided for in item 7306.61.1000 of the Harmonized Tariff Schedule of the United States (HTSUS). Subject merchandise may also enter under HTSUS 7306.61.3000. While the HTSUS subheadings and ASTM specification are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.[17]

These investigations concern rectangular and square HWR with a wall thickness of 4 mm or more, which is a form of structural tubing. Although square and rectangular tubing of any outside dimensions is covered, HWR is commonly supplied in rectangular cross sections ranging from 3 by 2 inches to 20 by 12 inches and in square cross sections ranging from 1.5 inches to 20 inches.[18] HWR is generally produced to ASTM International ("ASTM") specification A 500 Grade B using the electric resistance weld ("ERW") process.[19] HWR is used for support and load bearing purposes in construction applications and in the production of transportation, agricultural, and material handling equipment.[20]

[17] *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Korea, Mexico, and Turkey: Initiation of Antidumping Duty Investigations*, 80 Fed. Reg. 49202 (August 17, 2015); *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Turkey: Initiation of Countervailing Duty Investigations*, 80 Fed. Reg. 49207 (August 17, 2015).

[18] CR at I-11; PR at I-8.

[19] CR at I-11-12; PR at I-8.

[20] CR at I-11; PR at I-8.

B. Arguments of the Parties

Petitioners advocate for a single domestic like product of HWR coextensive with Commerce's scope definition.[21] The Mexican and Turkish respondents do not object to the domestic like product advocated by petitioners for purposes of the preliminary phase of these investigations, but reserve the right to do so in any final phase of these investigations.[22]

C. Analysis

Based on the following analysis, we define a single domestic like product consisting of all HWR within the scope of the investigations.

Physical Characteristics and Uses. Although HWR comes in a variety of shapes and sizes, all HWR products share the same general physical characteristics and uses. Specifically, all HWR products are carbon steel structural tubular products with a rectangular profile, generally manufactured to ASTM A 500 Grade B specifications.[23] All HWR products are used for structural or load bearing purposes in construction and original equipment manufacturer ("OEM") applications such as construction and agricultural equipment.[24]

On the other hand, HWR products can differ from one another in terms of size and shape, and such differences can dictate different end uses. For example, smaller-sized HWR tends to be used in OEM applications whereas larger-sized HWR tends to be used in load-bearing construction applications.[25]

Manufacturing Facilities, Production Processes and Employees. Most HWR is produced domestically in the same facilities using the same production processes and employees.[26] Nevertheless, smaller-sized HWR is typically produced in separate production facilities dedicated to the production of smaller-sized tubular products.[27]

Channels of Distribution. All HWR is sold through the same channels of distribution. During the period of investigation, domestic producers made between *** to *** percent of their U.S. shipments to distributors and between *** to *** percent of their U.S. shipments to OEMs.[28]

Interchangeability. HWR products produced to the same specifications are interchangeable in the same end-use applications.[29]

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[21] *See* Petition at 10-12; Petitioners' Postconference Brief at 1-5.

[22] Mexican Respondents' Postconference Brief at 2; Turkish Respondents' Postconference Brief at 5.

[23] CR at I-11; PR at I-8.

[24] CR at I-11; PR at I-8.

[25] CR at II-13; PR at II-9-10.

[26] CR at I-15-16; PR at I-11.

[27] *See* Conference Tr. at 42 (Schagrin).

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

[29] *See* CR at I-15, II-18; PR at II-13.

Producer and Customer Perceptions. Customers and producers perceive HWR as structural tubular products in a range of sizes and wall thicknesses suitable for use in construction and OEM applications.[30]

Price. Prices per foot for HWR products generally increase incrementally with wall thickness and size.[31]

Conclusion. All HWR products are similar in terms of their general physical characteristics and end uses; channels of distribution; customer and producer perceptions; and manufacturing facilities, processes, and employees. Yet, HWR products can differ in terms of size and wall thickness, and size and wall thickness differences between HWR products can limit their interchangeability in the same end use applications. Such differences can also dictate different prices.

Based on the record of the preliminary phase of these investigations, there are more similarities than differences within the range of HWR products. HWR is produced domestically in a range of sizes and wall thicknesses, with no clear dividing lines separating the range of HWR products into discrete product groupings. In addition, for purposes of the preliminary determinations, no respondent party disputes the petitioners' argument for a single domestic like product coextensive with the scope of the investigations. We therefore define a single domestic like product coextensive with Commerce's scope of the investigations.

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[32] 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 a single domestic like product coextensive with the scope of these investigations, we define the domestic industry as all domestic producers of HWR.[33]

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[30] *See* CR at I-11; PR at I-8.

[31] *See* CR/PR at Table V-7. The Commission collected pricing data in terms of dollars per foot. *Id.*

[32] 19 U.S.C. § 1677(4)(A).

[33] In these investigations, there are no related parties within the meaning of Section 771(4)(B) of the Tariff Act. No domestic producer imported HWR from Korea, Mexico, or Turkey during the period of investigation or was related to a subject foreign producer or exporter. *See* CR at Tables III-1, III-7. Although domestic producer *** purchased subject imports from Mexico throughout the period of investigation, ranging from *** short tons in 2014 to *** short tons in 2012, the record indicates that *** did not control a volume of subject imports sufficiently large to qualify as a related party. In 2014, *** purchased *** short tons of HWR from Mexico from importers ***, which was equivalent to *** percent of the HWR imported from Mexico by *** that year. CR/PR at Table III-7 n.1.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[34]

Based on official Customs import data, subject imports from Korea, Mexico, and Turkey accounted for 19.4, 13.2, and 13.7 percent, respectively, of all imports of HWR from July 2014 to June 2015, the 12-month period preceding the filing of the petitions.[35] Because subject imports from each country were well above the statutory negligibility threshold, we find that subject imports from each country are not negligible.

VI. Cumulation

For purposes of evaluating the volume and price effects for a determination of reasonable indication of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

(1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
(4) whether the subject imports are simultaneously present in the market.[36]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for

[34] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

[35] CR at IV-8; PR at IV-6.

[36] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'*d, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

determining whether the subject imports compete with each other and with the domestic like product.[37] Only a "reasonable overlap" of competition is required.[38]

The statutory threshold for cumulation is satisfied in these investigations because petitioners filed petitions with respect to all three subject countries on the same day, July 21, 2015.[39]

A. Arguments of the Parties

Petitioners' Argument. Petitioners argue that because the statutory conditions for cumulation are satisfied, the Commission should consider subject imports from Korea, Mexico, and Turkey on a cumulated basis.[40]

Respondents' Argument. The Mexican respondents argue that the Commission should not cumulate subject imports from Mexico with subject imports from Korea and Turkey because a number of factors limit competition between subject imports from Mexico and HWR from other sources.[41] In this regard, they claim that the Mexican industry's HWR offerings are more limited than those of the Korean, Turkish, and domestic industries in terms of size range and specifications, with some Mexican producers not producing HWR to ASTM A 500 Grade B.[42] Further limiting competition, the Mexican respondents argue, is the Mexican producers' absence from the Northeastern and "other" markets of the United States and their sale of HWR by the truckload instead of by the boatload, which allegedly prevents them from competing for large volume sales.[43] [44]

B. Analysis

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

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

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

[39] None of the statutory exceptions to cumulation applies.

[40] Petition at 13.

[41] Mexican Respondents' Postconference Brief at 27.

[42] Mexican Respondents' Postconference Brief at 27-28.

[43] Mexican Respondents' Postconference Brief at 28.

[44] Turkish Respondents did not raise any arguments against cumulation for purposes of the present material injury analysis, but rather arguments against cumulation for purposes of threat.

Fungibility. The record indicates that there is a high degree of substitutability between subject imports from Korea, Mexico, and Turkey, and subject imports from each source and the domestic like product.[45] Most responding domestic producers reported that subject imports from Korea, Mexico, and Turkey are "always" used interchangeably with each other and with the domestic like product, while most responding importers reported that subject imports from each source are "always" or "frequently" used interchangeably with each other.[46] When asked whether differences other than price are ever significant to purchasers in choosing between HWR produced in Korea, Mexico, Turkey, and the United States, most responding domestic producers reported "never" and most responding importers reported either "sometimes" or "never."[47] Consequently, the record does not support the contentions of the Mexican respondents concerning the lack of fungibility of subject imports from Mexico and the domestic like product. In particular, the record indicates that subject imports from Mexico included HWR produced to the ASTM A 500 Grade B specification.[48] Responding importers reported sales of all four pricing products imported from Mexico, and all pricing products were produced to the ASTM A 500 Grade B specification.[49]

Channels of Distribution. Subject imports from Korea, Mexico, and Turkey and the domestic like product shared the same general channels of distribution. During the period of investigation, both domestic producers and importers of subject HWR sold mainly to distributors.[50]

Geographic Overlap. The record indicates that HWR from all sources generally served a nationwide market during the period examined, with a few exceptions.[51] Subject imports from Korea were not sold in the Midwest or "other U.S. markets" and subject imports from Mexico were not sold in the Northeast or "other U.S. markets."[52] Consequently, although subject imports from Mexico were not sold nationwide, the record does not support the Mexican respondents' contentions that such imports were sold in geographic markets distinct from those in which the domestic like product or imports from the other two subject countries were sold. To the contrary, the domestic like product and imports from all three subject countries were sold in the Southeast, Central Southwest, Mountain, and Pacific Coast regions.[53]

Simultaneous Presence in Market. HWR from all sources was simultaneously present in the U.S. market, given that subject imports from Korea, Mexico, and Turkey entered the United

[45] CR at II-15-16; PR at II-11.

[46] CR at II-16; PR at II-12; CR/PR at Table II-6.

[47] CR at II-17; PR at II-13; CR/PR at Table II-7.

[48] CR at V-4; PR at V-4; CR/PR at Table V-7.

[49] CR at V-4; PR at V-3; CR/PR at Tables V-3-6.

[50] CR at II-1; PR at II-1; CR/PR at Table II-1.

[51] CR at II-2; PR at II-1; CR/PR at Table II-2.

[52] CR/PR at Table II-2. "Other U.S. markets" includes Alaska, Hawaii, Puerto Rico, and the Virgin Islands. *Id.* at n.1.

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

States in nearly every month of the period of investigation.[54] The only exception was two months in 2012 when subject imports from Turkey were not present in the U.S. market.[55]

Conclusion. Because the relevant antidumping duty petitions and countervailing duty petition were filed on the same day, and the record indicates that there is a reasonable overlap of competition between and among subject imports and the domestic like product, we analyze subject imports from Korea, Mexico, and Turkey on a cumulated basis for our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

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

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[56] 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.[57] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[58] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[59] 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."[60]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[61] it does not define the phrase "by reason of," indicating that this aspect of the

[54] CR/PR at Table IV-3.

[55] CR/PR at Table IV-3.

[56] 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

[57] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[58] 19 U.S.C. § 1677(7)(A).

[59] 19 U.S.C. § 1677(7)(C)(iii).

[60] 19 U.S.C. § 1677(7)(C)(iii).

[61] 19 U.S.C. §§ 1671b(a), 1673b(a).

injury analysis is left to the Commission's reasonable exercise of its discretion.[62] 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.[63]

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.[64] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[65] Nor does

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[62] *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).

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

[64] SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 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.

[65] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n* , 266 F.3d at 1345. ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other

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the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[66] It is clear that the existence of injury caused by other factors does not compel a negative determination.[67]

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."[68] [69] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[70]

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

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

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

[68] *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. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[69] Vice Chairman 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 Steel*, held that the Commission is *required*, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of non-subject imports, albeit without reliance upon presumptions or rigid formulas. *Mittal Steel* explains as follows:

> What *Bratsk* held is that "where commodity products are at issue and fairly traded, price competitive, non-subject 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 non-subject 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
(Continued…)

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[71] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[72] 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.[73]

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

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> 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.

[70] *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.").

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

[72] *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).

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

evidence standard.[74] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[75]

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

Demand for HWR is driven primarily by nonresidential construction activity and to a lesser extent by OEM production of transportation, agricultural, and material handling equipment. [76] Apparent U.S. consumption of HWR increased from 1.9 million short tons in 2012 to 2.0 million short tons in 2013 and 2.1 million short tons in 2014 (a total increase of 10.5 percent during 2012-14).[77] Apparent U.S. consumption was 1.0 million short tons in January-June ("interim") 2015, down from 1.1 million short tons in interim 2014. [78]

2. Supply Conditions

During the period of investigation, the U.S. market for HWR was primarily supplied by the domestic industry, with subject imports and nonsubject imports supplying smaller portions of the market. The domestic industry's U.S. shipments as a share of apparent U.S. consumption declined from 83.2 percent in 2012 to 82.5 percent in 2013 and then to 79.3 percent in 2014.[79] The industry's share of apparent U.S. consumption was 77.8 percent in interim 2015, down from 79.3 percent in interim 2014.[80]

Several domestic producers made major investments during the period of investigation. Specifically, *** opened a new HWR production facility in Alabama and *** opened a new HWR production facility in Wyoming.[81] *** and *** invested in the modernization of their HWR production facilities.[82] ***.[83]

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[74] 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.

[75] *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.").

[76] CR/PR at II-1; Conference Tr. at 49 (Muth).

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

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

[79] CR/PR at Table IV-6.

[80] CR/PR at Table IV-6.

[81] CR/PR at Table III-2.

[82] CR/PR at Table III-2.

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

Subject imports as a share of apparent U.S. consumption increased from 7.9 percent in 2012 to 8.6 percent in 2013 and 10.4 percent in 2014.[84] The subject import share of apparent U.S. consumption was 9.3 percent in interim 2015, down from 10.3 percent in interim 2014.[85]

Nonsubject imports as a share of apparent U.S. consumption increased from 8.9 percent in 2012 and 2013 to 10.3 percent in 2014.[86] The nonsubject import share of apparent U.S. consumption was 12.9 percent in interim 2015, up from 10.4 percent in interim 2014.[87] Canada was the largest source of nonsubject imports during the period of investigation.[88]

Two domestic producers are related to HWR producers in Canada. *** is related to *** through a common parent company, and ***.[89] *** is related to *** through a common parent company, but ***.[90]

3. Substitutability and Other Conditions

As detailed in section VI.B. above, we have found a high degree of substitutability between subject imports and the domestic like product.[91] Most responding domestic producers and importers reported that HWR from all sources is always or frequently interchangeable, and industry witnesses testified that subject imported and domestically produced HWR produced to the same ASTM specifications are interchangeable.[92]

We further find that price is an important factor in purchasing decisions in the HWR market. Most responding domestic producers reported that differences other than price were "never" significant to purchasers choosing between sources of HWR, while most responding importers reported that differences other than price were "sometimes" or "never" important.[93] Consistent with these data, domestic industry witnesses stated at the conference that price is a decisive factor when distributors are choosing between HWR suppliers.[94]

The record indicates that HWR is expensive to ship over land. Responding domestic producers reported that U.S. inland transportation costs average 8.5 percent of the total delivered cost of domestically produced HWR and responding importers reported that U.S. inland transportation costs average 5.6 percent of the total delivered cost of subject imported HWR.[95] Due to these costs, petitioners claim that subject import supplies are concentrated on

[84] CR/PR at Table IV-6.
[85] CR/PR at Table IV-6.
[86] CR/PR at Table IV-6.
[87] CR/PR at Table IV-6.
[88] CR/PR at Table IV-2.
[89] CR at III-11; PR at III-7; CR/PR at Table III-1 n.1.
[90] CR/PR at Tables III-1 n.2, III-7 note. ***. *Id.* at Table III-7 note.
[91] CR at II-15-16; PR at II-11.
[92] CR at II-16-17; PR at II-12; CR/PR at Table II-6; Conference Tr. at 38 (Montgomery), 45 (Muth).
[93] CR at II-17-18; PR at II-13; CR/PR at Table II-7.
[94] Conference Tr. at 27 (Seeger), 30 (Muth), 38 (Montgomery).
[95] CR at V-2; PR at V-1.

the coasts and at the U.S. southern border.[96] Eleven of 21 domestic HWR production facilities are located on the West Coast or in the Southeast.[97]

Another condition of competition relevant to our analysis is the high share of the domestic industry's cost of goods sold ("COGS") represented by hot-rolled steel, which is the main raw material used in the production of HWR.[98] The domestic industry's raw material costs as a share of its total COGS ranged from 82.1 to 86.9 percent during the period of investigation.[99]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[100]

We find that the volume and increase in volume of cumulated subject imports from Korea, Mexico, and Turkey was significant over the period of investigation. Cumulated subject imports increased from 149,047 short tons in 2012 to 171,723 short tons in 2013 and then to 217,705 short tons in 2014, an overall increase of 46.1 percent.[101] Subject imports were 95,259 short tons in interim 2015, down from 108,693 short tons in interim 2014.[102]

Cumulated subject imports also increased as a share of apparent U.S. consumption during the period, from 7.9 percent in 2012 to 8.6 percent in 2013 and then to 10.4 percent in 2014.[103] Subject imports' share of apparent U.S. consumption was 9.3 percent in interim 2015, down from 10.3 percent in interim 2014. [104]

We recognize that subject import volume and market share was lower in interim 2015 than in interim 2014. As discussed in section VII.E below, the parties disagree as to the reasons for this decline. In any final phase of the investigations, we will collect data for the full year and intend to investigate further the reasons for any changes in subject import volume during 2015.

D. Price Effects of the Subject Imports

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

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

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[96] Petitioners' Postconference Brief at 9.
[97] CR/PR at Table III-1.
[98] CR/PR at V-1.
[99] CR/PR at Table VI-3.
[100] 19 U.S.C. § 1677(7)(C)(i).
[101] CR/PR at Table IV-5.
[102] CR/PR at Table IV-5.
[103] CR/PR at Table IV-6.
[104] CR/PR at Table IV-6.

(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.[105]

As addressed in section VII.B.3 above, the record indicates that there is a high degree of substitutability between subject imports and the domestic like product and that price is an important consideration in purchasing decisions.

Thirteen domestic producers and 14 importers of subject merchandise from Korea, Mexico, and Turkey provided usable quarterly price data for four products, although not all firms reported pricing for all products for all quarters.[106] In 2014, reported pricing data accounted for approximately 11.0 percent of U.S. producers' U.S. commercial shipments, 27.8 percent of U.S. commercial shipments of subject imports from Korea, *** percent of U.S. commercial shipments of subject imports from Mexico, and 15.7 percent of U.S. commercial shipments of subject imports from Turkey.[107]

These data show that cumulated subject imports undersold the domestic like product in *** of *** monthly comparisons, or *** percent of the time, and at margins ranging from *** to 25.2 percent.[108] There were *** feet of cumulated subject import shipments involved in underselling comparisons, which were substantially more than the *** feet of cumulated subject import shipments involved in overselling comparisons.[109] We find subject import underselling to be significant.

We also examined movements in prices for the domestic like product and the cumulated subject imports. Prices for all pricing products from both domestic and subject sources declined from January 2012 to June 2015, even as apparent U.S. consumption increased.[110] Between the first quarter of 2012 and the last quarter of 2014, domestic prices for the four pricing products declined between 7.9 and 8.9 percent.[111] In the first half of 2015, prices for the domestic like product declined at a more rapid pace. Petitioners reported that domestic producers slashed their prices in an effort to stanch their loss of market share to subject imports during this time.[112] Prices for the four domestically produced pricing products were 19.7 to 22.7 percent lower in the second quarter of 2015 than in the second quarter of

[105] 19 U.S.C. § 1677(7)(C)(ii).

[106] CR at V-4; PR at V-3. All pricing products are defined as ASTM A 500 Grade B HWR with a wall thickness of 0.25 inches, but in different sizes. *Id.* Product 1 is 2 inch square, product 2 is 3 inch square, product 3 is 4 inch square, and product 4 is 6 inch square. *Id.* Pricing data were reported as net U.S. delivered selling prices. *Id.*

[107] CR at V-4-5; PR at V-3.

[108] CR at V-18; PR at V-11; CR/PR at Table V-8. Subject imports oversold the domestic like product in the remaining *** quarterly comparisons, at margins ranging from 0.0 to *** percent. *Id.*

[109] CR/PR, at Table V-8.

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

[111] CR/PR at Tables V-3-6.

[112] *See* Conference Tr. at 30 (Muth), 56 (Seeger), 62 (Searing).

2014.[113] The record indicates, however, that prices for the domestic like product and the domestic industry's raw material costs generally followed the same trend during the POI.[114] In any final phase of these investigations, we intend to further explore the role of raw material costs in determining HWR prices.

Although domestic prices and raw material costs had similar trends, purchasers' responses to the petitioners' lost sales and revenue allegations are evidence that subject imports played a role in the domestic industry's price declines. Responding purchasers confirmed petitioners' lost sales allegations totaling $*** and involving *** short tons of HWR and lost revenue allegations totaling $*** and involving *** short tons of HWR.[115] Of the *** responding purchasers, *** reported that they switched from domestically produced HWR to subject imports due to the lower price of subject imports, and *** reported that domestic producers reduced their prices to compete with subject imports.[116] Several responding purchasers provided additional comments explaining that the relatively lower prices of subject imports spurred the purchasers to increase their subject import purchases and/or forced domestic producers to reduce their prices.[117] In light of these considerations, we find for purposes of our preliminary determinations that the subject imports depressed prices for the domestic like product.

E. Impact of the Subject Imports[118]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[119]

Although the domestic industry experienced some improvements between 2012 and 2014 according to most measures, the industry's performance declined markedly toward the end of the period of investigation. The domestic industry's performance improved during the

[113] CR/PR at Tables V-3-6.

[114] *See* CR/PR at Tables III-5, V-3-6, VI-2-3, and Figure V-1.

[115] CR at V-19; PR at V-11.

[116] CR/PR at Table V-11.

[117] CR at V-30-33; PR at V-12-13; CR/PR at Table V-11 (comments of (***).

[118] Commerce initiated antidumping duty investigations of HWR from Korea, Mexico, and Turkey based on estimated antidumping duty margins of 53.8 percent for imports from Korea, 11.9 percent for imports from Mexico, and 102.1 to 113.7 percent for imports from Turkey. *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Korea, Mexico, and Turkey: Initiation of Antidumping Duty Investigations*, 80 Fed. Reg. 49202, 49205 (August 17, 2015).

[119] 19 U.S.C. § 1677(7)(C)(iii). This provision was recently amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

2012-14 period in terms of increases in production, shipments, and capacity utilization, and declines in the industry's inventories as a share of production and shipments, notwithstanding that its market share and capacity declined somewhat. [120] During this period, the industry's employment, hours worked, and wages paid all rose, although productivity fell.[121] Net sales quantity and value, gross profit, and operating income all rose, although net income declined slightly.[122] The industry's operating income as a share of net sales, as well as the industry's ratio of operating income to total assets, fluctuated within a narrow band, but were lower in 2014 than in 2012, despite the increases in production and shipments.[123] The industry's capital expenditures fluctuated during the period, as several domestic producers made substantial investments in new or enhanced HWR capacity, but was significantly lower in 2014 than in 2012.[124] The industry's research and development ("R&D") expenditures increased during 2012-14.[125]

Between the interim periods, however, the domestic industry's performance deteriorated. Comparing interim 2015 to interim 2014, the domestic industry's capacity was 4.9 percent lower, its production was 7.9 percent lower, its rate of capacity utilization was 1.8 percentage points lower, and its U.S. shipments were 5.1 percent lower.[126] The number of production-related workers increased incrementally, but most other employment-related indicators were lower in interim 2015 than interim 2014.[127] In other comparisons between interim 2015 and interim 2014, the domestic industry's net sales volume was 6.5 percent lower,

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[120] Between 2012 and 2014, the domestic industry's capacity declined by 2.4 percent. CR/PR at Tables III-3, C-1. Its production increased 1.9 percent, capacity utilization by 2.8 percentage points, and U.S. shipments by 5.3 percent. CR/PR at Tables III-3, II-5, C-1. The Industry's end-of-period inventories were stable between 2012 and 2014, but declined as a share of domestic production, from 13.8 to 13.5 percent; as a share of U.S. shipments, from 15.4 percent to 14.6 percent; and as a share of total shipments, from *** to *** percent. CR/PR at Table III-6. On the other hand, the domestic industry's market share declined from 83.2 percent in 2012 to 82.5 percent in 2013 and 79.3 percent in 2014. *Id.* at Table IV-6

[121] From 2012 to 2014, employment rose by 24 production related workers or 2.2 percent, hours worked increased by 5.7 percent, wages paid rose by 11.0 percent, but productivity fell by 3.2 percent. CR/PR at Tables III-8, C-1.

[122] From 2012 to 2014, net sales quantity rose by 5.4 percent, net sales value by 3.9 percent, gross profit by 1.8 percent, and operating income by 1.4 percent. By contrast, net income declined by 0.2 percent. CR/PR at Tables VI-1, C-1.

[123] The domestic industry's operating income as a share of net sales increased from 8.4 percent in 2012 to 9.3 percent in 2013 before declining to 8.2 percent in 2014. *Id.* The industry's return on assets, expressed as operating income as a share of total assets, increased from 10.4 percent in 2012 to 11.1 percent in 2013 before declining to 9.8 percent in 2014. *Id.* at Table VI-7.

[124] The domestic industry's capital expenditures increased from $35.6 million in 2012 to $49.8 million in 2013 before declining to $30.8 million in 2014. CR/PR at Table VI-5.

[125] The industry's R&D expenses increased from $*** in 2012 to $*** in 2013 and then to $*** in 2014. CR/PR at Table VI-5.

[126] CR/PR at Tables III-3, III-5, C-1. Inventories were higher in relative terms but lower in absolute terms. CR/PR at Table III-6..

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

and its net sales value was 19.8 percent lower.[128] The industry's gross profit was 37.0 percent lower, its operating income was 57.5 percent lower, and its net income was 40.7 percent lower.[129] As a share of net sales, the industry's operating income was 5.0 percent in interim 2015, down from 9.5 percent in interim 2014.[130] The industry's capital expenditures were 40.7 percent lower in interim 2015 than in interim 2014.[131]

In sum, subject import volume increased significantly in absolute terms during the period of investigation. From 2012 to 2014, subject import market share increased as the domestic industry's market share decreased.[132] Subject imports undersold the domestic like product during most of the period of investigation, which petitioners contend forced domestic producers to slash domestic prices to stay competitive against subject countries. Finally, the data show the domestic industry's declining financial performance across virtually all metrics in interim 2015. In light of these considerations, we find for purposes of the preliminary phase of these investigations that subject imports had a significant impact on the domestic industry by the end of the period of investigation.

We recognize that the parties have differing views on the extent to which subject imports contributed to the domestic industry's faltering performance in interim 2015. Specifically, we note that subject import volume and subject import market share decreased in interim 2015 from interim 2014.[133] Respondents argue that the domestic industry's difficulties resulted from declining hot-rolled coil prices, which translated into lower HWR prices and allegedly caused distributors, awaiting further price decreases, to reduce their purchases of HWR.[134] Respondents also posit that declining hot-rolled coil prices placed domestic producers

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[128] CR/PR at Tables bVI-1, and C-1.

[129] CR/PR at Tables VI-1 and C-1.

[130] CR/PR at Table VI-1. The record does not contain the industry's ratio of operating income to net assets during the interim period. The industry's R&D expenses were *** percent higher in interim 2015 than in interim 2014. CR/PR at Table VI-5.

[131] CR/PR at Tables VI-5, C-1. Seven responding producers reported the cancellation, postponement, or rejection of expansion projects, three reported a reduction in the size of capital investments, five reported that their return on specific investments was negatively impacted, and two reported other negative effects on investment. CR/PR at Table VI-8. One responding producer reported a lowering of its credit rating, two reported a reduced ability to service their debt, and five reported other negative effects on their growth and development. *Id.*

Respondents argue that the investments made by several domestic producers in the expansion and modernization of their facilities during the period of investigation reflect a healthy industry that is confident in its future prospects. Mexican Respondents' Postconference Brief at 3-4. Petitioners argue that these investments were planned years ago, before subject imports became a problem. Petitioners' Postconference Brief at 30 (citing Conference Tr. at 202-33 (Tassone)). We intend to investigate further this issue in any final phase of the investigations.

[132] Atlas states that it closed its Arkansas plant in April 2015, resulting in 150 layoffs, due to the plant's proximity to the points of entry for low-priced subject imports. CR/PR at Table III-2; Conference Tr. at 28 (Seeger).

[133] CR/PR at Tables IV-5-6.

[134] Mexican Respondents' Postconference Brief at 9; Turkish Respondents' Postconference Brief at 5 (agreeing with and adopting by reference the material injury arguments made by the Mexican (Continued…)

in a "margin squeeze," as the producers used higher-priced inventories of hot-rolled coils to produce HWR for sale at declining prices.[135] On the other hand, petitioners argue that the industry's performance deteriorated in interim 2015 because subject import competition forced domestic producers to cut their prices, in an effort to recoup lost market share, and because distributors reduced their purchases to draw down bloated inventories of low-priced subject imports amassed through the end of 2014.[136] We intend to investigate further these issues in any final phase of the investigations.

We have considered whether there are other factors that may have had an impact on the domestic industry during the period of investigation to ensure that we are not attributing injury from such other factors to the subject imports. Nonsubject imports as a share of apparent U.S. consumption increased from 8.9 percent in 2012 and 2013 to 10.3 percent in 2014.[137] The nonsubject import share of apparent U.S. consumption was 12.9 percent in interim 2015, up from 10.4 percent in interim 2014. [138]

Notwithstanding the significant and increasing presence of nonsubject imports in the U.S. market during the period of investigation, there are additional considerations that lead us to find for purposes of the preliminary phase of these investigations that nonsubject imports do not explain the domestic industry's declining performance towards the end of the period, particularly the declines reflecting depressed prices. The AUV of nonsubject imports was higher than the AUV of subject imports and U.S. shipments of the domestic industry throughout the period of investigation.[139] Similarly, pricing product data show that nonsubject imports from Canada, which was the largest source of nonsubject imports, ***.[140] [141] We note that domestic

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(…Continued)
respondents). In respondents' view, declining hot-rolled coil prices would have driven down the price of HWR because prices for hot-rolled coil -- the second-largest component of HWR production costs -- correlated closely with prices for HWR during the period of investigation. Mexican Respondents' Postconference Brief at 9, Exhibit 13. They also contend that distributors and service centers reacted to declining prices by withholding purchases of HWR in anticipation of even lower prices. *Id.* at 10, Exhibit 14.

[135] Mexican Respondents' Postconference Brief at 9.

[136] Petitioners' Postconference Brief at 12, 28. As evidence, petitioners cite a ***. *Id.* at 28, Exhibit 4. They also claim that the "inventory bulge" was caused by a surge in subject imports in the second half of 2014 to 109,012 short tons, a level equivalent to 63.5 percent of total subject import volume in 2013. *Id.* at 28; CR/PR at Table IV-2. Three domestic industry witnesses testified that their companies cut prices to stanch their loss of market share to subject imports. *See* Conference Tr. at 30 (Muth), 56 (Seeger), 62 (Searing).

[137] CR/PR at Table IV-6.

[138] CR/PR at Table IV-6.

[139] CR/PR at Tables III-5, IV-2. Petitioners' witnesses testified at the conference that they knew of no change in the product mix of either domestically produced HWR or subject imports during the period of investigation that would compromise the reliability of AUV data. *See* Conference Tr. at 59 (Muth and Baker).

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

[141] Vice Chairman Pinkert finds that HWR is a commodity product for purposes of *a Bratsk/Mittal Steel* analysis, and that price-competitive nonsubject imports were a significant factor in the U.S. market (Continued…)

producers *** controlled a portion of nonsubject imports from Canada, which ***.[142] Moreover, 60.8 percent of the increase in nonsubject import volume during the interim period consisted of HWR from Italy with a much higher AUV, suggesting that the increase consisted of a niche product that was not directly competing with the subject merchandise.[143] Consequently, these higher value imports that drove the market share changes in the interim period do not explain the declines in the domestic industry's performance. We intend to further investigate the role of nonsubject imports in the U.S. market, including those imported by U.S. producers, in any final phase of the investigations.

Lower apparent U.S. consumption in interim 2015 relative to interim 2014 contributed to the domestic industry's weakened performance in interim 2015, but the extent to which subject imports contributed to this trend is disputed by the parties.[144] Petitioners argue that lower apparent U.S. consumption in interim 2015 resulted from distributors drawing down excessive inventories of low-priced subject imports amassed through the end of 2014.[145] Respondents attribute the trend to declining hot-rolled coil prices, which allegedly prompted distributors to withhold HWR purchases in anticipation of lower prices.[146] We intend to investigate further this issue in any final phase of the investigations.

For the foregoing reasons, the record of the preliminary phase of these investigations supports a determination that there is a reasonable indication of material injury by reason of subject imports.

VIII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of HWR from Korea, Mexico, and Turkey that are allegedly sold in the United States at less than fair value and imports of the subject merchandise from Turkey that are allegedly subsidized by the government of Turkey.

(…Continued)
for HWR during the period of investigation. He finds, however, that nonsubject imports would not have replaced the subject imports without benefit to the domestic industry had the subject imports exited the market during the period because nonsubject import prices were generally higher than subject import prices.

[142] CR/PR at Tables III-1 nn. 1-2, III-7 & note.

[143] *Compare* CR/PR at Table IV-2 *with* Petitioners' Postconference Brief at Exhibit 5; *see also* Conference Tr. at 139 (Schagrin). Respondents' counsel agreed at the hearing that the increase in nonsubject imports from Italy consisted of anomalously high-valued HWR. Conference Tr. at 145 (Nolan).

[144] Apparent U.S. consumption was 3.3 percent lower in interim 2015 than in interim 2015, after increasing 10.5 percent during the 2012-14 period. CR/PR at Tables IV-6, C-1.

[145] Petitioners' Postconference Brief at 28, Exhibit 4.

[146] Mexican Respondents' Postconference Brief at 10, Exhibit 14.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Atlas Tube, a division of JMC Steel Group (Chicago, Illinois), Bull Moose Tube Company (Chesterfield, Missouri), EXLTUBE (North Kansas City, Missouri), Hannibal Industries, Inc. (Los Angeles, California), Independence Tube Corporation (Chicago, Illinois), Maruichi American Corporation (Santa Fe Springs, California), Searing Industries (Rancho Cucamonga, California), Southland Tube (Birmingham, Alabama), and Vest, Inc. (Los Angeles, California) on July 21, 2015, 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 heavy-walled rectangular welded carbon steel pipes and tubes ("HWR tubular products")[1] from Korea, Mexico, and Turkey. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
July 21, 2015	Petition filed with Commerce and the Commission; institution of Commission investigation (80 FR 44383, July 27, 2015)
August 11, 2015	Commission's conference
August 17, 2015	Commerce's notice of initiation of antidumping duty investigations (80 FR 49202, August 17, 2015) and countervailing duty investigation (80 FR 49207, August 17, 2015)
September 3, 2015	Commission's vote
September 4, 2015	Commission's determination
September 14, 2015	Commission's views

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--

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

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

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

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

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

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

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[5]

[4] Amended by PL 114-27 (as signed, June 29, 2015), The American Trade Enforcement Effectiveness Act.

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

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy programs 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.

MARKET SUMMARY

HWR tubular products are often referred to as structural tubing and are generally used for support in construction as well as for load-bearing purposes in construction, transportation, farm, and material handling equipment.[6] The leading U.S. producers of HWR tubular products are ***. These firms responded to the Commission's U.S. producer questionnaire in this proceeding. Other U.S. producers that responded to the Commission's questionnaire include ***. Additional firms that are believed to have the capacity to producer HWR tubular products include ***.[7]

Histeel Co., Ltd. ("Histeel") was the only producer in Korea that responded to the Commission's questionnaire in this proceeding. The following seven producers in Mexico responded to the Commission's questionnaire: Arco Metal S.A. de C.V. ("Arco"), Maquilacero S.A. de C.V. ("Maquilacero (Mexico)"), Perfiles y Herrajes L.M., S.A. de C.V. ("Perfiles y Herrajes (Mexico)"), Productos Laminadoes de Monterrey, S.A. de C.V. ("Prolamsa (Mexico)"), PYTCO, S.A. de C.V. ("PYTCO"), Regiomontana de Perfiles y Tubos, S.A. de C.V. ("Regiomontana (Mexico)"), and Ternium Mexico, S.A. de C.V. ("Ternium"). The largest of these seven Mexican producers is ***.

The following three producers in Turkey responded to the Commission's questionnaire in this proceeding: Cinar Boru Profil Sanayi ve Ticaret A.S. ("Cinar Boru"), MMZ Onur Boru Profil

(…*continued*)

[5] Amended by PL 114-27 (as signed, June 29, 2015), The American Trade Enforcement Effectiveness Act.

[6] Petition, Vol. I, p. 6.

[7] Petition, Vol. I, p. 3.

Uretim Sanayi ve Ticaret A.S. ("MMZ Onur"), and Ozdemir Boru Profil Sanayi ve Ticaret Ltd., STI. ("Ozdemir Boru"). The largest of these three Turkish producers is ***.

The leading U.S. importers of HWR tubular products from Korea are ***. The leading U.S. importers of HWR tubular from Mexico are ***, and the leading U.S. importers of HWR tubular products from Turkey are ***. The leading U.S. importer of HWR tubular products from Canada is ***. The leading U.S. importer of HWR tubular products from other nonsubject countries is ***. U.S. purchasers of HWR tubular products include service centers, the construction industry, as well as the agricultural machinery and equipment industry.[8]

Apparent U.S. consumption of HWR tubular products totaled approximately 2.1 million short tons ($1.8 billion) in 2014. U.S. producers' U.S. shipments of HWR tubular products totaled 1.7 million short tons ($1.5 billion) in 2014, and accounted for 79.3 percent of apparent U.S. consumption by quantity and 80.3 percent by value. U.S. imports from subject sources totaled 217,705 short tons ($157.8 million) in 2014 and accounted for 10.4 percent of apparent U.S. consumption by quantity and 8.6 percent by value. U.S. imports from nonsubject sources totaled 214,118 short tons ($201.9 million) in 2014 and accounted for 10.3 percent of apparent U.S. consumption by quantity and 11.1 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of 13 firms that accounted for almost all of U.S. production of HWR tubular products during 2014.[9] U.S. imports are based on official import statistics and on questionnaire responses from 25 U.S. importers that are believed to have accounted for 13.0 percent of subject imports from Korea, *** percent from Mexico, 71.9 percent from Turkey, and 7.7 percent from nonsubject sources during January 2012 through June 2015. Foreign industry data are based on questionnaire responses of one Korean firm whose exports accounted for *** percent of U.S. imports of HWR tubular products, seven Mexican firms whose exports accounted for 96.7 percent of U.S. imports of HWR tubular products, and three Turkish firms whose exports accounted for 76.3 percent of U.S. imports of HWR tubular products during January 2012 to June 2015.

PREVIOUS AND RELATED INVESTIGATIONS

HWR tubular products have been the subject of several prior antidumping duty investigations in the United States. In April 1983, the Committee on Pipe and Tube Imports ("CPTI") filed a petition with the Commission and Commerce alleging that an industry in the

[8] Conference transcript, pp. 27 (Seeger) and 49 (Muth).

[9] The coverage estimate is based on a variety of sources. According to the petitioners, ***. Petitioners clarified that the total shipping estimate for the U.S. market had not been ***. ***. Petition, Vol. I, p. 4; Preston Pipe & Tube Report, Vol. 33, No. 2, February 2015, p. 60; Petitioners' postconference brief, pp. 2-3; Staff telephone interview with ***, August 10, 2015.

United States was materially injured, or threatened with material injury, by reason of imports from Korea and Taiwan of HWR tubular products sold at LTFV into the United States. In June 1983, the Commission issued negative preliminary determinations on imports of HWR tubular products from Korea and Taiwan.[10]

The CPTI filed another petition in July 1983 alleging that an industry in the United States was materially injured, or threatened with material injury, by reason of imports of HWR tubular products from Korea sold at LTFV into the United States. While the Commission preliminarily determined that there was reasonable indication that an industry in the United States was materially injured by reason of imports from Korea of HWR tubular products, the Commission issued a negative final determination in April 1984.[11]

The CPTI filed a third petition in November 1985 alleging that an industry in the United States was materially injured, or threatened with material injury, by reason of imports of HWR tubular products from Singapore sold in the United States at LTFV. In December 1985, the Commission issued a negative preliminary determination on imports of HWR tubular products from Singapore.[12]

The CPTI filed a fourth petition in March 1985 alleging that an industry in the United States was materially injured, or threatened with material injury, by reason of imports of HWR tubular products from Canada sold in the United States at LTFV. While the Commission preliminarily determined that there was reasonable indication that an industry in the United States was materially injured by reason of imports from Canada of HWR tubular products, the Commission issued a negative final determination in February 1986.[13]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On August 17, 2015, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on HWR tubular products from Turkey.[14] Commerce initiated an investigation of the following alleged subsidy programs in Turkey:[15]

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[10] *Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Investigation Nos. 731-TA-131-132 (Preliminary)*, USITC Publication 1389, June 1983, pp. 1, A-1.

[11] *Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Investigation Nos. 731-TA-131, 132, and 138 (Final)*, USITC Publication 1519, April 1984, pp. 1, A-1 – A-2.

[12] *Certain Carbon Steel Pipes and Tubes from the People's Republic of China, the Philippines, and Singapore, Investigation Nos. 731-TA-292-296 (Preliminary)*, USITC Publication 1796, December 1985, pp. 2, A-1.

[13] *Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes from Canada*, *Investigation No. 731-TA-254 (Final)*, USITC Publication 1808, February 1986, pp. 1, A-1.

[14] *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Turkey: Initiation of Countervailing Duty Investigation*, 80 FR 49207, August 17, 2015.

A. Provision of Inputs for Less Than Adequate Remuneration ("LTAR")
    1. Provision of Hot-Rolled Steel for LTAR
    2. Provision of Electricity for LTAR
    3. Provision of Land for LTAR
    4. Provision of Lignite for LTAR
B. Tax Benefit Programs
    1. Deduction for Taxable Income for Export Revenue
    2. Tax Incentives for Research & Development ("R&D") Activities
        a.) Tax Benefits for R&D Activities
        b.) Product Development R&D Support-UFT
C. Export Credits, Loans and Insurance Programs
    1. Rediscount Program (Short-Term Pre-Shipment Rediscount Program)
    2. Pre-Export Credit Program
    3. Export Insurance Provided by Turk Eximbank
D. Investment Incentives
    1. Investment Encouragement Program Customs Duty and Value Added Tax ("VAT") Exemptions
    2. Large Scale Investment Incentives
        a.) VAT and Customs Duty Exemptions
        b.) Tax Reductions
        c.) Income Tax Withholding
        d.) Social Security and Interest Support
        e.) Land Allocation
    3. Strategic Investment Incentives
        a.) VAT and Customs Duty Exemptions
        b.) Tax Reductions
        c.) Income Tax Withholding
        d.) Social Security and Interest Support
        e.) Land Allocation
E. Regional Development Subsisides
    1. Law 5084: Withholding of Income Tax on Wages and Salaries
    2. Exemption from Property Tax
    3. Law 5084: Incentive for Employer's Share in Insurance Premiums

(…*continued*)

[15] *Enforcement and Compliance Office of AD/CVD Operations, CVD Initiation Checklist, Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from the Republic of Turkey (Turkey)*, August 10, 2015.

Alleged sales at LTFV

On August 17, 2015, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on HWR tubular products from Korea, Mexico, and Turkey.[16] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 53.8 percent for HWR tubular products from Korea, 11.9 percent for HWR tubular products from Mexico, and a range of 102.1 to 113.7 percent for HWR tubular products from Turkey.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:[17]

> *The products covered by these investigations are certain heavy walled rectangular welded steel pipes and tubes of rectangular (including square) cross section, having a nominal wall thickness of not less than 4 mm. The merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A 500, grade B specifications, or comparable domestic or foreign specifications.*
>
> *Included products are those in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements below exceeds the quantity, by weight, respectively indicated:*
>
> - *2.50 percent of manganese, or*
> - *3.30 percent of silicon, or*
> - *1.50 percent of copper, or*
> - *1.50 percent of aluminum, or*
> - *1.25 percent of chromium, or*
> - *0.30 percent of cobalt, or*
> - *0.40 percent of lead, or*
> - *2.0 percent of nickel, or*

[16] *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Korea, Mexico, and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*, 80 FR 49202, August 17, 2015.

[17] *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Korea, Mexico, and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*, 80 FR 49202, August 17, 2015; *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Turkey: Initiation of Countervailing Duty Investigation*, 80 FR 49207, August 17, 2015.

- *0.30 percent of tungsten, or*
- *0.80 percent of molybdenum, or*
- *0.10 percent of niobium (also called columbium), or*
- *0.30 percent of vanadium, or*
- *0.30 percent of zirconium*

The subject merchandise is currently provided for in item 7306.61.1000 of the Harmonized Tariff Schedule of the United States (HTSUS). Subject merchandise may also enter under HTSUS 7306.61.3000. While the HTSUS subheadings and ASTM specification are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under the following subheadings of the 2015 HTSUS: 7306.61.10 and 7306.61.30. The Column 1-General rate of duty is "Free."[18]

THE PRODUCT

Description and applications

The products covered by these investigations are rectangular (including square) welded carbon steel tubing having a wall thickness of 4 mm (0.157 inch) or greater. Although square and rectangular tubing of any outside dimensions is covered, these products are commonly supplied in rectangular cross sections ranging from 3 by 2 inches to 20 by 12 inches and in squares from 1.5 to 20 inches. They are used for support for construction or load-bearing purposes in construction, transportation, farm, and material handling equipment. The products are generally manufactured to ASTM specification A 500, grade B, and are commonly referred to in the industry as structural tubing or as hollow structural sections.

Manufacturing processes

HWR tubular products are made by forming flat-rolled steel into a tubular configuration and welding along the joint axis. Welding is primarily by the electric-resistance welding ("ERW") process.[19]

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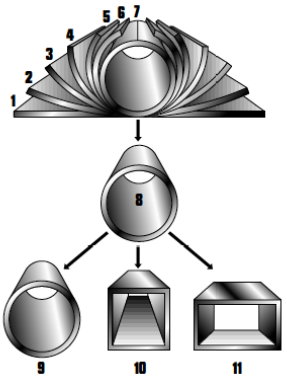
[18] Decisions on the tariff classification and treatment of imported goods are solely within the authority of U.S. Customs and Border Protection.

[19] ERW is a process where the strip edges are mechanically pressed together and welded. The heat for welding is generated by resistance of the steel to the flow of an electric current. In one process, a

(*continued*...)

In a tube mill, flat steel sheet in coil form is straightened and fed through a progressive series of rolls to produce a round tube. The edges of the steel are heated by electrical resistance and forged together to create a continuous longitudinal weld, with no addition of filler metal. The weld seam is cooled and excess flash removed from the exterior of the tube. The round tube is then processed through a further set of shaping rolls to cold form it into a square or rectangular section. *See* Figure I-1. The tube is then cut to its ordered length.

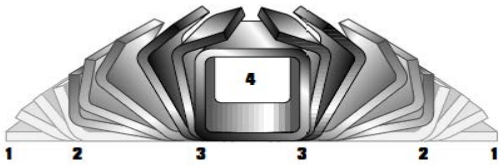
Figure I-1. Round tube process



Source: Steel Tube Institute

An alternative method of producing HWR tubular products used by some producers is called the form-square weld-square process. Forming rolls progressively form the top two corners of a square or rectangular tube in initial forming stations. Subsequent stations form the bottom two corners of the shape and the seam is welded by electrical resistance when it near its final shape. The outside flash is removed and the tube is formed to its final shape in a series of sizing rolls. *See* Figure I-2.

Figure I-2. Form-square weld-square process



Source: Steel Tube Institute

(…*continued*)
low frequency current (typically 60 to 360 hertz) is conducted to the strip edges by a pair of copper alloy discs which rotate as the pipe is propelled under them. A second variation uses high frequency current (in the range of 400 to 500 kilohertz) which enters the tubing through shoes which act as sliding contacts. An induction coil can also be used with the high frequency current to induce current in the edges of the steel. No direct contact between the induction coil and the tubing is required.

DOMESTIC LIKE PRODUCT ISSUES

The petitioners contend that the domestic like product should be coextensive with the scope of the investigations as defined by Commerce. This scope differs from previous cases on HWR tubular products since it specifies that subject products are those in which iron predominates, have under a certain carbon content, and include limitations on certain elements. These specifications have been included to prevent circumvention through minor changes in physical or chemical composition.[20] The respondents do not dispute the Petitioners' definition of the domestic like product in the preliminary phase of these investigations.[21]

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

Physical characteristics and uses

HWR tubular products are welded carbon steel pipes of rectangular cross-section, ranging from 3 by 2 inches to 20 by 12 inches and 1.5 inch to 20 inch squares, and a wall thickness of equal to or greater than 4mm. As described previously, products included within the scope are those in which iron predominates, have under a certain carbon content, and include limitations on certain elements. HWR tubular products are generally used in construction or load-bearing purposes as structural support.[22]

Interchangeability and customer or producer perceptions

Petitioners contend that HWR tubular products produced to the same specifications is interchangeable in the same end use applications. The vast majority of HWR tubular products are produced to the ASTM A 500 specification.[23]

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[20] Petition, Vol. I, p. 12.

[21] Mexican producers' postconference brief, p. 2; Turkish producers and exporters' postconference brief, p. 5.

[22] Petition, Vol. I, p. 5.

[23] Conference transcript, p. 27 (Seeger).

Channels of Distribution

Petitioners claim that HWR tubular products produced domestically are sold directly to distributors and service centers, which then re-sell to consumers, and end users.[24] The main industries that use HWR tubular products are the nonresidential construction and agricultural machinery and equipment industries.[25]

Manufacturing facilities, production processes, and production employees

HWR tubular products are manufactured to ASTM specification A 500, grade B, and are produced by shaping flat-rolled steel into a tubular configuration, which is then welded along the joint axis using the ERW process where the strip edges are mechanically pressed together and welded. The heat for welding is generated by resistance of the steel to the flow of an electric current. All HWR tubular products are formed from flat-rolled steel and most are welded using the ERW process.[26] Petitioners note that the domestic industry often uses common manufacturing facilities, production processes, and production employees to manufacture HWR tubular products.[27]

Price

Price data shows that price increased incrementally with each larger HWR tubular product size.

[24] Independence noted that approximately 85 percent of its product goes through steel distribution. Conference transcript, p. 45 (Tassone); Petitioner's postconference brief, p. 5.

[25] Petition, Vol. I, p. 14; conference transcript, pp. 28-29 (Seeger) and 30 (Muth).

[26] Petition, Vol. I, pp. 6-7; conference transcript, p. 67 (Schagrin).

[27] Petitioners' postconference brief, p. 5.

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

U.S. MARKET CHARACTERISTICS

Apparent U.S. consumption of HWR tubular products increased by 10.5 percent during 2012-14. HWR tubular products are mainly used in nonresidential construction and in the production of equipment including agricultural equipment and construction equipment.

CHANNELS OF DISTRIBUTION

U.S. producers and imports sold mainly to distributors, as shown in table II-1.

Table II-1
HWR tubular products: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2012-14, January to June 2014, and January to June 2015

Item	Period				
	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Share of reported shipments (percent)				
U.S. producers' U.S. commercial shipments of HWR tubular products:					
Distributors	81.1	79.3	80.9	80.3	81.6
End users	18.9	20.7	19.1	19.7	18.4
U.S. importers' U.S. commercial shipments of HWR tubular products from Korea:					
Distributors	98.3	99.5	99.4	99.7	99.2
End users	1.7	0.5	0.6	0.3	0.8
U.S. importers' U.S. commercial shipments of HWR tubular products from Mexico:					
Distributors	87.8	87.0	85.1	85.4	84.8
End users	12.2	13.0	14.9	14.6	15.2
U.S. importers' U.S. commercial shipments of HWR tubular products from Turkey:					
Distributors	95.7	98.2	96.0	94.8	96.4
End users	4.3	1.8	4.0	5.2	3.6
U.S. importers' U.S. commercial shipments of HWR tubular products from Canada:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of HWR tubular products from all other countries:					
Distributors	98.0	98.8	98.4	97.4	98.9
End users	2.0	1.2	1.6	2.6	1.1

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

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers of product from Turkey reported selling HWR tubular products to all regions in the contiguous United States (table II-2). Importers of product from Korea reported selling to all U.S. regions except the Midwest and "other" and importers of product from Mexico reported selling to all U.S. regions except the Northeast and "other." U.S. producers and importers from Mexico reported that most sales were to destinations between 101 and 1,000 miles. Most sales of import from Korea and Turkey were to destinations within 100 miles of the importers' U.S. point of shipment (table II-3).

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

Region	U.S. producers	Importers		
		Korea	Mexico	Turkey
Northeast	7	2	0	2
Midwest	10	0	2	3
Southeast	7	2	2	4
Central Southwest	9	4	4	3
Mountain	13	2	2	3
Pacific Coast	12	5	2	3
Other[1]	5	0	0	1
All regions (except Other)	6	0	0	1
Reporting firms	13	8	4	7

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

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

Table II-3
HWR tubular products: Share of sales shipped by distance reported by U.S. producers and importers

Region	U.S. producers	Importers		
		Korea	Mexico	Turkey
Zero to 100 miles	13.0	71.6	29.7	80.8
101 miles to 1,000 miles	78.9	28.2	63.1	11.4
Over 1,000 miles	8.1	0.2	7.2	7.7

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

Transportation costs for HWR tubular products tend to be high relative to the cost of shipping the underlying steel because shipments contain large amounts of air.[1] Producers reported transportation costs ranging from 5 to 15 percent of the total delivered cost of HWR tubular products, and averaging 8.5 percent. Importers reported that U.S. inland transportation costs ranging from 3 to 13 percent of the total delivered cost of HWR tubular products, and averaging 5.5 percent. Petitioners report that transportation costs are the second-most important cost for HWR tubular products, after steel.[2] They report that because of the high cost of transportation, the impact of imports is greatest for U.S. producers near the West Coast and Gulf Coast,[3] although there has been some impact on U.S. producers.[4]

[1] Conference transcript, p. 36 (Searing).
[2] Petitioner's postconference brief. p. 9.
[3] Conference transcript, p. 17 (Cloutier).
[4] Petitioner's postconference brief, pp. 9-10.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of HWR tubular products have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of U.S.-produced HWR tubular products to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and the ability to produce alternate products.

Industry capacity

U.S. producers' capacity declined from 2.8 million short tons in 2012 to 2.7 million short tons in 2014. Domestic capacity utilization increased from 62.5 percent to 65.3 percent. This relatively moderate-to-low level of capacity utilization suggests that U.S. producers may have substantial ability to increase production of product in response to an increase in prices.

Respondents assert that a 70-percent capacity utilization rate is fairly high for this industry. According to respondents, capacity utilization rates range normally from 60 to 80 percent because mills require downtimes as they switch production between sizes.[5]

Alternative markets

U.S. producers' exports, as a percentage of total shipments, were unchanged between 2012 and 2014 at 7.0 percent of their total shipments. U.S. producers' export shipments indicate that U.S. producers may have limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories as a share of total U.S. shipments decreased from *** percent to *** percent. These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Nine of 13 responding U.S. producers reported producing other products on the same equipment used to producer HWR tubular products. Other products that producers reportedly can produce on the same equipment as HWR tubular products included ***. U.S. producers

[5] Conference transcript, p. 130 (Nolan) and Mexican respondents' postconference brief, answers to staff questions p. 4.

reported that the share of overall production on shared equipment fell from 72.2 percent in 2012 to 67.1 percent in 2014.

Supply constraints

Reported supply constraints included: downtime needed to adjust for changes in size; the size of the HWR tubular product being produced which determines the number of tons that can be produced by a given mill's capacity; and welding and forming capacity.

Subject imports from Korea[6]

Based on available information, producers of HWR tubular products from Korea have the ability to respond to changes in demand with moderate-to-low changes in the quantity of shipments of HWR tubular products to the U.S. market. The main contributing factor to this degree of responsiveness is the small share of HWR tubular products produced on the same equipment. Other supply factors tended to limit the Korean producer's ability to increase production.

Industry capacity

The responding Korean producer's capacity to produce HWR tubular products increased from *** short tons in 2012 to *** short tons in 2014. Capacity utilization rates for HWR tubular products decreased from *** percent in 2012 to *** percent in 2014. The reported data indicate that there was limited excess capacity for the Korean producers to expand production of HWR tubular products for sale in the U.S. market.

Alternative markets

Between 2012 and 2014, Korean exports of HWR tubular products to all markets other than the United States decreased from *** percent to *** percent of total shipments. The reported data indicate that Korean producers may have limited ability to shift sales between other markets and the United States.

Inventory levels

Reported inventories of HWR tubular products increased irregularly as a share of total shipments, rising from *** percent to *** percent during 2012-14. The reported data indicate that there were limited inventories to shift to the United States.

[6] The Commission received one questionnaire response from a Korean producer. This firm's exports to the United States accounted for *** percent of U.S. imports of HWR tubular products from Korea during January 2012 to June 2015.

Production alternatives

The one responding Korean producer reported producing *** on the same equipment as HWR tubular products. Share of production of subject HWR tubular products on the same machinery ranged from *** percent in 2012 to *** percent in 2013. The reported data indicate that there were large amounts of production of other products that could be shifted to produce subject product for sale to the United States.

Supply constraints

Reported supply constraints included: ***.

Subject imports from Mexico[7]

Based on available information, producers of HWR tubular products from Mexico have the ability to respond to changes in demand with moderate changes in the quantity of shipments of HWR tubular products to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the ability to shift production and some excess capacity.

Industry capacity

Responding Mexican producers' capacity to produce HWR tubular products increased from 172,472 short tons in 2012 to 183,211 short tons in 2014. Capacity utilization rates for HWR tubular products increased between 2012 and 2014 from 77.5 percent to 87.9 percent. The reported data indicate that there was some excess capacity for the Mexican producers to expand production of HWR tubular products for sale in the U.S. market.

Alternative markets

Between 2012 and 2014, Mexican exports of HWR tubular products to all markets other than the United States decreased irregularly from *** percent to *** percent of total shipments, indicating very limited ability to shift sales from other markets to the United States.

Inventory levels

Reported inventories of HWR tubular products decreased irregularly relative to total shipments, from *** percent to *** percent during 2012-14. The reported data indicate that there were limited inventories to shift to the United States.

[7] The Commission received seven questionnaire responses from Mexican producers. These firms' reported exports to the United States accounted for 96.7 percent of U.S. imports of HWR tubular products from Mexico during January 2012 to June 2015.

Production alternatives

All seven of the Mexican producers reported that they produced other products on the same equipment as HWR tubular products. Mexican producers reported producing ***. The share of HWR tubular products produced on the same equipment ranged from 21.8 percent in 2013 to 23.1 percent in 2014. The reported data indicate that there were large amounts of production of other products that could be shifted to produce subject product for sale to the United States.

Supply constraints

Reported supply constraints included: raw material availability; warehouse capacity; production mix; frequency of changes in material produced; cutting time; and mill capacity.

Subject imports from Turkey[8]

Based on available information, producers of HWR tubular products from Turkey have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of HWR tubular products to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the moderate capacity utilization, sales to other export markets, growing inventories, and production alternatives.

Industry capacity

Responding Turkish producers' capacity to produce HWR tubular products increased irregularly from 140,497 short tons in 2012 to 152,753 short tons in 2014. Capacity utilization rates for HWR tubular products decreased irregularly between 2012 and 2014 from 76.4 percent to 74.4 percent. The reported data indicate that there was some excess capacity for the Turkish producers to expand production of HWR tubular products for sale in the U.S. market.

Alternative markets

Between 2012 and 2014, Turkish exports of HWR tubular products to all markets other than the United States decreased irregularly from *** percent to *** percent of total shipments. The reported data indicate that Turkish producers may have some ability to shift sales between other markets and the United States.

[8] The Commission received three questionnaire responses from Turkish producers. These firms' reported exports to the United States accounted for 76.3 percent of U.S. imports of HWR tubular products from Turkey during January 2012 to June 2015.

Inventory levels

Reported inventories of HWR tubular products increased relative to total shipments, increased irregularly from *** percent to *** percent during 2012-14. The reported data indicate that there were some inventories that could be shifted to the United States.

Production alternatives

All three responding Turkish producers reported that they produced other products *** on the same equipment as HWR tubular products. The share of HWR tubular products produced on the same equipment increased irregularly from 45.2 percent in 2012 to 49.4 percent in 2014. The reported data indicate that there were large amounts of production of other products that could be shifted to produce subject product for sale to the United States.

Supply constraints

Turkish producers reported a number of supply constraints including: difficulties purchasing coils to produce subject merchandise in line with U.S. requirements; delays and logistics problems obtaining raw materials; reduced equipment capacity when producing special diameters and special lengths; and reduced capacity when firms produce a larger share of thinner walled and smaller diameter HWR tubular products.

Nonsubject imports

The largest source of nonsubject imports during 2012-14 was Canada. Canada accounted for 88.7 percent of HWR tubular products imports from nonsubject countries in 2014. Other sources of nonsubject imports were Italy and Japan.

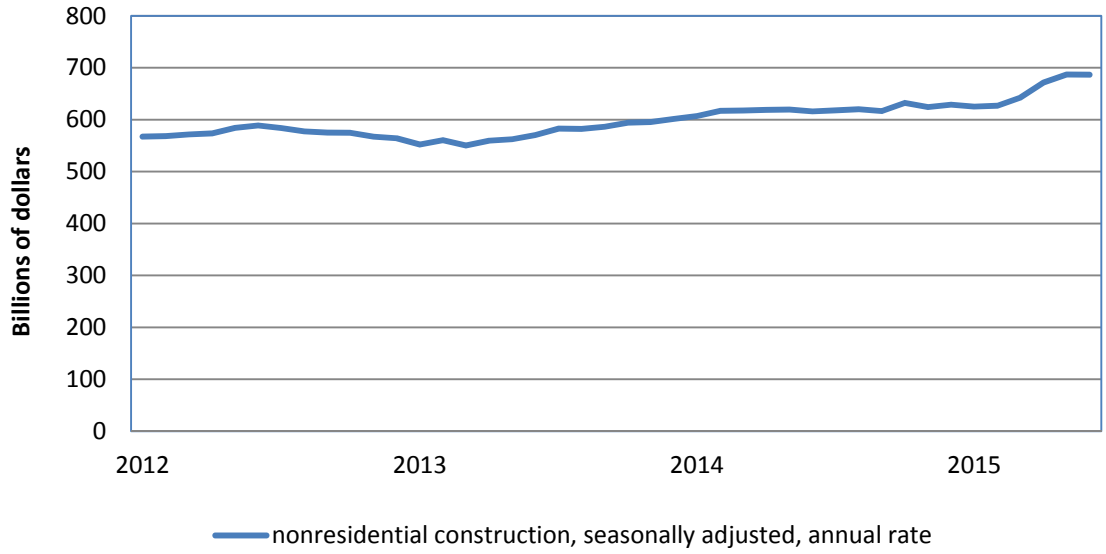
U.S. demand

Based on available information, the overall demand for HWR tubular products is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors are the somewhat limited range of substitute products and the small-to-moderate cost share of HWR tubular products in most of end-use applications.

HWR tubular products are mainly used in nonresidential construction and in the production of equipment, including agricultural and construction equipment. Petitioners report that demand for HWR tubular products is closely correlated with nonresidential construction.[9] Figure II-1 shows seasonally adjusted value of nonresidential construction, and figure II-2 shows actual monthly spending on nonresidential construction. Mexican respondents report that

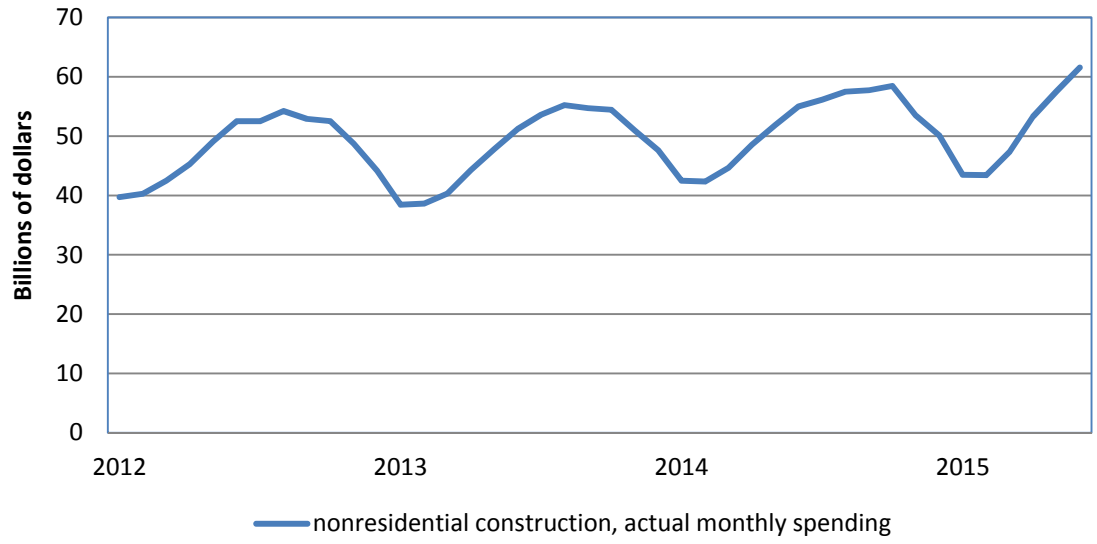
[9] Conference transcript, p. 29 (Seeger).

Figure II-1
Nonresidential construction: Value of Construction Put in Place - Seasonally Adjusted Annual Rate, January 2012 to July 2015



Source: https://www.census.gov/construction/c30/historical_data.html retrieved Aug. 14, 2015

Figure II-2
Nonresidential construction: Value of Construction Put in Place - Not Seasonally Adjusted, January 2012 to July 2015



Source: https://www.census.gov/construction/c30/historical_data.html retrieved Aug. 14, 2015

while growth in construction demand has been relatively modest since 2012, demand for HWR tubular products is also affected by demand for agricultural, industrial, and construction equipment.[10] They report that demand for agricultural equipment is increasing while demand for construction equipment is expected to be lower than it was in 2014.[11] Mexican respondents also claim that U.S. demand for HWR tubular products is expected to remain stable in industrial sectors and demand for HWR tubular products is expected to increase in nonresidential construction.[12] They added that the construction industry's concern for safety and strength has led to increased use of steel in construction, particularly HWR tubular products.[13]

End uses

U.S. demand for HWR tubular products depends on nonresidential construction activity and the demand for other U.S.-produced downstream products. Reported end uses include: construction (nonresidential construction, columns of buildings, and structural); equipment (agricultural, heavy, and industrial equipment, boom crane, scissor lift, rail cars, and waste containers); trailer hitches; original equipment manufacturers ("OEM"); fabrication; ornamental;[14] and energy infrastructure.

Cost share

HWR tubular products as a share of the cost of the end-use applications in which it is used varies widely. Reported cost shares for some end uses were as follows:

- general construction, from 5 to 30 percent;
- agricultural equipment, from 15 to 25 percent;
- other equipment from, 3 to 5 percent;
- trailer hitches, 35 percent
- columns of buildings, 95 percent;
- fabrication of equipment/OEM, 20 to 50 percent; and
- energy infrastructure, 30 percent.

Petitioners estimated that the cost of HWR tubular products made up 2 to 5 percent of the cost of construction projects in which it was used and from 10 to 80 percent of the cost of manufacturing depending on the end use.[15] Petitioners reported that 40 to 50 percent of HWR tubular products sold are used in construction and the remainder in the fabrication of equipment. Smaller sized HWR tubular products were reported more likely to be used in

[10] Mexican respondents postconference brief, p. 4.
[11] Mexican respondents postconference brief, exhibit 8, p. 1 and exhibit 9, p. 1.
[12] Mexican respondents postconference brief, pp. 4-6.
[13] Mexican respondents postconference brief, p. 7.
[14] HWR tubular products are sometimes used in the same "ornamental" (nonstructural) end uses as lightweight rectangular tubular products.
[15] Conference transcript, pp. 64-65 (Muth, Baker, and Seeger).

equipment manufacturing and larger sized HWR tubular products more likely to be used in construction.[16]

Business cycles

Five of 12 responding U.S. producers and 7 of 21 responding importers indicated that the HWR tubular products market was subject to business cycles or other distinct conditions of competition. Specifically, firms reported the HWR tubular products market was subject to fluctuations in steel prices; construction demand; seasonal demand; and exchange rates.[17]

Petitioners assert that purchases in 2015 were low because distributors' inventories had been built up with imports of low priced subject HWR tubular products in 2014.[18] According to petitioners, inventories increased 10 percent between January and November 2014.[19] In addition, they report that when the price of steel falls, their distributor customers reduced their purchases to avoid investing in inventories that may be devalued.[20]

Respondents assert that demand for HWR tubular products fell in the first half of 2015 because the price of hot rolled coils fell. This led distributors to withhold purchases of HWR tubular products in anticipation of even lower prices in the future.[21] Respondents reported that once the price of steel starts to increase, demand for HWR tubular products will recoil as distributors seek to build inventories before prices increase even more.[22]

Demand trends

Most U.S. producers reported an increase in U.S. demand for HWR tubular products since January 1, 2012 (table II-4). Importer responses were mixed, as nine reported demand fluctuated, six reported demand increased, four reported demand decreased, and one reported no change.

[16] Conference transcript, pp. 63-64 (Muth).

[17] The variations in demand for nonresidential construction within each year is shown in figure II-2.

[18] Conference transcript, pp. 51-52 (Schagrin). Mexican respondents contend that there was no increase in U.S. distributors' inventories at any time during the POI. Mexican respondents postconference brief, p. 22.

[19] Petitioner's postconference brief, p. 28.

[20] Conference transcript, p. 66 (Montgomery).

[21] Mexican respondents postconference brief, p. 10. Turkish respondent postconference brief, p. 4.

[22] Conference transcript, pp. 131-133 (Nolan).

Table II-4
HWR tubular products: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	9	1	1	3
Importers	6	1	4	9
Demand outside the United States				
U.S. producers	1	0	1	2
Importers	3	1	4	5

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

Substitute products

Most U.S. producers (5 of 10) and importers (19 of 22) reported that there were no substitutes for HWR tubular products. Firms reporting substitutes for HWR tubular products identified products including structural pipe, plate, beams, and angles.[23] Builders would typically choose between HWR tubular products and other types of steel would typically be made when the building is being planned rather than during construction, thereby limiting the substitutability of HWR tubular products and the substitutes identified in construction applications.[24]

SUBSTITUTABILITY ISSUES

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

Lead times

U.S. producers primarily sell HWR tubular products from inventories, while most imports from Korea, Mexico, and Turkey are primarily produced-to-order. U.S. producers reported that 62.4 percent of their commercial shipments were from inventories, with lead times averaging 4.7 days. Importers reported that most of their sales were produced-to-order. Delivery times for produced-to-order subject imports were 96.7 days for Korean product, 58.1 days for Turkish product, and 29.3 days for Mexican product (table II-5).

[23] Structural pipe is round, beams are "H" or "I" shaped, and angles are "L" shaped.

[24] Petitioners reported working "to convince architects and structural engineers that structural tubing is a better way to produce steel-framed buildings than structural sections." Conference transcript, p. 35 (Patty Tassone). Structural sections include H or I beams.

Table II-5
HWR tubular products: Share of U.S. producers and importers' shipments and lead times

Manner order met	U.S. producers	U.S. importers		
		Korea	Mexico	Turkey
	Share of commercial shipments (percent)			
Produced to order	37.6	93.5	46.6	52.4
From U.S. inventories	62.4	6.5	44.3	1.6
From foreign inventories		0.0	9.1	46.1
	Weighted average number of days (days)			
Produced to order	33.3	96.7	29.3	58.1
From U.S. inventories	4.7	0.0	8.0	23.1
From foreign inventories		0.0	10.0	75.0

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

Comparison of U.S.-produced and imported HWR tubular products

In order to determine whether U.S.-produced HWR tubular products can generally be used in the same applications as imports from Korea, Mexico, and Turkey, U.S. producers and importers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-6, most responding producers reported that product from all country pairs are "always" interchangeable and most responding importers reported that product from all country pairs were "always" or "frequently" interchangeable.

Table II-6
HWR tubular products: Interchangeability between HWR tubular products produced in the United States and in other countries, by country pairs

Country pairs	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. Korea	10	3	0	0	8	6	1	0
U.S. vs. Mexico	10	3	0	0	6	3	2	0
U.S. vs. Turkey	10	3	0	0	6	5	3	0
Subject countries comparisons:								
Korea vs. Mexico	10	2	0	0	6	4	1	0
Korea vs. Turkey	10	2	0	0	6	5	1	0
Mexico vs. Turkey	10	2	0	0	6	4	1	0
Nonsubject countries comparisons:								
U.S. vs. nonsubject	10	1	0	0	4	5	2	1
Korea vs. nonsubject	10	1	0	0	5	5	0	1
Mexico vs. nonsubject	10	1	0	0	6	4	0	1
Turkey vs. nonsubject	10	1	0	0	4	5	0	1

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

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

Importers reported that interchangeability between U.S. product and product from other countries was limited by "made and melted in USA" requirements.

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of HWR tubular products from the United States, subject, or nonsubject countries. As seen in table II-7, most responding U.S. producers reported that there were "never" differences other than price for all country pairs and most responding importers reported that there were either "sometimes" or "never" differences other than price. Differences reported included: longer and less reliable delivery times for imports than for U.S. produced HWR tubular products; quality; and (for nonsubject countries) unacceptable Chinese quality.

Table II-7
HWR tubular products: Significance of differences other than price between HWR tubular products produced in the United States and in other countries, by country pairs

Country pairs	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. Korea	0	0	4	9	3	4	5	4
U.S. vs. Mexico	0	0	4	9	2	2	4	3
U.S. vs. Turkey	0	0	4	9	1	3	5	4
Subject countries comparisons:								
Korea vs. Mexico	0	0	3	9	1	4	3	4
Korea vs. Turkey	0	0	3	9	0	2	4	5
Mexico vs. Turkey	0	0	3	9	0	4	2	5
Nonsubject countries comparisons:								
U.S. vs. nonsubject	0	0	4	8	2	2	3	4
Korea vs. nonsubject	0	0	2	9	0	1	4	4
Mexico vs. nonsubject	0	0	2	9	0	2	3	4
Turkey vs. nonsubject	0	0	2	9	0	1	4	4

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

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

Petitioners report that "the vast majority of structural tubing is made to the ASTM A 500 Grade B specification"[25] and claim that large Mexican importers sell ASTM A 500 Grade B product in the United States.[26] Petitioners assert that HWR tubular products from all sources are sold to the same customers through the same channels of distribution for use in the same applications.[27]

[25] Conference transcript, p. 27 (Seeger).
[26] Petitioner's postconference brief. pp. 8-9.
[27] Petitioner's postconference brief. p. 6.

Respondents claim that although some subject imports from Mexico are produced to ASTM A 500 standard,[28] others are produced to a lower standard, ASTM A 513, which competes in the same market but not for all applications. Mexican respondents also contend that subject imports from Mexico do not compete in a number of sizes.[29]

[28] Conference transcript, pp. 113-114, 134-135 (Rivero-Ednet).

[29] Mexican respondents' postconference brief, p. 27. Mexican respondents did not specify which sizes Mexican producers did not produce.

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

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

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 15 firms based on information contained in the petition and other available industry resources. Thirteen firms provided useable data on their productive operations. Staff believes that these responses represent almost all production of HWR tubular products during 2014.[1]

Table III-1 lists U.S. producers of HWR tubular products that responded to the Commission's questionnaire, their positions on the petition, their production locations, and their shares of reported domestic production during January 2012 to June 2015. *** are the largest domestic producers, accounting for over half of reported domestic production during the period of investigation.

[1] The coverage estimate is based on a variety of sources. According to the petitioners, ***. Petitioners clarified that the total shipping estimate for the U.S. market had not been ***. ***. Petition, Vol. I, p. 4; Preston Pipe & Tube Report, Vol. 33, No. 2, February 2015, p. 60; Petitioners' postconference brief, pp. 2-3; Staff telephone interview with ***, August 10, 2015.

Table III-1
HWR tubular products: U.S. producers, their positions on the petition, production locations, and shares of reported production, January 2012 to June 2015

Firm	Position on petition	Production location(s)	Share of production (percent)
Atlas[1]	Petitioner	Blytheville, AR Chicago, IL Plymouth, MI	***
Bull Moose[2]	Petitioner	Elkhart, IN Trenton, GA	***
EVRAZ[3]	***	Portland, OR	***
EXLTUBE[4]	Petitioner	North Kansas City, MO	***
Hanna[5]	***	Northport, AL Pekin, IL	***
Hannibal	Petitioner	Los Angeles, CA	***
Independence	Petitioner	Chicago, IL Marseilles, IL Decatur, AL Trinity, AL	***
Leavitt[6]	***	Chicago, IL	***
Maruichi[7]	Petitioner	Santa Fe Springs, CA	***
Searing	Petitioner	Cheyenne, WY Rancho Cucamonga, CA	***
Southland	Petitioner	Birmingham, AL	***
TMK[8]	***	Geneva, NE	***
Vest[9]	Petitioner	Los Angeles, CA	***
Total			100.0

[1] Atlas is ***.
[2] Bull Moose is ***.
[3] EVRAZ was ***.
[4] EXLTUBE is ***.
[5] Hanna is ***.
[6] Leavitt is ***.
[7] Maruichi American is ***.
[8] TMK is ***.
[9] Vest is ***.

Note.—***.

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

Related firms

As indicated in the footnotes to table III-1, four U.S. producers are related to other domestic and foreign producers of HWR tubular products: Atlas, Bull Moose, Leavitt and Maruichi. Atlas is related to Canadian producer Atlas Tube Canada by sharing the same parent company, JMC Steel Group. Bull Moose is related to Canadian producer, Bull Moose Tube

Company, by virtue of common ownership. Japanese firm Maruichi Steel Tube Ltd. is a shareholder of both Maruichi and Leavitt, which are also sister companies to Maruichi Oregon Steel Tube LLC. No firms reported being related to any importers of subject HWR tubular products or subject foreign producers. No reporting U.S. producer is related to a subject producer.

Tolling operations

Four responding U.S. producers reported being involved in toll agreements regarding the production of HWR tubular products:

- ***.
- ***.
- ***.
- ***.

Changes in operations

Producers were asked to report any changes in operations such as plant openings, plant closings, relocations, expansions, acquisitions, consolidations, prolonged shutdowns, production curtailments, or revised labor agreements since January 1, 2012. Such changes are presented in table III-2.

Table III-2
HWR tubular products: Reported changes in operations since January 1, 2012

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

HWR tubular products

Table III-3 and figure III-1 present U.S. producers' capacity, production, and capacity utilization data for HWR tubular products. Domestic producers' aggregate capacity decreased by 2.4 percent from 2012 to 2014, and was 4.9 percent lower during January to June 2015 than during January to June 2014. Production remained relatively stable, increasing by 1.9 percent from 2012 to 2014, but was 7.9 percent lower during January to June 2015 than during January to June 2014. Capacity utilization also increased from 62.5 percent in 2012 to 65.3 percent in 2014. Capacity utilization during January to June 2015 was 56.6 percent, compared to 58.4 percent during January to June 2014.

Table III-3
HWR tubular products: U.S. producers' capacity, production, and capacity utilization, 2012-14, January to June 2014, and January to June 2015

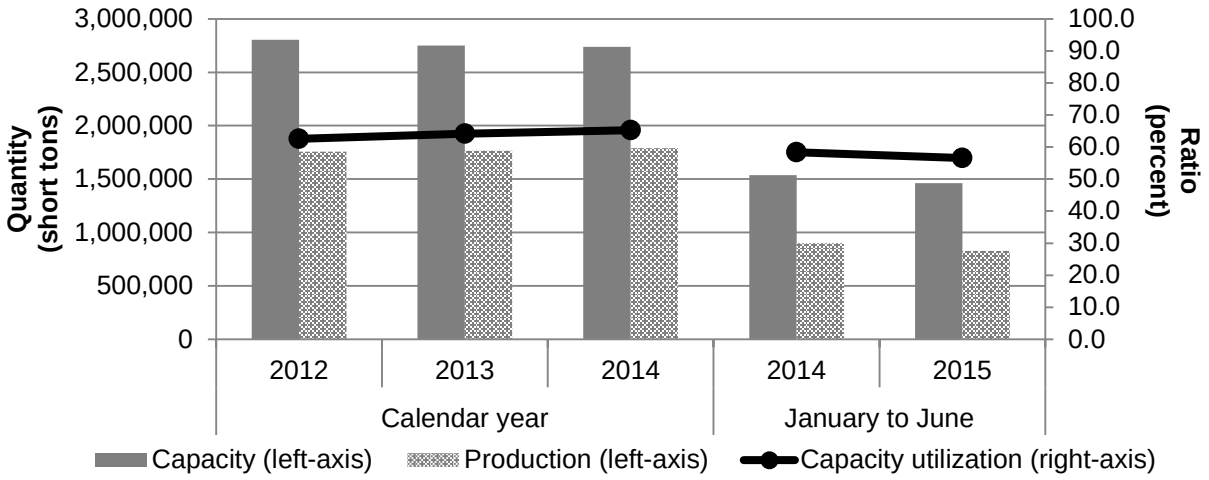
Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
Capacity[1]	2,805,509	2,751,883	2,738,670	1,537,072	1,461,056
Production	1,754,303	1,765,623	1,788,207	897,770	826,551
	Ratio (percent)				
Capacity Utilization	62.5	64.2	65.3	58.4	56.6

[1] ***.

Note.—***. Email from ***, August 19, 2015.

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

Figure III-1
HWR tubular products: U.S. producers' capacity, production, and capacity utilization, 2012-14, January to June 2014, and January to June 2015



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

Alternative products

As shown in table III-4, U.S. producers reported that a majority of their production consisted of HWR tubular products. Production of HWR tubular products accounted for 67.1 percent of total production of pipes and tubes produced on the same equipment as HWR tubular products during 2014. Five firms reported that they do not produce alternative products on the same equipment or using the same employees. Firms that reported producing out-of-scope items on the same equipment as HWR tubular products include ***. Production of out-of-scope products accounted for 32.9 percent of pipes and tubes production using the same equipment during 2014. These out-of-scope products include ***.

Table III-4
HWR tubular products: U.S. producers' overall capacity and production of out-of-scope products on the same equipment as HWR tubular products, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
Overall capacity	3,893,457	3,968,229	4,076,432	2,173,536	2,124,542
Production:					
HWR tubular products	1,754,303	1,765,623	1,788,207	897,770	826,551
Out-of-scope rectangular tubular products	165,605	170,634	177,850	87,416	92,199
Other products	508,996	595,742	700,826	313,344	299,047
Total production	2,428,904	2,531,999	2,666,883	1,298,530	1,217,797
	Ratios and shares (percent)				
Capacity utilization	62.4	63.8	65.4	59.7	57.3
Share of production:					
HWR tubular products	72.2	69.7	67.1	69.1	67.9
Out-of-scope rectangular tubular products	6.8	6.7	6.7	6.7	7.6
Other products	21.0	23.5	26.3	24.1	24.6
Total production	100.0	100.0	100.0	100.0	100.0

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

Producers were asked to describe the constraint(s) that set the limit(s) of their production capacity. Four firms, *** also explained that product mix demand and size adjustments based on customer specifications can limit production due to costly changeovers that cause machine downtime. Other production constraints include limited qualified work force availability, machine maintenance, and lack of demand due to imports.

Producers were also asked about their ability to switch production capacity between products. Nine firms reported that they have the ability to shift production capacity between HWR tubular products and out-of-scope products, which include ***.

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

Table III-5 presents U.S. producers' U.S. shipments, export shipments, and total shipments. These data show that the quantity of U.S. producers' total shipments, including both U.S. and export shipments, increased by *** percent from 2012 to 2014, but were *** percent lower during January to June 2015 than during January to June 2014. The value of U.S. producers' total shipments decreased by *** percent from 2012 to 2013, increased by *** percent from 2013 to 2014, and was *** percent lower during January to June 2015 than during January to June 2014. The average unit value of U.S. producers' total shipments decreased by *** percent from 2012 to 2013, increased by *** percent from 2013 to 2014, and were *** percent lower during January to June 2015 than during January to June 2014.

Table III-5
HWR tubular products: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
Quantity (short tons)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	1,573,139	1,651,475	1,656,448	837,088	793,999
Export shipments[1]	***	***	***	***	***
Total shipments	***	***	***	***	***
Value (1,000 dollars)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	1,405,088	1,414,649	1,467,128	752,759	608,146
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Unit value (dollars per short ton)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	893	857	886	899	766
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Share of quantity (percent)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0

[1] Reported export shipment destinations include ***.

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

*** of domestic producers' total shipments of HWR tubular products were U.S. commercial shipments. *** accounted for all reported internal consumption, while *** reported domestic transfers to related companies.

*** reported export shipments of HWR tubular products that they produced. Principal export markets include ***.

U.S. PRODUCERS' INVENTORIES

Table III-6 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments during 2012-14, January to June 2014, and January to June 2015**.** These data show that inventories decreased by 3.0 percent from 2012 to 2013, increased by 3.0 percent from 2013 to 2014, and were 2.2 percent lower during January to June 2015 than during January to June 2014. U.S. producers' inventories were equivalent to between *** and *** percent of U.S. producers' total shipments during 2012-14, and were *** percent during January to June 2015, up from *** percent in January to June 2014. All domestic producers reported holding end-of-period inventories of HWR tubular products. Seven of thirteen producers held higher inventories in December 2014 than in December 2012. Six of thirteen producers held higher inventories in June 2015 than in June 2014.

Table III-6
HWR tubular products: U.S. producers' inventories, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. producers' end-of-period inventories	242,045	234,687	241,756	225,134	220,216
	Ratio (percent)				
Ratio of inventories to—					
U.S. production	13.8	13.3	13.5	12.5	13.3
U.S. shipments	15.4	14.2	14.6	13.4	13.9
Total shipments	***	***	***	***	***

Note.—Maruichi noted that ***.

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of HWR tubular products are presented in table III-7. U.S. producer *** is related to ***. *** also reported importing HWR tubular products from ***.

Only U.S. producer *** reported purchases of HWR tubular products imported from a subject country, ***. The ratio of subject import purchases to U.S. production decreased from *** to *** from 2012 to 2014, and was *** during January to June 2015.

Table III-7
HWR tubular products: U.S. producers' U.S. production, imports and purchases, 2012-14, January to June 2014, and January to June 2015

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-8 shows U.S. producers' employment-related data during the period examined. U.S. producers' employment measured by PRWs increased by 2.2 percent from 2012 to 2014, and was 0.6 percent higher during January to June 2015 than during January to June 2014. U.S. producers' total hours worked increased by 5.7 percent between 2012 and 2014 and was 4.4 percent lower in January to June 2015 than in January to June 2014. U.S. producers' hourly wages increased by 5.0 percent from 2012 to 2014, and was 2.3 percent higher during January to June 2015 than during January to June 2014. EXLTUBE noted that ***.[2] In addition, Searing explained that ***.[3]

Unit labor costs increased by 8.9 percent from 2012 to 2014, and were 6.2 percent higher during January to June 2015 than during January to June 2014. Productivity decreased by 3.6 percent from 2012 to 2014, and was 3.7 percent lower in January to June 2015 than in January to June 2014.

Table III-8
HWR tubular products: U.S. producers' employment-related data, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
Production-related workers (PRWs) (number)	1,086	1,109	1,110	1,136	1,143
Total hours worked (1,000 hours)	2,301	2,357	2,432	1,259	1,204
Hours worked per PRW (hours)	2,119	2,125	2,191	1,108	1,053
Wages paid (*$1,000)	63,644	67,922	70,622	35,027	34,258
Hourly wages (dollars per hour)	$27.66	$28.82	$29.04	$27.82	$28.45
Productivity (short tons per 1,000 hours)	762.4	749.1	735.3	713.1	686.5
Unit labor costs (dollars per short ton)	$36.28	$38.47	$39.49	$39.02	$41.45

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

[2] Email from ***, August 7, 2015.
[3] Email from ***, August 5, 2015.

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 56 firms believed to be importers of subject HWR tubular products, as well as to all U.S. producers of HWR tubular products.[1] Usable questionnaire responses were received from 25 companies, representing 13.0 percent of U.S. imports from Korea, *** percent of U.S. imports from Mexico, 71.9 percent of U.S. imports from Turkey, *** percent of nonsubject U.S. imports from Canada, and 36.6 percent of U.S. imports from all other nonsubject countries during January 1, 2012 to June 30, 2015, under HTS subheading 7306.61.10.[2] In light of the less-than-complete coverage of data from subject and nonsubject countries provided in Commission questionnaires, import data in this report are based on official Commerce statistics for HWR tubular products. Table IV-1 lists all responding U.S. importers of HWR tubular products from Korea, Mexico, Turkey, and other sources, their locations, and their shares of U.S. imports, during January 2012 through June 2015.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of proprietary data provided by ***, may have accounted for more than *** percent of total imports under HTS subheading 7306.61.10 during January 2012 through June 2015.

[2] The coverage estimates presented are based on official import statistics.

Table IV-1
HWR tubular products: U.S. importers by source, January 2012 through June 2015

Firm	Headquarters	Share of reported imports by source (percent)				
		Korea	Mexico	Turkey	Canada	All other sources
Arcelormittal Tubular Products	Shelby , OH	***	***	***	***	***
Athanor Steel LLC	Houston, TX	***	***	***	***	***
Atlas Tube U.S.[1]	Chicago, IL	***	***	***	***	***
Commercial Metals Company	Irving, TX	***	***	***	***	***
Cooper Tank & Welding Corporation	Brooklyn, NY	***	***	***	***	***
Duferco Steel Inc.[2]	Matawan, NJ	***	***	***	***	***
Empire Resources Inc.	Fort Lee, NJ	***	***	***	***	***
GS Global USA, Inc.[3]	Los Angeles, CA	***	***	***	***	***
Invista S.a.r.l.[4]	Wichita, KS	***	***	***	***	***
James Steel, Inc.	La Palma, CA	***	***	***	***	***
Maquilacero S.A. de C.V.	San Nicolas De Los Garza, Mexico	***	***	***	***	***
Maruichi American Corporation[5]	Santa Fe Springs, CA	***	***	***	***	***
MB Metals, Inc.	Bellevue, WA	***	***	***	***	***
Mitsui & Co. (USA), Inc.[6]	New York, NY	***	***	***	***	***
MX Industrial Corporation	City Of Industry, CA	***	***	***	***	***
Nexgen Metals, Inc.	Gardena, CA	***	***	***	***	***
Nippon Steel & Sumikin Bussan Americas, Inc.[7]	Houston, TX	***	***	***	***	***
Parker Steel International	Toledo, OH	***	***	***	***	***
Perfiles y Herrajes L.M., S.A. de C.V.[8]	Apodaca, NL	***	***	***	***	***
Prolamsa Inc.[9]	Houston, TX	***	***	***	***	***
Regiomontana de Perfiles y Tubos, S.A. de C.V.	Apodaca., NL	***	***	***	***	***
Stemcor USA Inc.[10]	New York, NY	***	***	***	***	***
Sunbelt Group L.P.[11]	Houston, TX	***	***	***	***	***
Tata International International Metals (Americas) Limited[12]	Schaumburg, IL	***	***	***	***	***
Tata Steel International (Americas) Inc.[13]	Schaumburg, IL	***	***	***	***	***
Total		100.0	100.0	100.0	100.0	100.0

[1] Atlas Tube U.S. is ***.
[2] Duferco Steel Inc. is ***.
[3] GS Global USA, Inc. is ***.
[4] Invista S.a.r.l. is ***.
[5] Maruichi American Corporation is ***.
[6] Mitsui & Co. (USA), Inc. is ***.
[7] Nippon Steel & Sumikin Bussan Americas, Inc. is ***.
[8] Perfiles y Herrajes L.M., S.A. de C.V. is ***.
[9] Prolamsa Inc. is ***.
[10] Stemcor USA Inc. is ***.
[11] Sunbelt Group L.P. is ***.
[12] Tata International Metals (Americas) Limited is ***.
[13] Tata Steel International (Americas) Inc. is ***.

Note.—Staff received an importers' questionnaire response from *** but Staff did not have time to incorporate this response as it was submitted two weeks after the required deadline.

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

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of HWR tubular products from Korea, Mexico, Turkey, and all other sources. U.S. import data is compiled from official import statistics, HTS subheading 7306.61.10.

Table IV-2
HWR tubular products: U.S. imports by source, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
Quantity (short tons)					
U.S. imports from.--					
Korea	56,304	57,347	83,326	43,438	45,772
Mexico	58,879	66,452	72,345	39,239	25,027
Turkey	33,864	47,925	62,035	26,017	24,460
Subtotal, subject sources	149,047	171,723	217,705	108,693	95,259
Canada	155,027	159,341	189,938	92,492	97,326
All other sources	13,114	19,693	24,180	16,760	34,078
Subtotal, nonsubject sources	168,141	179,034	214,118	109,251	131,404
Total U.S. imports	317,187	350,758	431,823	217,944	226,662
Value (1,000 dollars)[1]					
U.S. imports from.--					
Korea	43,278	39,703	56,619	29,464	29,908
Mexico	46,682	53,169	55,180	29,967	17,824
Turkey	27,734	35,544	46,028	19,755	16,867
Subtotal, subject sources	117,694	128,416	157,827	79,186	64,599
Canada	153,119	148,515	179,138	88,673	81,822
All other sources	14,718	18,709	22,729	15,449	33,466
Subtotal, nonsubject sources	167,837	167,224	201,867	104,122	115,288
Total U.S. imports	285,532	295,639	359,694	183,306	179,887
Unit value (dollars per short ton)					
U.S. imports from.--					
Korea	769	692	679	678	653
Mexico	793	800	763	764	712
Turkey	819	742	742	759	690
Subtotal, subject sources	790	748	725	729	678
Canada	988	932	943	959	841
All other sources	1,122	950	940	922	982
Subtotal, nonsubject sources	998	934	943	953	877
Total U.S. imports	900	843	833	841	794

Table continued on following page.

Table IV-2—*Continued*
HWR tubular products: U.S. imports by source, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Share of quantity (percent)				
U.S. imports from.--					
Korea	17.8	16.3	19.3	19.9	20.2
Mexico	18.6	18.9	16.8	18.0	11.0
Turkey	10.7	13.7	14.4	11.9	10.8
Subtotal, subject sources	47.0	49.0	50.4	49.9	42.0
Canada	48.9	45.4	44.0	42.4	42.9
All other sources	4.1	5.6	5.6	7.7	15.0
Subtotal, nonsubject sources	53.0	51.0	49.6	50.1	58.0
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.--					
Korea	15.2	13.4	15.7	16.1	16.6
Mexico	16.3	18.0	15.3	16.3	9.9
Turkey	9.7	12.0	12.8	10.8	9.4
Subtotal, subject sources	41.2	43.4	43.9	43.2	35.9
Canada	53.6	50.2	49.8	48.4	45.5
All other sources	5.2	6.3	6.3	8.4	18.6
Subtotal, nonsubject sources	58.8	56.6	56.1	56.8	64.1
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production (percent)				
U.S. imports from.--					
Korea	3.2	3.2	4.7	4.8	5.5
Mexico	3.4	3.8	4.0	4.4	3.0
Turkey	1.9	2.7	3.5	2.9	3.0
Subtotal, subject sources	8.5	9.7	12.2	12.1	11.5
Canada	8.8	9.0	10.6	10.3	11.8
All other sources	0.7	1.1	1.4	1.9	4.1
Subtotal, nonsubject sources	9.6	10.1	12.0	12.2	15.9
Total U.S. imports	18.1	19.9	24.1	24.3	27.4

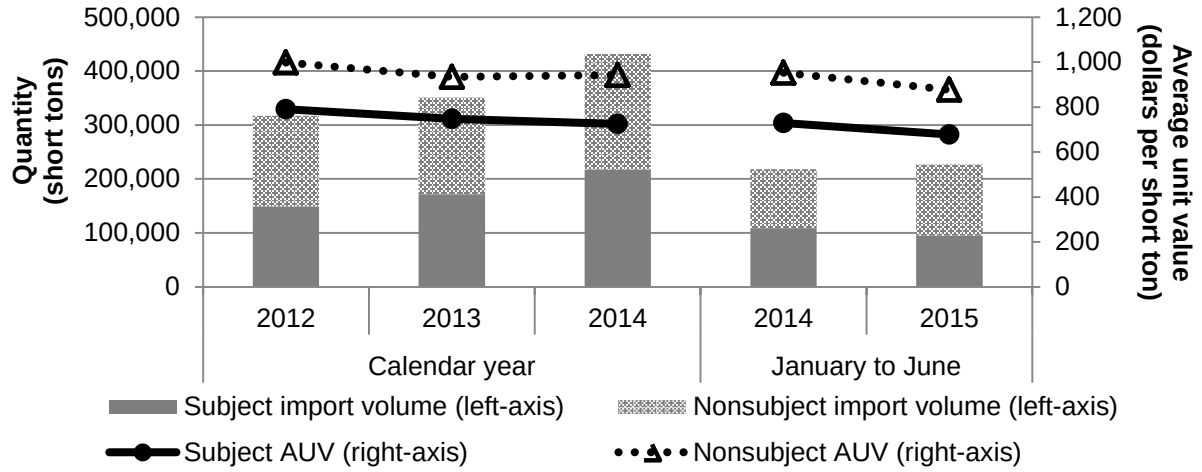
[1]Landed, duty-paid

Note.—Import data only consists of subheading 7306.61.10 and does not include data for subheading 7306.61.30. HTS subheading 7306.61.30 includes stainless steel, which is not subject to these investigations and would result in overstated import data.

Source: Official U.S. import statistics using statistical reporting number 7306.61.1000.

Imports of HWR tubular products from the subject countries increased overall by 46.1 percent from 2012 to 2014, but were 12.4 percent lower during January to June 2015 than during January to June 2014.[3] As a share of total imports, subject imports increased from 47.0 percent in 2012 to 50.4 percent in 2014. Subject imports accounted for 42.0 percent of total imports during January to June 2015 compared to 49.9 percent of total imports during January to June 2014. The average unit value of subject imports, which were lower than those reported for nonsubject imports, decreased by 8.2 percent from 2012 to 2014, and were 6.9 percent lower during January to June 2015 than during January to June 2014.

Figure IV-1
HWR tubular products: U.S. imports by source, 2012-14, January to June 2014, and January to June 2015



Source: Official U.S. import statistics using statistical reporting number 7306.61.1000.

The leading source of nonsubject imports was Canada, which accounted for 44.0 percent of the quantity of total U.S. imports of HWR tubular products in 2014. U.S. imports from all nonsubject countries combined decreased by 27.3 percent from 2012 to 2014, but were 20.3 percent higher during January to June 2015 than during January to June 2014. The higher level of subject imports during the first half of 2015 was mostly due to an unexplained increase in nonsubject imports from Italy reported to Customs as structural tube. According to the petitioners, "this was anomalous, higher-value material of some type {…that} did not compete with domestic like product or subject imports."[4] The average unit value of nonsubject imports decreased by 6.4 percent from 2012 to 2013, increased by 0.9 percent from 2013 to 2014, and was 7.9 percent lower during January to June 2015 than during January to June 2014.

[3] Petitioners contend that the decline in subject imports during the first half of 2015 was due to ***. Petitioners' postconference brief, pp. 28 and 38.

[4] Petitioners' postconference brief, pp. 13 and 37.

The ratio of subject import volume to U.S. production increased overall from 8.5 percent in 2012 to 12.2 percent in 2014. The ratio was 11.5 percent during January to June 2015 compared to 12.1 percent during January to June 2014.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[5] 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 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.[6] Imports from Korea, Mexico, and Turkey accounted for 19.4, 13.2, and 13.7 percent, respectively, (85,661, 58,133, and 60,478 short tons, respectively) of total imports of HWR tubular products by quantity during July 2014 to June 2015. Imports from all three subject countries combined accounted for 46.3 percent of total imports during July 2014 to June 2015.[7]

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product. The Commission has generally considered four factors: (1) fungibility, (2) the presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning simultaneous presence in the market and geographical markets is presented below.

Presence in the market

Table IV-3 presents information on the monthly presence of U.S. imports in the United States during 2012-14, January to June 2014, and January to June 2015. These data show that imports of HWR tubular products from each subject country were present in the U.S. market in

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[5] 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)).

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

[7] Shares are calculated based on official import statistics.

every almost month during the period examined from January 2012 to June 2015, with the exception of subject imports from Turkey, which were only present during 10 months of 2012.

Table IV-3
HWR tubular products: Monthly presence of U.S. imports, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Months present (number)				
U.S. imports from.--					
Korea	12	12	12	6	6
Mexico	12	12	12	6	6
Turkey	10	12	12	6	6
Subtotal, subject sources	12	12	12	6	6
Canada	12	12	12	6	6
All other sources	12	12	12	6	6
Subtotal, nonsubject sources	12	12	12	6	6
Total U.S. imports	12	12	12	6	6

Source: Official U.S. import statistics using statistical reporting number 7306.61.1000.

Geographical markets

Production of HWR tubular products occurs throughout the United States and HWR tubular products are shipped nationwide. As illustrated in table IV-4, the Los Angeles, Laredo, and Houston-Galveston Customs districts accounted for more than half of the imports of HWR tubular products from the subject countries during January 2012 to June 2015. Of the HWR tubular products imported into the United States from Korea during January 2012 to June 2015, 89.5 percent entered through the following three customs districts: Los Angeles (56.4 percent), Columbia-Snake (21.0), and Houston-Galveston (12.1 percent). Of the HWR tubular products imported into the United States from Mexico during January 2012 to June 2015, nearly all of it entered through the Laredo Customs district. Of the HWR tubular products imported into the United States from Turkey during January 2012 to June 2015, 81.3 percent entered through the following three Customs district: Houston-Galveston (57.1 percent), Savannah (12.8 percent), and New Orleans (11.4 percent). Of the HWR tubular products imported into the United States from nonsubject sources, 87 percent entered through the following three Customs districts: Detroit (67.7 percent), Buffalo (12.9 percent), and Houston-Galveston (6.4 percent).

Table IV-4
HWR tubular products: Major customs districts of entry for U.S. imports, January 2012 to June 2015

Source and district of entry	January 2012 to June 2015	
	Quantity (short tons)	Share of quantity (percent)
U.S. imports from Korea.--		
Los Angeles, CA	136,903	56.4
Columbia-Snake, OR	50,915	21.0
Houston-Galveston, TX	29,389	12.1
San Francisco, CA	15,204	6.3
New Orleans, LA	3,120	1.3
Mobile, AL	2,678	1.1
Philadelphia, PA	1,926	0.8
Tampa, FL	1,235	0.5
Savannah, GA	1,200	0.5
San Juan, PR	180	0.1
Total	242,749	100.0
U.S. imports from Mexico.--		
Laredo, TX	222,515	99.9
San Diego, CA	148	0.1
El Paso, TX	40	0.0
Total	222,703	100.0
U.S. imports from Turkey.--		
Houston-Galveston, TX	96,121	57.1
Savannah, GA	21,582	12.8
New Orleans, LA	19,259	11.4
Baltimore, MD	6,960	4.1
Detroit, MI	6,328	3.8
New York, NY	5,793	3.4
San Juan, PR	3,829	2.3
Philadelphia, PA	2,742	1.6
Miami, FL	2,697	1.6
Tampa, FL	1,924	1.1
All other districts	1,049	0.6
Total	168,284	100.0

Table continued on following page.

Table IV-4--*Continued*
HWR tubular products: Major customs districts of entry for U.S. imports, January 2012 to June 2015

Source and district of entry	January 2012 to June 2015	
	Quantity (short tons)	Share of quantity (percent)
U.S. imports from all other sources.--		
Detroit, MI	468,832	67.7
Buffalo, NY	89,538	12.9
Houston-Galveston, TX	44,125	6.4
Ogdensburg, NY	32,307	4.7
Los Angeles, CA	14,609	2.1
St. Albans, VT	9,879	1.4
Baltimore, MD	5,309	0.8
Philadelphia, PA	4,535	0.7
Savannah, GA	4,481	0.6
New Orleans, LA	3,047	0.4
All other districts	16,034	2.3
Total	692,696	100.0

Source: Official U.S. import statistics using statistical reporting number 7306.61.1000.

APPARENT U.S. CONSUMPTION

Table IV-5 and figure IV-2 present data on apparent U.S. consumption for HWR tubular products. Apparent U.S. consumption based on quantity increased by 10.5 percent from 2012 to 2014, but was 3.3 percent lower during January to June 2015 than during January to June 2014. Apparent U.S. consumption based on value increased by 8.1 percent from 2012 to 2014, but was 15.8 percent lower during January to June 2015 than during January to June 2014.

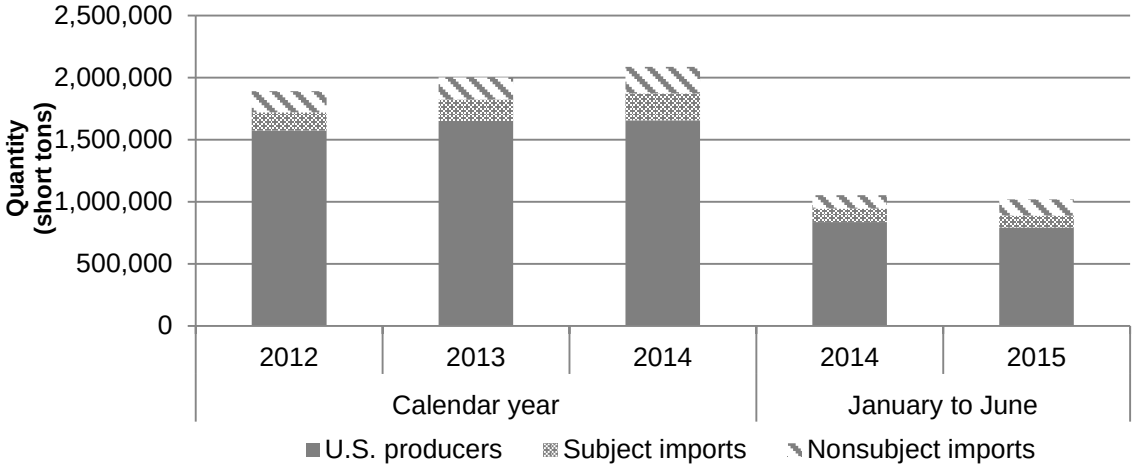
Table IV-5
HWR tubular products: U.S. shipments of domestic product, U.S. imports, apparent U.S. consumption, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. producers' U.S. shipments	1,573,139	1,651,475	1,656,448	837,088	793,999
U.S imports from.--					
Korea	56,304	57,347	83,326	43,438	45,772
Mexico	58,879	66,452	72,345	39,239	25,027
Turkey	33,864	47,925	62,035	26,017	24,460
Subtotal, subject sources	149,047	171,723	217,705	108,693	95,259
Canada	155,027	159,341	189,938	92,492	97,326
All other sources	13,114	19,693	24,180	16,760	34,078
Subtotal, nonsubject sources	168,141	179,034	214,118	109,251	131,404
Total U.S. imports	317,187	350,758	431,823	217,944	226,662
Apparent U.S. consumption	1,890,326	2,002,233	2,088,271	1,055,032	1,020,661
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	1,405,088	1,414,649	1,467,128	752,759	608,146
U.S imports from.--					
Korea	43,278	39,703	56,619	29,464	29,908
Mexico	46,682	53,169	55,180	29,967	17,824
Turkey	27,734	35,544	46,028	19,755	16,867
Subtotal, subject sources	117,694	128,416	157,827	79,186	64,599
Canada	153,119	148,515	179,138	88,673	81,822
All other sources	14,718	18,709	22,729	15,449	33,466
Subtotal, nonsubject sources	167,837	167,224	201,867	104,122	115,288
Total U.S. imports	285,532	295,639	359,694	183,306	179,887
Apparent U.S. consumption	1,690,620	1,710,288	1,826,822	936,065	788,033

Note.—Import data only consists of subheading 7306.61.10 and does not include data for subheading 7306.61.30. HTS subheading 7306.61.30 includes stainless steel, which is not subject to these investigations and would result in overstated import data.

Source: Official U.S. import statistics using statistical reporting number 7306.61.1000 and data compiled from data submitted in response to Commission questionnaires.

Figure IV-2
HWR tubular products: Apparent U.S. consumption, 2012-14, January to June 2014, and January to June 2015



Note.—Import data only consists of subheading 7306.61.10 and does not include data for subheading 7306.61.30. HTS subheading 7306.61.30 includes stainless steel, which is not subject to these investigations and would result in overstated import data.

Source: Official U.S. import statistics using statistical reporting number 7306.61.1000 and data compiled from data submitted in response to Commission questionnaires.

U.S. MARKET SHARES

Table IV-6 presents U.S. market share data for HWR tubular products. These data show that U.S. producers' market share based on quantity decreased by 3.9 percentage points from 2012 to 2014, and was 1.5 percentage points lower during January to June 2015 than during January to June 2014. U.S. producers' market share, based on value, decreased by 2.8 percentage points from 2012 to 2014, and was 3.2 percentage points lower during January to June 2015 than during January to June 2014. The market share of imports of HWR tubular products from the subject countries increased by 2.5 percentage points from 2012 to 2014, but was 1.0 percentage points lower during January to June 2015 than during January to June 2014.

Table IV-6
HWR tubular products: Market shares, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
			Quantity (short tons)		
Apparent U.S. consumption	1,890,326	2,002,233	2,088,271	1,055,032	1,020,661
			Share of quantity (percent)		
U.S. producers' U.S. shipments	83.2	82.5	79.3	79.3	77.8
U.S imports from.--					
Korea	3.0	2.9	4.0	4.1	4.5
Mexico	3.1	3.3	3.5	3.7	2.5
Turkey	1.8	2.4	3.0	2.5	2.4
Subtotal, subject sources	7.9	8.6	10.4	10.3	9.3
Canada	8.2	8.0	9.1	8.8	9.5
All other sources	0.7	1.0	1.2	1.6	3.3
Subtotal, nonsubject sources	8.9	8.9	10.3	10.4	12.9
Total U.S. imports	16.8	17.5	20.7	20.7	22.2
			Value (1,000 dollars)		
Apparent U.S. consumption	1,690,620	1,710,288	1,826,822	936,065	788,033
			Share of value (percent)		
U.S. producers' U.S. shipments	83.1	82.7	80.3	80.4	77.2
U.S imports from.--					
Korea	2.6	2.3	3.1	3.1	3.8
Mexico	2.8	3.1	3.0	3.2	2.3
Turkey	1.6	2.1	2.5	2.1	2.1
Subtotal, subject sources	7.0	7.5	8.6	8.5	8.2
Canada	9.1	8.7	9.8	9.5	10.4
All other sources	0.9	1.1	1.2	1.7	4.2
Subtotal, nonsubject sources	9.9	9.8	11.1	11.1	14.6
Total U.S. imports	16.9	17.3	19.7	19.6	22.8

Note.—Import data only consists of subheading 7306.61.10 and does not include data for subheading 7306.61.30. HTS subheading 7306.61.30 includes stainless steel, which is not subject to these investigations and would result in overstated import data.

Source: Official U.S. import statistics using statistical reporting number 7306.61.1000 and data compiled from data submitted in response to Commission questionnaires.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The main raw material used in the production of HWR tubular products is hot rolled steel. The price of hot rolled steel coil fell from a high of $*** per short ton in February 2012 to a low of $*** per short ton in May of 2015 (a decline by approximately *** percent) and ranged from $*** to $*** between May 2012 to January 2015 (figure V-1).

Figure V-1
Hot rolled steel: Monthly spot price of domestic hot rolled coil, January 2012 to July 2015

* * * * * * *

Transportation costs to the U.S. market

HWR tubular products transportation costs as a share of the cost of entering merchandise under HTS statistical reporting number 7306.61.1000 ranged from 9.6 to 10.8 percent for Korea, from 2.7 to 2.8 percent for Mexico, and from 7.6 to 9.0 percent for Turkey between 2012 and 2014.

U.S. inland transportation costs

Nine of 13 responding U.S. producers reported that they typically arrange transportation to their customers. In contrast, 14 of 21 responding importers reported that their customers typically arrange transportation from their U.S. point of shipment.[1] U.S. producers reported that their U.S. inland transportation costs ranged from 15 percent to 5 percent, averaging 8.5 percent. Importers reported that their U.S. inland transportation costs ranging from less than 0.1 percent to 13 percent, averaging 5.6 percent. Petitioners report that they typically sell at delivered prices and delivery is typically their second highest cost, lower than the cost of raw material, but above the cost of labor.[2]

[1] This includes one importer which reported that it and its customers arranged transportation.
[2] Conference transcript, p. 61 (Seeger).

PRICING PRACTICES

Pricing methods

Nearly all U.S. producers (12 of 13) and importers (20 of 24) reported using transaction-by-transaction negotiations (table V-1). The next most common method of price setting was set price lists, followed by contracts. Importer *** reported importing for internal consumption. U.S. producers and importers reported selling the vast majority of their product in the spot market (table V-2).

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

Method	U.S. producers	Importers
Transaction-by-transaction	12	20
Contract	6	4
Set price list	8	5
Other	0	2

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

Table V-2
HWR tubular products: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2014

Type of sale	U.S. producers	Importers		
		Korea	Mexico	Turkey
Long-term contracts	0.0	0.0	0.0	0.0
Annual contracts	0.7	0.0	0.0	0.0
Short-term contracts	9.3	33.4	0.0	0.0
Spot sales	90.0	66.6	100.0	100.0

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

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

Sales terms and discounts

U.S. producers and importers typically quote prices on an f.o.b. basis. Producers typically offer quantity and/or total volume discounts. Seven U.S. producers reported both quantity and total volume discounts, two each reported only either quantity or total volume discounts, and two reported no discount policy. In contrast, 18 of 25 responding importers reported no discount policy, two reported quantity discounts, one reported total volume discounts, one reported both quantity and total value discounts, and one reported multiple weight discounts.[3] [4] Most producers (7 of 12) and most importers (18 of 21) reported sales

[3] One reported prompt payment discounts and one responded this was not applicable to it since it consumed its HWR tubular products internally.

terms of net 30 days. Seven U.S. producers reported other terms. Six of these producers reported sales at 0.5 percent 10 net 30, and one reported 0.75 percent 10 net 30. Importers also reported selling net 60, cash on delivery, and 30 days after the official bill of lading.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following HWR tubular products shipped to unrelated U.S. customers during December 2012-June 2015.

Product 1.—2 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

Product 2.—3 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

Product 3.—4 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

Product 4.—6 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

Thirteen U.S. producers and 14 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[5] Seven importers provided price data for HWR tubular products from Korea, two importers provided pricing data for HWR tubular products from Mexico, five importers provided price data for HWR tubular products from Turkey, and one importer provided price data for HWR tubular products from nonsubject Canada. Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. commercial shipments, *** percent of U.S. commercial shipments of subject imports from Korea, *** percent of U.S. commercial shipments of subject imports from Mexico, and *** percent of U.S. commercial shipments of subject imports from Turkey in 2014.

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-2 to V-5. Nonsubject country prices are presented in Appendix D.

(…*continued*)

[4] The firm reporting weight discounts was requested to explain. They did not respond.

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

Table V-3
HWR tubular products: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2012 to June 2015

Period	United States		Korea			Mexico		
	Price (dollar per foot)	Quantity (feet)	Price (dollar per foot)	Quantity (feet)	Margin (percent)	Price (dollar per foot)	Quantity (feet)	Margin (percent)
2012:								
Jan.-Mar.	2.53	3,561,776	***	***	***	***	***	***
Apr.-June	2.49	2,907,402	***	***	***	***	***	***
July-Sept.	2.34	2,798,268	***	***	***	***	***	***
Oct.-Dec.	2.30	2,960,325	***	***	***	***	***	***
2013:								
Jan.-Mar.	2.30	3,341,676	***	***	***	***	***	***
Apr.-June	2.25	2,998,328	***	***	***	***	***	***
July-Sept.	2.32	3,038,052	***	***	***	***	***	***
Oct.-Dec.	2.37	3,142,448	***	***	***	***	***	***
2014:								
Jan.-Mar.	2.43	2,795,328	***	***	***	***	***	***
Apr.-June	2.47	2,992,041	2.00	52,770	19.1	***	***	***
July-Sept.	2.38	3,252,626	2.18	82,936	8.3	***	***	***
Oct.-Dec.	2.32	2,865,287	2.20	68,405	5.1	***	***	***
2015:								
Jan.-Mar.	2.19	3,164,762	2.16	64,842	1.4	***	***	***
Apr.-June	1.91	3,009,845	2.07	72,585	(8.3)	***	***	***

* * * * * * *

[1] Product 1: 2 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

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

Table V-4
HWR tubular products: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2012 to June 2015

Period	United States		Korea			Mexico		
	Price (dollar per foot)	Quantity (feet)	Price (dollar per foot)	Quantity (feet)	Margin (percent)	Price (dollar per foot)	Quantity (feet)	Margin (percent)
2012:								
Jan.-Mar.	4.16	2,351,629	***	***	***	***	***	***
Apr.-June	4.07	2,281,486	***	***	***	***	***	***
July-Sept.	3.83	2,189,349	***	***	***	***	***	***
Oct.-Dec.	3.77	1,953,827	***	***	***	***	***	***
2013:								
Jan.-Mar.	3.76	2,475,263	***	***	***	***	***	***
Apr.-June	3.69	2,379,666	***	***	***	***	***	***
July-Sept.	3.78	2,200,856	***	***	***	***	***	***
Oct.-Dec.	3.87	2,190,911	3.70	26,052	4.3	***	***	***
2014:								
Jan.-Mar.	3.93	2,133,087	3.77	17,105	4.0	***	***	***
Apr.-June	3.97	2,363,355	3.38	16,687	14.8	***	***	***
July-Sept.	3.87	2,327,896	3.44	39,788	10.9	***	***	***
Oct.-Dec.	3.79	2,138,507	3.72	28,852	1.9	***	***	***
2015:								
Jan.-Mar.	3.53	2,171,009	3.41	47,626	3.4	***	***	***
Apr.-June	3.13	2,430,510	3.30	46,198	(5.3)	***	***	***

[1] Product 2: 3 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

Table continued on the next page.

Table V-4--*Continued*
HWR tubular products: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2012 to June 2015

Period	United States		Turkey		
	Price (dollar per foot)	Quantity (feet)	Price (dollar per foot)	Quantity (feet)	Margin (percent)
2012:					
Jan.-Mar.	4.16	2,351,629	--	0	--
Apr.-June	4.07	2,281,486	***	***	***
July-Sept.	3.83	2,189,349	***	***	***
Oct.-Dec.	3.77	1,953,827	***	***	***
2013:					
Jan.-Mar.	3.76	2,475,263	3.44	179,724	8.5
Apr.-June	3.69	2,379,666	***	***	***
July-Sept.	3.78	2,200,856	***	***	***
Oct.-Dec.	3.87	2,190,911	***	***	***
2014:					
Jan.-Mar.	3.93	2,133,087	***	***	***
Apr.-June	3.97	2,363,355	3.34	116,965	15.9
July-Sept.	3.87	2,327,896	***	***	***
Oct.-Dec.	3.79	2,138,507	3.44	59,103	9.3
2015:					
Jan.-Mar.	3.53	2,171,009	***	***	***
Apr.-June	3.13	2,430,510	3.22	146,726	(2.9)

[1] Product 2: 3 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

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

Table V-5
HWR tubular products: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2012 to June 2015

Period	United States		Korea			Mexico		
	Price (dollar per foot)	Quantity (feet)	Price (dollar per foot)	Quantity (feet)	Margin (percent)	Price (dollar per foot)	Quantity (feet)	Margin (percent)
2012:								
Jan.-Mar.	5.73	3,200,931	***	***	***	***	***	***
Apr.-June	5.65	2,566,096	***	***	***	***	***	***
July-Sept.	5.33	2,635,579	***	***	***	***	***	***
Oct.-Dec.	5.26	2,629,676	***	***	***	***	***	***
2013:								
Jan.-Mar.	5.27	2,792,501	***	***	***	***	***	***
Apr.-June	5.14	2,750,059	***	***	***	***	***	***
July-Sept.	5.31	2,757,620	***	***	***	***	***	***
Oct.-Dec.	5.44	2,531,954	5.07	46,608	6.8	***	***	***
2014:								
Jan.-Mar.	5.53	2,572,678	5.19	24,782	6.2	***	***	***
Apr.-June	5.47	2,695,634	4.72	35,627	13.7	***	***	***
July-Sept.	5.42	2,876,849	4.77	59,805	12.0	***	***	***
Oct.-Dec.	5.28	2,624,975	5.07	49,832	3.8	***	***	***
2015:								
Jan.-Mar.	4.98	2,627,068	4.67	76,462	6.3	***	***	***
Apr.-June	4.39	2,810,307	4.53	58,384	(3.3)	***	***	***

[1] Product 3: 4 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

Table continued on the next page.

Table V-5--*Continued*
HWR tubular products: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2012 to June 2015

Period	United States		Turkey		
	Price (dollar per foot)	Quantity (feet)	Price (dollar per foot)	Quantity (feet)	Margin (percent)
2012:					
Jan.-Mar.	5.73	3,200,931	--	0	--
Apr.-June	5.65	2,566,096	***	***	***
July-Sept.	5.33	2,635,579	***	***	***
Oct.-Dec.	5.26	2,629,676	***	***	***
2013:					
Jan.-Mar.	5.27	2,792,501	4.82	217,880	8.5
Apr.-June	5.14	2,750,059	***	***	***
July-Sept.	5.31	2,757,620	***	***	***
Oct.-Dec.	5.44	2,531,954	***	***	***
2014:					
Jan.-Mar.	5.53	2,572,678	***	***	***
Apr.-June	5.47	2,695,634	***	***	***
July-Sept.	5.42	2,876,849	***	***	***
Oct.-Dec.	5.28	2,624,975	4.81	91,516	8.9
2015:					
Jan.-Mar.	4.98	2,627,068	***	***	***
Apr.-June	4.39	2,810,307	4.58	187,424	(4.5)

[1] Product 3: 4 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

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

Table V-6
HWR tubular products: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2012 to June 2015

Period	United States		Korea			Mexico		
	Price (dollar per foot)	Quantity (feet)	Price (dollar per foot)	Quantity (feet)	Margin (percent)	Price (dollar per foot)	Quantity (feet)	Margin (percent)
2012:								
Jan.-Mar.	8.88	1,172,355	***	***	***	--	0	--
Apr.-June	8.79	974,483	***	***	***	--	0	--
July-Sept.	8.24	1,070,898	***	***	***	--	0	--
Oct.-Dec.	8.17	1,104,440	***	***	***	--	0	--
2013:								
Jan.-Mar.	8.12	1,185,935	***	***	***	--	0	--
Apr.-June	7.99	1,180,880	***	***	***	--	0	--
July-Sept.	8.25	1,145,641	***	***	***	--	0	--
Oct.-Dec.	8.47	1,194,490	8.19	14,806	3.4	--	0	--
2014:								
Jan.-Mar.	8.62	1,060,621	7.85	7,193	9.0	--	0	--
Apr.-June	8.48	1,164,054	7.44	10,052	12.3	--	0	--
July-Sept.	8.50	1,217,062	7.40	19,324	12.9	***	***	***
Oct.-Dec.	8.12	1,123,659	7.55	18,147	7.1	--	0	--
2015:								
Jan.-Mar.	7.69	1,038,144	7.14	20,645	7.1	***	***	***
Apr.-June	6.71	1,151,497	7.14	16,138	(6.4)	***	***	***

* * * * * * *

[1] Product 4: 6 inch square ASTM A 500 Grade B with a wall thickness of 0.25 inch

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

Figure V-2
HWR tubular products: Weighted-average prices and quantities of domestic and imported product 1,[1] by quarters, January 2012 to June 2015

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Figure V-3
HWR tubular products: Weighted-average prices and quantities of domestic and imported product 2,[1] by quarters, January 2012 to June 2015

* * * * * * *

Figure V-4
HWR tubular products: Weighted-average prices and quantities of domestic and imported product 3,[1] by quarters, January 2012 to June 2015

* * * * * * *

Figure V-5
HWR tubular products: Weighted-average prices and quantities of domestic and imported product 4,[1] by quarters, January 2012 to June 2015

* * * * * * *

Price trends

Prices for all pricing products decreased during January 2012- June 2015. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from 23.5 to 24.8 percent during January 2012- June 2015 while import price decreases ranged from 7.1 to 22.9 percent.[6]

Table V-7
HWR tubular products: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and Korea, Mexico, and Turkey

Item	Number of quarters	Low price (dollar per foot)	High price (dollar per foot)	Change in price[1] (percent)
Product 1				
United States	14	1.91	2.53	(24.6)
Korea	14	2.00	2.59	(20.1)
Mexico	14	***	***	***
Turkey	11	2.01	2.36	(10.0)
Product 2				
United States	14	3.13	4.16	(24.8)
Korea	14	3.30	4.28	(22.9)
Mexico	14	***	***	***
Turkey	13	3.22	3.79	(11.8)
Product 3				
United States	14	4.39	5.73	(23.5)
Korea	14	4.53	5.58	(18.8)
Mexico	14	***	***	***
Turkey	13	4.57	5.06	(9.4)
Product 4				
United States	14	6.71	8.88	(24.4)
Korea	14	7.14	8.77	(18.6)
Mexico	3	***	***	--
Turkey	11	6.11	7.82	(7.1)

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

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

[6] The price of Mexican product 4 was available in only three quarters, it increased by *** percent but this change was not comparable to that of the other country/product combinations for which prices were available at least from the second quarter of 2012 to the second quarter of 2015.

Price comparisons

As shown in table V-8, prices for HWR tubular products imported from Korea, Mexico, and Turkey were below those for U.S.-produced product in *** instances (***); margins of underselling ranged from *** to 25.2 percent. In the remaining 25 instances, prices for HWR tubular products from Korea, Mexico, and Turkey were between 0.0 and *** percent above prices for the domestic product.

Table V-8
HWR tubular products: Instances of underselling/overselling and the range and average of margins, by country, January 2012 to June 2015

Source	Underselling				
	Number of quarters	Quantity[1] (feet)	Average margin (percent)	Margin range (percent)	
				Min	Max
Korea	39	1,077,601	6.2	0.9	19.1
Mexico	***	***	***	***	***
Turkey	42	3,284,458	9.7	1.0	25.2
Total	***	***	***	***	25.2
Source	**(Overselling)**				
	Number of quarters	**Quantity[1] (feet)**	**Average margin (percent)**	**Margin range (percent)**	
				Min	**Max**
Korea	17	417,911	(4.4)	(0.0)	(10.4)
Mexico	***	***	***	***	***
Turkey	6	543,400	(4.0)	(0.6)	(8.2)
Total	***	***	***	(0.0)	***

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

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

LOST SALES AND LOST REVENUE

The Commission requested U.S. producers of HWR tubular products to report any instances of lost sales or revenue they experienced due to competition from imports of HWR tubular products from Korea, Mexico, and Turkey since 2012. Most responding U.S. producers reported that they had to either reduce prices or roll back announced price increases because of imports from Korea (10 of 12) and from Mexico and Turkey (9 of 11). Most responding producers reported they had lost sales because of imports (9 of 11 responding producers for Korea, 9 of 10 for Mexico, and 8 of 10 for Turkey). The 80 lost sales allegations totaled $87.7 million and involved 95,760 short tons of HWR tubular products. The 70 lost revenue allegations totaled $7.6 million and involved 82,973 short tons of HWR tubular products. Staff contacted 14 purchasers and a summary of the information obtained follows (tables V-9 and V-10). Purchasers confirmed 23 lost sales allegations totaling $*** million and including *** short tons. Purchasers confirmed 19 lost revenue allegations totaling $*** and including *** short tons.

Purchasers responding to the lost sales allegations also were asked whether they shifted their purchases of HWR tubular products from U.S. producers to suppliers of HWR tubular products from Korea, Mexico, and Turkey since 2012. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of HWR tubular products from Korea, Mexico, and Turkey (table V-11). Ten of the 15[7] responding purchasers reported that they had shifted purchases of HWR tubular products from U.S. producers to subject imports since 2012; all 10 of these purchasers reported that price was the reason for the shift. Seven purchasers reported that the U.S. producers had reduced their prices in order to compete with the prices of subject imports since 2012.

Both Mexican and Turkish respondents report that most the lost sales and lost revenue allegations are for imports from Korea, while there are relatively few lost sales or lost revenue allegations for imports from Mexico or Turkey.[8]

Table V-9
HWR tubular products: U.S. producers' lost sales allegations

* * * * * * *

Table V-10
HWR tubular products: U.S. producers' lost revenue allegations

* * * * * * *

Table V-11
HWR tubular products: Purchasers' responses regarding shifting supply and price reductions

* * * * * * *

Additional comments

Purchasers contacted regarding lost sales and/or lost revenue allegations were also asked how often and by how much U.S. producers had reduced their prices in order to compete with imports and for additional comments. Responses are below.

***

"***."

"***."

***

U.S. industry reduced price by "***." "***."

[7] This includes three that reported that they had not shifted to subject imports, and two firms that responded that they did not know.

[8] Mexican respondents' postconference brief, p. 29 and Turkish respondents' postconference brief, p. 7.

***

"***."

***

"***." "***."

***

"***."

***

"***."

***

"***."

***

"***." "***."

***

"***."

***

Price reductions were "***."

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Thirteen U.S. producers provided usable financial data on their operations producing HWR tubular products.[1] The responding producers are believed to represent the substantial majority of U.S. production. The firms differ considerably in size in terms of sales volume and value. The three largest producers, ***, reported average annual sales volumes *** short tons. In contrast, four firms, ***, reported average annual sales of *** short tons. Overall, net sales consisted of commercial sales and minor amounts of internal consumption and related party transfers.[2]

OPERATIONS ON HWR TUBULAR PRODUCTS

The results of operations of the responding U.S. producers on their HWR tubular products operations are presented in table VI-1, which includes data on a per-short ton basis as well as operating income to net sales ratios. The financial results of the U.S. producers (in terms of operating income) slightly improved (while operating income ratio decreased slightly) between 2012 and 2014 as sales quantities and values increased although unit sales values decreased slightly more than the decrease of unit total costs. The quantity of total sales increased continuously between 2012 and 2014, as total sales values fell slightly from 2012 to 2013 (due to the decrease of unit sales value) and increased somewhat from 2013 to 2014, due mainly to the increased sales quantity and unit sales price. Average unit net sales values decreased between 2012 and 2013, then, increased from 2013 to 2014. Per-unit values of cost of goods sold ("COGS") decreased from 2012 to 2013, due to lower raw material costs, and then increased somewhat from 2013 to 2014 as raw material costs increased. The combined producers' operating income increased from an operating income of $126.9 million in 2012 to an operating income of $140.2 million in 2013, then decreased to $128.7 million in 2014 as a result of higher per-unit total costs, despite increased sales quantities and higher per-unit sales price. The ratio of operating income to net sales increased from 8.4 percent in 2012 to 9.3 percent in 2013, then decreased to 8.2 percent in 2014.

The largest change in the operating income occurred between January-June ("interim") 2014 and January-June 2015. Operating income of $76.8 million in interim 2014 fell to an operating income of $32.6 million in interim 2015, due primarily to a substantial decrease of per-unit sales value in interim 2015 (a decrease in average unit value from $893 per short ton in interim 2014 to $766 per short ton in interim 2015, in spite of a lower total cost per short ton in interim 2015), which negatively impacted financial performance. While the average unit sales value decreased by $127 per short ton, the average unit total cost (COGS plus selling, general,

[1] The producers with fiscal year ends other than December 31 are ***. However, ***.
[2] ***.

and administrative ("SG&A") expenses) decreased by $81 per short ton, which resulted in a decreased per-unit operating income by $46 per short ton. Both net sales quantities and values were lower in interim 2015 than interim 2014. As a result, the operating income margin, which was 9.5 percent in interim 2014, was 5.0 percent in interim 2015.

Table VI-1
HWR tubular products: Results of operations of U.S. producers, fiscal years 2012-14, January to June 2014, and January to June 2015

Item	Fiscal year			January to June	
	2012	2013	2014	2014	2015
Net sales[1]	Quantity (short tons)				
Total net sales	1,690,682	1,773,033	1,781,522	906,791	847,875
Net sales[1]	Value ($1,000)				
Total net sales	1,514,339	1,513,270	1,572,708	809,646	649,329
COGS	1,309,239	1,300,121	1,363,958	690,943	574,542
Gross profit	205,100	213,149	208,750	118,703	74,787
SG&A expenses	78,242	72,982	80,096	41,887	42,169
Operating income	126,858	140,167	128,654	76,816	32,618
Interest expense	27,091	29,177	29,467	14,443	14,149
Other expense	(322)	(232)	334	374	(1,055)
Other income	566	1,808	1,828	836	1,345
Net income	100,655	113,030	100,681	62,835	20,869
Depreciation/amortization	24,219	26,929	27,949	14,433	14,981
Cash flow	124,874	139,959	128,630	77,268	35,850
	Unit value (per unit)				
Total net sales	$895.70	$853.49	$882.79	$892.87	$765.83
COGS	774.39	733.28	765.61	761.96	677.63
Gross profit	121.31	120.22	117.18	130.90	88.21
SG&A expenses	46.28	41.16	44.96	46.19	49.73
Operating income	75.03	79.05	72.22	84.71	38.47
Net income	59.54	63.75	56.51	69.29	24.61
	Ratio to net sales (percent)				
COGS	86.5	85.9	86.7	85.3	88.5
Gross profit	13.5	14.1	13.3	14.7	11.5
SG&A expenses	5.2	4.8	5.1	5.2	6.5
Operating income	8.4	9.3	8.2	9.5	5.0
Net income	6.6	7.5	6.4	7.8	3.2
	Number of firms reporting				
Operating losses	4	3	5	4	8
Net losses	4	4	5	4	7
Data	13	13	13	13	13

[1] ***.

Selected financial data, by firm, are presented in table VI-2. Total net sales (quantities and values), operating income (loss), the ratio of operating income (loss) to net sales, and per-unit values (sales, COGS, SG&A expenses), are presented in this table on a firm-by-firm basis. Five of the 13 reporting producers generated positive operating income in each fiscal year during 2012-14 and the two interim periods, while two producers reported operating losses during the entire period. From 2012 to 2013, eight of the 13 producers reported decreases in sales values, four reported decreases in operating income. From 2013 to 2014, only three producers reported improved profitability, including ***. Five producers reported operating losses in 2014, compared to three in 2013.

The data show that ***, the two largest producers by sales value in 2014, achieved the highest dollar value of operating profits and operating income margin in 2014. The combined operating income of only two producers (***) accounted for *** of the industry's total combined operating income in 2014.

Table VI-2
HWR tubular products: Results of operations of U.S. producers, by firm, fiscal years 2012-14, January to June 2014, and January to June 2015

* * * * * * *

***. Per-unit SG&A expenses of ***.[3] Per-unit SG&A expenses of ***.[4] ***.[5] ***.[6]

For non-recurring items, *** reported small amounts of these items. ***.

Selected aggregate per-unit cost data for the producers' operations, i.e., COGS and SG&A expenses, are presented in table VI-3.[7] Overall per-unit COGS and total cost (which includes SG&A expenses) decreased somewhat from 2012 to 2013, driven mainly by decreases in raw material costs, primarily reflecting changes in the cost of hot-rolled steel coils. Per-unit COGS increased from 2013 to 2014, due to the increases in raw material costs, in spite of declines in conversion costs. Per-unit COGS and total costs decreased between interim 2014 and interim 2015, due mainly to the substantial decrease in raw material costs. Per-unit SG&A expenses did not fluctuate too much and overall, remained relatively the same over the period.

[3] Email from ***, August 17, 2015.
[4] Email from ***, August 11, 2015.
[5] Email from ***, August 6, 2015.
[6] Email from ***, August 10, 2015.
[7] ***.

Table VI-3
HWR tubular products: Average short ton costs of U.S. producers, fiscal years 2012-14, January to June 2014, and January to June 2015

Item	Fiscal year			January to June	
	2012	2013	2014	2014	2015
COGS:	Value (per short ton)				
Raw materials	$673.24	$617.64	$653.11	$651.11	$556.80
Direct labor	47.27	46.43	48.05	48.38	49.84
Factory overhead	53.88	69.21	64.46	62.48	70.98
Total COGS	774.39	733.28	765.61	761.96	677.63
SG&A expenses	46.28	41.16	44.96	46.19	49.73
Total cost	820.66	774.44	810.57	808.16	727.36

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

A variance analysis showing the effects of prices and volume on the producers' sales of HWR tubular products, and the effects of costs and volume on their total costs is presented in table VI-4.[8] The data presented in table VI-4 are comparable to changes in operating income as presented in table VI-1. The analysis indicates that the increase in operating income between 2012 and 2014 (by $1.8 million) was the result of the positive effects of decreased per-short ton costs and expenses and increased sales volume, despite decreased sales price. Comparing the two interim periods, the variance analysis indicates that operating income was lower by ($44.2 million) which resulted from mainly the negative effect of much lower sales price.

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

Table VI-4
HWR tubular products: Variance analysis of operations of U.S. producers, fiscal years 2012-14, January to June 2014, and January to June 2015

Item	Between fiscal years			January to June
	2012-14	2012-13	2013-14	2014-15
	Value ($1,000)			
Net sales:				
Price variance	(22,996)	(74,831)	52,193	(107,713)
Volume variance	81,365	73,762	7,245	(52,604)
Total net sales variance	58,369	(1,069)	59,438	(160,317)
Cost of sales:				
Cost variance	15,626	72,889	(57,612)	71,509
Volume variance	(70,345)	(63,771)	(6,225)	44,892
Total cost variance	(54,719)	9,118	(63,837)	116,401
Gross profit variance	3,650	8,049	(4,399)	(43,916)
SG&A expenses:				
Expense variance	2,350	9,071	(6,765)	(3,003)
Volume variance	(4,204)	(3,811)	(349)	2,721
Total SG&A variance	(1,854)	5,260	(7,114)	(282)
Operating income variance	1,796	13,309	(11,513)	(44,198)
Summarized as:				
Price variance	(22,996)	(74,831)	52,193	(107,713)
Net cost/expense variance	17,976	81,960	(64,377)	68,506
Net volume variance	6,816	6,179	671	(4,991)

Note.--Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table VI-1.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents aggregate data on capital expenditures and research and development ("R&D") expenses. All U.S. producers reported at least nominal capital expenditures, while four producers reported sizable amounts of capital expenditures over the period.[9] Data for capital expenditures on a firm-by-firm basis are shown in table VI-6. While capital expenditures increased from 2012 to 2013, due mainly to the spending by ***, they decreased from 2013 to 2014. R&D expenses increased slightly over the period. Only *** of the responding firms, ***, reported R&D expenses.

Table VI-5
HWR tubular products: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2012-14, January to June 2014, and January to June 2015

Item	Fiscal year			January to June	
	2012	2013	2014	2014	2015
	Value ($1,000)				
Capital expenditures[1]	35,598	49,810	30,839	15,588	9,245
R&D expenses[2]	***	***	***	***	***

[1] All companies reported capital expenditures.
[2] *** reported R&D expenses.

Table VI-6
HWR tubular products: Capital expenditures by U.S. producers, by firms, fiscal years 2012-14, January to June 2014, and January to June 2015

* * * * * * *

ASSETS AND RETURN ON ASSETS

Table VI-7 presents data on the U.S. producers' total net assets and their return on assets. U.S. producers were requested to provide data on their assets used in the production and sales of HWR tubular products during the period for which data were collected to assess their return on assets ("ROA"). Although ROA can be computed in different ways, a commonly used method is income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROA as operating income divided by total net assets used in the production and sales of HWR tubular products. Value of net assets increased from 2012 to 2013 and then decreased from 2013 to 2014.[10] The return on assets increased from

[9] As presented and discussed in some detail in table VI-6, four producers accounted for a substantial portion of reported capital expenditures.
[10] ***.

2012 to 2013 and decreased from 2013 to 2014.[11] The trend of return on assets during 2012-14 was the same as the trend of the operating income margin shown in table VI-1.

Table VI-7
HWR tubular products: Value of assets and return on assets of U.S. producers, fiscal years 2012-14

Item	Fiscal year		
	2012	2013	2014
	Value ($1,000)		
Operating income	126,858	140,167	128,654
	Value ($1,000)		
Total net assets	1,220,163	1,266,362	1,309,285
	Ratio of operating income to total assets (percent)		
Return on assets	10.4	11.1	9.8

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual negative effects on their return on investment or the scale of capital investments, as well as any negative effects on their firms' growth, ability to raise capital, or existing development and production efforts, as a result of HWR tubular products imported from Korea, Mexico, and Turkey. A summary of U.S. producers' responses are shown in table VI-8. Two firms provided additional comments regarding actual negative effects on investment, five firms provided additional comments regarding actual negative effects on growth and development, and thirteen firms provided additional comments regarding anticipated negative effects. Additional firm-specific comments are provided after table VI-8.

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

Table VI-8
HWR tubular products: Negative effects of imports as reported by U.S. producers, by factor

Factor	Number of firms reporting
Actual negative effects of imports --	
Investment:	
Cancellation, postponement, or rejection of expansion projects	7
Denial or rejection of investment proposal	0
Reduction in the size of capital investments	3
Return on specific investments negatively impacted	5
Other	2
Growth and development:	
Rejection of bank loans	0
Lowering of credit rating	1
Problem related to the issue of stocks or bonds	0
Ability to service debt	2
Other	5
Anticipated negative effects of imports:	13

Note-Three firms reported that their responses differ by country.

Actual Negative Effects

Atlas.–***

Bull Moose.–***

EVRAZ.–***

EXLTUBE.–***

Hanna.–***

Hannibal.–***

Independence.–***

Leavitt.–***

Maruichi.–***

Searing.–***

Southland.–***

TMK.–***

Vest.–***

Anticipated Negative Effects

Atlas.–***

Bull Moose.–***

EVRAZ.–***

EXLTUBE.–***

Hanna.–***

Hannibal.–***

Independence.–***

Leavitt.–***

Maruichi.–***

Searing.–***

Southland.–***

TMK.–***

Vest.–***

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(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,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

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

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN KOREA

Overview

The Commission issued foreign producers' and exporters' questionnaires to 20 firms believed to produce and/or export HWR tubular products from Korea.[3] A useable response to the Commission's questionnaire was received from one firm: Histeel. This firm's exports to the United States accounted for *** percent of U.S. imports of HWR tubular products from Korea during January 2012 through June 2015. According to the estimate provided by Histeel, the production of HWR tubular products in Korea reported in the questionnaire response accounted for *** percent of all production of HWR tubular products in Korea during 2014. Table VII-1 lists certain summary data reported by the responding Korean producer. Histeel did not report any operational changes since January 1, 2012.

Table VII-1
HWR tubular products: Data for producer in Korea, January 2012 to June 2015

* * * * * * *

Operations on HWR tubular products

Table VII-2 presents information on the HWR tubular product operations of the responding Korean producer and exporter for 2012-14, January to June 2014, and January to June 2015, as well as projections for 2015-16.

Korean capacity of HWR tubular products increased by *** percent from 2012 to 2013, decreased by *** percent from 2013 to 2014, and was *** percent lower during January to June 2015 than during January to June 2014. Production increased by *** percent from 2012 to 2014 but was *** percent lower during January to June 2015 than during January to June 2014. Capacity utilization decreased by *** percentage points from 2012 to 2013, increased by *** percentage points from 2013 to 2014, and was *** percentage points lower during January to June 2015 than during January to June 2014. In addition, end-of-period inventories decreased by *** percent in 2012 to 2013, increased by *** percent in 2013 to 2014, and was *** percent lower during January to June 2015 than during January to June 2014.

Table VII-2
HWR tubular products: Data on industry in Korea, 2012-14, January to June 2014, January to June 2015, and projection calendar years 2015 and 2016

* * * * * * *

[3] These firms were identified through a review of information submitted in the petition and contained in ***.

Total shipments of the responding Korean producer increased by *** percent from 2012 to 2014 but was *** percent lower during January to June 2015 than during January to June 2014. Home market shipments declined from *** percent of total shipments in 2012 to *** percent of total shipments in 2013, and increased to *** percent of total shipments in 2014. Home market sales by the responding Korean producer accounted for *** percent of total shipments during the first half of 2015, down from *** percent during the first half of 2014.

Exports of HWR tubular products to the United States increased by *** percent from 2012 to 2013, decreased by *** percent from 2013 to 2014, and were *** percent lower during January to June 2015 than during January to June 2014. As a share of the responding Korean producer's total shipments, exports to the United States increased from *** percent in 2012 to *** percent in 2013, decreased to *** percent in 2014, and were *** percent of total shipments in the first half of 2015, up from *** percent in the first half of 2014. Exports of HWR tubular products to countries other than the United States increased by *** percent from 2012 to 2013, decreased by *** percent from 2013 to 2014, and were *** percent lower during January to June 2015 than during January to June 2014. Other export markets identified include ***.

Alternative products

As shown in table VII-3, the responding Korean producer produced both subject HWR tubular products and out-of-scope products on the same equipment. Overall capacity utilization decreased from *** percent in 2012 to *** percent in 2013, and increased to *** percent in 2014. Overall capacity utilization was *** percentage points lower during January to June 2015 at *** percent, than during January to June 2014. Production of subject HWR tubular products accounted for *** percent of total production on the same equipment, out-of-scope rectangular products accounted for *** percent, and other out-of-scope products accounted for *** percent in 2014. Other products produced on the same equipment as HWR tubular products include ***. Histeel also reported that ***.

Table VII-3
HWR tubular products: Korean producer's overall capacity and production on the same equipment as subject production, 2012-14, January to June 2014, and January to June 2015

* * * * * * *

Exports

According to Global Trade Atlas ("GTA"), the top export market for HWR tubular products from Korea is the United States (table VII-4). Mexico is the second largest export destination of HWR tubular products from Korea. During 2014, The United States and Mexico accounted for 66.1 and 8.0 percent of total exports from Korea of HWR tubular products, respectively.

Table VII-4
HWR tubular products: Korea's exports to its top destination markets and the United States, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
Korea's exports to the United States	55,535	59,780	88,063
Korea's exports to other top destination markets--Mexico	16,744	14,428	10,623
United Arab Emirates	7,659	7,497	8,782
Japan	6,975	13,317	6,954
Peru	0	786	5,722
Taiwan	2,869	3,377	4,718
Australia	8,730	4,475	2,640
Singapore	1,116	2,565	1,273
Colombia	980	834	1,258
Philippines	2,502	1,718	1,015
All other destination markets	2,820	7,954	2,259
Total Korea exports	105,930	116,732	133,307
	Value (1,000 dollars)		
Korea's exports to the United States	37,534	36,412	55,128
Korea's exports to other top destination markets--Mexico	10,597	8,998	7,915
United Arab Emirates	10,319	9,598	16,564
Japan	6,008	8,766	4,828
Peru	0	481	3,706
Taiwan	2,039	2,206	2,937
Australia	7,141	3,612	2,028
Singapore	844	1,650	871
Colombia	809	594	925
Philippines	2,061	1,349	736
All other destination markets	3,771	5,844	4,645
Total Korea exports	81,124	79,510	100,284
	Unit value (dollars per short ton)		
Korea's exports to the United States	676	609	626
Korea's exports to other top destination markets--Mexico	633	624	745
United Arab Emirates	1,347	1,280	1,886
Japan	861	658	694
Peru	--	612	648
Taiwan	711	653	623
Australia	818	807	768
Singapore	757	643	684
Colombia	825	712	736
Philippines	824	785	725
All other destination markets	1,338	735	2,057
Total Korea exports	766	681	752

Table continued on following page.

Table VII-4—*Continued*
HWR tubular products: Korea's exports to its top destination markets and the United States, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Share of quantity (percent)		
Korea's exports to the United States	52.4	51.2	66.1
Korea's exports to other top destination markets--			
Mexico	15.8	12.4	8.0
United Arab Emirates	7.2	6.4	6.6
Japan	6.6	11.4	5.2
Peru	0.0	0.7	4.3
Taiwan	2.7	2.9	3.5
Australia	8.2	3.8	2.0
Singapore	1.1	2.2	1.0
Colombia	0.9	0.7	0.9
Philippines	2.4	1.5	0.8
All other destination markets	2.7	6.8	1.7
Total Korea exports	100.0	100.0	100.0

Source: Official export statistics as reported by Korea Customs in the GTIS/GTA database, HTS 7306.61, accessed July 27, 2015. HTS 7306.61 includes all rectangular (including square) tube, including product with a wall thickness less than 4mm, and out-of-scope stainless steel tube.

THE INDUSTRY IN MEXICO

Overview

The Commission issued foreign producers' and exporters' questionnaires to five firms believed to produce and/or export HWR tubular products from Mexico.[4] Useable responses to the Commission's questionnaire were received from seven firms: Arco, Maquilacero (Mexico), Perfiles y Herrajes (Mexico), Prolamsa (Mexico), PYTCO, Regiomontana (Mexico), and Ternium. These firms' exports to the United States accounted for 96.7 percent of U.S. imports of HWR tubular products from Mexico during January 2012 through June 2015. According to estimates provided by five of the responding Mexican producers, the production of HWR tubular products in Mexico reported in questionnaire responses accounted for *** percent of overall production of HWR tubular products in Mexico in 2014. Staff believes that the seven responses provided by producers of HWR tubular products represent *** production of HWR tubular products during 2014.[5] Table VII-5 presents information on the HWR tubular product operations of the responding Mexican producers and exporters.

[4] These firms were identified through a review of information submitted in the petition and contained in ***.

[5] The coverage estimate is based on total production of HWR tubular products in Mexico of *** short tons as reported by Mexican producers. Mexican producers' postconference brief, exh. 1, p. 2.

Table VII-5
HWR tubular products: Data for producers in Mexico, January 2012 to June 2015

Firm	Production (short tons)	Share of reported production (percent)	Exports to the United States (short tons)	Share of reported exports to the United States (percent)	Total shipments (short tons)	Share of firm's total shipments exported to the United States (percent)
Arco	***	***	***	***	***	***
Maquilacero (Mexico)	***	***	***	***	***	***
Perfiles y Herrajes (Mexico)	***	***	***	***	***	***
Prolamsa (Mexico)	***	***	***	***	***	***
PYTCO	***	***	***	***	***	***
Regiomontana (Mexico)	***	***	***	***	***	***
Ternium	***	***	***	***	***	***
Total	518,970	100.0	215,276	100.0	510,364	42.2

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

Changes in operations

As presented in table VII-6, responding Mexican producers reported several operational changes since January 1, 2012.

Table VII-6
HWR tubular products: Reported changes in operations by firms in Mexico since January 1, 2012

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Operations on HWR tubular products

Table VII-7 presents information on the HWR tubular product operations of the responding Mexican producers and exporters for 2012-14, January to June 2014, and January to June 2015, as well as projections for 2015-16.

Mexican capacity for HWR tubular products increased by 6.2 percent from 2012 to 2014, and was 16.9 percent higher during January to June 2015 than during January to June 2014. Production increased by 20.5 percent from 2012 to 2014, and was 7.1 percent higher during January to June 2015 than during January to June 2014. Capacity utilization increased by 10.4 percentage points from 2012 to 2014, but was 7.5 percentage points lower during January to June 2015 than during January to June 2014. In addition, end-of-period inventories decreased by *** percent in 2012 to 2013, increased by *** percent in 2013 to 2014, and were *** percent higher during January to June 2015 than during January to June 2014.

Total shipments of the responding Mexican producers increased by *** percent from 2012 to 2014, and were *** percent higher during January to June 2015 than during January to

June 2014. Home market shipments accounted for *** of total Mexican shipments during 2012-14, increasing from *** percent of total shipments in 2012 to *** percent of total shipments in 2014. Home market sales by the responding Mexican producers accounted for *** percent of total shipments during the first half of 2015, up from *** percent during the first half of 2014.

Table VII-7
HWR tubular products: Data on industry in Mexico, 2012-14, January to June 2014, January to June 2015, and projection calendar years 2015 and 2016

Item	Actual experience					Projections	
	Calendar year			January to June		Calendar year	
	2012	2013	2014	2014	2015	2015	2016
	Quantity (short tons)						
Capacity	172,472	174,405	183,211	85,214	99,611	202,154	202,154
Production	133,714	142,159	161,101	76,550	81,996	167,157	170,834
End-of-period inventories	13,821	11,383	14,994	11,460	11,757	15,304	14,957
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Capacity utilization	77.5	81.5	87.9	89.8	82.3	82.7	84.5
Inventories/production	10.3	8.0	9.3	7.5	7.2	9.2	8.8
Inventories/total shipments	***	***	***	***	***	***	***
Share of total shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

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

Exports of HWR tubular products to the United States increased by *** percent from 2012 to 2014, but were *** percent lower during January to June 2015 than during January to June 2014. As a share of the responding Mexican producers' total shipments, exports to the United States decreased from *** percent in 2012 to *** percent in 2014, and were *** percent of total shipments in the first half of 2015, down from *** percent in the first half of 2014. Exports of HWR tubular products to countries other than the United States decreased to

*** short tons from 2012 to 2013, increased to *** short tons from 2013 to 2014, and decreased back to *** short tons in January to June 2015. Other export markets identified include ***.

Alternative products

Five of the responding Mexican producers produced both subject HWR tubular products and out-of-scope products on the same equipment as shown in table VII-8. Overall capacity utilization increased from 81.3 percent in 2012 to 86.4 percent in 2014. Overall capacity utilization was 3.0 percentage points lower during January to June 2015 than during January to June 2014. Production of subject HWR tubular products accounted for 23.1 percent of total production on the same equipment, out-of-scope rectangular products accounted for 44.3 percent, and other out-of-scope products accounted for 32.6 percent in 2014. Other products produced on the same equipment as HWR tubular products include ***. Additionally, six Mexican producers reported having the ability to shift production from HWR tubular products to out-of-scope products including ***.

Table VII-8
HWR tubular products: Mexican producers' overall capacity and production on the same equipment as subject production, 2012-14, January to June 2014, January to June 2015, and projection calendar years 2015 and 2016

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
Overall production capacity	722,104	754,884	805,835	391,547	431,165
Production:					
HWR tubular products	133,714	142,159	161,101	76,550	81,996
Out-of-scope rectangular tubular products	249,445	296,333	308,482	154,988	161,387
Other products	204,066	213,257	226,658	112,310	122,051
Total production	587,225	651,749	696,241	343,848	365,434
	Ratios and shares (percent)				
Overall capacity utilization	81.3	86.3	86.4	87.8	84.8
Share of production:					
HWR tubular products	22.8	21.8	23.1	22.3	22.4
Out-of-scope rectangular tubular products	42.5	45.5	44.3	45.1	44.2
Other products	34.8	32.7	32.6	32.7	33.4
Total production	100.0	100.0	100.0	100.0	100.0

Note.—***. Email from ***, August 21, 2015.

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

Exports

According to GTA, the top export market for HWR tubular products from Mexico is the United States (table VII-9). Costa Rica is the second largest export destination of HWR tubular products from Mexico. During 2014, The United Sates and Costa Rica accounted for 85.1 and 7.4 percent of total exports from Mexico of HWR tubular products, respectively.

Table VII-9
HWR tubular products: Mexico's exports to its top destination markets and the United States, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
Mexico's exports to the United States	115,228	126,576	134,310
Mexico's exports to other top destination markets--			
Costa Rica	12,838	12,436	11,614
Venezuela	56	7,912	9,359
Guatemala	2,056	1,819	1,168
El Salvador	672	1,160	580
Belize	216	456	345
Nicaragua	295	173	255
Cuba	527	258	127
United Kingdom	2	6	19
Peru	0	0	18
All other destination markets	319	110	32
Total Mexico exports	132,209	150,906	157,825
	Value (1,000 dollars)		
Mexico's exports to the United States	95,620	101,897	107,280
Mexico's exports to other top destination markets--			
Costa Rica	11,015	10,258	8,856
Venezuela	62	9,488	11,173
Guatemala	2,043	1,563	1,134
El Salvador	678	1,074	547
Belize	250	481	356
Nicaragua	308	167	277
Cuba	896	416	195
United Kingdom	20	173	484
Peru	0	0	36
All other destination markets	330	99	63
Total Mexico exports	111,221	125,618	130,401
	Unit value (dollars per short ton)		
Mexico's exports to the United States	830	805	799
Mexico's exports to other top destination markets--			
Costa Rica	858	825	763
Venezuela	1,095	1,199	1,194
Guatemala	994	859	971
El Salvador	1,008	926	943
Belize	1,156	1,055	1,031
Nicaragua	1,044	966	1,087
Cuba	1,700	1,614	1,540
United Kingdom	9,226	31,364	25,847
Peru	--	--	2,055
All other destination markets	1,037	900	1,966
Total Mexico exports	841	832	826

Table continued on following page.

Table VII-9—*Continued*
HWR tubular products: Mexico's exports to its top destination markets and the United States, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Share of quantity (percent)		
Mexico's exports to the United States	87.2	83.9	85.1
Mexico's exports to other top destination markets--			
Costa Rica	9.7	8.2	7.4
Venezuela	0.0	5.2	5.9
Guatemala	1.6	1.2	0.7
El Salvador	0.5	0.8	0.4
Belize	0.2	0.3	0.2
Nicaragua	0.2	0.1	0.2
Cuba	0.4	0.2	0.1
United Kingdom	0.0[1]	0.0[1]	0.0[1]
Peru	0.0	0.0	0.0[1]
All other destination markets	0.2	0.1	0.0[1]
Total Mexico exports	100.0	100.0	100.0

[1] Less than 0.05 percent.

Source: Official export statistics as reported by Mexico Customs in the GTIS/GTA database, HTS 7306.61, accessed July 27, 2015. Data for Mexican exports to Costa Rica is 2012 were replaced with data reported by Costa Rica as imports from Mexico under the relevant HTS subheading. HTS 7306.61 includes all rectangular (including square) tube, including product with a wall thickness less than 4mm, and out-of-scope stainless steel tube.

THE INDUSTRY IN TURKEY

Overview

The Commission issued foreign producers' and exporters' questionnaires to eight firms believed to produce and/or export HWR tubular products from Turkey.[6] Useable responses to the Commission's questionnaire were received from three firms: Cinar Boru, MMZ Onur, and Ozdemir Boru. The three responding firms' exports to the United States accounted for 76.3 percent of U.S. imports of HWR tubular products from Turkey during January 2012 through June 2015. According to estimates provided by two of the responding Turkish producers, the production of HWR tubular products in Turkey reported in questionnaire responses accounted for *** percent of overall production of HWR tubular products in Turkey in 2014. Table VII-10 presents information on the HWR tubular product operations of the three responding Turkish producers and exporters.

[6] These firms were identified through a review of information submitted in the petition and contained in ***.

Table VII-10
HWR tubular products: Data for producers in Turkey, January 2012 to June 2015

Firm	Production (short tons)	Share of reported production (percent)	Exports to the United States (short tons)	Share of reported exports to the United States (percent)	Total shipments (short tons)	Share of firm's total shipments exported to the United States (percent)
Çınar Boru	***	***	***	***	***	***
MMZ Onur	***	***	***	***	***	***
Özdemir Boru	***	***	***	***	***	***
Total	377,539	100.0	128,454	100.0	371,920	***

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

Changes in operations

Table VII-11 presents Turkish producers' operational changes since January 1, 2012.

Table VII-11
HWR tubular products: Reported changes in operations by firms in Korea since January 1, 2012

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Operations on HWR tubular products

Table VII-12 presents information on HWR tubular product operations of the responding Turkish producers and exporters for 2012-14, January to June 2014, and January to June 2015, as well as projections for 2015-16.

Turkish capacity of HWR tubular products decreased by 3.4 percent from 2012 to 2013, increased by 12.6 percent from 2013 to 2014, and was 2.2 percent lower during January to June 2015 than during January to June 2014. Production decreased by 0.4 percent from 2012 to 2013, increased by 6.3 percent from 2013 to 2014, and was 13.9 percent lower during January to June 2015 than during January to June 2014. Capacity utilization increased by 2.4 percentage points from 2012 to 2013, decreased by 4.4 percentage points from 2013 to 2014, and was 9.6 percentage points lower during January to June 2015 than during January to June 2014. In addition, end-of-period inventories increased by *** percent from 2012 to 2014, but were *** percent lower during January to June 2015 than during January to June 2014.

Table VII-12
HWR tubular products: Data on industry in Turkey, 2012-14, January to June 2014, January to June 2015, and projection calendar years 2015 and 2016

Item	Actual experience					Projections	
	Calendar year			January to June		Calendar year	
	2012	2013	2014	2014	2015	2015	2016
	Quantity (short tons)						
Capacity	140,497	135,714	152,753	71,831	70,260	139,569	147,616
Production	107,377	106,902	113,656	57,585	49,604	92,456	92,594
End-of-period inventories	10,401	18,010	19,484	17,550	13,205	14,417	15,519
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Capacity utilization	76.4	78.8	74.4	80.2	70.6	66.2	62.7
Inventories/production	9.7	16.8	17.1	15.2	13.3	15.6	16.8
Inventories/total shipments	9.9	18.1	17.4	15.1	11.8	15.8	17.0
Share of total shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note.—***. Email from ***, August 20, 2015.

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

Total shipments of the responding Turkish producers decreased by *** percent from 2012 to 2013, increased by *** percent from 2013 to 2014, and were *** percent lower during January to June 2015 than during January to June 2014. Home market shipments increased from *** percent of total shipments in 2012 to *** percent of total shipments in 2013, and decreased to *** percent of total shipments in 2014. Home market sales by the responding Turkish producers accounted for *** percent of total shipments during the first half of 2015.

Exports of HWR tubular products to the United States decreased by *** percent from 2012 to 2013, increased by *** percent from 2013 to 2014, and were *** percent lower during January to June 2015 than during January to June 2014. As a share of the responding Turkish producers' total shipments, exports to the United States decreased from *** percent in 2012 to

*** percent in 2013, increased to *** percent in 2014, and were *** percent of total shipments in the first half of 2015, down from *** percent in the first half of 2014. Exports of HWR tubular products to countries other than the United States increased by *** percent from 2012 to 2013, decreased by *** percent from 2013 to 2014, and were *** percent higher during January to June 2015 than during January to June 2014. Other export markets identified include ***.

Alternative products

As shown in table VII-13, the responding Turkish producers produced both subject HWR tubular products and out-of-scope products on the same equipment. Overall capacity utilization increased from 75.9 percent in 2012 to 76.8 percent in 2013, and decreased to 73.6 percent in 2014. Overall capacity utilization was 9.9 percentage points lower during January to June 2015 at 68.2 percent than during January to June 2014. Production of subject HWR tubular products accounted for 49.4 percent of total production on the same equipment, out-of-scope rectangular products accounted for 20.8 percent, and other nonsubject products accounted for 29.9 percent in 2014. Other products produced on the same equipment as HWR tubular products include ***.

Table VII-13
HWR tubular products: Turkish producers' overall capacity and production on the same equipment as subject production, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
Overall production capacity	312,763	312,763	312,763	158,310	158,310
Production:					
HWR tubular products	107,377	106,902	113,656	57,585	49,604
Out-of-scope rectangular tubular products	59,589	55,998	47,835	24,207	26,608
Other products	70,356	77,439	68,791	41,843	31,703
Total production	237,322	240,339	230,282	123,635	107,915
	Ratios and shares (percent)				
Overall capacity utilization	75.9	76.8	73.6	78.1	68.2
Share of production:					
HWR tubular products	45.2	44.5	49.4	46.6	46.0
Out-of-scope rectangular tubular products	25.1	23.3	20.8	19.6	24.7
Other products	29.6	32.2	29.9	33.8	29.4
Total production	100.0	100.0	100.0	100.0	100.0

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

Exports

According to GTA, the top export market for HWR tubular products from Turkey is Iraq (table VII-14). The United Kingdom is the second largest export destination of HWR tubular products from Turkey. During 2014, Iraq and the United Kingdom accounted for 34.2 and 16.9 percent of total exports from Turkey of HWR tubular products, respectively.

Table VII-14
HWR tubular products: Turkey's exports to its top destination markets and the United States, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
Turkey's exports to the United States	54,125	37,704	81,766
Tukey's exports to other top destination markets--Iraq	242,756	287,130	267,716
United Kingdom	135,091	104,939	132,187
Romania	64,739	57,153	79,814
Georgia	21,320	25,957	33,422
Belgium	19,739	17,890	18,950
Israel	6,373	13,801	15,614
Germany	9,069	9,432	14,593
Netherlands	18,918	20,851	14,556
Greece	1,481	3,539	14,544
All other destination markets	97,329	109,959	109,277
Total Turkey exports	670,940	688,357	782,438
	Value (1,000 dollars)		
Turkey's exports to the United States	38,008	25,018	53,251
Tukey's exports to other top destination markets--Iraq	168,235	183,680	163,340
United Kingdom	88,996	63,238	78,733
Romania	40,661	33,861	45,620
Georgia	14,060	16,143	20,203
Belgium	13,075	10,968	10,914
Israel	4,412	8,791	9,343
Germany	5,845	6,054	8,480
Netherlands	12,669	12,811	8,500
Greece	1,274	2,243	8,243
All other destination markets	68,943	72,251	69,706
Total Turkey exports	456,178	435,056	476,333
	Unit value (dollars per short ton)		
Turkey's exports to the United States	702	664	651
Tukey's exports to other top destination markets--Iraq	693	640	610
United Kingdom	659	603	596
Romania	628	592	572
Georgia	660	622	604
Belgium	662	613	576
Israel	692	637	598
Germany	644	642	581
Netherlands	670	614	584
Greece	860	634	567
All other destination markets	708	657	638
Total Turkey exports	680	632	609

Table continued on following page.

Table VII-14—*Continued*
HWR tubular products: Turkey's exports to its top destination markets and the United States, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Share of quantity (percent)		
Turkey's exports to the United States	8.1	5.5	10.5
Tukey's exports to other top destination markets--			
Iraq	36.2	41.7	34.2
United Kingdom	20.1	15.2	16.9
Romania	9.6	8.3	10.2
Georgia	3.2	3.8	4.3
Belgium	2.9	2.6	2.4
Israel	0.9	2.0	2.0
Germany	1.4	1.4	1.9
Netherlands	2.8	3.0	1.9
Greece	0.2	0.5	1.9
All other destination markets	14.5	16.0	14.0
Total Turkey exports	100.0	100.0	100.0

Source: Official export statistics as reported by Turkey Customs in the GTIS/GTA database, HTS 7306.61, accessed July 27, 2015. HTS 7306.61 includes all rectangular (including square) tube, including product with a wall thickness less than 4mm, and out-of-scope stainless steel tube.

THE INDUSTRY IN THE SUBJECT COUNTRIES

Table VII-15 presents information on the HWR tubular product operations of the producers and exporters in all three subject countries combined during 2012-14, January to June 2014, and January to June 2015, as well as projections for 2015-16.

Table VII-15
HWR tubular products: Data on industry in subject countries, 2012-14, January to June 2014, January to June 2015, and projection calendar years 2015 and 2016

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Table VII-16 presents global exports by subject countries as well as other top exporters. Exports of HWR tubular products from the subject countries increased from 2012 to 2014. The next largest nonsubject exporters of HWR tubular products in 2014 were China, Italy, and Russia.

Table VII-16
HWR tubular products: Global total exports by countries subject to this proceeding and other top exporters, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
United States	237,062	223,385	233,275
Subject exporters--			
Korea	105,930	116,732	133,307
Mexico	132,209	150,906	157,825
Turkey	670,940	688,357	782,438
Subtotal, subject exporters	909,079	955,995	1,073,570
Other top exporters—			
Italy	1,110,267	1,054,523	1,230,547
China	784,366	850,689	1,057,916
Russia	82,240	201,850	277,222
Canada	204,096	218,456	251,490
Austria	192,245	186,279	197,263
United Kingdom	187,049	178,360	191,494
Netherlands	128,896	134,370	162,345
Germany	152,271	156,168	157,187
Subtotal, other top exporters	2,841,430	2,980,694	3,525,465
All other exporters	1,735,764	1,865,795	1,638,108
Total exports	5,723,335	6,025,869	6,470,417
	Value (1,000 dollars)		
United States	263,121	244,129	254,328
Subject exporters--			
Korea	81,124	79,510	100,284
Mexico	111,221	125,618	130,401
Turkey	456,178	435,056	476,333
Subtotal, subject exporters	648,523	640,184	707,019
Other top exporters—			
Italy	1,105,848	1,051,962	1,187,188
China	625,875	661,519	777,496
Russia	60,475	135,853	164,797
Canada	206,271	207,711	243,396
Austria	187,135	178,757	184,245
United Kingdom	186,504	174,481	188,088
Netherlands	104,913	105,093	123,803
Germany	219,232	230,655	226,720
Subtotal, other top exporters	2,696,252	2,746,031	3,095,734
All other exporters	1,638,488	1,597,675	1,379,392
Total exports	5,246,385	5,228,019	5,436,473

Table continued on following page.

Table VII-16—*Continued*
HWR tubular products: Global total exports by countries subject to this proceeding and other top exporters, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Unit value (dollars per short ton)		
United States	1,110	1,093	1,090
Subject exporters--			
Korea	766	681	752
Mexico	841	832	826
Turkey	680	632	609
Subtotal, subject exporters	713	670	659
Other top exporters—			
Italy	996	998	965
China	798	778	735
Russia	735	673	594
Canada	1,011	951	968
Austria	973	960	934
United Kingdom	997	978	982
Netherlands	814	782	763
Germany	1,440	1,477	1,442
Subtotal, other top exporters	949	921	878
All other exporters	944	856	842
Total exports	917	868	840
	Share of quantity (percent)		
United States	4.1	3.7	3.6
Subject exporters--			
Korea	1.9	1.9	2.1
Mexico	2.3	2.5	2.4
Turkey	11.7	11.4	12.1
Subtotal, subject exporters	15.9	15.9	16.6
Other top exporters—			
Italy	19.4	17.5	19.0
China	13.7	14.1	16.4
Russia	1.4	3.3	4.3
Canada	3.6	3.6	3.9
Austria	3.4	3.1	3.0
United Kingdom	3.3	3.0	3.0
Netherlands	2.3	2.2	2.5
Germany	2.7	2.6	2.4
Subtotal, other top exporters	49.6	49.5	54.5
All other exporters	30.3	31.0	25.3
Total exports	100.0	100.0	100.0

Source: Official export statistics in the GTIS/GTA database, HTS 7306.61, with an adjustment to the reported Mexican data in 2012 as discussed in table VII-9, accessed August 19, 2015. HTS 7306.61 includes all rectangular (including square) tube, including product with a wall thickness less than 4mm, and out-of-scope stainless steel tube.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-17 presents data on U.S. importers' reported inventories of HWR tubular products.

Table VII-17
HWR tubular products: U.S. importers' end-of-period inventories of imports by source, 2012-14, January to June 2014, and January to June 2015

* * * * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of HWR tubular products after June 30, 2015. Ten firms reported data concerning such imports or arrangements of imports, six of which reported imports from the subject countries. Data concerning U.S. imports subsequent to June 30, 2015 are presented in table VII-18.

Table VII-18
HWR tubular products: U.S. importers' arranged imports subsequent to June 30, 2015

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

"Hollow structural sections" exported from Korea have been subject to antidumping duties in Canada since 2003. "Hollow structural sections" exported from Korea have been subject to antidumping duties in Australia since 2012.[7] Semi-annual reports to the World Trade Organization Committee on Anti-Dumping practice were reviewed and no other orders concerning HWR tubular products from Korea, Mexico or Turkey were found.

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the

[7] Conference transcript, p. 18 (Cloutier); Petitioners' postconference brief, p. 45, exh. 9, and exh. 10.

Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"[8]

The Industry in Canada

Canada was the largest source of imports into the United States of HWR tubular goods during January 2012 to June 2015. The industry producing HWR tubular products in Canada includes two firms that are owned by petitioners in these investigations, Atlas Tube and Bull Moose Tube, as well as several other firms. Data on Canadian production of HWR tubular products are not available. However, total production of welded carbon-steel structural tubing and piling was an estimated *** short tons in 2014,[9] most consisting HWR tubular products.[10] Canada's exports of all square and rectangular steel tubing amounted to 251,000 short tons in 2014, of which 99.8 percent was to the United States.[11] Canada reported imports of all welded square and rectangular tubing of 182,000 short tons in 2014, of which 169,000 short tons (92.8 percent) were from the United States.[12]

Petitioner Atlas Tube regularly exports HWR tubular products from Canada to the United States and from the United States to Canada.[13] To serve its customers in both Canada and the United States, Atlas determines whether to produce HWR tubular products in the United States or Canada based on which location offers the more advantageous costs, including freight cost to the customers' location.[14]

Petitioner Bull Moose produces *** HWR tubular products in Canada.[15]

The industry in Italy

As presented in table VII-19, Italy is the world's largest exporter of square and rectangular tubing, including HWR tubular products, with exports of 1.2 million short tons in 2014. Exports to other European countries accounted for about 98 percent of Italy's exports during 2012-14.

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[8] *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir. Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; *see also Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

[9] Preston Pipe and Tube Report, February 2015, p. 74. (Estimated production was derived by the calculation of apparent consumption plus exports minus imports).

[10] Staff telephone interview with ***, August 10, 2015.

[11] *See* table VII-16.

[12] GTIS/GTA database, accessed August 12, 2015.

[13] Conference transcript, p. 47 (Seeger).

[14] Conference transcript, p. 47 (Seeger).

[15] E-mail from ***, August 19, 2015. ***.

Table VII-19
HWR tubular products: Italy's exports to its top destination markets and the United States, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
Italy's exports to the United States	4,987	8,079	6,631
Italy's exports to other top destination markets-- Germany	336,238	282,979	335,890
France	259,444	239,269	269,457
Spain	59,936	65,638	99,013
Netherlands	79,167	69,985	76,818
Poland	45,911	51,182	57,422
Czech Republic	33,173	40,044	51,418
Belgium	51,584	48,033	43,556
Austria	42,805	38,819	43,544
Switzerland	19,871	19,922	37,856
United Kingdom	24,191	24,066	21,863
All other destination markets	152,971	166,515	187,090
Total Italy exports	1,110,277	1,054,532	1,230,559

Source: Official export statistics in the GTIS/GTA database, HTS 7306.61, accessed August 10, 2015. HTS 7306.61 includes all rectangular (including square) tube, including product with a wall thickness less than 4mm, and out-of-scope stainless steel tube.

The industry in China

China is the world's second-largest exporter of square and rectangular tubing, including HWR tubular products, with exports of 1.1 million short tons in 2014 . As shown in table VII-20, China's exports are distributed widely throughout Asia, Africa and the Middle East. Exports of square and rectangular tubing from China increased 35 percent from 2012 to 2014.

Table VII-20
HWR tubular products: China's exports to its top destination markets and the United States, 2012-14

Destination	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
China's exports to the United States	5,924	5,708	7,690
China's exports to other top destination markets--South Korea	70,104	68,041	90,508
Philippines	39,729	53,068	64,216
Angola	69,490	53,432	62,317
Peru	24,275	44,918	50,148
Australia	43,018	40,087	48,754
Thailand	8,446	12,594	41,991
Ghana	13,909	27,855	41,743
Myanmar	23,669	26,359	41,465
Singapore	35,820	45,129	39,800
United Arab Emirates	24,797	28,459	38,561
All other destination markets	398,512	422,293	510,824
Total China exports	784,374	850,696	1,057,926

Source: Official export statistics in the GTIS/GTA database, HTS 7306.61, accessed August 10, 2015. HTS 7306.61 includes all rectangular (including square) tube, including product with a wall thickness less than 4mm, and out-of-scope stainless steel tube.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
80 FR 44383 July 27, 2015	*Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Korea, Mexico, and Turkey; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2015-07-27/pdf/2015-18288.pdf
80 FR 49202 August 17, 2015	*Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Korea, Mexico, and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2015-08-17/pdf/2015-20271.pdf
80 FR 49207 August 17, 2015	*Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Turkey: Initiation of Countervailing Duty Investigation*	http://www.gpo.gov/fdsys/pkg/FR-2015-08-17/pdf/2015-20270.pdf

APPENDIX B

CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

Subject:	Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Korea, Mexico, and Turkey
Inv. Nos.:	701-TA-539 and 731-TA-1280-1282 (Preliminary)
Date and Time:	August 11, 2015 - 9:30 am

Sessions were held in connection with these preliminary investigations in the Main Hearing Room (Room 101), 500 E Street, S.W., Washington, DC.

EMBASSY WITNESS:

Embassy of Mexico
Washington, D.C.

Kenneth Smith Ramos, Head of the Trade and NAFTA Office of the Ministry of Economy

OPENING REMARKS:

Petitioners (**Christopher T. Cloutier**, Schagrin Associates)
Respondents (**John M. Gurley**, Arent Fox LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Schagrin Associates
Washington, DC
on behalf of

Atlas Tube, a division of JMC Steel Group;
Bull Moose Tube Company; EXLTUBE;
Hannibal Industries, Inc.; Independence
Tube Corporation; Maruichi American Corporation;
Searing Industries; Southland Tube; and Vest, Inc.

David Seeger, President, JMC Steel Group

Tom Muth, President, HSS and Piling Pipe,
Atlas Tube

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Patty Tassone, Steel Purchasing Manager, Independence Tube Corporation

John Tassone, Marketing Manager, Independence Tube Corporation

Jim Searing, President and Co-Owner, Searing Industries

Glenn Baker, Vice President of Marketing and Sales, Searing Industries

John Montgomery, Jr., Vice President and General Manager, Southland Tube

Roger B. Schagrin)
) – OF COUNSEL
Christopher T. Cloutier)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Arent Fox LLP
Washington, DC
on behalf of

Maquilacero S.A. de C.V.
Regiomontana de Perfiles y Tubos, S.A. de C.V.
Perfiles y Herrajes L.M., S.A. de C.V.

Felipe Rivero Ednet, Commercial Manager, Regiomontana de Perfiles y Tubos, S.A. de C.V.

John M. Gurley)
) – OF COUNSEL
Diana Dimitriuc Quaia)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Arent Fox LLP
Washington, DC
on behalf of

Özdemir Boru Profil Sanayi ve Ticaret Limited Şirket,
Istanbul Minerals and Metals Exporters Association ("IMMIB") and its members,
and the Turkish Steel Exporters' Association and its members
(collectively, the "Turkish Producers and Exporters")

Matthew M. Nolan) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**Matthew M. Nolan** *and* **John M. Gurley**, Arent Fox LLP)

-END-

APPENDIX C

SUMMARY DATA

Table C-1
HWR: Summary data concerning the U.S. market, 2012-14, January to June 2014, and January to June 2015
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data					Period changes			
	Calendar year			January to June		Calendar year			Jan-Jun
	2012	2013	2014	2014	2015	2012-14	2012-13	2013-14	2014-15
U.S. consumption quantity:									
Amount	1,890,326	2,002,233	2,088,271	1,055,032	1,020,661	10.5	5.9	4.3	(3.3)
Producers' share (fn1)	83.2	82.5	79.3	79.3	77.8	(3.9)	(0.7)	(3.2)	(1.5)
Importers' share (fn1):									
Korea	3.0	2.9	4.0	4.1	4.5	1.0	(0.1)	1.1	0.4
Mexico	3.1	3.3	3.5	3.7	2.5	0.3	0.2	0.1	(1.3)
Turkey	1.8	2.4	3.0	2.5	2.4	1.2	0.6	0.6	(0.1)
Subject sources	7.9	8.6	10.4	10.3	9.3	2.5	0.7	1.8	(1.0)
All other sources	8.9	8.9	10.3	10.4	12.9	1.4	0.0	1.3	2.5
Total imports	16.8	17.5	20.7	20.7	22.2	3.9	0.7	3.2	1.5
U.S. consumption value:									
Amount	1,690,620	1,710,288	1,826,822	936,065	788,033	8.1	1.2	6.8	(15.8)
Producers' share (fn1)	83.1	82.7	80.3	80.4	77.2	(2.8)	(0.4)	(2.4)	(3.2)
Importers' share (fn1):									
Korea	2.6	2.3	3.1	3.1	3.8	0.5	(0.2)	0.8	0.6
Mexico	2.8	3.1	3.0	3.2	2.3	0.3	0.3	(0.1)	(0.9)
Turkey	1.6	2.1	2.5	2.1	2.1	0.9	0.4	0.4	0.0
Subject sources	7.0	7.5	8.6	8.5	8.2	1.7	0.5	1.1	(0.3)
All other sources	9.9	9.8	11.1	11.1	14.6	1.1	(0.2)	1.3	3.5
Total imports	16.9	17.3	19.7	19.6	22.8	2.8	0.4	2.4	3.2
U.S. imports from:									
Korea:									
Quantity	56,304	57,347	83,326	43,438	45,772	48.0	1.9	45.3	5.4
Value	43,278	39,703	56,619	29,464	29,908	30.8	(8.3)	42.6	1.5
Unit value	$769	$692	$679	$678	$653	(11.6)	(9.9)	(1.9)	(3.7)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	58,879	66,452	72,345	39,239	25,027	22.9	12.9	8.9	(36.2)
Value	46,682	53,169	55,180	29,967	17,824	18.2	13.9	3.8	(40.5)
Unit value	$793	$800	$763	$764	$712	(3.8)	0.9	(4.7)	(6.7)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Turkey:									
Quantity	33,864	47,925	62,035	26,017	24,460	83.2	41.5	29.4	(6.0)
Value	27,734	35,544	46,028	19,755	16,867	66.0	28.2	29.5	(14.6)
Unit value	$819	$742	$742	$759	$690	(9.4)	(9.4)	0.0	(9.2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	149,047	171,723	217,705	108,693	95,259	46.1	15.2	26.8	(12.4)
Value	117,694	128,416	157,827	79,186	64,599	34.1	9.1	22.9	(18.4)
Unit value	$790	$748	$725	$729	$678	(8.2)	(5.3)	(3.1)	(6.9)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Canada:									
Quantity	155,027	159,341	189,938	92,492	97,326	22.5	2.8	19.2	5.2
Value	153,119	148,515	179,138	88,673	81,822	17.0	(3.0)	20.6	(7.7)
Unit value	$988	$932	$943	$959	$841	(4.5)	(5.6)	1.2	(12.3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	13,114	19,693	24,180	16,760	34,078	84.4	50.2	22.8	103.3
Value	14,718	18,709	22,729	15,449	33,466	54.4	27.1	21.5	116.6
Unit value	$1,122	$950	$940	$922	$982	(16.2)	(15.3)	(1.1)	6.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Nonsubject sources:									
Quantity	168,141	179,034	214,118	109,251	131,404	27.3	6.5	19.6	20.3
Value	167,837	167,224	201,867	104,122	115,288	20.3	(0.4)	20.7	10.7
Unit value	$998	$934	$943	$953	$877	(5.6)	(6.4)	0.9	(7.9)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	317,187	350,758	431,823	217,944	226,662	36.1	10.6	23.1	4.0
Value	285,532	295,639	359,694	183,306	179,887	26.0	3.5	21.7	(1.9)
Unit value	$900	$843	$833	$841	$794	(7.5)	(6.4)	(1.2)	(5.6)
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
HWR: Summary data concerning the U.S. market, 2012-14, January to June 2014, and January to June 2015
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data					Period changes			
	Calendar year			January to June		Calendar year			Jan-Jun
	2012	2013	2014	2014	2015	2012-14	2012-13	2013-14	2014-15
U.S. consumption quantity:									
U.S. producers':									
Average capacity quantity	2,805,509	2,751,883	2,738,670	1,537,072	1,461,056	(2.4)	(1.9)	(0.5)	(4.9)
Production quantity	1,754,303	1,765,623	1,788,207	897,770	826,551	1.9	0.6	1.3	(7.9)
Capacity utilization (fn1)	62.5	64.2	65.3	58.4	56.6	2.8	1.6	1.1	(1.8)
U.S. shipments:									
Quantity	1,573,139	1,651,475	1,656,448	837,088	793,999	5.3	5.0	0.3	(5.1)
Value	1,405,088	1,414,649	1,467,128	752,759	608,146	4.4	0.7	3.7	(19.2)
Unit value	$893	$857	$886	$899	$766	(0.8)	(4.1)	3.4	(14.8)
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	242,045	234,687	241,756	225,134	220,216	(0.1)	(3.0)	3.0	(2.2)
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	1,086	1,109	1,110	1,136	1,143	2.2	2.1	0.1	0.6
Hours worked (1,000s)	2,301	2,357	2,432	1,259	1,204	5.7	2.4	3.2	(4.4)
Wages paid ($1,000)	63,644	67,922	70,622	35,027	34,258	11.0	6.7	4.0	(2.2)
Hourly wages (dollars)	$27.66	$28.82	$29.04	$27.82	$28.45	5.0	4.2	0.8	2.3
Productivity (short tons per 1,000 hours)	762.4	749.1	735.3	713.1	686.5	(3.6)	(1.7)	(1.8)	(3.7)
Unit labor costs	$36.28	$38.47	$39.49	$39.02	$41.45	8.9	6.0	2.7	6.2
Net Sales:									
Quantity	1,690,682	1,773,033	1,781,522	906,791	847,875	5.4	4.9	0.5	(6.5)
Value	1,514,339	1,513,270	1,572,708	809,646	649,329	3.9	(0.1)	3.9	(19.8)
Unit value	$896	$853	$883	$893	$766	(1.4)	(4.7)	3.4	(14.2)
Cost of goods sold (COGS)	1,309,239	1,300,121	1,363,958	690,943	574,542	4.2	(0.7)	4.9	(16.8)
Gross profit of (loss)	205,100	213,149	208,750	118,703	74,787	1.8	3.9	(2.1)	(37.0)
SG&A expenses	78,242	72,982	80,096	41,887	42,169	2.4	(6.7)	9.7	0.7
Operating income or (loss)	126,858	140,167	128,654	76,816	32,618	1.4	10.5	(8.2)	(57.5)
Net income or (loss)	100,655	113,030	100,681	62,835	20,869	0.0	12.3	(10.9)	(66.8)
Capital expenditures	35,598	49,810	30,839	15,588	9,245	(13.4)	39.9	(38.1)	(40.7)
Unit COGS	$774	$733	$766	$762	$678	(1.1)	(5.3)	4.4	(11.1)
Unit SG&A expenses	$46	$41	$45	$46	$50	(2.9)	(11.1)	9.2	7.7
Unit operating income or (loss)	$75	$79	$72	$85	$38	(3.8)	5.4	(8.7)	(54.6)
Unit net income or (loss)	$60	$64	$57	$69	$25	(5.1)	7.1	(11.3)	(64.5)
COGS/sales (fn1)	86.5	85.9	86.7	85.3	88.5	0.3	(0.5)	0.8	3.1
Operating income or (loss)/sales (fn1)	8.4	9.3	8.2	9.5	5.0	(0.2)	0.9	(1.1)	(4.5)
Net income or (loss)/sales (fn1)	6.6	7.5	6.4	7.8	3.2	(0.2)	0.8	(1.1)	(4.5)

Notes:

fn1.--Report data are in percent and period changes are in percentage points.

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

*** reported price data for Canada, the nonsubject country for which price data was requested. ***. Price data reported by this firm accounted for *** percent of U.S. imports from Canada. These price items and accompanying data are comparable to those presented in table V-3. Price and quantity data for Canada are shown in table D-1 and in figure D-1 with domestic and subject sources.

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from Canada were higher in all five available instances. In comparing nonsubject country pricing data with subject country pricing data, prices for product imported from Canada were higher in all 15 available instances. A summary of price comparisons is presented in table D-2.

Table D-1
HWR tubular products: Weighted-average f.o.b. prices and quantities of imported product from Canada, by quarters, January 2012 to June 2015

* * * * * * *

Figure D-1
HWR tubular products: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2012 to June 2015

* * * * * * *

Table D-2
HWR tubular products: Summary of underselling/(overselling), by country, January 2012 to June 2015

* * * * * * *