Welded Stainless Steel Pressure Pipe from India

Investigation Nos. 701-TA-548 and 731-TA-1298 (Preliminary)

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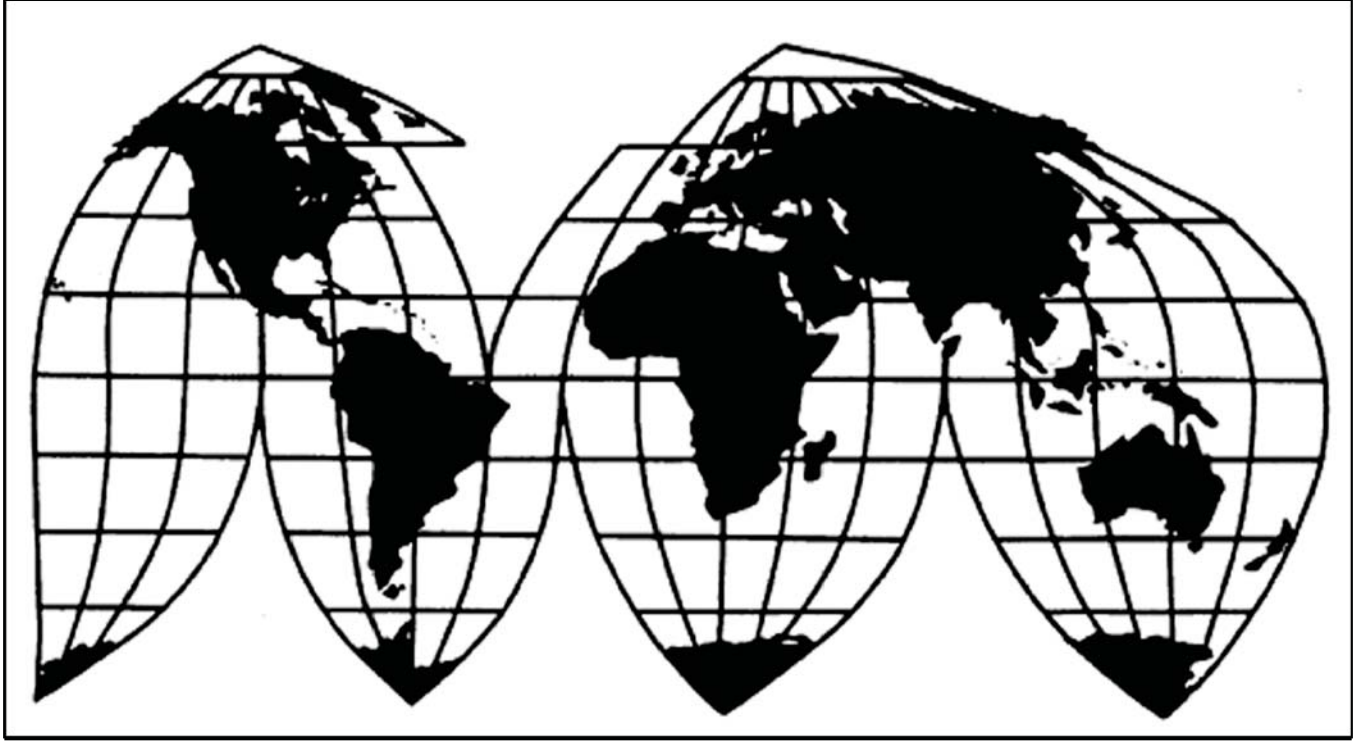

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-548 and 731-TA-1298 (Preliminary)

Welded Stainless Steel Pressure Pipe from India

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 welded stainless steel pressure pipe from India, provided for in subheadings 7306.40.50 and 7306.40.10 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 are allegedly subsidized by the government of India.

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 September 30, 2015, Bristol Metals, LLC, Bristol, Tennessee; Felker Brothers Corp., Marshfield, Wisconsin; Marcegaglia USA, Munhall, Pennsylvania; and Outokumpu Stainless USA LLC, Inc., Wildwood, Florida filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of welded stainless steel pressure pipe from India. Accordingly, effective September 30, 2015, the Commission, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)), instituted countervailing duty investigation No. 701-TA-548 and antidumping duty investigation No. 731-TA-1298 (Preliminary).

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

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 welded stainless steel pressure pipe ("WSSPP") from India that are allegedly sold in the United States at less than fair value ("LTFV") and that are allegedly subsidized by the government of India.

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 September 30, 2015, by four domestic producers of WSSPP: Bristol Metals, LLC ("Bristol Metals"); Felker Brothers Corp. ("Felker Brothers"); Outokumpu Stainless Pipe, Inc. ("Outokumpu"); and Marcegaglia USA ("Marcegaglia") (collectively "Petitioners"). Representatives of the petitioners and United Steel Workers of America ("USW"), a labor union representing workers at several of the petitioners' facilities, appeared at the staff conference, and petitioners and USW filed a joint postconference brief.

Several respondent entities participated in these investigations. Indian producers/exporters Bhandari Group, Prakash Steelage Ltd., Steamline Industries, and Sunrise Group Co., and U.S. importers Allied Fitting LP and Merit Brass Company (collectively "Respondents") appeared at the conference and submitted a joint postconference brief.

U.S. industry data are based on the questionnaire responses of five domestic producers accounting for the vast majority of U.S. production of WSSPP during 2014.[3] U.S. import data

[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") and Public Report ("PR") at III-1.

are based on official Commerce import statistics, responses to Commission questionnaires, and proprietary Customs data.[4] Importer questionnaire responses were received from six companies, accounting for a majority of U.S. imports from India in 2014 under subheading 7306.40.50 of the Harmonized Tariff Schedule of the United States ("HTSUS").[5] The Commission received responses to its foreign producer questionnaires from seven firms accounting for 95.1 percent of U.S. imports of WSSPP from India and at least 37.0 percent of overall production of WSSPP in India in 2014.[6]

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."[7] 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."[8] 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."[9]

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.[10] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[11] The Commission looks for clear dividing lines among

[4] CR at I-5, PR at I-4.

[5] CR/PR at IV-1.

[6] CR/PR at VII-3.

[7] 19 U.S.C. § 1677(4)(A).

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(10).

[10] *See, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); *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).

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

possible like products and disregards minor variations.[12] 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,[13] the Commission determines what domestic product is like the imported articles Commerce has identified.[14]

A. Scope Definition

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

> Circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. References to size are in nominal inches and include all products within tolerances allowed by pipe specifications. This merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. ASTM A-358 products are only included when they are produced to meet ASTM A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications.
>
> Excluded from the scope of the investigation are: (1) welded stainless mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications.

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[12] *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.").

[13] *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).

[14] *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).

> The subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090. The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.[15]

WSSPP is welded pipe of austenitic stainless steel not greater than 14 inches in outside diameter. Pressure pipe is used to convey fluids at high temperatures, high pressures, or both. WSSPP is generally produced to specifications A 312 and A 778 of the American Society for Testing and Materials ("ASTM"). The A 312 specification includes pipe intended for high-temperature and general corrosive service, while the A 778 specification is designed for low and moderate temperatures and for applications in which heat treatment is not necessary for corrosion resistance. The end uses of WSSPP include petrochemicals, oil and gas, chemical fluid handling, and water purification.[16]

B. Arguments of the Parties

Petitioners assert that the Commission should define a single domestic like product that is coextensive with the scope of the investigations.[17] Respondents state that they do not oppose a definition of the domestic like product corresponding to the scope of the investigations.[18]

C. Analysis

Based on the following analysis, we define a single domestic like product, consisting of all WSSPP, that is coextensive with the scope of the investigations.

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[15] *Welded Stainless Steel Pressure Pipe from India: Institution of Antidumping Duty Investigation*, 80 Fed. Reg. 65696, 65700 (Oct. 27, 2015); *Welded Stainless Steel Pressure Pipe from India: Institution of Countervailing Duty Investigation*, 80 Fed. Reg. 65700, 65703 (Oct. 27, 2015).

[16] CR at I-10-13, PR at I-9-11.

[17] Petitioners emphasize that the scope definition in these investigations mirrors the one in the 2013-14 investigations of WSSPP from Malaysia, Thailand, and Vietnam, in which the Commission defined a single domestic like product that was coextensive with Commerce's scope. Petitioners' Postconference Brief at 1-4, *citing Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam*, Inv. Nos. 731-TA-1210-1212 (Final), USITC Pub. 4477 (July 2014) ("Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, USITC Pub. 4477") at 5-6. They contend that the record does not include any evidence that would detract from the Commission's prior findings regarding the domestic like product and that no party has requested adoption of a different definition of the domestic like product in these investigations. Petitioners' Postconference Brief at 4.

[18] Respondents' Postconference Brief at 3.

Physical Characteristics and Uses. The record indicates that all WSSPP corresponding to the scope definition shares the same basic physical characteristics and end uses. WSSPP is made from austenitic stainless steel grades 304 and 316 and is produced to ASTM specifications A 312 or A 778 or a comparable specification. It is produced in relatively few standard sizes, designated by nominal diameter and wall thickness. WSSPP is used in facilities engaged in the production of food, chemicals, petrochemicals, and oil and gas; in chemical fluid handling, paper and pulp processing, water treatment, and other manufacturing.[19]

Manufacturing Facilities, Production Processes and Employees. WSSPP within the scope definition is typically produced by the continuous-mill process. Coiled stainless steel flat-rolled products (sheet, strip, or plate) of a width essentially corresponding to the outside diameter of the pipe to be produced are put into an uncoiler and fed into a series of paired forming rolls. As product progresses through the rolls, its cross-sectional profile is formed into a tubular shape with the butted edges welded along the seam. After welding, the pipe proceeds through an in-line annealing furnace, is then straightened, and is finally cut to length.[20]

Channels of Distribution. The record indicates that domestic producers sold nearly all their WSSPP to distributors.[21]

Interchangeability. As the Commission has previously found, although WSSPP products of different sizes are not used interchangeably, there are relatively few standard sizes for this product.[22]

Producer and Customer Perceptions. In prior investigations of WSSPP, the Commission has found that purchasers did not perceive there to be differences between various WSSPP products other than wall thickness and diameter.[23]

Price. Prices for WSSPP products per foot largely reflect the amount of steel that WSSPP products contain, which is a function of diameter and wall thickness.[24]

Conclusion. Based on the considerations stated above and the absence of argument to the contrary, we define a single domestic like product, consisting of WSSPP, that is coextensive with the scope of investigation.

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

[19] CR at I-10-13, PR at I-9-11.

[20] CR at I-14-16, PR at I-11-13.

[21] CR/PR at Table II-1 (the domestic industry sold between *** and *** percent of all WSSPP to distributors during 2012-14; it sold the remainder directly to end users).

[22] *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam*, USITC Pub. 4477 at 6. The record in these investigations contains no additional or contrary information.

[23] *E.g.*, *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam*, USITC Pub. 4477 at 6. The record in the preliminary phase of these investigations contains no additional or contrary information.

[24] *See* CR/PR at Tables V-3 to V-6 (showing higher prices for larger sizes).

a major proportion of the total domestic production of the product."[25] 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 the record presented, and in light of the definition of the domestic like product, we define the domestic industry to consist of all U.S. producers of WSSPP.[26]

V. Reasonable Indication of Material Injury by Reason of Subject Imports[27]

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.[28] 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.[29] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[30] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant

[25] 19 U.S.C. § 1677(4)(A).

[26] Petitioners argue that the Commission should define the domestic industry to include all producers of the domestic like product and respondents do not oppose that definition. Petitioners' Postconference Brief at 4, Respondents' Postconference Brief at 3. There are no related party issues in these investigations.

[27] 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. In the case of a countervailing duty investigation involving developing country (as designated by the United States Trade Representative), the applicable negligibility threshold is 4 percent. 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)). Negligibility is not at issue in these investigations. During the period September 2014 through August 2015, which is the 12-month period prior to the filing of the petition, subject imports from India accounted for 24.7 percent of total imports of WSSPP, as measured by official import statistics. CR at IV-8, PR at IV-7.

[28] 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.

[29] 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).

[30] 19 U.S.C. § 1677(7)(A).

economic factors that bear on the state of the industry in the United States.[31] 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."[32]

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,[33] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[34] 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.[35]

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.[36] In performing its examination, however, the Commission need not isolate

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[31] 19 U.S.C. § 1677(7)(C)(iii).

[32] 19 U.S.C. § 1677(7)(C)(iii).

[33] 19 U.S.C. §§ 1671b(a), 1673b(a).

[34] *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).

[35] 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).

[36] 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 (Continued…)

the injury caused by other factors from injury caused by unfairly traded imports.[37] Nor does 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.[38] It is clear that the existence of injury caused by other factors does not compel a negative determination.[39]

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."[40] [41] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[42]

(…Continued)
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.

[37] 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 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.").

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

[39] *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.").

[40] *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*.

[41] 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 (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.[43] 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.[44] 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.[45]

(…Continued)
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 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.

[42] *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.").

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

[44] *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).

[45] 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 (Continued…)

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[46] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[47]

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 and threat of material injury by reason of subject imports.

1. Demand Conditions

WSSPP is generally used as a conduit for liquids or gases in capital investment projects in oil, gas, chemical, and petrochemical plants; power plants; paper mills; waste water and mining facilities; and beverage and pharmaceutical plants.[48] Consequently, the demand for WSSPP is primarily driven by the demand for investment in projects to produce downstream products of these industries.[49] Questionnaire responses from U.S. market participants were mixed on how U.S. demand had changed since 2012.[50] Apparent U.S. consumption increased overall by 32.1 percent from 2012 to 2014 and was 13.8 percent lower in January-June ("interim") 2015 than in interim 2014. Apparent U.S consumption declined from 72,285 short tons in 2012 to 68,713 short tons in 2013 before increasing to 95,486 short tons in 2014. Apparent U.S. consumption was 45,526 short tons in interim 2014 and 39,265 short tons in interim 2015.[51]

(…Continued)
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.

[46] 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.

[47] *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.").

[48] CR at I-13, II-9-10; PR at I-11, II-6.

[49] CR at II-9-10, PR at II-6.

[50] Two U.S. producers reported decreased demand, one reported increased demand, and one reported no change; importers were evenly split between decreased and fluctuating demand. CR/PR at Table II-3.

[51] CR/PR at Table IV-4.

2. Supply Conditions

Sources of supply to the U.S. market during the January 2012-June 2015 period of investigation ("POI") included domestic shipments, subject imports, and imports from nonsubject sources. The domestic industry's market share increased from 36.4 percent in 2012 to 38.4 percent in 2013 before declining to 30.1 percent in 2014. Its market share was 34.6 percent in interim 2014 and 29.1 percent in interim 2015.[52] The four petitioning firms accounted for *** percent of domestic WSSPP production; Webco Industries, Inc. ("Webco") accounted for most if not all of the remainder.[53] The domestic producers' combined annual capacity, which was constant over the POI at 59,512 short tons, was not sufficient to satisfy apparent U.S. consumption during the POI.[54]

Subject imports' market share increased from 0.4 percent in 2012 to 3.1 percent in 2013 and 21.5 percent in 2014. Subject imports' market share was 19.1 percent in interim 2014 and 22.9 percent in interim 2015.[55]

Nonsubject imports accounted for the largest share of the U.S. market during the POI, although their market share declined from 63.2 percent in 2012 to 58.5 percent in 2013 and 48.4 percent in 2014. Nonsubject imports' market share was 46.3 percent in interim 2014 and 48.0 percent in interim 2015.[56] Taiwan was the largest source of nonsubject imports, accounting for between 38.5 and 43.8 percent of nonsubject imports by quantity between 2012 and 2014.[57] Korea was the second largest source of nonsubject imports.[58] Certain imports of WSSPP made to the A 312 specification from Korea and Taiwan have been subject to antidumping duty orders in the United States since 1991.[59] Two producer/exporters in Taiwan, however – Ta Chen and Chang Mien – are not subject to the order on imports from Taiwan.[60] U.S. imports of WSSPP from China have been subject to antidumping and countervailing duty orders since 2009; the scope of the orders on imports from China is similar to the scope of these current investigations.[61] Imports from Malaysia, Thailand, and Vietnam have been subject to antidumping duty orders, the scope of which is the same as the scope in these investigations, since mid-2014.[62]

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[52] CR/PR at Table IV-4.

[53] CR/PR at Table III-1. The record indicates that there are two other U.S. firms – RathGibson and Alaskan Copper & Brass Company – that may produce small quantities of WSSPP from time to time. Conference Transcript at 44-45 (Tidlow).

[54] *See* CR/PR at Tables III-6, IV-4.

[55] CR/PR at Table IV-4.

[56] CR/PR at Table IV-4.

[57] CR/PR at Table IV-2.

[58] CR/PR at Table IV-2.

[59] The scope of the orders on imports from Korea and Taiwan differs from that of these investigations because it includes only stainless steel pressure pipe made to ASTM A 312 specifications regardless of the outside diameter of the pipe. CR at I-5 n.7, PR at I-4 n.7.

[60] CR/PR at Table I-1 n.3.

[61] WSSPP from Malaysia, Thailand, and Vietnam, USITC Pub. 4477 at 15 n.69.

[62] *See* CR at I-9, PR at I-8; *WSSPP from Malaysia, Thailand, and Vietnam*, USITC Pub. 4477 at 5.

3. Substitutability and Other Conditions

The record indicates that there is at least a moderate degree of substitutability between domestically produced WSSPP and subject imports.[63] All domestic producers reported that the domestic like product and the subject imports were always interchangeable, and a majority of the importers reported that the products were at least frequently interchangeable.[64] A majority of domestic producers reported that non-price differences were never significant in purchasing decisions between the domestic like product and the subject imports, while a majority of importers reported that non-price differences were at least frequently significant in such purchasing decisions.[65] Importers cited quality and delivery time as specific non-price differences between the subject imports and the domestic like product.[66] We find that price is at least moderately important in purchasing decisions given that both the domestic like product and subject imports conform to ASTM or similar specifications.[67]

Flat-rolled stainless steel is the primary raw material used in the production of WSSPP. The cost of both AISI stainless steel grades 304 and 316 and their primary alloying agents (nickel, chrome, and molybdenum) fluctuated but decreased overall in varying degrees from January 2012 to June 2015. U.S. producers' raw material costs as a share of the total cost of goods sold ("COGS") decreased *** from *** percent in 2012 to *** percent in 2014, then increased to *** percent in the first half of 2015.[68]

Producers of stainless steel products often add surcharges to a base price to allow for fluctuating raw material costs. Respondents argue that raw material cost fluctuations determine the surcharges, making them a significant driver of the market prices of WSSPP. Petitioners report that the domestic industry producing WSSPP has not been able to impose surcharges for raw materials for many years.[69] We intend to explore further the role of surcharges in the U.S. market for WSSPP in any final phase of these investigations.

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[63] CR at II-12, PR at II-8.

[64] CR/PR at Table II-4.

[65] CR/PR at Table II-5.

[66] CR at II-14, PR at II-10. While respondents do not assert that there are actual quality differences between the subject imports and the domestic like product, they assert that there are perceptions that the subject imports are of uncertain or lesser quality in light of their relatively recent appearance in the U.S. market. CR at II-15, PR at II-10; Hearing Transcript at 65-66 (Robinson). The *** of both the domestic like product and the subject imports are sold from U.S. inventories, and the lead times for such products is the same. CR at II-12, PR at II-8. For product that is produced to order, which accounted for 19.5 percent of the domestic industry's commercial shipments and *** percent of those reported by importers of subject merchandise, the subject imports had *** longer lead times. *Id*. In any final phase of these investigations we will circulate questionnaires that will request purchasers' perceptions of the domestic like product, subject imports, and nonsubject imports.

[67] CR at I-10, PR at I-9.

[68] CR/PR at V-1.

[69] CR at V-3-4, PR at V-2-3.

The vast majority of WSSPP (both domestic product and imports) is sold to distributors.[70] U.S. producers and importers generally sell WSSPP on a spot basis.[71]

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."[72]

Subject imports increased from 291 short tons in 2012 to 2,127 short tons in 2013 and then climbed to 20,502 short tons in 2014. They were 8,680 short tons in interim 2014 and 9,006 short tons in interim 2015.[73] Subject imports increased as a share of apparent U.S. consumption from 0.4 percent in 2012 to 3.1 percent in 2013 and 21.5 percent in 2014.[74] Subject imports' share of apparent U.S. consumption was also higher in interim 2015, at 22.9 percent, than in interim 2014, at 19.1 percent.[75] Subject imports' gain in market share during the POI came at the expense of both the domestic industry and nonsubject imports. The domestic industry lost 6.3 percentage points of market share from 2012 to 2014 and 5.6 percentage points between interim 2014 and interim 2015; nonsubject imports lost 14.8 percentage points in market share from 2012 to 2014 but their market share was 1.7 percentage points higher in interim 2015 than in interim 2014.[76]

In light of the foregoing, we find that the volume of subject imports and the increase that volume are significant in both absolute terms and relative to consumption.

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

(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.[77]

[70] CR/PR at Table II-1.
[71] CR/PR at Table V-2.
[72] 19 U.S.C. § 1677(7)(C)(i).
[73] CR/PR at Table IV-2.
[74] CR/PR at Table IV-4.
[75] CR/PR at Table IV-4.
[76] CR/PR at Table C-1.
[77] 19 U.S.C. § 1677(7)(C)(ii).

As addressed in section VI.B.3 above, the record indicates that there is at least a moderate degree of substitutability between subject imports and the domestic like product and that price is at least a moderately important consideration in purchasing decisions.

All five domestic producers and all five responding importers of subject merchandise provided usable quarterly f.o.b. price data for four products,[78] although not all firms reported pricing for all products for all quarters.[79] The data show that subject imports undersold the domestic like product in 28 of 37 quarterly comparisons, at margins ranging from *** to *** percent.[80] There were 2.7 million feet of subject import shipments involved in underselling comparisons and 615,230 feet of subject import shipments involved in overselling comparisons.[81] Thus, on a quantity basis, 81.6 percent of the subject imports undersold the domestic like product. For purposes of these preliminary determinations, we find that there has been significant underselling by the subject imports. As a result of this underselling and the importance of price in purchasing decisions, the domestic industry lost market share to the subject imports from 2013 to 2014 and between the interim periods.[82]

We have also examined price trends.[83] Prices for the domestic like product fluctuated over the POI, with prices for all pricing products declining overall from January 2012 to June 2015.[84] Domestic prices for the four pricing products declined between 13.2 and 23.3 percent over the period.[85] In 2014, however, when subject import quantities increased sharply, prices for the domestic like product rose. Prices for all four pricing products then declined sharply during the second quarter of 2015.[86] Notwithstanding the observed underselling by the subject imports, other factors in the U.S. market, particularly raw material costs, appear to have affected domestic price movements.[87] In particular, prices for the domestic product tracked prices for stainless flat-rolled steel, the principal input in production of WSSPP, to a notable

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[78] CR at V-6-7, PR at V-5. Pricing product 1 is ASTM A312, welded, grade AISI 304/304L pipe, 1-inch schedule 40. Product 2 is ASTM A312, welded, grade AISI 304/304L pipe, 2-inch schedule 40. Product 3 is ASTM A312, welded, grade AISI 304/304L pipe, 0.5-inch schedule 10. Product 4 is ASTM A312, welded, grade AISI 304/304L pipe, 6-inch schedule 10. *Id.*

[79] CR at V-7, PR at V-5. Reported pricing data accounted for approximately *** percent of U.S. producers' shipments of WSSPP and *** percent of U.S. shipments of subject imports from India in 2014. *Id.*

[80] CR/PR at Table V-8.

[81] CR/PR at Table V-8.

[82] Subject imports' market share increased from 3.1 percent in 2013 to 21.5 percent in 2014 and was 19.1 percent in interim 2014 and 22.9 percent in interim 2015. U.S. producers' market share at the same time declined from 38.4 percent in 2013 to 30.1 percent in 2014 and was 34.6 percent in interim 2014 and 29.1 percent in interim 2015. CR/PR at Table IV-4.

[83] *See* CR/PR at Table V-7.

[84] *See* CR/PR at Tables V-3-V-7.

[85] *See* CR/PR at Table V-7.

[86] CR/PR at Tables IV-2 and V-3–V-6.

[87] Raw material costs, which accounted for the largest portion of the cost of goods sold, *** on a per short ton basis from 2012 to 2014 and were *** in interim 2015 than in interim 2014. CR/PR at Table VI-1.

degree.[88] For these reasons, we are unable to conclude on the current record that subject imports depressed prices for the domestic like product to a significant degree.[89]

We have also considered whether subject imports prevented price increases, which otherwise would have occurred, to a significant degree during the POI. The domestic industry's total COGS and the ratio of COGS to net sales both declined between 2012 and 2014 and in the interim period.[90] We observe that during certain portions of the POI, most notably 2013, the latter portion of 2014, and interim 2015, conditions of competition other than subject imports, such as declining demand and/or decreasing raw materials costs, themselves would have served as an impediment to price increases.[91] Moreover, during those portions of the POI in which the domestic industry would have been in a position to seek price increases, prices increased more than commensurately with costs. For example, when apparent U.S. consumption increased from 68,713 short tons in 2013 to 95,486 short tons 2014, average unit net sales values *** from $*** per short ton in 2013 to $*** per short ton in 2014, and the domestic industry's ratio of COGS to net sales *** from *** percent in 2013 to *** percent in 2014.[92] As noted above, the domestic industry's ratio of COGS to net sales was also *** in interim 2015, when it was *** percent, than it was in interim 2014, when it was *** percent, despite lower apparent U.S. consumption.[93] Consequently, the record of these preliminary phase investigations does not indicate that subject imports prevented price increases that would have otherwise occurred to a significant degree.[94]

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[88] CR/PR at Figure V-1.

[89] In any final phase of these investigations, we will collect pricing data for all quarters of 2015 and will be able to ascertain whether, and to what extent, the price declines observed during the second quarter persisted. We will also consider the extent to which both the subject imports and factors other than subject imports, such as changes in the industry's costs, may have played a role in price declines for WSSPP in the U.S. market.

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

[91] CR/PR at Table IV-4, Figures V-1-2.

[92] CR/PR at Table VI-1. The COGS/sales ratio was also *** in 2014 than it was in 2012. *Id*.

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

[94] We have also considered whether the domestic industry lost sales and lost revenues to subject imports. These were the last petitions filed before October 1, 2015, which was the effective date of amendments to Commission Rule 207.11 (19 CFR § 207.11), concerning the submission of lost sales and lost revenue allegations. *See* 80 Fed. Reg. 52617 (Sep. 1, 2015). Consistent with the rule prior to the amendments, the Commission requested that U.S. producers of WSSPP report any specific instances in which they experienced lost sales or lost revenue due to competition from subject imports. None of the five responding U.S. producers identified specific firms, products, or instances for which they lost sales or revenue. CR at V-17, PR at V-11. Petitioners reported that it was difficult for them to trace specific lost sales and lost revenues because the vast majority of WSSPP is sold through distributors and service centers. Respondents argued that petitioners' inability to provide specific allegations, as well as declining margins of underselling heading into 2015, suggested that U.S producers were not losing sales or revenues to imports from India. All responding producers reported generally that they lost sales to subject imports. *Id.*

In sum, we find that there was significant underselling of the domestic like product by the subject imports, which had the effect of increasing the market share of the subject imports at the expense of the domestic industry.

E. Impact of the Subject Imports[95]

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."[96]

Between 2012 and 2014, which was a period of rising apparent U.S. consumption and also included the July 2014 imposition of antidumping duty orders on imports of WSSPP from three countries, several indicators of domestic industry performance were stable or rising, but the industry lost market share to subject imports and experienced increasing inventories and declining sales revenues. As discussed above, the domestic industry's market share declined from 36.4 percent in 2012 to 30.1 percent in 2014.[97]

The domestic industry's production of WSSPP, after declining from 27.8 million short tons in 2012 to 26.2 million short tons in 2013, increased to 32.5 million short tons in 2014.[98] Because the domestic industry's capacity remained constant,[99] its capacity utilization increased between 2012 and 2014.[100] The domestic industry's U.S. shipments increased from 26.3 million

[95] Commerce initiated the antidumping duty investigation of WSSPP from India based on estimated antidumping duty margins of 32.06 percent. *Welded Stainless Steel Pressure Pipe from India: Institution of Antidumping Duty Investigation*, 80 Fed. Reg. 65696, 65698 (Oct. 27, 2015). Commerce initiated the countervailing duty investigation based on 25 alleged countervailable subsidy programs, at least two of which concern exports. 80 Fed. Reg. 65700 (Oct. 27, 2015); CR at I-7-8, PR at I-6-7. Commerce did not furnish an estimated subsidy rate in its notice of initiation.

[96] 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.

[97] CR/PR at Table IV-4. Individual company data for 2012 and 2013 submitted by domestic producers in these investigations were compared for consistency with data they submitted for those years in the investigations of WSSPP from Malaysia, Thailand, and Vietnam. *** differences were noted in the data *** in these two sets of investigations. CR at VI-8, PR at VI-2. ***. We will examine further any inconsistencies in the data submitted in these and prior WSSPP investigations in any final phase of these investigations.

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

[99] The domestic industry's production capacity was 59,512 short tons in each year from 2012 to 2014. CR/PR at Table III-6.

[100] The domestic industry's capacity utilization rate was 46.7 percent in 2012, 44.0 percent in 2013, and 54.6 percent in 2014. CR/PR at Table III-6.

short tons in 2012 to 26.4 million short tons in 2013 and 28.8 million short tons in 2014.[101] Ending inventories, after declining from 5.6 million short tons in 2012 to 4.8 million short tons in 2013, increased to 8.4 million short tons in 2014.[102]

Employment-related data fluctuated during this period. There were relatively small changes in the number of production and related workers, hours worked, and hourly wages, while productivity increased and unit labor costs declined.[103]

From 2012 to 2014, the domestic industry's unit net sales value *** overall and total net sales revenues ***.[104] Nevertheless, the industry's gross profit, net income, and operating income all *** from 2012 to 2014.[105] The industry's operating income as a share of net sales also *** overall from 2012 to 2014.[106] The industry's capital expenditures declined from 2012 to 2014, and its research and development ("R&D") expenditures increased.[107]

Between the interim periods, while subject import volume and market share continued to increase, the domestic industry's performance deteriorated by nearly all measures. The domestic industry's market share was 5.5 percentage points lower in interim 2015 than in interim 2014.[108] In interim 2015, the domestic industry's U.S. shipments were 27.6 percent lower than in interim 2014, its production was 23.6 percent lower, its rate of capacity utilization was 12.7 percentage points lower, and its end of period inventories were 44.6 percent

[101] CR/PR at Table C-1. Total U.S. shipments were *** short tons in 2012, *** short tons in 2013, and *** short tons in 2014. CR/PR at Table III-7.

[102] CR/PR at Table III-9.

[103] The domestic industry's number of production related workers ("PRW"), after increasing from 357 in 2012 to 361 in 2013, declined to 355 in 2014. Total hours worked, after increasing from 944,000 hours in 2012 to 1.0 million hours in 2013, declined to 941,000 hours in 2014. Hours worked per PRW, after increasing from 2,644 in 2012 to 2,781 in 2013, declined to 2,651 in 2014. Hourly wages, after increasing from $17.13 in 2012 to $17.31 in 2013, declined to $17.17 in 2014. Productivity, however, after decreasing from 29.4 short tons per 1,000 hours in 2012 to 26.1 short tons per 1,000 hours in 2013, increased to 34.5 short tons per 1,000 hours in 2014. Unit labor costs, after increasing from $581.98 per short ton in 2012 to $663.08 per short ton in 2013, decreased to $497.47 per short ton in 2014. CR/PR at Table III-10.

[104] The industry's average unit net sales value, after *** from $*** per short ton in 2012 to $*** in 2013, *** to $*** in 2014. CR/PR at Table VI-1. The domestic industry's total net sales, after *** from $*** in 2012 to $*** in 2013, increased to $*** in 2014. *Id*.

[105] Gross profit, after *** from $*** in 2012 to $*** in 2013, *** to $*** in 2014. Operating income, after *** from $*** in 2012 to *** in 2013, *** to $*** in 2014. Net income, after *** from *** in 2012 to *** in 2013, *** to $*** in 2014. CR/PR at Table VI-1.

[106] The domestic industry's operating income as a share of net sales, after *** from *** percent in 2012 to *** percent in 2013, *** to *** percent in 2014. CR/PR at Table VI-1.

[107] The domestic industry's capital expenditures decreased from $*** in 2012 to $*** in 2013 before increasing to $*** in 2014. CR/PR at Table VI-4. The industry's R&D expenses increased from *** in 2012 and 2013 to $*** in 2014. *Id.*

[108] The domestic industry's market share was 34.6 percent in interim 2014 and 29.1 percent in interim 2015. CR/PR at Table IV-4.

higher.[109] The number of production-related workers decreased by 3.9 percent, and other employment-related indicators (wages, hours, productivity) were lower in interim 2015 than in interim 2014.[110]

The domestic industry's sales revenues were *** percent *** in interim 2015 than in interim 2014.[111] While COGS also was *** in interim 2015 than in interim 2014,[112] the *** did not result in increased profitability. The industry's operating income and net income were *** in interim 2015.[113] As a share of net sales, the industry reported *** percent in interim 2015 compared to *** percent in interim 2014 and a net income *** percent in interim 2015, that was worse than the net income *** percent in interim 2014.[114]

For purposes of the preliminary phase of these investigations, we find that subject imports had a significant impact on the domestic industry. Subject import volume increased significantly in absolute terms during the POI, and subject import market share also increased as the domestic industry's market share declined. The volume and market share of subject imports continued to rise in interim 2015, even as apparent U.S. consumption declined. There was significant underselling by subject imports. As a result of lost market share, the domestic industry's revenues were lower than they would have been otherwise during both 2014 and interim 2015. The lower revenues, in turn, resulted in reduced operating and net profits, as well as *** and lower output and employment during interim 2015.

Respondents claim that there is no causal link between subject imports and negative effects on the domestic industry because subject imports increased during 2014 when the domestic industry's condition improved and declined during the latter portion of interim 2015.[115] Nevertheless, as discussed above, the record indicates that the domestic industry lost market share to the subject imports in 2014 and consequently lost revenues that it would otherwise have obtained. Moreover, between interim 2014 and interim 2015, subject imports were higher in both absolute and relative terms and took additional market share from the domestic industry during a period when virtually all domestic performance indicators deteriorated.

Respondents also argue that lower apparent U.S. consumption and the declining cost of alloy raw material costs, particularly prices for nickel, contributed to the domestic industry's

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[109] CR/PR at Table C-1. The industry's production was 16.9 million short tons in interim 2014 and 12.9 million short tons in interim 2015. Its capacity utilization rate was 53.7 percent in interim 2014 and 41.1 percent in interim 2015. Capacity remained unchanged at 31.5 million short tons in interim 2014 and interim 2015. End of period inventories were 6.0 million short tons in interim 2014 and 8.7 million short tons in interim 2015. CR/PR at Table C-1.

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

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

[112] COGS was *** percent *** in interim 2015 than in interim 2014. CR/PR at Table C-1.

[113] CR/PR at Table C-1. Gross profits were *** percent higher in interim 2015 than in interim 2014. *Id*.

[114] CR/PR at Table C-1. The domestic industry's capital expenditures were $*** in interim 2014 and $*** in interim 2015. CR/PR at Table VI-4. The industry's R&D expenses were *** in interim 2014 and $*** in interim 2015. *Id.*

[115] *E.g.*, Respondents' Postconference Brief at 13.

weakened performance in interim 2015.[116] Declining demand and falling nickel prices cannot, however, explain the industry's loss of market share. The injury we have attributed to subject imports is distinguishable from any difficulties the domestic industry may have experienced due to these alternative causes.

We have also examined the role of nonsubject imports.[117] Nonsubject imports as a share of apparent U.S. consumption decreased from 63.2 percent in 2012 to 48.4 percent in 2014.[118] Although their 48.0 percent share of the market in interim 2015 was higher than their 46.3 percent share in interim 2014, nonsubject imports in no way recouped their share lost over the POI as a whole and, rather than taking share from the domestic industry during the POI, nonsubject imports lost substantial market share to the subject imports.[119] Consequently, nonsubject imports cannot explain the magnitude of the domestic industry's loss of market share. The record therefore does not indicate that nonsubject imports are responsible for the observed declines in the domestic industry's market share, revenues, and financial performance.[120]

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.

VI. 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 subject imports of WSSPP from India that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of India.

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[116] Respondents' Postconference Brief at 23-28.

[117] Based on the evidence in the preliminary phase of these investigations, Vice Chairman Pinkert finds that price-competitive nonsubject imports were a significant factor in the U.S. market for WSSPP during the POI. He further finds, however, that, regardless of whether WSSPP is a commodity product, the evidence does not support finding that nonsubject imports would have replaced the subject imports without benefit to the domestic industry had the subject imports exited the U.S. market during the period. Most of the leading nonsubject sources of imports are subject to antidumping or countervailing duties that were imposed either prior to or during the POI. CR/PR at Table I-1 and at VII-10. The only leading source that is not under an order is Canada, and Canada's export unit values were higher than those of other nonsubject countries. *Id.* at VII-11.

[118] CR/PR at Table IV-4.

[119] CR/PR at Table IV-4.

[120] As noted, several of the nonsubject sources are subject to antidumping and/or countervailing duty orders. *See* CR at I-5-6, PR at I-4-5. We will further examine the role of nonsubject imports in the market, and will collect pricing data for those imports, in any final phase of these investigations.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Bristol Metals, LLC, ("Bristol Metals") of Bristol, Tennessee; Felker Brothers Corp., ("Felker Brothers") of Marshfield, Wisconsin; Marcegaglia USA ("Marcegaglia"), Munhall, Pennsylvania; and Outokumpu Stainless USA LLC, Inc., ("Outokumpu") of Wildwood, Florida, on September 30, 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 welded stainless steel pressure pipe ("WSSPP")[1] from India. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
September 30, 2015	Petition filed with Commerce and the Commission; institution of Commission investigations (80 FR 60715, October 7, 2015)
October 21, 2015	Commission's conference
October 27, 2015	Commerce's notice of initiation of AD investigation (80 FR 65696); Commerce's notice of initiation of CVD investigation (80 FR 65700);
November 13, 2015	Commission's vote
November 16, 2015	Commission's determinations
November 23, 2015	Commission's views

[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 appendix 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 appendix B of this report.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

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

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

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.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

(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 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

WSSPP is generally used in various end use industries including petrochemical, oil and gas, manufacturing, chemical fluid handling, and water treatment. The leading U.S. producers of WSSPP are petitioners Bristol Metals, Felker Brothers, Marcegaglia, and Outokumpu, while leading producers of WSSPP in India include Apex Tubes Pvt Ltd. ("Apex Tubes"), Bhandari Foils & Tubes Ltd. ("Bhandari Foils & Tubes"), Prakash Steelage Ltd. ("Prakash Steelage"), and Sunrise Stainless Pvt Ltd. ("Sunrise Stainless"). The leading U.S. importers of WSSPP from India are Merit Brass Co. ("Merit Brass") and Warren Alloy Valve & Fitting Co. LP ("Warren Alloy"). Leading importers of WSSPP from nonsubject countries (primarily Taiwan and Korea) include Ta Chen International, Inc. ("Ta Chen") for imports from Taiwan and Seah Steel America, Inc. ("Seah") for imports from Korea.

Apparent U.S. consumption of WSSPP totaled approximately 94.5 million short tons ($367.8 million) in 2014. Currently, five firms are known to produce WSSPP in the United

[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

States.[6] U.S. producers' U.S. shipments of WSSPP totaled 28.8 million short tons ($177.5 million) in 2014, and accounted for 30.1 percent of apparent U.S. consumption by quantity and 32.0 percent by value. U.S. imports from India totaled 20.5 million short tons ($64.7 million) in 2014 and accounted for 21.5 percent of apparent U.S. consumption by quantity and 17.6 percent by value. U.S. imports from nonsubject sources totaled 46.2 million short tons ($185.5 million) in 2014 and accounted for 48.4 percent of apparent U.S. consumption by quantity and 50.5 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 five firms that accounted for the vast majority of U.S. production of WSSPP during 2014. U.S. imports are based on official Commerce statistics, responses to Commission questionnaires, and proprietary Customs data.

PREVIOUS AND RELATED INVESTIGATIONS

The Commission has conducted several previous import relief investigations (and subsequent reviews) on welded stainless steel pipe and tube, including ASTM A 312[7] and A 778 pipes. Table I-1 presents data on previous and related Title VII investigations.

[6] Two additional firms, Alaskan Copper & Brass ("Alaskan Copper") and Rath Gibson also may produce WSSPP in the United States ***. Petitioners estimate that Alaskan Copper and Rath Gibson are "very small players in the market." Conference transcript, pp. 44-45 (Tidlow).

[7] The product scope of the orders on A 312 pipe from Korea and Taiwan is narrower than that of WSSPP pressure pipe because it does not include A 778 pipe. It is broader in that it includes pipe greater than 14 inches in outside diameter ("OD"). Although the A 312 specification includes seamless pipe, the product scope of the orders on A 312 pipe from Korea and Taiwan does not include seamless pipe.

Table I-1
WSSPP: Previous and related Title VII investigations

Product	Inv. No.	Year of petition	Country	Original determination	Current status
Welded stainless steel pipe and tube	AA1921-180	1978	Japan	Negative	([1])
Welded stainless steel pipe and tube excluding grade 409 pipe	701-TA-281	1986	Sweden	Negative	([1])
	731-TA-354	1986	Sweden	Negative	([1])
ASTM A-312 pipe	731-TA-540[2]	1991	Korea	Affirmative	Order in place
	731-TA-541[2]	1991	Taiwan	Affirmative	Order in place[3]
Welded stainless steel pressure pipe	701-TA-454 731-TA-1144	2008	China	Affirmative	Order in place[4]
Welded stainless steel pressure pipe	731-TA-1210	2013	Malaysia	Affirmative	Order in place
	731-TA-1211	2013	Thailand	Affirmative	Order in place
	731-TA-1212	2013	Vietnam	Affirmative	Order in place

[1] Not applicable.
[2] On July 1, 1999, the Commission instituted the first five-year review of the antidumping duty orders, and on September 22, 2000, the Commission made affirmative determinations. On September 1, 2005, the Commission instituted the second five-year review of the antidumping duty orders, and on August 16, 2006, the Commission made affirmative determinations. On July 1, 2011, the Commission instituted the third five-year review of the antidumping duty orders, and on November 17, 2011 made affirmative determinations.
[3] Chang Tieh (later Chang Mien) was excluded from the original order, and the order for Ta Chen was revoked effective June 26, 2000, on merchandise entered on or after December 1, 1998.
[4] On February 3, 2014, the Commission instituted the first five-year reviews of the antidumping and countervailing duty orders, and on June 24, 2014, the Commission made affirmative determinations.

Source: *Certain Welded Stainless Steel Pipe from Korea and Taiwan (Third Review)*, USITC Publication 4280, December 2011; *Welded Stainless Steel Pressure Pipe from China, Inv. Nos. 701-TA-454 and 731-TA-1144 (Expedited Review)*, USITC Publication 4478, July 2014; and *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam*, Inv. Nos. 731-TA-1210-1212 (Final), USITC Publication 4477, July 2014.

PREVIOUS AND RELATED SAFEGUARD INVESTIGATIONS

Following receipt of a request from the Office of the United States Trade Representative ("USTR") on June 22, 2001, the Commission instituted investigation No. TA-201-73, Steel, under section 202 of the Trade Act of 1974[8] to determine whether certain steel products, including stainless steel welded tubular products,[9] were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries producing articles like or directly competitive with the imported

[8] 19 U.S.C. § 2252.
[9] Stainless steel welded tubular products were found to be a single 'like or directly competitive' product. *Steel, Inv. No. TA-201-73, Volume I: Determinations and Views of Commissioners,* USITC Publication 3479, December 2001, p. 16.

article.[10] On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate ("Senate Finance Committee" or "Committee") requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.[11] Consistent with the Senate Finance Committee's resolution, the Commission consolidated the investigation requested by the Committee with the Commission's previously instituted investigation No. TA-201-73.[12] On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission made a unanimous negative determination with respect to stainless steel welded tubular products.[13]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On October 27, 2015, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on WSSPP from India.[14] Commerce identified the following government programs in India:[15]

A. Duty Exemption/Remission Schemes
    1. Advance License Program; Advance Authorization Program
    2. Duty Free Import Authorization Scheme; and Duty Drawback Program
B. Export Promotion of Capital Goods Scheme
C. Pre-Shipment and Post-Shipment Export Financing
D. Market Development Assistance Scheme
E. Market Access Initiative
F. Focus Product Scheme
G. Government of India Loan Guarantees
H. Status Certificate Program
I. Steel Development Fund Loans
J. Incremental Exports Incentivisation Scheme
K. State government of Andhra Pradesh ("SGAP") subsidy programs

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

[11] 19 U.S.C. § 2251.

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

[13] *Steel; Import Investigations,* 66 FR 67304, December 28, 2001.

[14] *Welded Stainless Pressure Pipe from India: Initiation of Countervailing Duty Investigation,* 80 FR 65700, October 27, 2015.

[15] Ibid. and *Department of Commerce, CVD Initiation Checklist, Inv. No. C-533-868*, October 20, 2015.

1. Grant under the Industrial Investment Promotion Policy ("IIPP"): 25 Percent Reimbursement of the Cost of Land in Industrial Estates and Development Areas
2. Grant under the IIPP: Reimbursement of Power at the Rate of Rs. 0.75 per Unit
3. Grant under the IIPP: 50 Percent Subsidy for Expenses Incurred for Quality Certification
4. Grant under the IIPP: 50 Percent Subsidy on Expenses Incurred in Patent Registration
5. Grant under the IIPP: 25 Percent Subsidy on Cleaner Production Measures
6. Tax Incentives under the IIPP: 100 Percent Reimbursement of Stamp Duty and Transfer Duty Paid for the Purchase of Land and Buildings and the Obtaining of Financial Deeds and Mortgages
7. Tax Incentives under the IIPP: 25 Percent Reimbursement on Value Added Tax ("VAT"), Central Sales Tax ("CST"), and State Goods and Services Tax
8. Tax Incentives under the IIPP: Exemption from the SGAP Non-agricultural Land Assessment
9. Provision of Goods and Services for Less than Adequate Remuneration under the IIPP: Provision of Infrastructure for Industries Located More than 10 Kilometers from Existing Industrial Estates or Development Areas
10. Provision of Goods and Services for Less than Adequate Remuneration Under the IIPP: Guaranteed Stable Prices and Reservation of Municipal Water

L. State Government of Maharashtra ("SGOM") Subsidy Programs
   1. Infrastructure Assistance for Mega Projects under the Maharashtra Industrial Policy of 2013 and Other SGOM Industrial Promotion Policies to Support Mega Projects
   2. Subsidies for Mega Projects under the Package Scheme of Incentives.

Alleged sales at LTFV

On October 27, 2015, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigation on WSSPP from India.[16] Commerce has initiated the antidumping duty investigation based on estimated dumping margins of 32.06 percent for WSSPP from India.

[16] *Welded Stainless Pressure Pipe from India: Initiation of Antidumping Duty Investigation*, 80 FR 65696, October 27, 2015.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:

Circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. References to size are in nominal inches and include all products within tolerances allowed by pipe specifications. This merchandise includes, but is not limited to, the American Society for Testing and Materials ("ASTM") A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. ASTM A-358 products are only included when they are produced to meet ASTM A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. Excluded from the scope of the investigation are: (1) welded stainless mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that shipments of the merchandise subject to these investigations are normally classified in subheading 7306.40.50 (statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085) of the Harmonized Tariff Schedule of the United States ("HTSUS"). They also may be imported under subheading 7306.40.10 (statistical reporting numbers 7306.40.1010 or 7306.40.1015) or reported under other categories of subheading 7306.40.50: 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090, depending on their dimensions and constituent elements. The general duty rate under these subheadings is free.

THE PRODUCT

Description and applications[17]

WSSPP refers to welded austenitic stainless steel pressure pipe is not greater than 14 inches in OD. The subject pipe is of a circular cross-section, produced in standard sizes designated by nominal diameter and wall thickness,[18] and is designed for use with standard pipefittings. WSSPP conveys fluids at high temperatures, high pressures, or both. Manufacturers produce subject pipe to ASTM International (ASTM) specifications A 312 or A 778, or to similar specifications, either foreign or domestic.[19]

Stainless steel is a general class of steel that contain at least 10.5 percent chromium by weight. Chromium gives stainless steel its excellent resistance to corrosion and good strength at high temperatures and pressure. For these reasons, WSSPP is used in corrosive environments, high temperature and pressure conditions, or in conditions where cleanliness and ease of maintenance are strictly required. The subject product uses the austenitic class of stainless steel (one of five classes of stainless steel).[20]

In addition to excellent corrosion resistance, austenitic steel offers unusually good formability, and increases in strength after cold working (changes to the shape or structure of steel, for example by rolling, without the application of heat). Typically, subject WSSPP is produced with grade 304 or 316 stainless steel coil.[21] Grade 304, (which contains 18–20 percent chromium and 8–10.5 percent nickel), is the most widely used austenitic grade and is resistant to food processing environments (except possibly for high-temperature conditions involving high acid and chloride contents), organic chemicals, and a wide variety of inorganic chemicals. Grade 316 contains 16-18 percent chromium, 10-14 percent nickel, and 2-3 percent molybdenum. Higher nickel and molybdenum content gives grade 316 better corrosion

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[17] Unless otherwise indicated, USITC staff obtained information on the product section from *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212 (Final),* USITC Publication 4477, July 2014, pp. I-8–I-11.

[18] The nominal pipe size ("NPS"), defines the size of a pipe. NPS is a dimensionless designator that is a substitute for more traditional terms, such as "nominal diameter." NPS loosely corresponds to, but is not exactly equal to, outside diameter for pipes with ODs of less than or equal to 12 inches; NPS is equal to OD for pipes with ODs greater than 12 inches.

[19] *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam; Scheduling of the Final Phase of an Antidumping Investigation*, 79 FR 11126, February 27, 2014.

[20] Each class of stainless steel has its own set of alloying elements that impart different characteristics to the steel. Austenitic stainless steel contains the alloying elements of chromium and manganese or chromium and nickel. The chromium content can range from 16.0 to 28.0 percent with nickel between 3.5 and 32.0 percent. Specialty Steel Industry of North America, "Stainless Steel Overview: Alloy Classifications," http://www.ssina.com/overview/alloy-families.html, accessed September 30, 2015.

[21] *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212*, Hearing transcript, 2014, p. 142, (Dougan).

resistance than grade 304.[22] The subject product also includes austenitic grades 304L and 316L, which feature lower carbon content than grades 304 and 316. The lower carbon content helps reduce corrosion at the weld site.[23]

As mentioned earlier, WSSPP specifications are ASTM A 312 or A 778. The A 312 specification covers seamless, straight-seam welded, and heavily cold-worked welded austenitic stainless steel pipe intended for high-temperature and general corrosive service. Welded A 312 pipe requires annealing (heat-treatment) after welding,[24] whereas, A 778 is a standard specification for welded, unannealed austenitic stainless steel tubular products.[25]

A 778 pipe is similar to A 312, but may differ in the welding process (A 778 allows for a filler metal in the weld pass) and in the A 778 specification, post-weld annealing of the pipe is not required. Conditions that permit the use of the A 778 pipe are low and moderate temperatures and corrosive service where heat treatment is not necessary for corrosion resistance.[26]

Specification ASTM A 358, is also included in the project scope when produced to A 312 specifications or A 778 specifications. ASTM A 358 refers to the standard specification for electric-fusion welded austenitic stainless steel pipe for high temperature service and other general applications.[27] The ASTM A 358 specification differs from A 312 primarily because A 358

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[22] Specialty Steel Industry of North America (SSINA), *Design Guidelines for the Selection and Use of Stainless Steel*, pp. 2, 5, and 8, found at http://www.ssina.com/publications/design.html, retrieved September 30, 2015.

[23] In austenitic stainless steel, the application of high temperatures at the weld site causes a carbide precipitation that depletes the area nearby the weld of Chromium. This leaves the weld susceptible to corrosion and pitting (the WSSPP production process begins with annealed and pickled coil, thus only the weld site is of concern). Annealing is the only way to correct this issue, but lower carbon steel types can help reduce and/or prevent the problem as well. When pipes are field welded, the ends of the pipe are also susceptible to corrosion. ASM International, *Stainless Steels*: *Metallurgy and Properties of Wrought Stainless*, 1994, ASM International: Materials Park, OH pp. 22-25.

[24] Annealing is the process of heating cold stainless steel to obtain certain characteristics such as corrosion resistance. It also relieves stresses caused by cold working the steel (i.e, bending a steel sheet into a tubular form).

[25] ASTM, "A 312/A 312M—08a, "Standard Specification for Seamless, Welded, and Heavily Cold Worked Austenitic Stainless Steel Pipes," and "Standard Specification for Welded, Unannealed Austenitic Stainless Steel Tubular Products," *Annual Book of ASTM Standards 2009*, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings, ASTM: West Conshohocken, PA, pp. 180-191 and 557-559.

[26] Pipe meeting the ASTM A 778 specification is listed in the ASTM standards as requiring a diameter of 3" to 14." However, a note attached to the ASTM standard states allows the classification of pipe that meets the other ASTM A 778 specifications, as ASTM A 778, even if the diameter is less than 3" or greater than 14". ASTM, "Standard Specification for Welded, Unannealed Austenitic Stainless Steel Tubular Products," *Annual Book of ASTM Standards 2009*, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings, ASTM: West Conshohocken, PA, pp. 557-559.

[27] ASTM, "Standard Specification for Electric-Fusion-Welded Austenitic Chromium-Nickel Stainless Steel Pipe for High-Temperature Service and General Applications," *Annual Book of ASTM Standards*

(*continued*...)

requires a filler metal in the weld pass while the A 312 specification does not allow for such filler metal. A 358 pipe also requires radiographic testing of the weld for most applications, which is not required by A 312 or A778 pipes.

WSSPP is used by a variety of industries including food, chemicals, petrochemicals, oil and gas, manufacturing, chemical fluid handling, paper and pulp processing and water treatment.[28] Major uses for welded A 312 pipe include digester lines, pharmaceutical production lines, petrochemical stock lines, automotive paint lines, and various processing lines such as those in breweries, paper mills, and general food-processing facilities.[29] The pulp and paper industry and wastewater industry both use A 778 pipe due to its ability to withstand high temperatures and corrosive contact, although at somewhat lower levels than A-312 pipe. Corn fermentation systems that produce ethanol and low-pressure fluid transfer systems also use A-778 pipe.[30] Critical applications where failure of the weld might have serious consequences, such as in nuclear power plants and liquefied natural-gas facilities, use A 358 pipe.[31] WSSPP is sold mostly to distributors and in some cases directly to end users.

Manufacturing processes[32]

Production of WSSPP comprises of three-stages: forming the tubular shape, followed by welding the product, and then a final finishing stage. Production of the subject WSSPP almost exclusively employs a continuous mill process (figure I-1), which begins with coils of stainless-steel sheet, strip, or plate.[33] Coiled steel, of a width essentially corresponding to the desired

(…*continued*)
2009, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings, ASTM: West Conshohocken, PA, pp. 231-237.

[28] Outokumpu Stainless AB, *Acom*, February 2011, pp. 2 and 11, http://www.outokumpu.com/SiteCollectionDocuments/Welded-Stainless-Steel-Tubes-and-Pipes-vs-Seamless-Acom.pdf.

[29] *Certain Welded Stainless Steel Pipes from Korea and Taiwan, Investigation Nos. 731-TA-540-541 (Second Review),* USITC Publication 3877, August 2006, p. I-15.

[30] Ibid.

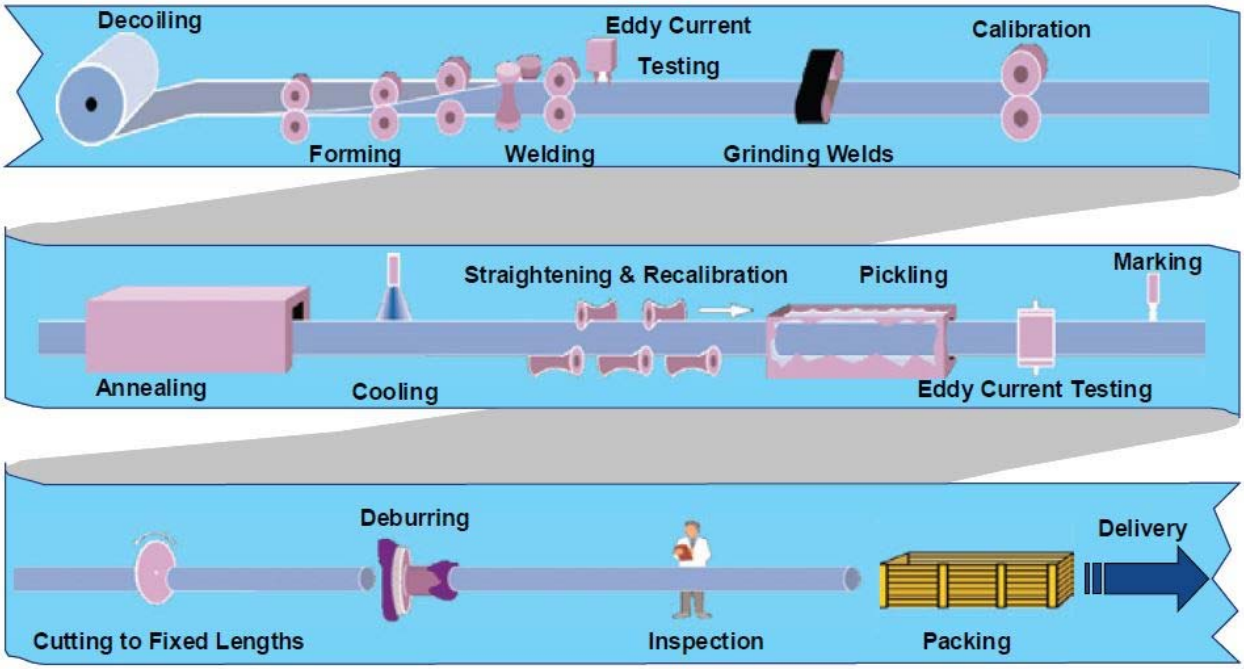
[31] ASTM, "Standard Specification for Electric-Fusion-Welded Austenitic Chromium-Nickel Stainless Steel Pipe for High-Temperature Service and General Applications," Annual Book of ASTM Standards 2009, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings, ASTM: West Conshohocken, PA, pp. 231-237.

[32] Unless otherwise indicated, information in this section was obtained from *Welded Stainless Steel Pressure Pipe from China, Investigation Nos. 701-TA-454 and 731-TA-1144 (Final)*, USITC Publication 4064, March 2009, pp. I-10-I-11 and Outokumpu Stainless AB, *Acom*, February 2011, pp. 3-4, http://www.outokumpu.com/SiteCollectionDocuments/Welded-Stainless-Steel-Tubes-and-Pipes-vs-Seamless-Acom.pdf.

[33] There is another manufacturing process, the press brake method, which is a batch process where one length of pipe is made at a time. This batch process could be used for WSSPP, but is generally used for stainless steel pressure pipe greater than 14 inches OD. The batch process is slower, more labor intensive, and more costly than the continuous mill process. Virtually all subject WSSPP, in excess of 95–98 percent, is produced by the continuous mill process in the United States. *Welded Stainless Steel*
(*continued*...)

circumference of the pipe, positioned in an uncoiler feeds into a series of paired forming rolls. As the stainless steel progresses through the rolls, its cross-sectional profile is formed into a tubular shape with the butted edges along its length ready for (longitudinal) welding as described in the following paragraph. Domestic producers' facilities include several continuous weld mills, with each dedicated to a limited range of pipe diameters. [34]

Figure I-1
WSS pressure pipe: Manufacturing process.



Note.—The figure presents the manufacturing process generally used. However, not all manufacturers perform every manufacturing step displayed in the figure and may not perform them in the order shown in the figure.

Source: Adapted from Outokumpu Stainless AB, *Acom*, February 2011, p. 3. http://www.outokumpu.com/SiteCollectionDocuments/Welded-Stainless-Steel-Tubes-and-Pipes-vs-Seamless-Acom.pdf

In the welding stage, an automatic welding machine using either the tungsten-inert-gas ("TIG") welding process,[35] the plasma welding process, or the laser welding process welds the

(*…continued*)
Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212, Conference transcript, p. 85 (Tidlow).

[34] *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212*, hearing transcript, p. 66 (Schagrin).

[35] Gas tungsten-arc welding ("GTAW") process is another term for the TIG process.

butt edges together. These methods allow welding without filler material,[36] complete fusion of butted edges, and shielding of the weld area with inert gas to prevent oxidation. In the TIG welding process, the welding heat is provided by an electric arc between a tungsten electrode and the pipe edges. The plasma welding process is similar to the TIG process because it heats the plasma as it passes through an arc torch, created by an electrode within a nozzle. In the laser welding process, a laser beam directed to the butt weld joint forms a deep-penetration fusion weld. The laser process is capable of a higher speed of operation than is the TIG process or plasma process.

The pipe continues after welding to the finishing state. Finishing includes grinding of the outside welding seam, calibrating pipe diameter, in-line annealing in a non-oxidizing atmosphere,[37] cooling, straightening, removing of surface scale (pickling),[38] and finally, cutting to length. During the manufacturing process, the pipe may be marked with its specification information and undergoes visual and/or other types of inspection such as eddy current testing.[39]

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. The petitioners propose a domestic like product definition coextensive with the scope of the investigations.[40] Respondents do not contest this proposed domestic like product definition (or a definition of the domestic industry that would reflect this like product definition).[41]

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[36] Although the TIG and plasma process can be used with filler metal or work without it, the laser process does not allow for the use of filler metal. WSSPP produced in accordance with the standard for ASTM A-312, according to the ASTM, cannot use filler metal in the weld.

[37] In-line annealing typically occurs in a non-oxidizing atmosphere, a process known as "bright annealing." Product annealed by other methods than bright annealing must be pickled in acid to remove surface oxides and produce a "bright" finish.

[38] Pickling removes scale by submerging the pipe in an acid bath.

[39] In eddy current testing, a probe with a wire coil with an alternating current flowing through it generates an oscillating magnetic field. The probe and its magnetic field move near the pipe and a circular flow of electrons known as an eddy current begins to move through the pipe like swirling water in a stream. The eddy current flowing through the metal will in turn generate its own magnetic field, which will interact with the coil. Defects such as cracks will interrupt or alter the amplitude and pattern of the eddy current and the resulting magnetic field. The eddy current test instrument plots these interruptions and alterations, and a trained operator reads the plot to identify the pipe defects.

[40] Petition, May 17, 2013, p. 5.

[41] Respondents Allied Fitting LP, Bhandari Group, Prakash Steelage, Steamline Industries, Sunrise Group Co., and Merit Brass (collectively "respondents"), postconference brief, p. 3.

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

U.S. MARKET CHARACTERISTICS

WSSPP is used to transport a wide variety of liquids for applications in which the materials are reactive, or for which contamination is particularly unwanted. WSSPP's largest end-use markets include the chemical, pharmaceutical, oil and gas, food and beverage, waste water treatment, power generation, and the pulp and paper industries. Consequently, the demand for WSSPP depends on demand for downstream products of these industries (particularly demand that leads to new plant construction) and the amount of WSSPP required for plant maintenance and repair in these industries.

Overall, apparent U.S. consumption in 2014 was 32.1 percent higher than in 2012, but fell 13.8 percent between the first half of 2014 and the first half of 2015. By volume, apparent U.S. consumption of WSSPP increased from 72,285 short tons in 2012 to 95,486 short tons in 2014.[1]

Respondents report that changes in oil and gas prices were responsible for the increase in apparent consumption in 2014 and the decrease in apparent consumption in the first half of 2015.[2]

CHANNELS OF DISTRIBUTION

U.S. producers sold the large majority of their product to distributors and importers sold exclusively to distributors between January 2012 and June 2015 (table II-1).

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

* * * * * * *

[1] Petitioners assert that some of the apparent consumption in 2014 resulted in increased distributors' inventories rather than actual consumption in 2014. Conference transcript, p. 39 (Schagrin). Respondents report that the uncertainty of Indian deliveries has caused them to increase their WSSPP inventories. Respondents add that "many" shipments that entered the market in 2015 had been "ordered in the first half of 2014 or even at the end of 2013, when the market was strong." The delays in shipments and uncertainty of shipments of WSSPP from India have made it difficult for master distributors to manage their inventories, leading them to try to increase their inventories (by "hedge buying") and causing them to turn down orders and sell only to their "top tier customers." Respondents also report that importers stopped ordering WSSPP when the price of nickel started going down, but because of the long lead times, material continued to be imported. Conference transcript, pp. 59-60, 71 (Lipp), 72-73 (Cameron), 65 (Robinson), and 75 (Mendoza).

[2] Respondents' postconference brief, p. 7.

GEOGRAPHIC DISTRIBUTION

Both U.S. producers and importers of WSSPP from India reported selling WSSPP to all regions of the contiguous United States (table II-2). Subject imports typically were not shipped as far from their U.S. point of shipment as U.S. produced product. For U.S. producers, 51.0 percent of sales were shipped between 101 and 1,000 miles, 45.4 percent were shipped over 1,000 miles, and 3.6 percent were shipped within 100 miles of their facility. Importers of WSSPP from India sold 74.9 percent of their product to firms within 100 miles of their U.S. point of shipment, 20.7 percent to firms between 101 and 1,000 miles, and 4.5 percent to firms over 1,000 miles.

Table II-2
WSSPP: Geographic market areas in the United States served by U.S. producers and importers, by number of responding firms

Region	U.S. producers	Importers
Northeast	5	5
Midwest	5	5
Southeast	5	5
Central Southwest	5	4
Mountain	5	4
Pacific Coast	5	5
Other[1]	3	1
All regions (except Other)	5	4
Reporting firms	5	5

[1] All other U.S. markets, including AK, HI, PR, and VI.
Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of WSSPP have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced WSSPP to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the availability of unused capacity, production of other products on the same equipment, and the existence of inventories.

Industry capacity

Overall U.S. capacity was unchanged at 59,512 short tons per year. Domestic capacity utilization increased from 46.7 to 54.6 percent between 2012 and 2014. This relatively low level of capacity utilization suggests that U.S. producers may have substantial ability to increase production of WSSPP in response to an increase in prices.

Respondents assert that the U.S. producers overstate their production capacity, and that in the last 10 years U.S. producers have never had actual capacity utilization close to the capacity levels that they report in this investigation.[3] Petitioners report that the U.S. industry's excess capacity is accurate and that they could readily increase production. For example, Bristol Metals reports that it is running one or two shifts per week on the equipment it uses to produce WSSPP, while it could run five or ten shifts per week. Outokumpu reported that in August 2015, it laid off 15 workers and it reduced its remaining workers' hours (in its WSSPP facility) to 32 hour a week.[4]

Alternative markets

U.S. producers' exports as a percentage of total shipments were low; *** percent or less of total shipments were exported between 2012 and 2014. U.S. producers' reported export markets were ***. U.S. producers appear to 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 shipments increased irregularly from *** percent to *** percent between 2012 and 2014, and increased from *** percent in the first half of 2014 to *** percent in the first half of 2015. 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

The share of nonsubject product U.S. producers produced on the same equipment fluctuated from 34.2 percent of production on the same equipment in 2012 to 36.9 in 2013 and 31.9 percent in 2014. Four of five responding U.S. producers (***) stated that they produced nonsubject products with the same equipment, machinery, and workers that they use for WSSPP. Nonsubject products that producers reportedly can produce on the same equipment as WSSPP include larger welded stainless steel pressure pipe, ***.

Petitioners (Felker Brothers, Bristol Metals, and Outokumpu) reported that their firms had no real ability to switch between production of WSSPP and other products.[5] ***.[6]

[3] Conference transcript, pp. 48-49 (Cameron).
[4] Conference transcript, pp. 20 and 22 (Tidlow and Podsaid).
[5] Conference transcript, pp. 31-32 (Hendrickson, Tidlow, and Podsaid).
[6] Petitioners' postconference brief, ex. 6.

Supply constraints

U.S. producers report that supply was constrained by machine capacity, lengths of runs, time required to change sizes, manufacturing delays, equipment breakdowns, and equipment that can be used only for a limited range of sizes.

Subject imports from India[7]

Based on available information, Indian producers of WSSPP have the ability to respond to changes in demand with large changes in the quantity of shipments of WSSPP to the U.S. market. The main contributing factors to this high degree of supply responsiveness are the availability of unused capacity, increasing capacity, and the ability to shift from other products to WSSPP on equipment that may be used for both.

Industry capacity

Indian capacity increased from 40,952 short tons to 52,952 short tons from 2012 to 2014 and was unchanged at 37,883 short tons in interim 2014 and 2015. Production of Indian WSSPP increased from 14,541 short tons to 30,446 short tons from 2012 to 2014 and from 13,432 short tons in interim 2014 to 15,894 short tons in interim 2015. Capacity utilization increased from 35.5 percent in 2012 to 57.5 percent in 2014 and from 35.5 percent in interim 2014 to 42.0 percent in interim 2015. Growing capacity and relatively low capacity utilization increase Indian producers' ability to increase shipments to the U.S. market.

Alternative markets

Indian exports to countries other than the United States fluctuated between 2012 and 2014 but was 966 tons in both 2012 and 2014. Indian exports of WSSPP to markets other than the United States as a percentage of total shipments fell from 6.7 percent in 2012 to 3.2 percent in 2014.[8] Indian producers therefore appear to have limited ability to shift product from other markets to the United States.

Sales of Indian WSSPP to the domestic market also fluctuated from year to year, increasing from 13,069 short tons in 2012 to 15,022 short tons in 2013 and then declining to 9,840 short tons in 2014. The share of Indian product sold to the domestic market fell markedly from 90.1 percent in 2012 to 32.5 percent in 2014. Respondents report that India's government has "proposed a lot of infrastructure projects, a lot of other projects" and as a result they

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[7] The Commission received seven questionnaire responses from Indian producers. These firms' reported exports to the United States were equivalent to 95 percent of reported U.S. imports of WSSPP from India in 2014.

[8] Indian exporters reported that other export markets included Australia, Brazil, Egypt, Ethiopia, Ireland, Korea, Kuwait, Mexico, Oman, Saudi Arabia, South Africa, Spain, Sri Lanka, Turkey, UAE, and the UK, as well as the regions of Africa, South America, and the Middle East.

expect that Indian demand for WSSPP will increase, reducing the amount of WSSPP available for exports.[9] Petitioners report that they do not expect that Indian infrastructure projects will increase demand for WSSPP in India enough to decrease the amount of Indian WSSPP available for export to the United States.[10]

Inventory levels

Indian producers' inventories decreased from 5.6 percent of total shipments in 2012 to 3.0 percent in 2014. This relatively low level of inventories appears to provide Indian producers limited ability to increase shipments from inventories.

Production alternatives

Six of seven responding Indian producers reported producing other products with the same equipment, machinery, and workers that they used for WSSPP.[11] While overall production of WSSPP increased from 2012 to 2014 from 14,541 short tons to 30,446 short tons, the volume of other products produced on the same equipment fell from 10,415 short tons in 2012 to 6,981 short tons in 2014. The share of Indian producers' production on joint equipment of other products declined from 41.7 percent in 2012 to 18.7 percent in 2014.

Supply constraints

Six of seven responding foreign producers reported supply constraints including: a shortage of qualified workers or skilled operators; raw material supply chain inconsistency/delays; limits on annealing capacity; limits on pickling capacity; limited availability of electricity supply; limited finance availability; frequent size changes; and multiple inspection agencies and stringent testing.

Nonsubject imports

The largest sources of nonsubject imports were Korea and Taiwan. In 2014 Korea and Taiwan accounted for 82.8 percent of nonsubject imports and 57.4 percent of all U.S. imports of WSSPP.

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[9] Conference transcript, pp. 74-75 (Mendoza).

[10] Petitioners' postconference brief, pp. 24-25, and ex. 4 and 5.

[11] However, when asked if they were able to shift production between WSSPP and other products using the same equipment and/or labor, only four of the seven responding Indian producers reported that they were able to shift.

U.S. demand

Based on available information, demand for WSSPP is likely to experience small changes in response to changes in price. The main contributing factors to this are the lack of substitute products and the relatively small cost share of WSSPP in most of its end-use products.

End uses

U.S. demand for WSSPP depends on the demand for U.S.-produced downstream products. The demand for WSSPP is a derived demand that depends mainly on the end users' desire to increase capacity in industries using WSSPP. The largest end users of WSSPP are oil, gas, chemical, and petrochemical; next in size are pulp and paper, waste water, and mining; smaller uses are beverage and pharmaceutical.[12]

Respondents report that Indian producers are typically not on approved manufacturers lists (AMLs), U.S. producers, Ta Chen (the largest individual firm source of WSSPP imported from Taiwan), and Korean producers are frequently included on AMLs.[13] AMLs are particularly important for the oil industry in which the large firms have AMLs and smaller firms in this industry may use the AMLs of larger firms to protect themselves.[14] As a result, Indian product is more likely to be sold into the shipbuilding, food processing, water treatment, and desalination industries rather than in the oil and gas industries.[15] In response, Petitioners argue that to the extent that Indian WSSPP may not be accepted by the oil and gas industry, the slowdown in demand in the oil and gas industry will increase the threat posed by the Indian WSSPP because, Indian product is more competitive with U.S. WSSPP the remaining markets.[16]

Cost share

WSSPP accounts for a relatively small share of the cost of most of the end-use products in which it is used. Parties agree that the cost shares of WSSPP in end uses have not changed

[12] Conference transcript, pp. 37-38 (Tidlow).
[13] Conference transcript, pp. 84-86 (Robinson, Cameron).
[14] Conference transcript, p. 68 (Robinson).
[15] Conference transcript, pp. 84-87 (Robinson, Cameron).
[16] Petitioners' postconference brief, p. 24.

since the previous investigations.[17] [18] In the previous case, for the end-use of "plants," the cost of WSSPP was 3 percent or less of the total cost of most typical plants in which it was used.[19]

Business cycles

Three of five responding producers and two of four responding importers reported that WSSPP was subject either to business cycles or other distinctive conditions of competition. These firms reported that fluctuating surcharge costs and high capacity for raw material production had led to volatility in the price of WSSPP and that nickel prices drive the cost of stainless steel used in WSSPP. Firms claim that nickel prices have been very volatile since January 2012, and lower demand for stainless steel in China has driven the prices of nickel and molybdenum down.

Demand trends

Most firms reported that U.S. demand for WSSPP had decreased since 2012 (table II-3). Reasons given for reduced demand included: manufacturing growth has slowed; and that the energy market, oil prices, and metals commodity market have caused a slowdown.[20] Reasons given for fluctuating demand included distributors' stocking cycles that are caused by changes in the price of nickel and molybdenum (because when these prices are declining distributors will reduce inventories); and that demand is constantly fluctuating and difficult to predict. One firm reported that demand had increased because of high oil prices, but added that it expects demand will decrease as a result of lower oil prices.

[17] Conference transcript, pp. 37, 47 (Schagrin, Cameron).

[18] In the current investigation, the wide range of estimates from questionnaires reflects a wide range of assumptions about what "end-use" meant for this type of product. Producers' questionnaire responses' costs shares for WSSPP ranged from 2 to 100 percent of the cost of "distribution," "water treatment processing," "oil and gas," " chemical fluid handling," "OEM," and "petrochemical." Only one importer estimated the cost share of WSSPP in an end-use product, reporting that WSSPP represented ***.

[19] See *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam, Investigation Nos. 731-TA-1210-1212 (Preliminary),* USITC Publication 4413, July 2013, p. II-8.

[20] One U.S. producer (***) reported that "price" was the reason demand decreased but it did not explain its response.

Table II-3
WSSPP: 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	1	1	3	0
Importers	0	0	2	2
Demand outside the United States				
U.S. producers	0	1	1	0
Importers	0	0	2	0

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

Substitute products

Substitutes for WSSPP are limited because other pipes have different characteristics that limit their use in the applications in which WSSPP is used.[21] Most U.S. producers (3 of 5) and importers (2 of 3) reported that there were no substitutes for WSSPP. Firms that reported substitutes named fiberglass reinforced polyurethane or plastic pipe as substitutes in water (treatment) and pulp and paper processing; stainless steel seamless pipe as a substitute in multiple applications (including ***); welded and seamless carbon steel pipe as a substituted in water, waste water, and pulp and paper processing; and copper as a substitute in water (treatment).

SUBSTITUTABILITY ISSUES

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

Lead times

Most WSSPP is primarily sold from inventory. U.S. producers reported that 80.5 percent of their commercial shipments were sold from inventories, with lead times averaging 8.7 days. The remaining 19.5 percent of their commercial shipments was produced-to-order with lead times averaging 47.4 days. Importers reported that *** percent of their commercial shipments were sold from U.S. inventories, with lead times averaging 8.7 days and *** percent of their sales were produced-to-order, with an average lead time of 118.0 days. Only *** percent were sold from foreign inventories with an average lead time of *** days. U.S. and Indian WSSPP sold from U.S. inventories have similar average lead times; however, U.S. WSSPP is more frequently

[21] WSSPP can be used in many applications where less expensive pipe is used, but this is uncommon because it would not be cost effective to do so.

sold from inventories. When WSSPP is not sold from inventories, lead times are much longer for Indian product, with Indian WSSPP's average lead time more than twice as long as U.S. WSSPP's average lead time.

Respondents report that Indian WSSPP has both longer lead times and longer and more frequent delays than that WSSPP from Southeast Asia.[22] *** and *** provided monthly information on delays in deliveries for their imports from Southeast Asia (Malaysia, Thailand, and Vietnam) and India. Promised lead times for Indian WSSPP sold to ***. Lead times from Southeast Asia were shorter and more dependable. *** reported that these ranged from ***. *** reported that orders from India arrived on average ***, while imports from Southeast Asia arrived on average ***.

Comparison of U.S.-produced and imported WSSPP

In order to determine whether U.S.-produced WSSPP can generally be used in the same applications as imports of WSSPP from India, U.S. producers and importers were asked whether they can "always," "frequently," "sometimes," or "never" be used interchangeably. Most responding U.S. producers reported that WSSPP from all country pairs was "always" interchangeable (table II-4). Most responding importers reported that WSSPP from all country pairs was either "frequently" or "sometimes" interchangeable. Importers reported differences between Indian and U.S. WSSPP including: perceived quality differences; different breadths of offering (e.g., special alloys, diameter range, custom wall thicknesses); different reliability of supply; Indian producers are not on AMLs; and certain projects and certain end users will only accept U.S.-manufactured WSSPP.

Table II-4
WSSPP: Interchangeability between WSSPP produced in the United States, India, and nonsubject countries, by country pairs

Country pair	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. India	5	0	0	0	1	2	2	0
Nonsubject countries comparisons:								
U.S. vs. nonsubject	4	1	0	0	1	2	2	0
India vs. nonsubject	3	0	0	0	1	2	2	0

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

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

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of WSSPP from the United States, Indian, or nonsubject countries. Most U.S. producers reported that there were "never" differences other than price

[22] Respondents' postconference brief, ex. 8.

between WSSPP from all country pairs (table II-5).[23] In contrast, most importers reported that there were "frequently" differences other than price between WSSPP from all country pairs. Differences reported included: preference for domestic WSSPP; a perception that Indian WSSPP is lower quality than WSSPP from United States, Taiwan, Korea, and some other countries; Indian WSSPP transit times are long delivery not consistent; packing is critical because the pipe from India spends more time in transit; and transit time is important to customers.[24]

Table II-5
WSSPP: Significance of differences other than price between WSSPP produced in the United States, India, and nonsubject countries, by country pairs

Country pair	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. India	1	0	0	4	1	3	0	0
Nonsubject countries comparisons:								
U.S. vs. nonsubject	1	0	1	3	0	3	1	0
India vs. nonsubject	0	0	0	3	0	3	1	0

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

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

Respondents assert that WSSPP imported from Indian is good quality, but that there is a perception that it may be lower quality which makes it less competitive with U.S. product.[25] Respondents also report that Indian suppliers do not offer the same range of WSSPP products as U.S. producers, and that U.S. producers offered WSSPP with a wider range of alloys, diameters, and wall thicknesses than Indian producers.[26]

In addition, respondents report that they typically sell to different customers than U.S. producers, and that U.S. producers sell to larger distributors while importer/master distributors of Indian product sell to smaller and midsized distributors. In this section of the market, respondents allege that they compete with importer/master distributors selling mainly other imported WSSPP.[27] Importer and distributor Allied reported that it was "forced to" import because U.S. producers were reluctant to sell to it and because U.S. producers "sell directly to Allied's customers."[28]

[23] One U.S. producer reported that there were "always" differences other than price between U.S. product and that from other countries, but did not give any explanation.

[24] ***.

[25] Conference transcript, p. 76 (Cameron).

[26] Conference transcript, p. 64 (Robinson).

[27] Conference transcript, p. 85 (Lipp).

[28] Respondents' postconference brief, p. 9.

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 and/or *Part VI* and (except as noted) is based on the questionnaire responses of five firms that accounted for the vast majority of U.S. production of WSSPP during 2014.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to seven firms based on information contained in the petition and by public sources as producers of welded stainless steel tubular products. Five firms provided useable data on their productive operations. Staff believes that these responses represent the vast majority of U.S. production of WSSPP.

Table III-I lists U.S. producers of WSSPP, their positions on the petition, their production locations, and their shares of total production.

Table III-1
WSSPP: U.S. producers, their position on the petition, location of production, and share of reported production, January 2012 through June 2015

Firm	Position on petition	Production location(s)	Share of production (percent)
Bristol Metals	Support	Bristol, TN	***
Felker Brothers	Support	Glasgow, KY	***
Marcegaglia	Support	Munhall, PA	***
Outokumpu	Support	Wildwood, FL	***
Webco	***	Mannford, OK Kellyville, OK	***
Total			100.0

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

Table III-2 presents information on U.S. producers' ownership and related and/or affiliated firms.

Table III-2
WSSPP: U.S. producers' ownership, related and/or affiliated firms, since January 2012

* * * * * * *

As indicated in table III-2, no U.S. producer is affiliated with any producers of the subject merchandise in India and no U.S. producers are related to U.S. importers of the subject merchandise or purchase the subject merchandise from U.S. importers.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-3 presents information on U.S. producers' reported changes in operations, including plant openings, plant closings, relocations, expansions, acquisitions, consolidations, prolonged shutdowns or production curtailments, or revised labor agreements since January 1, 2012. ***.[1] In addition, ***. In 2012 and 2014, ***. Bristol Metals laid off 21 union workers in 2014.[2]

Table III-3
WSSPP: U.S. producers' reported changes in operations, since January 1, 2012

Date	Company	Event(s)
March 2012	Rath Gibson	**Acquisition:** Precision Cast Parts Corp. announced plans to acquire RathGibson.
***	***	***.
***	***	***.
***	***	***.
January 2013	Outokumpu	**Operational changes:** Outokumpu permanently ceased production of two mills at the Wildwood, FL facility that make less than 2 inch outside diameter pipe. **Layoffs:** 15 people were laid off at the time of the closure of the two small diameter mills.
October-December 2013	Outokumpu	***.
September 2014-October 2015	Bristol Metals	**Layoffs:** 21 people at Bristol Metals were laid off during this time period (***). ***.
August 2015	Outokumpu	**Layoffs:** 15 people were laid off at Outokumpu. **Operational changes:** Outokumpu Wildwood, FL reduced work hours from 40 to 32 hours per week.
No date	***	***.

Source: Compiled from data submitted in response to Commission questionnaires; *Welded Stainless Steel Pressure Pipe from India, Investigation Nos. 701-TA-548 and 731-TA-1298*; Conference transcript, p. 20, 22, and 26; and American Metal Market.

[1] Outokumpu stated that small sizes cost much more to produce per ton. Conference transcript, p. 22 (Podsiad).

[2] Conference transcript, p. 26 (Hart).

Table III-4 presents data on U.S. producers' overall capacity and production using the same equipment and machinery used to produce WSSPP. *** reported the production of other products on the same equipment and machinery used to produce subject WSSPP. *** reported that it produces ***.[3] *** further explained that its ***.[4] *** reported that it produces ***.[5] *** further explained that it ***.[6] *** produces ***. *** reported that ***.[7] *** reported that it ***.[8] *** reported that it produces ***.[9]

Table III-4
WSSPP: U.S. 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 capacity	81,750	81,750	81,750	40,875	40,875
Production: WSSPP	27,781	26,214	32,470	16,928	12,941
Large diameter WSSP pipe	***	***	***	***	***
Mechanical tubing	***	***	***	***	***
Heater tubing	***	***	***	***	***
Specialized tubing	***	***	***	***	***
All other products	***	***	***	***	***
Out-of-scope production	14,447	15,316	15,204	7,665	6,601
Total production on same machinery	42,228	41,530	47,674	24,593	19,542
	Ratios and shares (percent)				
Overall capacity utilization	51.7	50.8	58.3	60.2	47.8
Share of production: WSSPP	65.8	63.1	68.1	68.8	66.2
Large diameter WSSP pipe	***	***	***	***	***
Mechanical tubing	***	***	***	***	***
Heater tubing	***	***	***	***	***
Specialized tubing	***	***	***	***	***
All other products	***	***	***	***	***
Out-of-scope production	34.2	36.9	31.9	31.2	33.8
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

[3] ***.
[4] E-mail from ***.
[5] ***.
[6] E-mail from ***.
[7] ***.
[8] ***.
[9] ***.

Additional information, including the size ranges, specifications, and grades of stainless steel tubular products (including nonsubject welded stainless steel pipe) manufactured by domestic producers, is presented in table III-5.

Table III-5
Welded austenitic stainless steel pipe and tube, with round cross-sections: U.S. producers and mill locations, size ranges, ASTM specifications, and stainless steel grades

Firm name (mill location)	Size range O.D.	ASTM specifications	Stainless steel grades
Alaskan Copper (Seattle, WA)	3-36 inches	A 312, A 358, A 778	304, 304L, 304H, 309S, 310S, 316, 316L, 316H, 317,317L, 321, 321H, 347, 347H
Bristol Metals (Bristol, TN)	0.5 -144 inches	A 312, A 358, A 409, A 450, A 530, A 778, A 790, A 813, A 814	304, 321, 200, 800, 304L, 321H, 201, 800H, 304H, 347, 400, 800HT, 347H, 825, 316, 600, 316L, 309S, 601, 316H, 309H, 622, 310S, 625, 317, 310H, 686 C276, 317LM, 59, 317LMN, 904L
Felker Brothers (Glaskow, KY) (Marshfield, WI)	2.375-48 inches	A 249, A 269, A 312, A 312, A 774, A 778	304L, 316L, 317L
Marcegaglia (Monhall, PA)	0.405-12.75 inches	A 249, A 268, A 269, A 270, A 312, A 554, A 778	304, 304L, 316, 316L, 316Ti, 317, 317L, 309, 309S, 310, 310S, 347, 347H, 321, 2545MO, 20, 800, 800H, AL6Xn, 25-6MO, 904LV, 409, 430, 430Ti, 439, 29-4C, 2003, 2101, 2205, 2304, 2507,
Outokumpu (Wildwood, FL)	.840-48 inches	A 249, A 268, A 312, A 358, A 409, A 778, A 789, A 790, A 928	204CU, 301, 302, 303, 304, 304L, 304LN, 305, 307, 308, 308L, 308LSi, 316, 316H, 316L, 316LN, 316Ti, 317L, 317LMN, 321, 347, 904L, 410S, 416, 420, 430, 430F, 441, 444, 304H, 321H, 347H, 309H, 309H, 309S, 310H, 310S, 253MA
Rath Gibson (Clarksville, AR) (Janesville, WI) (North Branch, NJ)	0.008-8 inches	A 249, A 269, A 270, A 312, A 450, A 530, A 632, A 688, A 789	200, 304, 304L, 304H,316, 316-H, 316L, 317, 317L, 309S, 309H, 310S, 310H, 310-S, 321, 321H, 347, 347H, 400, 600, 625, 800, 825, 2205 duplex
Webco	0.125-5 inches	A 179, A 210, A 213, A 214, A 249, A 268, A 334, A 512, A 513, A 519 A 556	304, 304L, 309, 310, 316, 316L, 317, 321, 347, 409, 430, 439

Source: Simdex Steel Tube Manufacturers Worldwide Guide (2015), Alaskan Copper, Bristol Metals, Felker Brothers, Marcegaglia, Outokumpu and RathGibson websites.

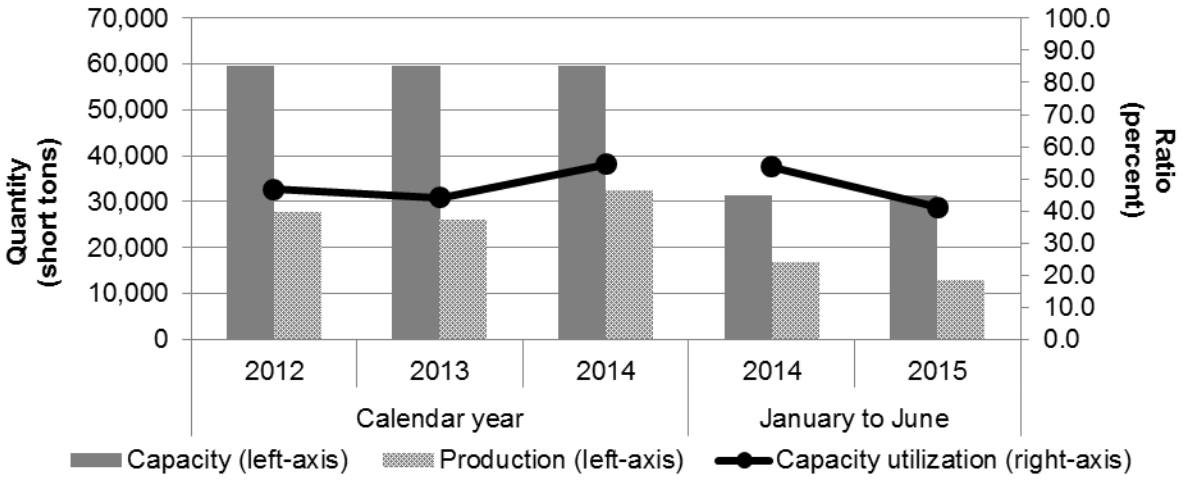
Table III-6 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. U.S. capacity of WSSPP did not change from January 2012 to June 2015. Total U.S. production increased from 2012 to 2014 by 16.9 percent, but decreased by 23.6 percent in January-June 2015 when compared with January-June 2014. Annual capacity utilization rates for WSSPP production increased from 46.7 percent in 2012 to 54.6 percent in 2013, but decreased from 53.7 percent in January-June 2014 to 41.1 percent in January-June 2015.

Table III-6
WSSPP: 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	59,512	59,512	59,512	31,506	31,506
Production	27,781	26,214	32,470	16,928	12,941
	Ratio (percent)				
Capacity utilization	46.7	44.0	54.6	53.7	41.1

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

Figure III-1
WSSPP: 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.

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

Table III-7 presents U.S. producers' U.S. shipments, export shipments, and total shipments. The quantity of U.S. producers' U.S. shipments of WSSPP increased by 9.3 percent from 2012 to 2014, but was 27.6 percent lower in January-June 2015 than in January-June 2014. The value of U.S. producers' U.S. shipments decreased by 4.3 percent from 2012 to 2014, and was 24.1 percent lower in January-June 2015 than in January-June 2014. *** U.S.

producers reported export shipments since 2012. Annual exports as a share of total shipments ranged from a high of *** percent in 2012 to a low of *** percent in 2014. Export destinations included Canada, Mexico, Argentina, and Europe.

Table III-7

WSSPP: U.S. producers' U.S. shipments, export 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	***	***	***	***	***
Subtotal, U.S. shipments	26,321	26,419	28,767	15,770	11,418
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Value (1,000 dollars)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Subtotal, U.S. shipments	122,813	104,086	117,556	62,645	47,554
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Unit value (dollars per short ton)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Subtotal, U.S. shipments	4,666	3,940	4,086	3,972	4,165
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of quantity (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Subtotal, U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of value (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Subtotal, U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

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

Table III-8 presents U.S. producers' commercial shipments of WSSPP by size. WSSPP up to 4 inches was the majority of WSSPP shipments by quantity, while WSSPP from 6 to 14 inches had the highest unit values from 2012 to June 2015.

Table III-8
WSSPP: U.S. producers' commercial U.S. shipments by size, 2012-14, January to June 2014, and January to June 2015

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-9 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**.** U.S. producers' inventories increased by 50.0 percent from 2012 to 2014 and were 44.6 percent higher in January-June 2015 than in January-June 2014.

Table III-9
WSSPP: 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	5,631	4,807	8,446	5,989	8,661
	Ratio (percent)				
Ratio of inventories to.--					
U.S. production	20.3	18.3	26.0	17.7	33.5
U.S. shipments	21.4	18.2	29.4	19.0	37.9
Total shipments	***	***	***	***	***

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

None of the five responding U.S. producers reported direct imports of WSSPP from 2012 to June 2015. *** reported purchases from nonsubject sources of ***, reporting ***.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 shows U.S. producers' employment-related data. In the aggregate, U.S. producers reported a small decline in the number of production and related workers employed in the manufacture of WSSPP from 2012 to 2014. The number of production and related workers were lower in January-June 2015 than in January-June 2014. *** accounted for these declines. (***). Productivity decreased from 2012 to 2013, increased from 2013 to 2014, and was lower in January-June 2015 than in January-June 2014. As with the improvements in domestic industry data for production, capacity utilization, and U.S. shipments in previous tables for full year 2014, the productivity and unit labor costs also improved in 2014. However, interim January-June 2015 data show declines in these same indicators.

Table III-10
WSSPP: 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)	357	361	355	347	336
Total hours worked (1,000 hours)	944	1,004	941	465	452
Hours worked per PRW (hours)	2,644	2,781	2,651	1,340	1,345
Wages paid ($1,000)	16,168	17,382	16,153	7,172	7,155
Hourly wages (dollars per hour)	$17.13	$17.31	$17.17	$15.42	$15.83
Productivity (short tons per 1,000 hours)	29.4	26.1	34.5	36.4	28.6
Unit labor costs (dollars per short tons)	$581.98	$663.08	$497.47	$423.68	$552.89

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

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 16 firms believed to be importers of subject WSSPP, as well as to all U.S. producers of WSSPP.[1] Usable questionnaire responses were received from six companies, representing a majority of U.S. imports from India in 2014 under HTS subheading 7306.40.50.[2] Table IV-1 lists all responding U.S. importers of WSSPP from India and other sources, their headquarters, and their shares of U.S. imports from January 2012 to June 2015.

Table IV-1
WSSPP: U.S. importers, their headquarters, and share of total imports by source, January 2012 through June 2015

Firm	Headquarters	Share of imports by source (percent)		
		India	All other sources	All sources
Comprinox	Petaluma, CA	***	***	***
Norca	Lake Success, NY	***	***	***
Merit Brass	Cleveland, OH	***	***	***
Silbo	Montvale, NJ	***	***	***
Warren Alloy	Houston, TX	***	***	***
All other importers from India[1]		***	***	***
Total		***	***	***

[1] These are the data for all other firms identified as importing from India in proprietary Customs data that make up official U.S. import statistics.

Source: Data submitted in response to Commission questionnaire and proprietary Customs data for all firms reported to have imported from India less those which submitted a response to the Commission's questionnaire.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports under HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, 7306.40.5085, 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090 in 2014.

[2] Imports of WSSPP from India are based on responses to Commission questionnaires and proprietary Customs data to account for foreign producers/exporters in India that did not respond to the Commission questionnaires. Imports of WSSPP from all nonsubject countries are based on official Commerce statistics. Data submitted by responding U.S. importers for imports from India were higher than official Commerce statistics for imports of WSSPP classified under the HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085. The petition noted that WSSPP imports are normally classified under HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085, but that imports may also enter under HTS statistical reporting numbers 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.50.90. Petition, p. 5. Staff believes that the difference between U.S. importer questionnaire responses and official Commerce statistics may be accounted for by U.S. imports entered under HTS statistical reporting numbers 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090.

U.S. IMPORTS[3]

Table IV-2 and figure IV-1 present data for U.S. imports of WSSPP from India and all other sources. From January 2012 to June 2015, Taiwan was the largest foreign supplier of WSSPP to the United States, accounting for 35.8 percent of the quantity of total imports in 2014, and 39.7 percent of the value. Korea was the second largest foreign supplier of WSSPP to the United States, accounting for 21.5 percent of the quantity of total imports in 2014, and 16.8 percent of the value. From 2012 to 2014, the quantity of imports of WSSPP from India increased by almost 7,000 percent, from 291 short tons in 2012 to 20,502 short tons in 2014; and the value increased by 5,630 percent, from $1.1 million in 2012 to $64.7 million in 2014. The quantity and value of imports of WSSPP from India also increased more from January-June 2015 compared with January-June 2014, by 3.8 percent in quantity and 1.1 percent in value. The unit value of imports of WSSPP from India decreased by 18.7 percent from 2012 to 2014, and was 2.6 percent lower in January-June 2015 than in January-June 2014.

[3] The antidumping duty orders on WSSPP from Malaysia, Thailand, and Vietnam were preliminarily imposed in January 2014 and finalized in July 2014. Petitioners contend that demand for WSSPP was growing in 2014 and that the domestic industry should have received relief from unfairly traded imports from Malaysia, Thailand, and Vietnam, but that imports from India negated any relief from these antidumping orders on imports of WSSPP from Malaysia, Thailand, and Vietnam. Conference transcript, p. 99 (Schagrin).

Table IV-2
WSSPP: 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.--					
India	291	2,127	20,502	8,680	9,006
China	1,694	1,544	1,586	689	1,646
Korea	4,740	3,463	14,363	6,083	4,070
Malaysia	5,924	4,370	136	86	92
Taiwan	17,707	18,504	23,901	11,502	9,285
Thailand	6,721	5,685	232	98	84
Vietnam	3,971	2,658	612	214	375
Subtotal, nonsubject with orders[1]	40,757	36,224	40,831	18,671	15,553
Canada	3,682	3,475	4,074	1,755	2,589
All other sources	1,235	468	1,311	649	699
Subtotal, nonsubject without orders	4,917	3,943	5,386	2,404	3,288
Subtotal nonsubject	45,673	40,167	46,217	21,076	18,841
Total U.S. imports	45,964	42,294	66,719	29,756	27,847
	Value (1,000 dollars)				
U.S. imports from.--					
India	1,130	6,931	64,744	28,415	28,720
China	7,057	5,652	5,778	2,510	6,279
Korea	16,637	10,950	42,120	16,299	13,283
Malaysia	19,659	12,458	392	222	295
Taiwan	68,940	63,153	99,312	43,226	32,339
Thailand	24,176	18,025	857	351	374
Vietnam	14,307	8,826	1,911	635	1,128
Subtotal, nonsubject with orders[1]	150,775	119,063	150,370	63,244	53,698
Canada	23,195	19,944	27,929	10,294	18,662
All other sources	8,977	2,938	7,185	3,870	4,948
Subtotal, nonsubject without orders	32,171	22,882	35,114	14,164	23,610
Subtotal nonsubject	182,946	141,945	185,484	77,408	77,308
Total U.S. imports	184,076	148,876	250,228	105,823	106,028

Table continued.

Table IV-2--*Continued*
WSSPP: 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
	Unit value (dollars per short ton)				
U.S. imports from.--					
India	3,883	3,259	3,158	3,274	3,189
China	4,165	3,661	3,643	3,643	3,814
Korea	3,510	3,162	2,933	2,680	3,264
Malaysia	3,319	2,851	2,874	2,578	3,211
Taiwan	3,893	3,413	4,155	3,758	3,483
Thailand	3,597	3,171	3,693	3,576	4,435
Vietnam	3,603	3,320	3,120	2,972	3,012
Subtotal, nonsubject with orders[1]	3,699	3,287	3,683	3,387	3,453
Canada	6,300	5,739	6,855	5,865	7,207
All other sources	7,270	6,277	5,480	5,962	7,079
Subtotal, nonsubject without orders	6,543	5,803	6,520	5,891	7,180
Subtotal nonsubject	4,006	3,534	4,013	3,673	4,103
Total U.S. imports	4,005	3,520	3,751	3,556	3,808
	Share of quantity (percent)				
U.S. imports from.--					
India	0.6	5.0	30.7	29.2	32.3
China	3.7	3.6	2.4	2.3	5.9
Korea	10.3	8.2	21.5	20.4	14.6
Malaysia	12.9	10.3	0.2	0.3	0.3
Taiwan	38.5	43.8	35.8	38.7	33.3
Thailand	14.6	13.4	0.3	0.3	0.3
Vietnam	8.6	6.3	0.9	0.7	1.3
Subtotal, nonsubject with orders[1]	88.7	85.6	61.2	62.7	55.9
Canada	8.0	8.2	6.1	5.9	9.3
All other sources	2.7	1.1	2.0	2.2	2.5
Subtotal, nonsubject without orders	10.7	9.3	8.1	8.1	11.8
Subtotal nonsubject	99.4	95.0	69.3	70.8	67.7
Total U.S. imports	100.0	100.0	100.0	100.0	100.0

Table continued.

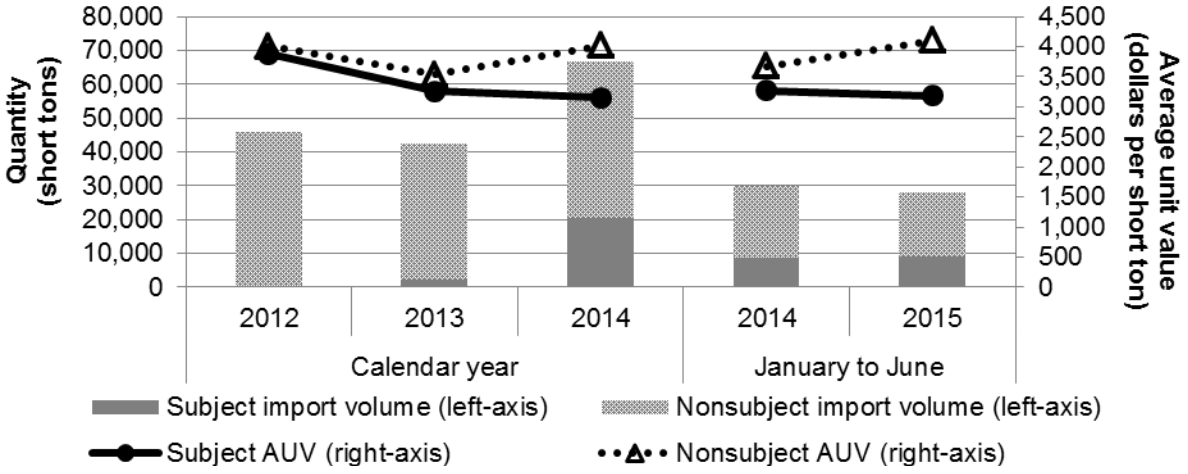
Table IV-2--*Continued*
WSSPP: U.S. imports, by source, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Share of value (percent)				
U.S. imports from.--					
India	0.6	4.7	25.9	26.9	27.1
China	3.8	3.8	2.3	2.4	5.9
Korea	9.0	7.4	16.8	15.4	12.5
Malaysia	10.7	8.4	0.2	0.2	0.3
Taiwan	37.5	42.4	39.7	40.8	30.5
Thailand	13.1	12.1	0.3	0.3	0.4
Vietnam	7.8	5.9	0.8	0.6	1.1
Subtotal, nonsubject with orders[1]	81.9	80.0	60.1	59.8	50.6
Canada	12.6	13.4	11.2	9.7	17.6
All other sources	4.9	2.0	2.9	3.7	4.7
Subtotal, nonsubject without orders	17.5	15.4	14.0	13.4	22.3
Subtotal nonsubject	99.4	95.3	74.1	73.1	72.9
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Ratio to production (percent)				
U.S. imports from.--					
India	1.0	8.1	63.1	51.3	69.6
China	6.1	5.9	4.9	4.1	12.7
Korea	17.1	13.2	44.2	35.9	31.5
Malaysia	21.3	16.7	0.4	0.5	0.7
Taiwan	63.7	70.6	73.6	67.9	71.8
Thailand	24.2	21.7	0.7	0.6	0.7
Vietnam	14.3	10.1	1.9	1.3	2.9
Subtotal, nonsubject with orders[1]	146.7	138.2	125.7	110.3	120.2
Canada	13.3	13.3	12.5	10.4	20.0
All other sources	4.4	1.8	4.0	3.8	5.4
Subtotal, nonsubject without orders	17.7	15.0	16.6	14.2	25.4
Subtotal nonsubject	164.4	153.2	142.3	124.5	145.6
Total U.S. imports	165.5	161.3	205.5	175.8	215.2

[1] Does not take into account any firms that might be excluded from the related orders for the specified countries.

Source: Official Commerce statistics for HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085; data submitted in response to Commission questionnaires; and proprietary Customs data.

Figure IV-1
WSSPP: U.S. import volumes and prices, 2012-14, January to June 2014, and January to June 2015



Source: Official Commerce statistics for HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085; data submitted in response to Commission questionnaires; and proprietary Customs data.

Table IV-3 presents data on U.S. importers' commercial shipments of WSSPP by size in 2014. The share of imports from India by size was concentrated in nominal pipe size ("NPS") of less than 4 inches in diameter for both quantity and value. U.S. importers' commercial shipments of WSSPP from other sources were also concentrated in NPSs of less than 4 inches in diameter for both quantity and value.

Table IV-3
WSSPP: U.S. importers' commercial U.S. shipments by size, 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.[4] 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 4 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.[5] According to official Census data (imports under the five HTS statistical reporting numbers listed in at the beginning of Part IV), U.S. imports from India accounted for 24.7 percent of total imports in the September 2014 through August 2015 period. Data gathered in this proceeding indicate that this share is understated as U.S. imports of WSSPP from India were greater than what was reported in those five statistical reporting numbers over the period of investigation, accounting for closer to one third (32.1 percent for the July 2014 through June 2015 period) of total imports.

APPARENT U.S. CONSUMPTION

Table IV-4 and figure IV-2 present data on apparent U.S. consumption and U.S. market shares for WSSPP. From 2012 to 2014, the quantity of apparent U.S. consumption of WSSPP increased by 32.1 percent and was 13.8 percent lower in January-June 2015 than in January-June 2014. From 2012 to 2014, the value of apparent consumption increased by 19.8 percent and was 8.8 percent lower in January-June 2015 than in January-June 2014. Apparent consumption of WSSPP in 2014 was much higher (160.4 percent) than reported average U.S. capacity.

From 2012 to 2014, U.S. producers' market share decreased by 6.3 percentage points based on quantity and 8.1 percentage points based on value. U.S. producers' market share in January-June 2015 was 5.6 percentage points lower than in January-June 2014 based on quantity and 6.2 percentage points lower based on value. Market share of U.S. imports from India increased throughout the period, by 21.1 percentage points from 2012 to 2014 based on quantity and 17.2 percentage points based on value. In interim January-June 2015 compared

[4] 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)).

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

with January-June 2014, market share of U.S. imports from India increased by 3.9 percentage points based on quantity and 1.8 percentage points based on value.[6]

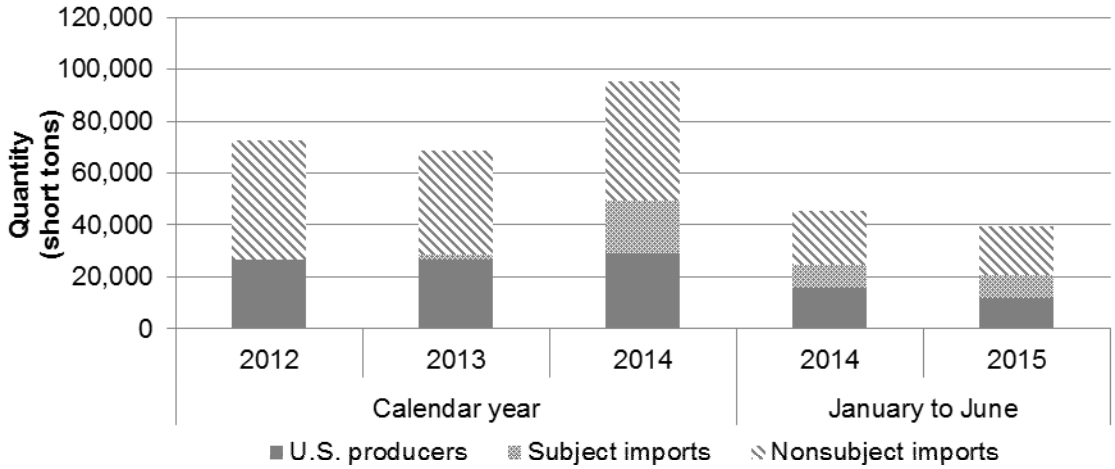
Table IV-4
WSSPP: Apparent U.S. consumption and market shares, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. producers' U.S. shipments	26,321	26,419	28,767	15,770	11,418
U.S. imports from.--					
India	291	2,127	20,502	8,680	9,006
Nonsubject with orders[1]	40,757	36,224	40,831	18,671	15,553
Nonsubject without orders	4,917	3,943	5,386	2,404	3,288
Nonsubject sources	45,673	40,167	46,217	21,076	18,841
Total. U.S. imports	45,964	42,294	66,719	29,756	27,847
Apparent U.S. consumption	72,285	68,713	95,486	45,526	39,265
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	122,813	104,086	117,556	62,645	47,554
U.S. imports from.--					
India	1,130	6,931	64,744	28,415	28,720
Nonsubject with orders[1]	150,775	119,063	150,370	63,244	53,698
Nonsubject without orders	32,171	22,882	35,114	14,164	23,610
Nonsubject sources	182,946	141,945	185,484	77,408	77,308
Total. U.S. imports	184,076	148,876	250,228	105,823	106,028
Apparent U.S. consumption	306,889	252,962	367,784	168,468	153,582
	Share of quantity (percent)				
U.S. producers' U.S. shipments	36.4	38.4	30.1	34.6	29.1
U.S. imports from.--					
India	0.4	3.1	21.5	19.1	22.9
Nonsubject with orders[1]	56.4	52.7	42.8	41.0	39.6
Nonsubject without orders	6.8	5.7	5.6	5.3	8.4
Nonsubject sources	63.2	58.5	48.4	46.3	48.0
Total. U.S. imports	63.6	61.6	69.9	65.4	70.9
	Share of value (percent)				
U.S. producers' U.S. shipments	40.0	41.1	32.0	37.2	31.0
U.S. imports from.--					
India	0.4	2.7	17.6	16.9	18.7
Nonsubject with orders[1]	49.1	47.1	40.9	37.5	35.0
Nonsubject without orders	10.5	9.0	9.5	8.4	15.4
Nonsubject sources	59.6	56.1	50.4	45.9	50.3
Total. U.S. imports	60.0	58.9	68.0	62.8	69.0

[1] Does not take into account any firms that might be excluded from the related orders for the specified countries.
Source: Official Commerce statistics for HTS statistical reporting numbers 7306.40.5005,7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085; data submitted in response to Commission questionnaires; and proprietary Customs data.

[6] Based on official Commerce statistics for HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085; data submitted in response to Commission questionnaires; and proprietary Customs data.

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



Source: Official Commerce statistics for HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085, data submitted in response to Commission questionnaires, and proprietary Customs data.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Flat-rolled stainless steel is the primary raw material used in the production of WSSPP. The cost of flat rolled stainless-steel is influenced by the costs of alloying agents used in its production. Overall, the costs of both AISI stainless steel grades 304 and 316 ("304" and "316") as well as their primary alloying agents (nickel, ferrochrome, and ferromolybdenum) decreased from January 2012 to June 2015. U.S. producers' raw materials costs as a share of the total cost of goods sold (COGS) decreased *** from *** percent in 2012 to *** percent in 2014, then increased to *** percent in the first half of 2015.

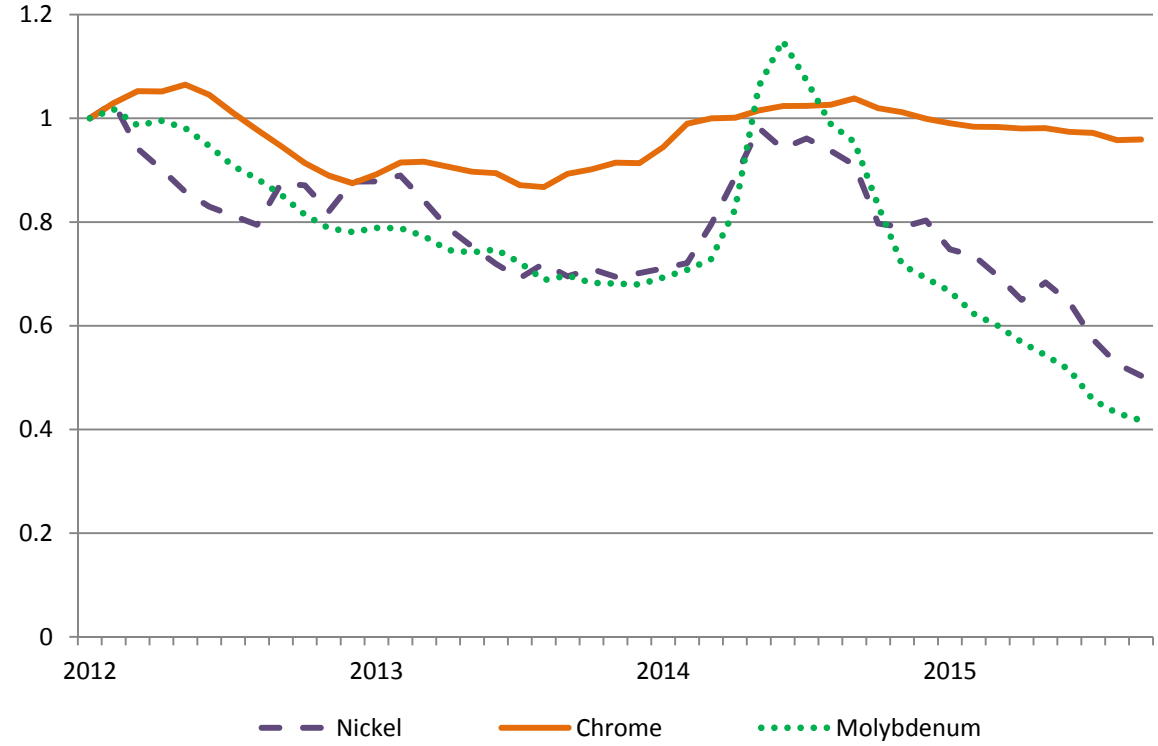
The costs of grades 304 and 316 fluctuated from 2012 to June 2015, but decreased overall by *** percent and *** percent, respectively (figure V-1). Between June and August of 2015, the costs of grades 304 and 316 decreased an additional *** percent and *** percent, respectively. From January 2012 to June 2015 the prices of nickel, ferrochrome, and ferromolybdenum decreased by 35.5 percent, 2.6 percent, and 48.5 percent, respectively (figure V-2). From June to September of 2015, the prices of these materials decreased an additional 22.0 percent, 1.5 percent, and 19.0 percent, respectively.

The price fluctuations of grades 304 and 316 follow similar trends as nickel and molybdenum, though the sizes of the changes differ. The prices of both 304 and 316 reached a period high of $*** per short ton and $*** per short ton, respectively, in March 2012, and reached a period low of $*** per short ton and $*** per short ton, respectively, in August 2015. The price of ferromolybdenum reached a period high of $18.73 per pound in June 2014 and a period low of $6.80 per pound in September 2015. The price of nickel had a period high of 927 cents per pound in January 2012 and a period low of 467 cents per pound in September 2015. The price of ferrochrome fluctuated less, reaching a period high of 119 cents per pound in May 2012 and a period low of 97 cents per pound in August 2013.

Figure V-1
Hot-rolled stainless steel: Prices of U.S. ex-mill hot-rolled AISI grades 304 and 316 stainless steel, including alloy surcharges, by month, January 2012-August 2015

* * * * * * *

Figure V-2
Alloy cost index: Nickel, ferrochrome, and ferromolybdenum spot price index, by month, January 2012-September 2015



Source: American Metal Market.

Three of five responding U.S. producers and four of five responding importers reported that raw material costs had fallen since January 2012.[1] These firms reported that decreased demand in the energy market, a global excess capacity of raw materials, and fluctuating surcharge costs have led to declining prices for WSSPP.

For domestic producers of WSSPP and other stainless steel products, surcharges are often added to a base price to allow for fluctuating raw material costs. Respondents argue that these raw material cost fluctuations are highly influential on the surcharges, making them a significant driver of the market prices of WSSPP. The drop in domestic prices for WSSPP from January 2012 to June 2015, they argue, is therefore driven primarily by raw material costs declines.[2] These published surcharges also leave U.S. producers more vulnerable to commodity price fluctuations, they argue, as customers can demand a reduction in the price of WSSPP through a reduction in the surcharges.[3]

[1] Two U.S. producers and one importer reported that prices of raw materials had fluctuated.

[2] Conference transcript, pp. 53-54 (Mendoza), 60 (Lipp), 66 (Robinson), and 80 (Lipp); Respondents' postconference brief, pp. 2, 4-6, 16-17, Exhibit 2, and Exhibit 10.

[3] Conference transcript, pp. 12-13 (Mendoza), 60 (Lipp), and 66-67 (Robinson).

Petitioners report that 90 to 95 percent of the cost of stainless pipe is in stainless flat-rolled steel, and that an "overwhelming" amount of the costs of stainless steel is from the alloy components of steel.[4] Petitioners argue that though there is a strong correlation between input costs and finished WSSPP, those correlations do not remove the impact of imports, stating that the improved economic performance of U.S. producers in 2014 is due to increased demand and the imposition of the antidumping order on WSSPP imports from Malaysia, Thailand, and Vietnam.[5] Petitioners also report that "the domestic industry producing WSSPP has not … had the ability to impose surcharges for raw materials for many years."[6]

U.S. inland transportation costs

All five responding U.S. producers and four of the five responding importers reported that they typically arrange transportation to their customers. U.S. producers and importers reported that U.S. inland transportation costs ranged from 1 to 5 percent of total costs.

PRICING PRACTICES

Pricing methods

All U.S. producers and importers reported using transaction-by-transaction negotiations (table V-1). U.S. producer *** also reported using set price lists and market feedback to determine its prices.

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

Method	U.S. producers	Importers
Transaction-by-transaction	**5**	**5**
Contract	**0**	**0**
Set price list	**1**	**0**
Other	**1**	**0**

[1] The sum of responses down will 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.

Nearly all of U.S. producers' sales (*** percent) as well as importers' sales (*** percent) were on a spot basis in 2014 (table V-2). The remaining sales were made through short-term contracts. U.S. producer *** reported that it sold 100 percent of its product in the spot market in 2014, but noted that it has had short-term contracts in the past and would likely offer them

[4] Conference transcript, p. 17 (Hendrickson).
[5] Petitioners' postconference brief, pp. 18-19.
[6] Petitioners' postconference brief, p. 19.

again. For those contracts, it reported that prices were not renegotiated during the contract period, the contracts fixed both price and quantity, and it did offer meet-or-release provisions. U.S. producer *** reported that its typical short-term contracts were for 30 days, prices were not renegotiated during the contract period, the contracts fixed both price and quantity, and that it both did and did not offer meet-or-release provisions. Importer *** reported that its typical short-term contracts were for 180 days, that its prices were not renegotiated during the contract period, the contracts fixed both price and quantity, and it did not offer meet-or-release provisions.

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

Type of sale	U.S. producers	Importers
Short-term contracts	***	***
Spot sales	***	***
Total	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

Most U.S. producers (4 of 5) and most importers (4 of 5) quote prices on a delivered basis. Four U.S. producers reported offering quantity discounts, three reported offering annual total volume discounts, and one reported offering discounts based on market feedback. Typical sales terms for U.S. producers were net 30 days (3 of 5 firms), 1 percent 10 days net 30 (one firm), and ½ percent 10 days net 30 (one firm). No importers reported offering discounts, and typical sales terms were net 30 days (4 of 5 firms) and net 60 days (one firm).

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 WSSPP products shipped to unrelated U.S. customers during January 2012-June 2015.

Product 1.—ASTM A 312, welded, grade AISI 304/304L pipe, 1-inch schedule 40

Product 2.—ASTM A 312, welded, grade AISI 304/304L pipe, 2-inch schedule 40

Product 3.—ASTM A 312, welded, grade AISI 304/304L pipe, 0.5-inch schedule 10

Product 4.— ASTM A 312, welded, grade AISI 304/304L pipe, 6-inch schedule 10

All five responding U.S. producers and all five responding importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[7] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of WSSPP and *** percent of U.S. shipments of subject imports from India in 2014. Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-3 to V-6.

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

Period	United States		India		
	Price *(dollars per foot)*	Quantity *(feet)*	Price *(dollars per foot)*	Quantity *(feet)*	Margin *(percent)*
2012: Jan.-Mar.	3.44	116,366	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	2.90	77,676	---	---	---
Oct.-Dec.	***	***	---	---	---
2013: Jan.-Mar.	3.38	106,228	---	---	---
Apr.-June	3.03	104,364	***	***	***
July-Sept.	2.66	99,308	***	***	***
Oct.-Dec.	***	***	***	***	***
2014: Jan.-Mar.	2.68	145,783	2.49	242,474	7.1
Apr.-June	***	***	2.74	296,233	***
July-Sept.	***	***	2.87	284,799	***
Oct.-Dec.	3.13	113,816	2.85	219,600	9.1
2015: Jan.-Mar.	2.85	48,499	2.76	199,820	3.1
Apr.-June	2.74	49,278	2.66	185,163	2.9

[1] Product 1: ASTM A 312, welded, grade AISI 304/304L pipe, 1-inch schedule 40.

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

[7] 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-4
WSSPP: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2012-June 2015

Period	United States		India		
	Price *(dollars per foot)*	Quantity *(feet)*	Price *(dollars per foot)*	Quantity *(feet)*	Margin *(percent)*
2012: Jan.-Mar.	6.94	72,767	---	---	---
Apr.-June	6.68	53,028	---	---	---
July-Sept.	6.63	75,692	---	---	---
Oct.-Dec.	5.66	47,027	***	***	***
2013: Jan.-Mar.	5.95	73,392	***	***	***
Apr.-June	6.06	68,336	***	***	***
July-Sept.	5.59	120,159	***	***	***
Oct.-Dec.	5.69	88,172	***	***	***
2014: Jan.-Mar.	5.52	154,060	5.26	177,301	4.8
Apr.-June	6.15	144,022	5.90	170,902	4.1
July-Sept.	6.74	82,404	6.16	211,143	8.6
Oct.-Dec.	6.25	101,187	6.05	196,857	3.2
2015: Jan.-Mar.	6.26	97,783	***	***	***
Apr.-June	5.32	127,271	5.58	167,470	(4.9)

[1] Product 2: ASTM A 312, welded, grade AISI 304/304L pipe, 2-inch schedule 40.

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

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

Period	United States		India		
	Price *(dollars per foot)*	Quantity *(feet)*	Price *(dollars per foot)*	Quantity *(feet)*	Margin *(percent)*
2012: Jan.-Mar.	***	***	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---
Oct.-Dec.	***	***	---	---	---
2013: Jan.-Mar.	***	***	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---
Oct.-Dec.	***	***	---	---	---
2014: Jan.-Mar.	***	***	1.09	28,960	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	1.24	28,440	***
Oct.-Dec.	***	***	1.26	11,920	***
2015: Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***

[1] Product 3: ASTM A 312, welded, grade AISI 304/304L pipe, 0.5-inch schedule 10.

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

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

Period	United States		India		
	Price *(dollars per foot)*	Quantity *(feet)*	Price *(dollars per foot)*	Quantity *(feet)*	Margin *(percent)*
2012: Jan.-Mar.	17.62	44,235	---	---	---
Apr.-June	17.29	87,211	---	---	---
July-Sept.	15.29	54,341	---	---	---
Oct.-Dec.	15.89	32,696	***	***	***
2013: Jan.-Mar.	15.48	30,269	***	***	***
Apr.-June	15.24	41,215	***	***	***
July-Sept.	14.21	52,563	***	***	***
Oct.-Dec.	14.56	56,799	***	***	***
2014: Jan.-Mar.	14.68	64,848	14.03	58,463	4.4
Apr.-June	15.89	66,169	16.18	60,234	(1.9)
July-Sept.	16.84	47,874	15.74	73,078	6.5
Oct.-Dec.	16.49	44,859	15.43	79,568	6.4
2015: Jan.-Mar.	17.16	35,714	***	***	***
Apr.-June	15.30	33,324	***	***	***

[1] Product 4: ASTM A 312, welded, grade AISI 304/304L pipe, 6-inch schedule 10.

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

Figure V-3
WSSPP: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2012-June 2015

* * * * * * *

Figure V-4
WSSPP: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2012-June 2015

* * * * * * *

Figure V-5
WSSPP: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2012-June 2015

* * * * * * *

Figure V-6
WSSPP: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2012-June 2015

* * * * * * *

Price trends

Prices for U.S.-produced WSSPP decreased during January 2012 to June 2015. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from 13.2 to 23.3 percent.[8]

Table V-7
WSSPP: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and India

Item	Number of quarters	Low price (per unit)	High price (per unit)	Change in price[1] (percent)
Product 1				
United States	14	***	***	(20.5)
India	9	2.49	2.87	---
Product 2				
United States	14	5.32	6.94	(23.3)
India	11	5.26	***	---
Product 3				
United States	14	***	***	***
India	6	***	1.26	---
Product 4				
United States	14	14.21	17.62	(13.2)
India	11	***	16.18	---

[1] Percentage change from the first quarter of 2012 to the second quarter of 2015. Prices for imports of Indian WSSPP are not listed in the table, as pricing data were not available for the first and last quarters of the period of investigation.

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

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[8] Importers did not report price data for between three and eight quarters of the beginning of the period of investigation. During the time spans for which pricing data were available from both importers and U.S. producers, overall prices of imports of Indian WSSPP increased for product 1 and decreased for products 2-4, while prices of U.S.-produced WSSPP increased for product 3 and decreased for products 1, 2, and 4.

For product 1, the price of Indian product increased by *** percent and the price of domestic product decreased by *** percent between Q1 of 2013 and Q2 of 2015; for product 2, the price of Indian product decreased by *** percent and the price of domestic product decreased by *** percent between Q4 of 2012 and Q2 of 2015; for product 3, the price of Indian product decreased by *** percent and the price of domestic product increased by *** percent between Q1 of 2014 and Q2 of 2015; and for product 4, the price of Indian product decreased by *** percent and the price of domestic product decreased by *** percent between Q4 of 2012 and Q2 of 2015.

Price comparisons

As shown in table V-8, prices for WSSPP imported from India were below those for U.S.-produced product in 28 of 37 instances (2.7 million feet); margins of underselling ranged from *** to *** percent. In the remaining nine instances, prices for WSSPP imported from India were between *** and *** percent above prices for the domestic product.

Table V-8
WSSPP: Instances of underselling/overselling of WSSPP from India and the range and average of margins, by product, January 2012-June 2015

Source	Underselling				
	Number of quarters	Quantity[1] (feet)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	6	1,132,836	***	***	***
Product 2	7	938,175	***	***	***
Product 3	6	272,725	***	***	***
Product 4	9	378,672	***	***	***
Total, India	28	2,722,408	10.2	***	***
Source	**(Overselling)**				
	Number of quarters	Quantity[1] (feet)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	3	371,349	***	***	***
Product 2	4	183,123	***	***	***
Product 3	0	0	---	---	---
Product 4	2	60,758	***	***	***
Total, India	9	615,230	(2.5)	***	***

[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.

Respondents argue that the volume of subject imports was lower than the volume of imports from Korea and Taiwan throughout the period of investigation, and the AUVs for Indian product are higher than the AUVs from Korea beginning in March 2015 and higher than the AUVs from Taiwan beginning in May 2015.[9] They also argue that U.S. prices were increasing at the same time Indian imports were rising, and that U.S. prices began to decline again in 2015

[9] Conference transcript, pp. 13 (Mendoza), 25 (Brunswick), and 51-54 (Mendoza); Respondents' postconference brief, pp. 8-9, 13-15, and Exhibit 5.

after Indian import volumes had already begun to decline.[10] These points, they assert, suggest that it is not subject imports that drove prices downward, but intra-industry competition.[11]

Petitioners argue that in 2012 Indian AUVs were the lowest of any import source, in 2013 the only lower AUVs were from Thailand and Malaysia – countries that were subsequently found to be unfairly traded and causing injury, and in the first half of 2015 all of the countries with lower AUVs than India (Korea, Vietnam, Malaysia, and France) also had lower import volumes.[12]

LOST SALES AND LOST REVENUE

The Commission requested U.S. producers of WSSPP to report purchasers where they experienced instances of lost sales or revenue due to competition from imports of WSSPP from India during January 2012 to June 2015. U.S. producers were also asked to provide information regarding the timing, method of sale, and product type related to the lost sales and lost revenue allegations. None of the five responding U.S. producers identified specific firms, products, or instances for which they lost sales or revenue. Petitioners reported that it is difficult to trace specific lost sales and lost revenues because the vast majority of WSSPP is sold through distributors and service centers.[13] Respondents argue that Petitioners' inability to provide specific allegations as well as the diminishing margins of underselling heading into 2015 suggest that U.S. producers were not losing sales or revenue to imports from India.[14]

All of the five responding U.S. producers, however, reported that they lost sales to Indian imports during the period of investigation. All five also reported that they had to reduce prices, and three of five U.S. producers reported that they had to roll back announced price increases.

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[10] Respondents' postconference brief, p. 16.

[11] Respondents argue that one U.S. producer in particular, ***, has frequently and aggressively undersold its domestic competitors. Respondents' postconference brief, pp. 2, 20-22, and exhibit 13.

[12] Respondents' postconference brief, pp. 19-20. Staff notes that imports of Indian WSSPP were significantly lower in 2012 than in 2015. See table IV-2 of this report.

[13] Petition, p. 24; Petitioners' postconference brief, pp. 13-14.

[14] Conference transcript, p. 14 (Mendoza).

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Five U.S. producers (Bristol Metals, Felker Brothers, Marcegaglia, Outokumpu, and Webco) provided financial data on their operations on WSSPP. These data are believed to account for nearly all U.S. production of WSSPP in 2014. *** were the only firms to report sales other than commercial sales. *** firms reported internal consumption which, in total, accounted for *** percent of total net sales value between January 2012 and June 2015.[1] All firms reported a fiscal year end of December 31 except ***.

OPERATIONS ON WSSPP

Income-and-loss data for U.S. producers of WSSPP are presented in table VI-1, while selected financial data, by firm, are presented in table VI-2. The reported profitability of the U.S. industry *** from 2012-14. The reported aggregate net sales quantity *** percent from 2012-14, while the aggregate net sales value *** percent during this time. Collectively, the aggregate cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses *** during this time. As a result of the *** in operating costs and expenses as compared to revenue, aggregate operating income *** from 2012-14. Gross and net profitability followed generally similar trends during this time.

Net sales were *** and *** in January-June 2015 as compared to January-June 2014. The reported aggregate net sales quantity and value were ***, respectively. Collectively, operating costs and expenses ***. As a result of the *** in operating costs and expenses as compared to revenue, the aggregate *** in January-June 2015 than in January-June 2014. Gross and net profitability followed generally similar trends during this time. [2]

[1] ***.

[2] Gross profit reflects revenue minus COGS, and is not affected by SG&A expenses. Operating income reflects gross profit minus SG&A expenses. Net income reflects operating income minus "other income and expenses." Other income and expenses *** percent from 2012 to 2014, and were *** in January-June 2015 than in January-June 2014. Other income and expenses accounted for an average of *** percent of all reported costs during January 2012 to June 2015. While gross, operating, and net profitability *** from 2012 to 2014, as well as between the comparable interim periods, the industry experienced *** in all three measures in 2013, with *** in that year as revenue *** than operating costs and expenses. *** occurred in both interim periods, and ***.

On a per short ton basis, raw material costs *** from 2012-14, and were also *** in interim 2015 compared to interim 2014. Direct labor, other factory costs, and SG&A expenses also *** on a per short ton basis from 2012-14. In January-June 2015 compared to January-June 2014, direct labor, other factory costs, and SG&A expenses *** on a per short ton basis as total net sales volume ***. As a ratio to net sales, raw material costs generally *** during the period examined; all other operating costs and expenses generally *** as total net sales value ***.

Table VI-1
WSSPP: Results of operations of U.S. producers, 2012-14, January-June 2014, and January-June 2015

* * * * * * *

Table VI-2
WSSPP: Selected results of operations of U.S. producers, by firm, 2012-14, January-June 2014, and January-June 2015

* * * * * * *

Raw material costs accounted for an average *** percent of total COGS for the reporting period, and had a notable impact on the increase or decrease in COGS during this time.[3] SG&A expenses accounted for an average *** percent of total operating costs and expenses for the reporting period, and also had a notable impact on the industry's reported profitability. U.S. producers experienced *** throughout the period examined; however, ***.[4] [5] ***.[6] In these investigations, ***.[7] [8]

[3] ***.
[4] ***.
[5] ***.
[6] Postconference brief of Respondents, pp. 23-25.
[7] *See* staff notes to the file, Oct. 29, 2015.
[8] ***.

Variance analysis

The variance analysis presented in table VI-3 is based on the data in table VI-1.[9] The analysis shows that the *** in operating income from 2012 to 2014 is primarily attributable to a ***. Between the comparable interim periods, the *** is attributable to ***.

Table VI-3
WSSPP: Variance analysis on the operations of U.S. producers, 2012-14, and January-June 2014-15

* * * * * * *

Capital expenditures, research and development expenses, total assets, and return on assets

The responding firms' aggregate data on capital expenditures, research and development ("R&D") expenses, and total assets are shown in table VI-4. *** reported capital expenditure data, and *** reported research and development ("R&D") expenses. Aggregate capital expenditures *** from 2012 to 2014, and *** in January-June 2015 compared to January-June 2014. ***.[10] The total assets utilized in the production, warehousing, and sale of WSSPP *** from $*** in 2012 to $*** in 2014, and the ROA *** from *** percent in 2012 to *** percent in 2014.[11] [12]

Table VI-4
WSSPP: Capital expenditures, R&D expenses, total assets, and return on assets ("ROA") of U.S. producers, 2012-14, January-June 2014, and January-June 2015

* * * * * * *

[9] 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 variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively; and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances.

[10] U.S. producers' questionnaire response of ***, question III-13.

[11] The return on assets is calculated as operating income divided by total assets. With respect to a firm's overall operations, the total asset value reflects an aggregation of a number of assets which are generally not product specific. Thus, high-level allocations are generally required in order to report a total asset value for the subject product.

[12] ***.

Capital and investment

The Commission requested that U.S. producers of WSSPP describe any negative effects of imports of WSSPP from India on their firms' 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. A summary of U.S. producers' responses are shown in table VI-5. Firm-specific responses are provided in appendix D.

Table VI-5
WSSPP: Negative effects of imports as reported by U.S. producers, by factor

* * * * * * *

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,*

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[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 INDIA

The Commission issued foreign producers' or exporters' questionnaires to 13 firms believed to produce and/or export WSSPP from India.[3] Useable responses to the Commission's questionnaire were received from seven firms: Apex Tubes; Bhandari Foils & Tubes; Hindustan Inox Ltd. ("Hindustan Inox"); Prakash Steelage; Ratnamani Metals & Tubes Ltd.; Steamline Industries Ltd. ("Steamline Industries"); and Sunrise Stainless. These firms' exports to the United States accounted for approximately 95.1 percent of U.S. imports of WSSPP from India in 2014. According to estimates requested of the responding Indian producers, the production of WSSPP in India reported in this part of the report accounts for at least 37 percent of overall production of WSSPP in India.[4] Table VII-1 presents information on the WSSPP operations of the responding producers and exporters in India.

Table VII-1
WSSPP: Summary data on firms in India, January 2012 through June 2015 aggregated

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)
Apex Tubes	***	***	***	***	***	***
Bhandari Foils & Tubes	***	***	***	***	***	***
Hindustan Inox	***	***	***	***	***	***
Prakash Steelage	***	***	***	***	***	***
Ratnamani Metals & Tubes	***	***	***	***	***	***
Streamline Industries	***	***	***	***	***	***
Sunrise Stainless	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

Two Indian producers' reported changes in operations since 2012. *** is a new producer of WSSPP and started operations in 2013. *** experienced ***.

Table VII-2 presents data on the industry in India from responding Indian producers. Indian capacity to produce WSSPP grew by 29.3 percent from 2012 to 2014 and is projected to be unchanged in 2015 and 2016. Indian producers' production of WSSPP grew by over 100 percent from 2012 to 2014, and increased by 18.3 percent in interim January-June 2015 when compared with the same period in 2014. Indian producers expect that production of WSSPP will continue to grow in 2015 and 2016. In 2012, Indian producers' home market shipments of WSSPP were 90.1 percent of their total shipments, while export shipments to the United States

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

[4] Three Indian firms, ***, did not provide estimates of the overall WSSPP production in India accounted by their production of WSSPP.

were 3.3 percent of total shipments. Two years later, in 2014, home market shipments of WSSPP declined to 32.5 percent of their total shipments, while export shipments of WSSPP to the United States jumped to 64.3 percent of total shipments.

Table VII-2

WSSPP: Data on industry in India, 2012-14, January to June 2014, and January to June 2015 and projected 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	40,952	44,552	52,952	37,883	37,883	52,952	52,952
Production	14,541	19,956	30,446	13,432	15,894	31,364	34,621
End-of-period inventories	807	759	903	817	1,144	1,266	1,131
Shipments:							
Home market shipments:							
Internal consumption/ transfers	1,321	1,273	1,114	431	1,454	2,883	3,185
Commercial shipments	11,748	13,749	8,726	4,316	5,078	12,188	17,505
Subtotal, home market shipments	13,069	15,022	9,840	4,747	6,532	15,071	20,690
Export shipments to:							
United States	474	4,184	19,494	8,340	8,503	14,694	11,150
All other markets	966	797	966	286	616	1,345	2,916
Total exports	1,440	4,981	20,460	8,626	9,119	16,039	14,066
Total shipments	14,509	20,003	30,300	13,373	15,651	31,110	34,756
	Ratios and shares (percent)						
Capacity utilization	35.5	44.8	57.5	35.5	42.0	59.2	65.4
Inventories/production	5.5	3.8	3.0	3.0	3.6	4.0	3.3
Inventories/total shipments	5.6	3.8	3.0	3.1	3.7	4.1	3.3
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	9.1	6.4	3.7	3.2	9.3	9.3	9.2
Home market shipments	81.0	68.7	28.8	32.3	32.4	39.2	50.4
Subtotal, home market shipments	90.1	75.1	32.5	35.5	41.7	48.4	59.5
Export shipments to:							
United States	3.3	20.9	64.3	62.4	54.3	47.2	32.1
All other markets	6.7	4.0	3.2	2.1	3.9	4.3	8.4
Total exports	9.9	24.9	67.5	64.5	58.3	51.6	40.5
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Table VII-3 presents data on Indian producers' overall capacity to produce subject WSSPP as well as nonsubject products on the same equipment and machinery. Four of seven responding Indian producers reported that they are able to shift production between WSSPP and nonsubject products on the same equipment and machinery. Production of WSSPP is the largest share these producers' overall production on the same equipment and machinery.

Table VII-3
WSSPP: Indian 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 capacity	43,382	51,902	61,382	42,098	42,098
Production: WSSPP	14,541	19,956	30,446	13,432	15,894
Large diameter WSSP pipe	***	***	***	***	***
Mechanical tubing	***	***	***	***	***
Heater tubing	***	***	***	***	***
Specialized tubing	***	***	***	***	***
All other products	***	***	***	***	***
Out-of-scope production	10,415	8,658	6,981	3,176	3,840
Total production on same machinery	24,956	28,614	37,427	16,608	19,734
	Ratios and shares (percent)				
Overall capacity utilization	57.5	55.1	61.0	39.5	46.9
Share of production: WSSPP	58.3	69.7	81.3	80.9	80.5
Large diameter WSSP pipe	***	***	***	***	***
Mechanical tubing	***	***	***	***	***
Heater tubing	***	***	***	***	***
Specialized tubing	***	***	***	***	***
All other products	***	***	***	***	***
Out-of-scope production	41.7	30.3	18.7	19.1	19.5
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

Table VII-4 presents information on India's global exports of circular welded tubes, pipes, and hollow profiles of stainless steel (HS 7306.40) during 2012-14 as reported by *Global Trade Atlas*. At the 6-digit HS level, circular welded tubes, pipes, and hollow profiles of stainless steel together form a broader category than Commerce's scope of WSSPP not exceeding 14 inches OD. Thus, HS 7306.40 includes pipes with larger outside diameters, mechanical tubing, pressure tubing, and other specialized tubing that is outside of the scope of these investigations.

The United States is India's largest export market for circular welded tubes, pipes, and hollow profiles of stainless steel by quantity and by value, accounting for 69.8 percent of India's exports by quantity under HS 7306.40 in 2014.

Table VII-4
WSSPP: India's exports by destination market, 2012-14

Destination	Calendar year			Calendar year		
	2012	2013	2014	2012	2013	2014
	Quantity (short tons)			Share of quantity (percent)		
India's exports to the United States	965	4,110	15,356	19.8	44.1	69.8
India's exports to other top destination markets.--						
United Arab Emirates	292	406	1,161	6.0	4.4	5.3
Brazil	924	1,527	1,121	19.0	16.4	5.1
Ethiopia	27	1	874	0.6	0.0	4.0
Turkey	143	87	809	2.9	0.9	3.7
Egypt	12	159	336	0.2	1.7	1.5
Korea South	1,224	349	207	25.2	3.7	0.9
Italy	36	173	196	0.7	1.9	0.9
Iran	0	208	195	0.0	2.2	0.9
China	0	5	28	0.0	0.1	0.1
All other destination markets	1,241	2,296	1,703	25.5	24.6	7.7
Total India exports	4,864	9,320	21,984	100.0	100.0	100.0
	Value ($1,000)			Unit value (dollars per short ton)		
India's exports to the United States	3,648	13,687	48,519	3,782	3,330	3,160
India's exports to other top destination markets.--						
United Arab Emirates	1,023	1,487	4,245	3,501	3,665	3,657
Brazil	2,619	4,223	3,021	2,833	2,766	2,696
Ethiopia	147	2	2,164	5,415	2,893	2,477
Turkey	632	554	2,537	4,423	6,402	3,138
Egypt	32	355	1,052	2,774	2,228	3,131
Korea South	8,868	3,211	1,831	7,246	9,197	8,860
Italy	286	896	737	7,935	5,185	3,755
Iran	0	556	706	([1])	2,674	3,621
China	0	26	136	([1])	5,286	4,812
All other destination markets	5,181	9,014	7,061	4,176	3,925	4,147
Total India exports	22,437	34,011	72,009	4,613	3,649	3,275

[1] Not applicable.

Source: Exports reported by India's Ministry of Commerce in the GTIS/GTA database under HTS subheading 7306.40, accessed October 8, 2015. Data reported under subheading 7306.40 includes some merchandise outside of the scope of this investigation such as heater tubing, mechanical tubing and other circular welded stainless steel tubular products not matching the scope as defined in the petition. Comparing official U.S. imports statistics with those from India for the HTS statistical reporting numbers that more closely align with the petition's scope and comparing those data to the data reported by India's Ministry of Commerce exports to the United States under the broader HTS subheading, staff estimates that subject merchandise accounts for approximately 4/5th of the reported data (e.g., the vast majority) in this table.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-5 presents data on U.S. importers' reported inventories of WSSPP from January 2012 to June 2015. Inventories of WSSPP imports from India were much higher in 2014 than in the previous two years,[5] while inventories of imports from all other sources were much lower in 2014. Overall inventories of WSSPP imports from all sources fluctuated somewhat but were virtually unchanged from 2012 to 2014.

Table VII-5
WSSPP: 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 WSSPP from India after June 30, 2015. Table VII-6 presents U.S. importers responses on their arranged imports.

Table VII-6
WSSPP: Arranged imports, July 2015-June 2016

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

All five responding U.S. importers and all seven responding foreign producers/exporters in India reported no known trade remedy actions on WSSPP from India in third-country markets.

[5] Respondents testified that orders for WSSPP from India take much longer to deliver and are often unreliable. Deliveries of orders from India are expected in five to six months but typically are delivered in nine to ten months, with some orders being delivered beyond 12 months. They also stated that "deliveries have been delayed and sometimes certain items ship and other items don't," and that master distributors need to hold more inventories to cover orders. Conference transcript, pp. 71 (Lipp), 72, 74 (Robinson), and 72 (Cameron).

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 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.'"[6]

As discussed in Part IV of this report, the leading nonsubject sources of WSSPP (ranked in order by largest quantity of imports to the United States with India ranked third during 2012-2014) were Taiwan (1st), Korea (2nd), Canada(4th), Thailand (5th), Malaysia (6th), Vietnam (7th), and China (8th). Canada is the only leading nonsubject country not currently subject to U.S. trade remedy actions.

As noted in table I-1, China, Malaysia, Thailand, and Vietnam have orders in place on WSSPP made to ASTM A 312, A 778, or A 358 (if produced to A 312 and A 358 specifications up to 14 inches in outside diameter).[7] China's order has been in place since 2009 (reviewed July 2014, and still in place) and the orders for Malaysia, Thailand and Vietnam have been in place since late 2014. Meanwhile, Korea and Taiwan have had orders in place since 1991 on ASTM A 312 pipe only, but the orders have no restriction on outside diameter.

Canada

Table VII-7 presents information on Canada's global exports under HS 7306.40 during 2012-14. Canada's largest export market by quantity and value is the United States, which accounted for 98 percent of Canada's exports under HS 7306.40 in 2014. Outside of the United States, Canada's markets for WSSPP are small—primarily Guatemala, Japan and Australia. According to SIMDEX, Canadian WSSPP producers include: Associated Tube Canada,[8] Douglas Barwick, and Fischer Canada (Stainless Steel Tubing Inc.).[9] Canada's export unit values were higher than the other nonsubject countries.

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[6] *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).

[7] The product scope for the orders in plan on China, Malaysia, Thailand and Vietnam is identical to the scope for WSSPP from India.

[8] BSI, Certificate: Associated Tube Canada, July 22, 2014.

[9] SIMDEX, "The SIMDEX Metal Tube Manufacturers World Wide Guide," accessed October 23, 2015.

Table VII-7

Circular welded tubes, pipes, and hollow profiles of stainless steel: Canada's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

Destination	Calendar year			Calendar year		
	2012	2013	2014	2012	2013	2014
	Quantity (short tons)			Share of quantity (percent)		
Canada's exports to the United States	15,720	17,362	20,778	95.4	98.3	98.3
Canada's exports to other top destination markets.--						
United Kingdom	78	37	69	0.5	0.2	0.3
Guatemala	0	0	60	0.0	0.0	0.3
Japan	30	2	50	0.2	0.0	0.2
Australia	18	14	33	0.1	0.1	0.2
Ireland	46	78	27	0.3	0.4	0.1
Brazil	16	4	24	0.1	0.0	0.1
China	48	7	16	0.3	0.0	0.1
Peru	0	0	11	0.0	0.0	0.1
Poland	1	0	11	0.0	0.0	0.1
All other destination markets	526	166	53	3.2	0.9	0.3
Total Canada exports	16,483	17,669	21,132	100.0	100.0	100.0
	Value ($1,000)			Unit value (dollars per short ton)		
Canada's exports to the United States	100,686	106,702	131,395	6,405	6,146	6,324
Canada's exports to other top destination markets.--						
United Kingdom	570	293	522	7,315	7,978	7,528
Guatemala	0	0	282	([1])	([1])	4,731
Japan	296	13	308	9,866	6,648	6,092
Australia	119	95	215	6,787	6,807	6,527
Ireland	384	642	206	8,313	8,214	7,637
Brazil	106	27	138	6,685	6,588	5,755
China	315	43	104	6,628	6,601	6,353
Peru	3	0	65	6,691	([1])	6,030
Poland	10	0	65	6,620	([1])	6,175
All other destination markets	4,272	1,355	307	8,119	8,188	5,795
Total Canada exports	106,762	109,170	133,607	6,477	6,179	6,323

[1] Not applicable.

Source: Exports reported by Statistics Canada in the GTIS/GTA database under HTS subheading 7306.40, accessed 10/21/15. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation.

China

Table VII-8 presents information on China's global exports under HS 7306.40 during 2012-14. China's largest export market by both quantity and value is Thailand, which accounted for 10.0 percent of China's exports in 2014. Other large markets for China include Malaysia and India, which respectively accounted for 6.8 percent and 6.4 percent of China's exports in 2014. By comparison, the United States accounted for 3.2 percent of China's exports in 2014. Myanmar and Pakistan are larger export markets for China based on quantity, but the United States is ahead of them in terms of value. SIMDEX lists 40 companies in China that have the capability to produce stainless steel pipe to the ASTM A 312 specification.[10]

Table VII-8

Circular welded tubes, pipes, and hollow profiles of stainless steel: China's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

Destination	Calendar year			Calendar year		
	2012	2013	2014	2012	2013	2014
	Quantity (short tons)			Share of quantity (percent)		
China's exports to the United States	3,572	3,777	4,637	2.9	2.8	3.2
China's exports to other top destination markets.--						
Thailand	13,888	13,609	14,264	11.4	10.3	10.0
Malaysia	4,850	8,215	9,759	4.0	6.2	6.8
India	12,336	12,821	9,210	10.1	9.7	6.4
Myanmar	4,564	6,730	7,523	3.7	5.1	5.3
Pakistan	3,592	5,210	7,105	2.9	3.9	5.0
Indonesia	13,056	11,074	7,035	10.7	8.3	4.9
Iran	4,854	5,503	6,918	4.0	4.1	4.8
South Korea	3,232	3,282	4,274	2.7	2.5	3.0
Nigeria	1,385	2,576	4,072	1.1	1.9	2.8
All other destination markets	56,556	59,913	68,198	46.4	45.1	47.7
Total China exports	121,884	132,711	142,994	100.0	100.0	100.0

Table continued.

[10] SIMDEX, "The SIMDEX Metal Tube Manufacturers World Wide Guide," accessed October 23, 2015.

Table VII-8--*Continued*

Circular welded tubes, pipes, and hollow profiles of stainless steel: China's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

Destination	Value ($1,000)			Unit value (dollars per short ton)		
China's exports to the United States	14,224	14,438	20,761	3,982	3,822	4,477
China's exports to other top destination markets.--						
Thailand	29,429	32,852	44,389	2,119	2,414	3,112
Malaysia	13,194	32,709	39,426	2,721	3,982	4,040
India	26,902	41,702	31,462	2,181	3,253	3,416
Myanmar	6,667	12,703	14,452	1,461	1,888	1,921
Pakistan	7,786	11,462	13,038	2,168	2,200	1,835
Indonesia	31,222	35,147	26,460	2,391	3,174	3,761
Iran	11,492	12,586	18,519	2,368	2,287	2,677
South Korea	7,588	8,317	10,116	2,348	2,534	2,367
Nigeria	3,701	8,987	14,514	2,672	3,489	3,565
All other destination markets	155,005	210,884	257,136	2,741	3,520	3,770
Total China exports	307,210	421,787	490,274	2,521	3,178	3,429

Source: Exports reported by China Customs in the GTIS/GTA database under HTS subheading 7306.40, accessed October 21, 2015. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation.

Korea

Table VII-9 presents information on Korea's global exports under HS 7306.40 during 2012-14. The United States is Korea's largest export market in terms of both quantity and value of exports under HS 7306.40. Korea's exports of circular welded tubes, pipes, and hollow profiles of stainless steel to the United States accounted for 42.1 percent of its total exports of these products in 2014. After the United States, Korea's largest markets are in China, Indonesia, Japan, and Thailand. South Korean manufacturers of pipe that meets ASTM A 312 specifications include Hyundai Steel Pipe Co. (HYSCO) and SeAH.[11] Sungwon Pipe Co. Ltd. is also a leading pipe manufacturer in South Korea.[12] Despite antidumping orders on A 312 pipe from Korea, exports of goods classified under HS 7306.40 to the United States have increased from 2012-14.

[11] SIMDEX, "The SIMDEX Metal Tube Manufacturers World Wide Guide," accessed October 23, 2015.
[12] PR Newswire, "Sungwon Pipe Announces New Contracts for 2011," January 25, 2011.

Table VII-9
Circular welded tubes, pipes, and hollow profiles of stainless steel: Korea's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

Destination	Calendar year			Calendar year		
	2012	2013	2014	2012	2013	2014
	Quantity (short tons)			Share of quantity (percent)		
Korea's exports to the United States	10,167	11,191	20,448	25.3	25.7	42.1
Korea's exports to other top destination markets.--						
China	4,330	6,197	7,605	10.8	14.2	15.6
Indonesia	3,301	2,587	2,532	8.2	5.9	5.2
Japan	2,610	1,639	2,344	6.5	3.8	4.8
Thailand	4,667	4,787	1,810	11.6	11.0	3.7
Saudi Arabia	840	867	1,289	2.1	2.0	2.7
United Arab Emirates	1,616	1,808	1,074	4.0	4.1	2.2
Uzbekistan	54	992	1,016	0.1	2.3	2.1
Turkey	266	3,294	974	0.7	7.6	2.0
India	705	770	905	1.8	1.8	1.9
All other destination markets	11,682	9,479	8,625	29.0	21.7	17.7
Total Korea exports	40,240	43,612	48,623	100.0	100.0	100.0
	Value ($1,000)			Unit value (dollars per short ton)		
Korea's exports to the United States	44,391	51,953	75,641	4,366	4,642	3,699
Korea's exports to other top destination markets.--						
China	20,578	29,095	22,109	4,753	4,695	2,907
Indonesia	10,412	7,388	7,010	3,154	2,856	2,769
Japan	11,291	6,480	9,043	4,325	3,953	3,858
Thailand	21,979	23,666	7,514	4,709	4,943	4,151
Saudi Arabia	4,775	4,387	6,807	5,683	5,058	5,280
United Arab Emirates	11,703	10,560	5,669	7,240	5,841	5,276
Uzbekistan	147	3,860	2,601	2,706	3,890	2,559
Turkey	997	14,532	5,232	3,744	4,412	5,374
India	3,484	3,242	3,858	4,941	4,212	4,264
All other destination markets	53,879	43,658	42,788	4,612	4,606	4,961
Total Korea exports	183,636	198,821	188,274	4,564	4,559	3,872

Source: Exports reported by Korea Customs and Trade Development Institution in the GTIS/GTA database under HTS subheading 7306.40, accessed October 21, 2015. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation.

Malaysia

Table VII-10 presents information on Malaysia's global exports under HS 7306.40 during 2012-14. Exports to the United States accounted for 1.6 percent of Malaysia's total exports under HS 7306.40 in 2014, which is down from 53.9 percent in 2012. Since 2012, the shares of Malaysian exports accounted for by India and Brazil have grown, while exports to the United States have decreased. Malaysian manufacturers that have the capability to produce A 312 and A778 pipe include: Amalgamated Industrial Stainless Steel, Kanzen, K. Seng Seng Corp., Pantech, Precision Tube Product (m) Sdn Bhd, Prestar Precision Tubes Sdn Bhd, Superinox, and Tan Timur Stainless Steel Dan Copper Sdn.[13]

Table VII-10

Circular welded tubes, pipes, and hollow profiles of stainless steel: Malaysia's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

Destination	Calendar year			Calendar year		
	2012	2013	2014	2012	2013	2014
	Quantity (short tons)			Share of quantity (percent)		
Malaysia's exports to the United States	6,230	804	181	53.9	6.9	1.6
Malaysia's exports to other top destination markets.--						
India	542	1,526	2,641	4.7	13.2	23.0
Turkey	49	2,042	1,993	0.4	17.7	17.4
Brazil	131	426	1,885	1.1	3.7	16.4
United Kingdom	880	1,131	1,057	7.6	9.8	9.2
Indonesia	1,469	1,870	1,048	12.7	16.2	9.1
Russia	546	1,107	612	4.7	9.6	5.3
Vietnam	203	333	391	1.8	2.9	3.4
Sri Lanka	258	275	335	2.2	2.4	2.9
Taiwan	13	6	313	0.1	0.1	2.7
All other destination markets	1,228	2,049	1,023	10.6	17.7	8.9
Total Malaysia exports	11,549	11,570	11,479	100.0	100.0	100.0

Table continued.

[13] SIMDEX, "The SIMDEX Metal Tube Manufacturers World Wide Guide," accessed October 23, 2015; *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam*, *Investigation Nos. 731-TA-1210-1212 (Final)*, USITC Publication 4477, July 2014, p. VII-3.

Table VII-10--*Continued*
Circular welded tubes, pipes, and hollow profiles of stainless steel Malaysia's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

	Value ($1,000)			Unit value (dollars per short ton)		
Malaysia's exports to the United States	19,203	2,357	751	3,082	2,932	4,163
Malaysia's exports to other top destination markets.--						
India	1,107	2,699	5,036	2,043	1,769	1,907
Turkey	196	4,819	5,000	3,977	2,360	2,508
Brazil	335	969	5,025	2,549	2,275	2,666
United Kingdom	2,983	3,926	3,635	3,391	3,471	3,438
Indonesia	4,521	4,747	2,155	3,078	2,538	2,057
Russia	1,215	2,096	1,112	2,226	1,893	1,818
Vietnam	649	986	1,172	3,193	2,957	2,993
Sri Lanka	835	743	599	3,241	2,707	1,789
Taiwan	30	75	647	2,244	12,510	2,066
All other destination markets	4,318	4,605	4,011	3,517	2,248	3,920
Total Malaysia exports	35,391	28,023	29,143	3,064	2,422	2,539

Source: Exports reported by Department of Statistics Malaysia in the GTIS/GTA database under HTS subheading 7306.40, accessed October 21, 2015. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation.

Taiwan

Table VII-11 presents information on Taiwan's global exports under HS 7306.40 during 2012-14. The United States is Taiwan's largest export market for circular welded tubes, pipes, and hollow profiles of stainless steel by quantity and by value, accounting for 19.4 percent of Taiwan's exports under HS 7306.40 in 2014. Other large markets for Taiwan are Australia and Canada; Taiwan has dispersed coverage in terms of other global exports. Froch Enterprises, Ta Chen, and several other companies in Taiwan produce pipe to ASTM A 312 specifications.[14] While most Taiwan producers have been subject to a U.S. antidumping order on A 312 pipe since 1991, Chang Tieh and Ta Chen are excluded from the order.[15]

[14] SIMDEX, "The SIMDEX Metal Tube Manufacturers World Wide Guide," accessed October 23, 2015; Froch Enterprise Co., LTD., "Stainless Steel Pipes, Tubes, Sheets, and Coils," http://www.froch.com/ENG/Major_Products.php, accessed October 23, 2015; and Ta Chen International, INC., "Stainless P.V.F. Summary," http://www.tachen.com/RVF.asp, accessed October 23, 2015.

[15] *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam*, *Investigation Nos. 731-TA-1210-1212 (Final)*, USITC Publication 4477, July 2014, p. VII-12.

Table VII-11

Circular welded tubes, pipes, and hollow profiles of stainless steel: Taiwan's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

Destination	Calendar year			Calendar year		
	2012	2013	2014	2012	2013	2014
	Quantity (short tons)			Share of quantity (percent)		
Taiwan's exports to the United States	29,679	30,577	37,619	17.0	17.0	19.4
Taiwan's exports to other top destination markets.--						
Australia	11,560	11,870	13,583	6.6	6.6	7.0
Canada	10,092	10,107	11,164	5.8	5.6	5.8
Turkey	7,976	9,782	7,534	4.6	5.4	3.9
South Africa	8,439	7,337	7,249	4.8	4.1	3.7
Mexico	5,502	5,812	7,243	3.2	3.2	3.7
Netherlands	5,459	6,195	7,240	3.1	3.4	3.7
United Kingdom	4,986	5,881	6,749	2.9	3.3	3.5
Thailand	6,851	6,404	6,697	3.9	3.6	3.5
Singapore	5,243	5,019	5,388	3.0	2.8	2.8
All other destination markets	78,762	81,311	83,440	45.1	45.1	43.0
Total Taiwan exports	174,547	180,295	193,906	100.0	100.0	100.0
	Value ($1,000)			Unit value (dollars per short ton)		
Taiwan's exports to the United States	105,469	96,041	143,953	3,554	3,141	3,827
Taiwan's exports to other top destination markets.--						
Australia	38,753	36,032	41,245	3,352	3,036	3,037
Canada	32,023	27,454	30,603	3,173	2,716	2,741
Turkey	22,836	25,153	19,210	2,863	2,571	2,550
South Africa	29,393	21,285	19,899	3,483	2,901	2,745
Mexico	16,175	14,830	18,702	2,940	2,551	2,582
Netherlands	19,144	18,230	21,438	3,507	2,943	2,961
United Kingdom	16,211	17,206	19,584	3,251	2,926	2,902
Thailand	19,426	15,999	16,307	2,836	2,498	2,435
Singapore	17,380	13,520	14,795	3,315	2,694	2,746
All other destination markets	240,408	221,659	230,341	3,052	2,726	2,761
Total Taiwan exports	557,218	507,409	576,076	3,192	2,814	2,971

Source: Exports reported by Taiwan Directorate General of Customs in the GTIS/GTA database under HTS subheading 7306.40, accessed October 21, 2015. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation.

Thailand

Thailand's exports under HS 7306.40 are presented in table VII-12. The United States accounted for only 0.8 percent of such exports in 2014, which is down from 65.3 percent in 2012. Since 2012, Thailand's exports to Taiwan, Brazil, Japan and Indonesia have grown, while exports to the United States have declined. The *Simdex Steel Tube Manufacturers World Wide Guide* mentions Thai-German Products Co., Ltd. as a company that produces A 312 or A 778 stainless steel pipe in Thailand.[16] In the 2014 U.S. antidumping order, Ametai Co., Ltd./Thareus Co., Ltd. (another manufacturer of stainless steel pipe in Thailand) and Thai-German received higher duties on exports to the United States than exports from any other producers in Thailand.[17]

Table VII-12

Circular welded tubes, pipes, and hollow profiles of stainless steel: Thailand's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

Destination	Calendar year			Calendar year		
	2012	2013	2014	2012	2013	2014
	Quantity (short tons)			Share of quantity (percent)		
Thailand's exports to the United States	9,568	6,791	147	65.3	42.4	0.8
Thailand's exports to other top destination markets.--						
Taiwan	0	1,460	4,643	0.0	9.1	26.6
Brazil	186	22	4,022	1.3	0.1	23.0
Japan	2,859	3,134	3,736	19.5	19.6	21.4
Indonesia	351	1,321	1,896	2.4	8.3	10.9
India	317	383	1,164	2.2	2.4	6.7
Vietnam	508	909	789	3.5	5.7	4.5
Singapore	108	73	138	0.7	0.5	0.8
Pakistan	61	41	124	0.4	0.3	0.7
Hong Kong	73	152	97	0.5	1.0	0.6
All other destination markets	626	1,715	699	4.3	10.7	4.0
Total Thailand exports	14,657	16,000	17,456	100.0	100.0	100.0

Table continued.

[16] SIMDEX, "The SIMDEX Metal Tube Manufacturers World Wide Guide," accessed October 23, 2015.

[17] U.S. Department of Commerce, "Commerce Finds Dumping of Imports of Welded Stainless Pressure Pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam," May 23, 2014.

Table VII-12--*Continued*
Circular welded tubes, pipes, and hollow profiles of stainless steel: Thailand's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

Destination	Value ($1,000)			Unit value (dollars per short ton)		
Thailand's exports to the United States	30,773	19,058	433	3,216	2,806	2,954
Thailand's exports to other top destination markets.--						
Taiwan	8	3,707	11,682	17,575	2,539	2,516
Brazil	498	82	10,606	2,674	3,684	2,637
Japan	10,636	11,919	28,404	3,719	3,803	7,602
Indonesia	1,589	3,799	4,976	4,530	2,876	2,624
India	1,152	1,960	3,259	3,641	5,121	2,801
Vietnam	3,030	4,197	3,960	5,963	4,617	5,019
Singapore	451	397	3,179	4,157	5,477	23,043
Pakistan	215	147	380	3,545	3,590	3,056
Hong Kong	467	912	608	6,402	5,994	6,234
All other destination markets	1,915	3,733	2,455	3,059	2,177	3,510
Total Thailand exports	50,734	49,911	69,942	3,461	3,119	4,007

Source: Exports reported by the Thai Customs Department in the GTIS/GTA database under HTS subheading 7306.40, accessed October 21, 2015. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation.

Vietnam

Vietnam's exports under HS 7306.40 are presented in table VII-13. The United States accounted for 8.2 percent of Vietnam's exports in 2014, which is down from 62.5 percent in 2012. Since 2012, Vietnam's exports under HS 7306.40 to Brazil and Turkey have increased, while exports to the United States have decreased. Mejonson and SonHa are two producers of stainless steel pipe in Vietnam that have the capability to produce to ASTM A 312 and A 778 specifications.[18] Sonha received higher duties on exports to the United States than other producers in Vietnam.[19]

[18] *Welded Stainless Steel Pressure Pipe from Malaysia, Thailand, and Vietnam*, *Investigation Nos. 731-TA-1210-1212 (Final)*, USITC Publication 4477, July 2014, p. VII-12; Mejonson, "Stainless Steel Welded Pipe," http://www.mejonson.com/stainless-steel-welded-pipe.html, accessed October 23, 2015; Sonha, Website with size availability for ASTM A 312 specification, http://www.sonha.com.vn/san-pham/ong-inox-cong-nghiep/ong-thep-inox-cong-nghiep-237.aspx, accessed October 23, 2015.

[19] U.S. Department of Commerce, "Commerce Finds Dumping of Imports of Welded Stainless Pressure Pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam," May 23, 2014.

Table VII-13
Circular welded tubes, pipes, and hollow profiles of stainless steel: Vietnam's global export markets, by quantity, share of quantity, value, and unit value, 2012-14

Destination	Calendar year			Calendar year		
	2012	2013	2014	2012	2013	2014
	Quantity (short tons)			Share of quantity (percent)		
Vietnam's exports (constructed) to the United States	5,315	3,285	879	62.5	37.3	8.2
Vietnam's exports (constructed) to other top destination markets.--						
Brazil	966	625	3,304	11.4	7.1	30.7
Turkey	22	362	3,255	0.3	4.1	30.2
Russia	257	1,020	909	3.0	11.6	8.4
India	96	949	725	1.1	10.8	6.7
Thailand	932	763	561	11.0	8.7	5.2
South Korea	125	469	361	1.5	5.3	3.4
Singapore	55	78	207	0.6	0.9	1.9
Indonesia	71	162	197	0.8	1.8	1.8
Kazakhstan	0	0	194	0.0	0.0	1.8
All other destination markets	660	1,091	183	7.8	12.4	1.7
Total Vietnam exports (constructed)	8,500	8,805	10,775	100.0	100.0	100.0
	Value ($1,000)			Unit value (dollars per short ton)		
Vietnam's exports (constructed) to the United States	18,515	10,510	2,636	3,484	3,199	2,999
Vietnam's exports (constructed) to other top destination markets.--						
Brazil	2,952	1,777	8,887	3,055	2,843	2,690
Turkey	137	887	8,019	6,136	2,446	2,463
Russia	606	2,282	1,962	2,354	2,239	2,158
India	219	2,059	1,502	2,279	2,170	2,072
Thailand	2,109	1,943	1,064	2,262	2,546	1,897
South Korea	268	974	772	2,144	2,076	2,138
Singapore	244	304	724	4,437	3,882	3,497
Indonesia	156	300	317	2,207	1,849	1,612
Kazakhstan	0	0	375	([1])	([1])	1,930
All other destination markets	1,724	2,649	1,000	2,612	2,428	5,462
Total Vietnam exports (constructed)	26,929	23,685	27,258	3,168	2,690	2,530

[1] Not applicable.

Source: Imports from Vietnam reported by various national statistical authorities (e.g. "constructed export data") in the GTIS/GTA database under HTS subheading 7306.40, accessed October 21, 2015. Data reported under subheading 7306.40 likely includes some merchandise outside of the scope of this investigation.

Global export market

Table VII-14 presents information on global exports of circular welded tubes, pipes and hollow profiles of stainless steel (HS 7306.40) during 2012-14 as reported by the Global Trade Atlas. In 2014, Italy was the top global exporter of the goods classified under HS 7306.40, and Taiwan and China were the second and third largest global exporters, respectively. In 2014, the United States, Canada, Germany, and France had the highest export unit values; while the Czech Republic, Uruguay, and Vietnam hade the lowest.

Table VII-14
Circular welded tubes, pipes, and hollow profiles of stainless steel: Global export markets by quantity and average unit value, 2012-2014

Exporter	Calendar year			
	2012	2013	2014	2014
	Quantity (short tons)			Rank of quantity (number)
United States	31,577	30,029	28,702	7
India	4,864	9,320	21,984	9
Nonsubject countries under order in the United States.--				
China	121,884	132,711	142,994	3
Korea	40,240	43,612	48,623	6
Malaysia	11,549	11,570	11,479	15
Taiwan	174,547	180,295	193,906	2
Thailand	14,657	16,000	17,456	14
Vietnam	8,500	8,805	10,775	16
Subtotal, nonsubject under order	371,377	392,992	425,233	
Major nonsubject exporters not under order in the United States.--				
Italy	305,471	312,651	320,847	1
Germany	79,400	81,427	94,781	4
Czech Republic	46,671	55,322	63,449	5
Finland	18,901	22,726	24,091	8
Uruguay	25,121	26,223	21,850	10
Canada	16,483	17,669	21,132	11
France	25,894	22,683	20,022	12
Netherlands	18,193	17,751	19,085	13
Spain	6,737	7,760	9,530	17
Belgium	10,363	9,057	9,141	18
Japan	7,255	6,687	7,664	19
All other exporters	73,189	82,575	59,839	
Subtotal, nonsubject not under order	633,679	662,531	671,432	
Total exports	1,041,497	1,094,871	1,147,351	

Table continued.

Table VII-14--*Continued*
Circular welded tubes, pipes, and hollow profiles of stainless steel: Global export markets by quantity and average unit value, 2012-2014

Exporter	Calendar year			
	2012	2013	2014	2014
	Value (dollars per short ton)			Rank of quantity (number)
United States	214,123	202,861	199,886	5
India	22,437	34,011	72,009	12
Nonsubject countries under order in the United States.--				
China	307,210	421,787	490,274	4
Korea	183,636	198,821	188,274	6
Malaysia	35,391	28,023	29,143	22
Taiwan	557,218	507,409	576,076	3
Thailand	50,734	49,911	69,942	13
Vietnam	26,929	23,685	27,258	24
Subtotal, nonsubject under order	1,161,119	1,229,636	1,380,966	
Major nonsubject exporters not under order in the United States.--				
Italy	1,166,336	1,148,388	1,212,137	1
Germany	524,660	537,962	581,819	2
Czech Republic	72,127	70,876	86,591	11
Finland	79,932	93,719	104,936	9
Uruguay	65,167	64,760	54,760	15
Canada	106,762	109,170	133,607	7
France	139,412	122,032	121,322	8
Netherlands	117,632	109,550	101,889	10
Spain	28,757	35,663	41,538	17
Belgium	45,277	34,991	29,068	23
Japan	73,874	61,149	61,087	14
All other exporters	405,191	398,286	364,844	
Subtotal, nonsubject not under order	2,825,127	2,786,548	2,893,598	
Total exports	4,222,806	4,253,055	4,546,459	

Table continued.

Table VII-14--*Continued*
Circular welded tubes, pipes, and hollow profiles of stainless steel: Global export markets by quantity and average unit value, 2012-2014

Exporter	Calendar year		
	2012	2013	2014
	Share of quantity (percent)		
United States	3.0	2.7	2.5
India	0.5	0.9	1.9
Nonsubject countries under order in the United States.--			
China	11.7	12.1	12.5
Korea	3.9	4.0	4.2
Malaysia	1.1	1.1	1.0
Taiwan	16.8	16.5	16.9
Thailand	1.4	1.5	1.5
Vietnam	0.8	0.8	0.9
Subtotal, nonsubject under order	35.7	35.9	37.1
Major nonsubject exporters not under order in the United States.--			
Italy	29.3	28.6	28.0
Germany	7.6	7.4	8.3
Czech Republic	4.5	5.1	5.5
Finland	1.8	2.1	2.1
Uruguay	2.4	2.4	1.9
Canada	1.6	1.6	1.8
France	2.5	2.1	1.7
Netherlands	1.7	1.6	1.7
Spain	0.6	0.7	0.8
Belgium	1.0	0.8	0.8
Japan	0.7	0.6	0.7
All other exporters	7.0	7.5	5.2
Subtotal, nonsubject not under order	60.8	60.5	58.5
Total exports	100.0	100.0	100.0

Note.—Data were compiled from HS 7306.40, which covers WSSPP as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel outside of the scope of this investigation.

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

Source: Various national statistical authorities' reported exports in the GTIS/GTA database under HTS subheading 7306.40, accessed October 19, 2015, except for Vietnam's exports, which was compiled based on other countries reported imports from Vietnam in the GTIS/GTA database under HTS subheading 7306.40.

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 60715 October 7, 2015	*Welded Stainless Steel Pressure Pipe from India Institution of Antidumping And Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	http://www.gpo.gov/fdsys/granule/FR-2015-10-07/2015-25469
80 FR 65696 October 27, 2015	*Welded Stainless Pressure Pipe from India: Initiation of Antidumping Duty Investigation*	http://www.gpo.gov/fdsys/pkg/FR-2015-10-27/pdf/2015-27364.pdf
80 FR 65700 October 27, 2015	*Welded Stainless Pressure Pipe from India: Initiation of Countervailing Duty Investigation*	http://www.gpo.gov/fdsys/pkg/FR-2015-10-27/pdf/2015-27376.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: Welded Stainless Steel Pressure Pipe from India

Inv. Nos.: 701-TA-548 and 731-TA-1298 (Preliminary)

Date and Time: October 21, 2015 - 9:30 am

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

OPENING REMARKS:

Petitioners (**Christopher T. Cloutier**, Schagrin Associates)
Respondents (**Julie C. Mendoza**, Morris Manning & Martin LLP)

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

Schagrin Associates
Washington, DC
on behalf of

Bristol Metals LLC
Felker Brothers Corporation
Marcegaglia USA Inc.
Outokumpu Stainless Pipe, Inc.
United Steelworkers of America

John Tidlow, Executive Vice President, Synalloy Metals

David Hendrickson, President, Felker Brothers Corporation

Don Brunswick, Vice President of Sales, Marcegaglia USA

Kris Podsiad, Senior Vice President *and* General Manager,
Outokumpu Stainless Pipe

Holly Hart, Legislative Director, United Steelworkers of America

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

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

Morris Manning & Martin LLP
Washington, DC
on behalf of

Bhandari Group
Prakash Steelage Ltd.
Streamline Industries
Sunrise Group Co.
(collectively "Indian Producers")

Alan Lipp, Chief Operating Officer, Merit Brass Company

Chad Robinson, Global Procurement, Warren Ally Valve & Fitting Co., LP and the Allied Group

Benjamin Graves, Staff Economist, Economic Consulting Services, LLC

Emma Peterson, Research Assistant, Economic Consulting Services, LLC

Donald B. Cameron)
) – OF COUNSEL
Julie C. Mendoza)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**Donald B. Cameron** and **Julie C. Mendoza**, Morris Manning & Martin LLP)

APPENDIX C

SUMMARY DATA

Table C-1
WSSPP: Summary data concerning the U.S. market, 2012-14, January to June 2014, and January to June 201
(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	72,285	68,713	95,486	45,526	39,265	32.1	(4.9)	39.0	(13.8)
Producers' share (fn1)	36.4	38.4	30.1	34.6	29.1	(6.3)	2.0	(8.3)	(5.6)
Importers' share (fn1):									
India	0.4	3.1	21.5	19.1	22.9	21.1	2.7	18.4	3.9
Nonsubject with orders (fn3)	56.4	52.7	42.8	41.0	39.6	(13.6)	(3.7)	(10.0)	(1.4)
Nonsubject without orders	6.8	5.7	5.6	5.3	8.4	(1.2)	(1.1)	(0.1)	3.1
Nonsubject sources	63.2	58.5	48.4	46.3	48.0	(14.8)	(4.7)	(10.1)	1.7
Total imports	63.6	61.6	69.9	65.4	70.9	6.3	(2.0)	8.3	5.6
U.S. consumption value:									
Amount	306,889	252,962	367,784	168,468	153,582	19.8	(17.6)	45.4	(8.8)
Producers' share (fn1)	40.0	41.1	32.0	37.2	31.0	(8.1)	1.1	(9.2)	(6.2)
Importers' share (fn1):									
India	0.4	2.7	17.6	16.9	18.7	17.2	2.4	14.9	1.8
Nonsubject with orders (fn3)	49.1	47.1	40.9	37.5	35.0	(8.2)	(2.1)	(6.2)	(2.6)
Nonsubject without orders	10.5	9.0	9.5	8.4	15.4	(0.9)	(1.4)	0.5	7.0
Nonsubject sources	59.6	56.1	50.4	45.9	50.3	(9.2)	(3.5)	(5.7)	4.4
Total imports	60.0	58.9	68.0	62.8	69.0	8.1	(1.1)	9.2	6.2
U.S. imports from.--									
India:									
Quantity	291	2,127	20,502	8,680	9,006	6,945.4	630.9	863.9	3.8
Value	1,130	6,931	64,744	28,415	28,720	5,629.6	513.4	834.1	1.1
Unit value	$3,883	$3,259	$3,158	$3,274	$3,189	(18.7)	(16.1)	(3.1)	(2.6)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Nonsubject with orders (fn3):									
Quantity	40,757	36,224	40,831	18,671	15,553	0.2	(11.1)	12.7	(16.7)
Value	150,775	119,063	150,370	63,244	53,698	(0.3)	(21.0)	26.3	(15.1)
Unit value	$3,699	$3,287	$3,683	$3,387	$3,453	(0.5)	(11.2)	12.0	1.9
Ending inventory quantity	fn4	fn4	fn4	fn4	fn4	fn4	fn4	fn4	fn4
Nonsubject without orders:									
Quantity	4,917	3,943	5,386	2,404	3,288	9.5	(19.8)	36.6	36.8
Value	32,171	22,882	35,114	14,164	23,610	9.1	(28.9)	53.5	66.7
Unit value	$6,543	$5,803	$6,520	$5,891	$7,180	(0.4)	(11.3)	12.4	21.9
Ending inventory quantity	fn4	fn4	fn4	fn4	fn4	fn4	fn4	fn4	fn4
Nonsubject sources:									
Quantity	45,673	40,167	46,217	21,076	18,841	1.2	(12.1)	15.1	(10.6)
Value	182,946	141,945	185,484	77,408	77,308	1.4	(22.4)	30.7	(0.1)
Unit value	$4,006	$3,534	$4,013	$3,673	$4,103	0.2	(11.8)	13.6	11.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	45,964	42,294	66,719	29,756	27,847	45.2	(8.0)	57.7	(6.4)
Value	184,076	148,876	250,228	105,823	106,028	35.9	(19.1)	68.1	0.2
Unit value	$4,005	$3,520	$3,751	$3,556	$3,808	(6.3)	(12.1)	6.5	7.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	59,512	59,512	59,512	31,506	31,506	0.0	0.0	0.0	0.0
Production quantity	27,781	26,214	32,470	16,928	12,941	16.9	(5.6)	23.9	(23.6)
Capacity utilization (fn1)	46.7	44.0	54.6	53.7	41.1	7.9	(2.6)	10.5	(12.7)
U.S. shipments:									
Quantity	26,321	26,419	28,767	15,770	11,418	9.3	0.4	8.9	(27.6)
Value	122,813	104,086	117,556	62,645	47,554	(4.3)	(15.2)	12.9	(24.1)
Unit value	$4,666	$3,940	$4,086	$3,972	$4,165	(12.4)	(15.6)	3.7	4.8
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	5,631	4,807	8,446	5,989	8,661	50.0	(14.6)	75.7	44.6
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	357	361	355	347	336	(0.6)	1.1	(1.7)	(3.2)
Hours worked (1,000s)	944	1,004	941	465	452	(0.3)	6.4	(6.3)	(2.8)
Wages paid ($1,000)	16,168	17,382	16,153	7,172	7,155	(0.1)	7.5	(7.1)	(0.2)
Hourly wages (dollars per hour)	$17.13	$17.31	$17.17	$15.42	$15.83	0.2	1.1	(0.8)	2.6
Productivity (short tons per 1,000s hour)	29.4	26.1	34.5	36.4	28.6	17.3	(11.3)	32.2	(21.4)
Unit labor costs	$582	$663	$497	$424	$553	(14.5)	13.9	(25.0)	30.5
Net Sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Imports from countries that have existing antidumping duty orders as of June 2015; Certain individual suppliers in those countries may be excluded from those related orders.
fn4.--Data not gathered.

Source: Official Commerce statistics for HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085; data submitted in response to Commission questionnaires; and proprietary Customs data.

APPENDIX D

QUESTIONNAIRE RESPONSES OF U.S. PRODUCERS REGARDING ACTUAL AND ANTICPATED NEGATIVE EFFECTS OF SUBJECT IMPORTS

Appendix redacted in its entirety.