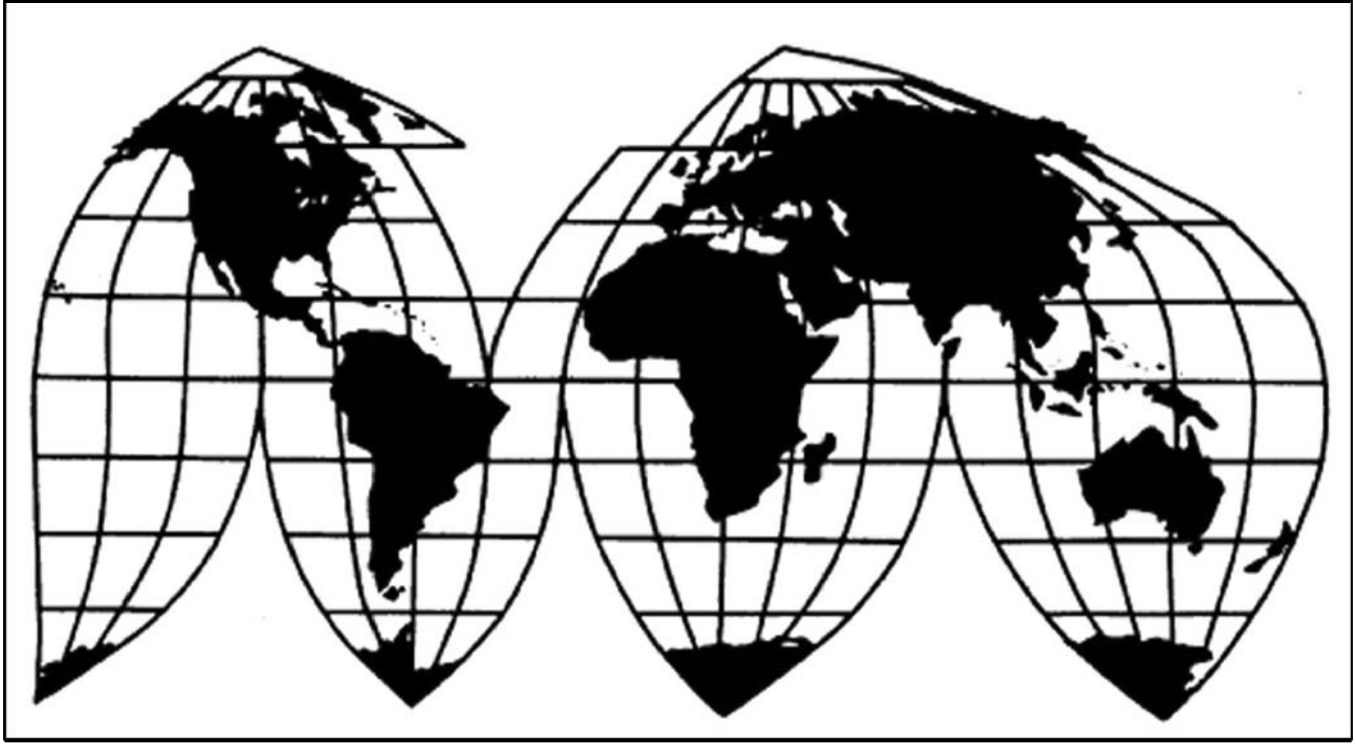
Cold-Drawn Mechanical Tubing from China, Germany, India, Italy, Korea, and Switzerland

Investigation Nos. 701-TA-576-577 and 731-TA-1362-1367 (Preliminary)

Publication 4700 **June 2017**

U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-576-577 and 731-TA-1362-1367 (Preliminary)

Cold-Drawn Mechanical Tubing from China, Germany, India, Italy, Korea, and Switzerland

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 cold-drawn mechanical tubing from China, Germany, India, Italy, Korea, and Switzerland, provided for in subheadings 7304.31.30, 7304.31.60, 7304.51.10, 7304.51.50, 7306.30.50, and 7306.50.50 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 imports of cold-drawn mechanical tubing alleged to be subsidized by the governments of China and 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.

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

BACKGROUND

On April 19, 2017, ArcelorMittal Tubular Products, Shelby, Ohio; Michigan Seamless Tube, LLC, South Lyon, Michigan; PTC Alliance Corp., Wexford, Pennsylvania; Webco Industries, Inc., Sand Springs, Oklahoma; and Zekelman Industries, Inc., Farrell, Pennsylvania, filed petitions 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 cold-drawn mechanical tubing from China and India and LTFV imports of cold-drawn mechanical tubing from Germany, Italy, Korea, and Switzerland. Accordingly, effective April 19, 2017, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation Nos. 701-TA-576-577 and antidumping duty investigation Nos. 731-TA-1362-1367 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of April 25, 2017 (82 FR 19078). The conference was held in Washington, DC, on May 10, 2017, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of cold-drawn mechanical tubing ("CDMT") from China, Germany, India, Italy, Korea, and Switzerland; subject imports from China and India are allegedly subsidized by those governments, and subject imports from China, Germany, India, Italy, Korea, and Switzerland are allegedly sold in the United States at less than fair value.

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

Parties to the investigations. ArcelorMittal Tubular Products ("ArcelorMittal"), Michigan Seamless Tube, LLC ("MST"), PTC Alliance Corp. ("PTC Alliance"), Webco Industries Inc. ("Webco"), and Sharon Tube of Zekelman Industries Inc. ("Zekelman") (collectively "Petitioners"), each a U.S. producer of CDMT, filed the petitions in these investigations on April 19, 2017. Petitioners appeared at the staff conference and submitted a joint postconference brief.

A number of respondent entities participated in these investigations: Hubei Xinyegang Steel Ltd. ("Hubei Steel"), a producer and exporter of subject merchandise from China; Salzgitter Mannesmann Precision GmbH and Salzgitter Mannesmann International (USA) Inc. (collectively "Salzgitter"), producers and exporters of subject merchandise from Germany; Tube Products of India, Ltd. ("TPI"), a producer and exporter of subject merchandise from India; Goodluck India, Ltd. ("Goodluck"), a producer of subject merchandise from India; Metalfer S.p.A. ("Metalfer"), a producer and exporter of subject merchandise from Italy; AARIS LLC

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

("AARIS"), an importer of subject merchandise from ***; Karay Metals, Inc. ("Karay"), an importer of subject merchandise from ***; Salem Steel NA LLC ("Salem Steel"), an importer of subject merchandise from ***; Tube Fabrication Industries, Inc. ("Tube Fabrication"), an importer of subject merchandise from ***; and voestalpine Rotec Inc. ("voestalpine"), an importer of subject merchandise from ***. Six sets of postconference briefs were filed by respondent parties: one each from Salzgitter, TPI, Metalfer, Karay, and AARIS; and one filed jointly by Salem Steel, voestalpine, Tube Fabrication, and Goodluck ("Joint Postconference Brief"). Each of these parties also participated in the staff conference. Hubei Steel filed a written statement but did not otherwise participate in these investigations.[3]

Data Coverage. U.S. industry data are based on the questionnaire responses of eight firms that accounted for the vast majority of U.S. production of CDMT in 2016.[4] U.S. import data are based on questionnaire responses that are supplemented with proprietary Customs data for certain U.S. Harmonized Tariff Schedule ("HTSUS") statistical reporting numbers.[5]

The Commission issued questionnaires to 223 firms believed to be importers of subject merchandise and received usable responses from 34 companies representing *** percent of total CDMT imports and *** percent of CDMT imports from subject countries during 2016.[6] Firms responding to the Commission's questionnaire accounted for *** percent of subject imports from China, *** percent of subject imports from Germany, *** percent of subject imports from India, *** percent of subject imports from Italy, *** percent of subject imports from Korea, and *** percent of subject imports from Switzerland.[7] Exports from firms responding to foreign producer questionnaires were equivalent to *** percent of subject imports from China, *** percent of subject imports from Germany, *** percent of subject imports from India, *** percent of subject imports from Italy, *** percent of subject imports from Korea, and *** percent of subject imports from Switzerland.[8]

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[3] Hubei Steel did not respond to the Commission's foreign producer questionnaire.

[4] Confidential Staff Report, Memorandum INV-PP- 071 (May 26, 2017)("CR") at I-5; Public Report, *Cold-Drawn Mechanical Tubing from China, Germany, India, Italy, Korea, and Switzerland*, Inv. Nos. 701-TA-567 to 577 and 731-TA-1362 to 1367 (Preliminary), USITC Pub. 4700 (June 2017) ("PR") at 4. U.S. producer Metal Matic did not provide a U.S. producer questionnaire, and Petitioners estimate that Metal Matic has the capacity to produce *** short tons of CDMT. CR at III-1, n.1; PR at III-1, n.1.

[5] CR at I-5, IV-1-2; PR at I-4, IV-1-2. Questionnaire responses are relied upon for those firms providing a response, while proprietary Customs data are used for those firms that did not provide a questionnaire response. *See* section V.B for further discussion.

[6] CR at IV-1; PR at IV-1.

[7] CR at IV-2; PR at IV-2.

[8] *See generally* CR at section VII; PR at section VII.

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[9] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[10] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[11]

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[12] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[13] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[14] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized

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[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(10).

[12] *See, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

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

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

and/or sold at less than fair value,[15] the Commission determines what domestic product is like the imported articles Commerce has identified.[16]

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

> . . . cold-drawn mechanical tubing of carbon and alloy steel (cold-drawn mechanical tubing) of circular cross-section, in actual outside diameters less than 331 mm, and regardless of wall thickness, surface finish, end finish or industry specification. The subject cold-drawn mechanical tubing is a tubular product with a circular cross-sectional shape that has been cold-drawn or otherwise cold-finished after the initial tube formation in a manner that involves a change in the diameter wall or wall thickness of the tubing, or both. The subject cold-drawn mechanical tubing may be produced from either welded (*e.g.*, electric resistance welded, continuous welded, etc.) or seamless (*e.g.*, pierced, pilgered or extruded, etc.) carbon or alloy steel tubular products. It may also be heat treated after cold working. Such heat treatments may include, but are not limited to, annealing, normalizing, quenching and tempering, stress relieving or finish annealing. Typical cold-drawing methods for subject merchandise include, but are not limited to, drawing over mandrel, rod drawing, plug drawing, sink drawing and similar processes that involve reducing the outside diameter of the tubing with a die or similar device, whether or not controlling the inside diameter of the tubing with an internal support device such as mandrel, rod, plug or similar device.
>
> Subject cold-drawn mechanical tubing is typically certified to meet industry specifications for cold-drawn tubing including but not limited to: (1) American Society for Testing and Materials (ASTM) or American Society of Mechanical Engineers (ASME) specifications ASTM A-512, ASTM-A-513 Type 3 (ASME SA513 Type 3), ASTM A-513 Type 4 (ASME SA513 Type 4), ASTM A-513 Type 5 (ASME SA513 Type 5), ASTM A-513 Type 6 (ASME SA513 Type 6), ASTM A-519 (cold-finished); (2) SAE International (Society of Automotive Engineers) specifications SAE J524, SAE J525, SAE J2833, SAE J2614, SAE J2467, SAE J2435, SAE J2613; (3) Aerospace Material Specification (AMS) AMS T-6736 (AMS 6736), AMS 6371,

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

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

AMS 5050, AMS 5075, AMS 5062, AMS 6360, AMS 6361, AMS 6362, AMS 6371, AMS 6372, AMS 6374, AMS 6381, AMS 6415; (4) United States Military Standards (MIL) MIL-T-5066 and MIL-T-6736; (5) foreign standards equivalent to one of the previously listed ASTM, ASME, SAE, AMS, or MIL specifications including but not limited to: (a) German Institute for Standardization (DIN) specifications DIN 2391-2, DIN 2393-2, DIN 2394-2; (b) European Standards (EN) EN 10305-1, EN 10305-2, EN 10305-6 and European national variations on those standards (*e.g.*, British Standard (BS EN), Irish Standard (IS EN), and German Standard (DIN EN) variations, etc.); (c) Japanese Industrial Standard (JIS) JIS G 3441 and JIS G 3445; and (6) proprietary standards that are based on one of the above-listed standards.

The subject cold-drawn mechanical tubing may also be dual or multiple certified to more than one standard. Pipe that is multiple certified as cold-drawn mechanical tubing, and to other specifications not covered by this scope, is also covered by the scope of these investigations when it meets the physical description set forth above.

Steel products included in the scope of these investigations are products in which (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less by weight.

For purposes of this scope, the place of cold-drawing determines the country of origin of the subject merchandise. Subject merchandise that is subject to minor working in a third country that occurs after drawing in one of the subject countries including, but not limited to, heat treatment, cutting to length, straightening, nondestruction testing, deburring or chamfering, remains within the scope of these investigations.

All products that meet the written physical description are within the scope of these investigations unless specifically excluded or covered by the scope of an existing order. Merchandise that meets the physical description of cold-drawn mechanical tubing above is within the scope of the investigations even if it is also dual or multiple certified to an otherwise excluded specification listed below. The following products are outside of, and/or specifically excluded from, the scope of these investigations: (1) cold-drawn stainless steel tubing, containing 10.5 percent or more of chromium by weight and not more than 1.2 percent of carbon by weight; (2) products certified to one or more of the ASTM, ASME, or American Petroleum Institute (API) specifications listed below: ASTM A-53; ASTM A-106; ASMT A-179 (ASME SA 179); ASTM A-192 (ASME SA 192); ASTM A-209 (ASME SA 209); ASTM A-210 (ASME SA 210); ASTM A-213 (ASME SA 213); ASTM A-334 (ASME SA 334); ASTM A-423 (ASME SA 423); ASTM A-498; ASTM A-496 (ASME SA 496); ASTM A-199; ASTM A-500; ASTM A-556; ASTM A-565; API 5L; and API 5CT, except that any cold-drawn tubing product certified to one of the

above excluded specifications will not be excluded from the scope if it is also dual- or multiple-certified to any other specification that otherwise would fall within the scope of these investigations.

The products subject to these investigations are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, 7306.50.5030. Subject merchandise may also enter under numbers 7306.30.1000 and 7306.50.1000. The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of these investigations is dispositive.[17]

CDMT are steel tubular products with a circular cross-section shape that have been cold-drawn or otherwise cold-finished in a manner that changes the product's diameter, wall thickness, or both.[18] Cold-drawing imparts CDMT with distinct physical characteristics, including size and dimensional tolerance, higher yield strength, tensile strength, elongation, and a high weight to strength ratio.[19] The characteristics imparted by cold-drawing make CDMT suitable for a variety of applications, including mechanical parts in automobiles, trucks, aircraft, construction, agricultural and drilling equipment, and hydraulic cylinders.[20] CDMT may be produced in a continuum of outside diameter and wall thickness combinations that meet particular customer specifications and end use needs.[21]

In the preliminary phase of these investigations, respondents raise one issue with respect to the definition of the domestic like product: whether cold-drawn hydraulic pressure tubing, which is classified under the Society of Automotive Engineers ("SAE") specification J524 or J525 ("hydraulic tubing"), is a separate domestic like product from other types of CDMT.[22]

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[17] *Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from the Federal Republic of Germany, India, Italy, the Republic of Korea, the People's Republic of China, and Switzerland: Initiation of Less-Than-Fair-Value Investigations*, 82 Fed. Reg. 22491 (May 16, 2017). On May 30 2017, Petitioners filed a scope clarification requesting that Commerce (i) exclude CDMT that is cut into lengths of less than 12 inches from the scope of the investigations and (ii) confirm that cold-finishing operations that may be used to produce subject merchandise include "cold-sizing." Petitioners' Correspondence, EDIS. Doc. 613234.

[18] Petition Vol. I at 7.

[19] Petition Vol. I at 7-8.

[20] Petition Vol. I at 14.

[21] Petition Vol. I at 14.

[22] Hubei Steel argues that its imports of cold-drawn alloy seamless tubing that meet ASTM A519 and that have been heat treated through a quenching and tempering, or spheroidizing annealing, process should be a distinct domestic like product because of their distinct physical characteristics, stringent customer requirements, and distinct uses in rugged environments. Hubei Steel Postconference Br. at 3-5. However, Hubei Steel also states that to the best of its knowledge the domestic industry neither produces this product nor is even able to produce such sizes of heat-treated tubing. Hubei Steel

(*continued*...)

Petitioners argue that all CDMT corresponding to the scope of investigations is a single domestic like product, and TPI,[23] Salzgitter, Metalfer, Salem Steel, Tube Fabrication, voestalpine, and Goodluck do not contest Petitioners' proposed definition of a single domestic like product consisting of all CDMT for purposes of the preliminary phase of these investigations. Karay and AARIS, however, argue that hydraulic tubing is distinct from other types of CDMT and should be treated as a separate domestic like product.

A. Arguments of the Parties

*Petitioner*s. Petitioners argue that the Commission should define a single domestic like product that is coextensive with the scope of investigations. They argue that CDMT is a continuum product produced in different combinations of outside diameter and wall thickness based on end-use application, but that CDMT of similar dimensions are generally interchangeable.[24] Petitioners further argue that all CDMT are sold through similar channels of distribution, with similar production processes, and in a range of similar prices based on dimensions.[25]

Petitioners argue that hydraulic tubing (such as products meeting SAE J524 and SAE J525) is within a single domestic like product consisting of all CDMT. They contest that hydraulic tubing has distinct uses from other types of CDMT, noting that other types of CDMT are also designed to contain fluids or gases under pressure.[26] Petitioners emphasize that the distinguishing physical characteristic of tubing under SAE J524 and SAE J525 is being cold-drawn, just as with other types of CDMT, and the heat treatment of hydraulic tubing does not distinguish such products from other types of CDMT corresponding to the investigations, which

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(…*continued*)
Postconference Br. at 6-7 and Exh. A-E. Contrary to Hubei Steel's suggestion, the statute does not permit the Commission to define a separate domestic like product for a product for which there is no domestic production. The statute defines the "domestic like product" as a "product which is like, or in the absence of like, most similar in characteristics and uses with articles subject to investigation." 19 U.S.C. § 1677(10). Hubei Steel failed to identify any domestically manufactured product "most similar in characteristics and uses with" imported cold-drawn alloy seamless tubing that meets ASTM A519 and that has been heat treated through a quenching and tempering, or spheroidizing annealing process, other than domestically produced CDMT products corresponding to the scope. Even if there is no domestic production of the product, because Hubei Steel has not identified a domestically produced variant that is "most similar in characteristics and uses with" this product, we determine not to define it as a separate domestic like product.

[23] While not challenging the definition of a single domestic like product for purposes of the preliminary phase of these investigations, TPI asks the Commission to assess in any final phase of these investigations whether CDMT derived from seamless pipe is a different domestic like product than CDMT derived from welded pipe. TPI Postconference Br. at 20. AARIS also notes certain differences between such products without arguing for a separate domestic like product. AARIS Postconference Br. at 4-6.

[24] Petitioners' Postconference Br. at 6.

[25] Petitioners' Postconference Br. at 7.

[26] Petitioners' Postconference Br. at 8.

specifically includes CDMT "heat treated after cold working."[27] They also disagree that the ability to flare or bend hydraulic tubing distinguishes such tubing from other types of CDMT, noting that *** may be produced in ways to allow the tubes to flare or bend.[28]

Petitioners argue that there is overlap in end use applications for hydraulic tubing and CDMT, noting that specifications for SAE J525 overlap with those of ASTM A-513.[29] Even to the degree that some hydraulic tubing may not be interchangeable with other types of CDMT, they note that this is to be expected with a continuum product for which customers require highly specific dimensions, chemistry, and other treatments.[30] Similarly, Petitioners argue that prices for hydraulic tubing fall within the continuum of prices for CDMT that vary according to particular sizes and specifications of these tubes.[31] Hydraulic tubing and other types of CDMT are made in overlapping facilities, using overlapping equipment and employees, and Petitioners argue that Plymouth Tube Company ("Plymouth"), a U.S. producer of CDMT, produces hydraulic tubing at the same U.S. facilities at which it produces other types of CDMT.[32] Petitioners further argue that customers do not perceive hydraulic tubing as distinct from other CDMT, both are sold to distributors and end-users and both share many of the same customers.[33]

Respondents. Karay and AARIS argue that hydraulic tubing is distinct from other types of CDMT and should be treated as a separate domestic like product. Karay argues that the primary use for hydraulic tubing, conveyance of liquids and gases in pressure lines, is distinct from the mechanical applications that require high yield and high strength of other types of CDMT, and these differences in applications result in hydraulic tubing having distinct physical characteristics, production processes, and customer perceptions.[34] Karay and AARIS argue that hydraulic tubing has lower strength requirements than other types of CDMT, and as a result hydraulic tubing has lower carbon and manganese content than other types of CDMT.[35] Karay and AARIS also emphasize differences in production processes, noting that most CDMT is heat-treated in a stress-relieved temper to further strengthen the tubing whereas hydraulic tubing is heat-treated to produce a softer and bendable tube.[36] Karay argues that hydraulic tubing is most similar to and interchangeable with heat exchanger tubing under ASTM A179, which is

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[27] Petitioners' Postconference Br. at 9.

[28] Petitioners' Postconference Br. at 9. ***.

[29] Petitioners' Postconference Br. at 10.

[30] Petitioners' Postconference Br. at 10.

[31] Petitioners' Postconference Br. at 11-12.

[32] Petitioners' Postconference Br. at 10-11.

[33] Petitioners' Postconference Br. at 11.

[34] Karay Postconference Br. at 5. Karay also argues that testimony by Petitioners at the Staff Conference regarding the mechanical applications of CDMT further supports a clear dividing line in applications between CDMT and hydraulic tubing. Karay Postconference Br. at 6 (citing Conference Tr. at 10, 70).

[35] Karay Postconference Br. at 4; AARIS Postconference Br. at 3-4.

[36] Karay Postconference Br. at 4-5; AARIS Postconference Br. at 3-4.

specifically excluded from the scope of investigations,[37] and is in no instance interchangeable with other types of CDMT.[38]

While acknowledging that all types of tubing share similar channels of distribution and that hydraulic tubing and CDMT share many of the same production processes, Karay emphasizes that hydraulic tubing undergoes distinct finishing operations designed to soften the tubing for flaring and bending.[39] Karay argues that the distinct applications for hydraulic tubing and CDMT result in distinct customer perceptions of these products, noting that U.S. producers MST, Plymouth, and Webco market "pressure pipe" as boiler products distinct from CDMT.[40] Karay also argues that hydraulic tubing is generally higher priced than other types of CDMT, usually 20 percent higher, and Karay includes a price quote from ***.[41]

Karay concludes that, if the Commission includes hydraulic tubing within a single domestic like product with other types of CDMT, the Commission should also include other types of cold-drawn boiler and pressure tubing within its domestic like product in any final phase of these investigations.[42] Even though cold-drawn boiler and pressure tubing are excluded from the scope of these investigations, Karay argues that their inclusion within the Commission's domestic like product is necessary because they are most similar to hydraulic tubing.[43]

B. Analysis and Conclusion

For the reasons explained below, we define a single domestic like product consisting of all CDMT corresponding to the scope of the investigations.

Physical Characteristics and Uses. Hydraulic tubing and CDMT share basic physical characteristics. In particular, they are circular tubes made from similar inputs within a range of chemical compositions that are manufactured through a cold-drawing process designed to impart higher strength and yields.[44] While hydraulic tubing has physical distinctions from some types of CDMT, such as lower carbon and manganese content or the ability to bend or flare, available information indicates that such physical traits fall within the spectrum of features for CDMT, and Petitioners have identified other types of CDMT with similar characteristics.[45]

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[37] Karay Postconference Br. at 6.

[38] Karay Postconference Br. at 7.

[39] Karay Postconference Br. at 7-8.

[40] Karay Postconference Br. at 9 and Exh. 3.

[41] Karay Postconference Br. at 10 and Exh. 4. AARIS argues that no U.S. producer makes hydraulic tubing under standard SAE J524, but Karay's Postconference brief includes information of such domestic production. AARIS Postconference Br. at 4.

[42] Karay Postconference Br. at 11-12.

[43] Karay Postconference Br. at 11-12.

[44] CR at I-23; PR at I-18.

[45] Petitioners' Postconference Br. at 9 and Exh. 5, para. 8.

Similarly, Petitioners have identified other types of CDMT that have similar uses to hydraulic tubing (*i.e*., to convey liquids and gases under pressure).[46]

Manufacturing Facilities, Production Processes, and Employees. Available evidence indicates that hydraulic tubing and CDMT are produced at overlapping facilities in the United States, using the same equipment, processes and employees.[47] While hydraulic tubing undergoes further heat treatment designed to soften such tubes for bending and flaring, CDMT may undergo a variety of finishing processes (including heat treatments) designed to impart traits for particular end uses, and Petitioners have identified other types of CDMT that undergo heat treatment designed to soften them for bending and flaring.[48]

Channels of Distribution. As confirmed by Karay and Petitioners, hydraulic tubing and CDMT are sold in similar channels of distribution: to distributors and end users.[49]

Interchangeability. The available information indicates that hydraulic tubing may be interchangeable with some types of CDMT. CDMT encompasses a broad spectrum of products with different dimensions and specifications catered to particular end uses; consequently, not all types of CDMT are interchangeable.[50] Nonetheless, Petitioners have identified other types of CDMT that they assert are suitable for the same use as hydraulic tubing in conveying liquids and gases under pressure, as evidenced by overlap in specifications between SAE J525 and ASTM A-513.[51]

Producer and Customer Perceptions. While Karay argues that U.S. producers will market hydraulic tubing with other products intended for similar end uses (*e.g*., pressure pipe), available information indicates that this is true of all CDMT, which is often advertised to highlight its use in particular applications (*e.g*., automotive, heavy equipment, agriculture, etc.).[52] Indeed, even the marketing by U.S. producers highlighted by Karay appears to emphasize that "pressure pipe" is part of a "limitless" spectrum of uses for seamless steel pipe and tubing.[53]

Price. Available information on pricing differences between hydraulic tubing and CDMT is limited. Petitioners note, however, that prices for all types of CDMT vary based on the particular dimensions, specifications, and finishing of the underlying tube,[54] and respondents have provided no information to indicate that price differences for hydraulic tubing are outside the range of variations in price for all CDMT.

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[46] Petitioners' Postconference Br. at Exh. 5, para. 7.

[47] CR at I-24; PR at I-18.

[48] Petitioners' Postconference Br. at 9 and Exh. 5, para. 8.

[49] Petitioners' Postconference Br. at 11; Karay Postconference Br. at 7-8.

[50] CR at I-24; PR at I-18.

[51] Petitioners' Postconference Br. at 9 and Exh. 5, para. 7 and para. 8.

[52] *See e.g.,* Karay Postconference Br. at Exh 3 (showing website of MST and advertising tubing for industries such as automotive and transportation, aerospace and aircraft, heavy equipment and agriculture, and pressure pipe).

[53] Karay Postconference Br. at Exh 3 (showing website of MST and description of "pressure pipe" under types of seamless pipe produced by MST).

[54] Petitioners Postconference Br. at 11-12.

Conclusion. We find that the limited record of the preliminary phase of these investigations does not indicate a clear dividing line between hydraulic tubing and other types of CDMT. Both hydraulic tubing and CDMT are produced using overlapping manufacturing facilities, production processes, and employees, and are sold in the same channels of distribution. While Karay and AARIS have identified some physical characteristics and end uses of hydraulic tubing that distinguish it from some types of CDMT, information provided by Petitioners indicates that there is nonetheless overlap between hydraulic tubing and other types of CDMT regarding physical characteristics and end uses. In view of the foregoing, we do not define hydraulic tubing as a separate domestic like product.[55]

In their comments on the Commission's draft questionnaires in any final phase of these investigations, parties seeking separate domestic like products should identify any such products with specificity and in a way that allows the Commission to collect appropriate data.[56] Parties should explain (with reference to the Commission's domestic like product factors) whether there are clear dividing lines between the domestically produced product for which separate domestic like product treatment is sought and other domestically produced products corresponding to the imported articles within the scope of these investigations.

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[57] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all

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[55] Similarly, while TPI and AARIS have suggested differences between seamless and welded CDMT, available information does not support a clear dividing line between such products. Both welded and seamless CDMT are produced using overlapping manufacturing facilities, production processes, and employees for cold-drawing, they are interchangeable for some end uses, and both welded and seamless CDMT are sold in the same channels of distribution. *See, e.g.*, CR at I-14-21; PR at I-12-17 (describing distinct production processes for welded and seamless pipe but common process of cold-drawing for all such products); Conference Tr. at 151 (Planert); Conference Tr. at 152 (Tilly) (describing particular applications requiring either seamless or welded cold-drawn tube, and applications in which either may be suitable); CR at II-1; PR at II-1 (channels of distribution). While available information indicates that there may be differences in physical characteristics, producer and customer perceptions, and price, the available record is insufficient to establish that such differences amount to a clear dividing line between seamless and welded cold-drawn pipe. *See, e.g.*, Conference Tr. at 149-150 (Sekar) (physical characteristics); Karay Postconference Br. at Exh. 3 (customer and producer perceptions); CR/PR at Tables V-3 through V-8 (prices for seamless cold-drawn pricing products 1 and 2 were generally higher than welded cold-drawn pricing products 3 to 6 for calendar years 2014 to 2016). Accordingly, we do not define seamless CDMT and welded CDMT as separate domestic like products in the preliminary phase of these investigations.

[56] *See, e.g.*, 19 C.F.R. § 207.20(b); *53-Foot Domestic Dry Containers from China,* Inv. Nos. 701-TA-514 and 731-TA-1250 (Final), USITC Pub. 4537 at 7-8 (June 2015).

[57] 19 U.S.C. § 1677(4)(A).

domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

Respondents raise one domestic industry issue concerning whether companies engaged in cutting and finishing CDMT in the United States are engaged in sufficient production-related activities to constitute domestic production.[58] [59] In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm's U.S. production-related activities, although production-related activity at minimum levels could be insufficient to constitute domestic production.[60]

There is limited information on the record concerning the nature of finishing operations performed in the United States by voestalpine, Tube Fabrication, and potentially numerous other firms. Moreover, individual firms may be engaging in one or a series of finishing

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[58] There are no issues concerning related parties. No U.S. producer reported being related to exporters or importers of subject merchandise or itself importing subject merchandise, although *** are related to nonsubject foreign producers and *** directly imports and purchases CDMT from nonsubject countries. CR at III-3; PR at III-2 and CR/PR at Table III-2.

[59] voestalpine and Tube Fabrication argue that the Commission should include companies that are engaged in cutting and finishing activities in the United States within the domestic industry. Joint Postconference Br. at 8-9. Finishers, such as voestalpine and Tube Fabrication, purchase longer, uncut CDMT from both domestic producers and importers, and these companies then cut down and finish the CDMT to highly detailed specifications for their customers. Joint Postconference Br. at 10-12; Conference Tr. at 144-145 (Ellis); Conference Tr. at 145-146 (Ball). voestalpine and Tube Fabrication emphasize that customers, especially in the automotive industry, have highly detailed specifications with no allowed deviation, which has necessitated that finishers invest millions of dollars in precision machinery and processing. Joint Postconference Br. at Exh. 2, p.2-3. While Petitioners argue that cutting CDMT to length involves little technical expertise and adds little value, they state that it was not their intention to include shorter length (less than 12 inches) "blanks, components, or parts" within the scope of the investigations. Conference Tr. at 58-59 (Hart); Petitioners Postconference Br. at Exh. 1, p.6. Petitioners acknowledge a difference between commercial length CDMT, typically between 17 and 24 feet, and shorter length tubes that are presumed to have been cut to particular customer specifications and are only suitable for particular applications. They filed a scope clarification on May 30, 2017 requesting that Commerce add language to the scope of investigations that excludes CDMT less than 12 inches in length. Petitioners' Correspondence, EDIS. Doc. 613234.

[60] The Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. *Certain Uncoated Paper from Australia, Brazil, China, Indonesia, and Portugal*, Inv. Nos. 701-TA-528-529 and 731-TA-1264-1268 at 7-8 (Final), USITC Pub. 4592 (Feb. 2016); *Certain Mechanical Transfer Drive Components from Canada and China*, Inv. Nos. 701-TA-550 and 731-TA-1304-1305 (Preliminary), USITC Pub. 4587 at 20-23 (Dec. 2015); *Diamond Sawblades and Parts Thereof from China and Korea*, Inv. Nos. 731-TA-1092-93 (Final), USITC Pub. 3862 at 8-11 (July 2006).

operations, and the current scope envisions a variety of such operations (*e.g.*, heat-treating, cutting to length, straightening, non-destruction testing, deburring, or chamfering). The questionnaires in the preliminary phase of these investigations were not issued to firms engaged solely in finishing or cutting operations and did not seek separate information on finishing or cutting operations of integrated producers. Based on the current record, we define the domestic industry as the nine known producers of the domestic like product, which does not include firms that only cut or finish CDMT for the purposes of the preliminary phase of these investigations.[61]

Consequently, we define the domestic industry as all U.S. producers of the domestic like product.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product shall be deemed negligible if they account for less than three percent (or four percent in the case of a developing country in a countervailing duty investigation) 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.[62]

The statute further provides that subject imports from a single country which comprise less than 3 percent of such total imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than 7 percent of the volume of all such merchandise imported into the United States.[63] In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative ("USTR")), the statute indicates that the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent.[64]

Additionally, even if subject imports are found to be negligible for purposes of present material injury, they shall not be treated as negligible for purposes of a threat analysis should the Commission determine that there is a potential that subject imports from the country concerned will imminently account for more than 3 percent (4 percent for countervailing duty

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[61] Petition at Exhs. 1 and 2. If this issue has not become moot due to a change in Commerce's scope definition, then we encourage parties in their comments on the draft questionnaires in any final phase of these investigations to provide further information as to the nature of cutting or finishing activities performed in the United States, the identities of the firms involved in each or several such operations, and whether such activities involve manufacturing of the CDMT products in the domestic like product or instead involve manufacturing of automotive components (or other industry components) that are outside the domestic like product definition. *See, e.g.*, 19 C.F.R. § 207.20(b).

[62] 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)).

[63] 19 U.S.C. § 1677(24)(A)(ii).

[64] 19 U.S.C. § 1677(24)(B).

investigations of developing countries) of all such merchandise imported into the United States.[65] The Commission also assesses whether there is a potential that the aggregate volumes of subject imports from all countries with currently negligible imports will imminently exceed 7 percent of all such merchandise imported into the United States.[66] The threshold is 9 percent for developing countries.

A. Arguments of the Parties

Petitioners. Petitioners argue that official import data provide an accurate measure of subject import volumes, and such data indicate that imports from each subject country individually exceeded the applicable thresholds.[67] They also reject certain respondents' contention that significant quantities of subject merchandise may enter the United States under HTSUS statistical reporting numbers 7306.30.1000 and 7306.50.1000, which cover welded circular tubular products with a wall thickness of less than 1.65 mm.[68]

Respondents. Metalfer argues that the petition's negligibility analysis is inaccurate because it excludes HTSUS statistical reporting numbers under which subject merchandise may enter, specifically 7306.30.1000.[69] While acknowledging that it is unclear what portion of imports under this HTSUS number may be out-of-scope merchandise, Metalfer argues that the large volumes of imports from Canada and Mexico under this statistical reporting number have the potential to alter the percentage of imports for individual subject countries.[70] Accordingly, Metalfer argues that the Commission should analyze imports under HTSUS 7306.30.1000 to include subject imports therein or rely on questionnaire responses to include all such imports.[71] Salzgitter also argues that the petition's omission of certain HTSUS statistical reporting numbers

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[65] 19 U.S.C. § 1677(24)(A)(iv).

[66] 19 U.S.C. § 1677(24)(A)(iv).

[67] Petitioners' Postconference Br. at Exh. 1, p. 8-9.

[68] Petitioners' Postconference Br. at Exh. 1, p. 3-4. While acknowledging that subject merchandise may enter the United States under these categories, Petitioners argue that in their experience less than *** percent of the CDMT market includes tubes of such thin wall thickness, and these HTSUS statistical reporting numbers instead overwhelmingly contain out-of-scope merchandise. Petitioners also reject respondent's argument that these statistical reporting numbers include significant quantities of out-of-scope merchandise from Canada and Mexico. Indeed, Petitioners note that ***. Accordingly, the Petitioners argue that imports recorded under HTSUS statistical reporting numbers 7306.30.1000 and 7306.50.1000 are overwhelmingly out-of-scope merchandise whose inclusion would only skew and distort the Commission's analysis of import volumes and negligibility. Petitioners' Postconference Br. at Exh. 1, p. 3-5 and Exh. 9.

[69] Conference Tr. at 128-129 (Schaefer).

[70] Conference Tr. at 129 (Schaefer).

[71] Conference Tr. at 129-130 (Schaefer). Metalfer reserves further arguments on negligibility pending adjustments to import data in any final phase of these investigations. Conference Tr. at 154-155 (Schaefer).

in negligibility calculations may have understated subject import volumes, and as a result, overstated the import share of individual subject countries.[72]

B. Analysis and Conclusion

Because we received questionnaire responses from importers accounting for *** percent of total imports and *** percent of subject imports in 2016, we base our analysis primarily upon importer questionnaires, which gathered data on subject imports regardless of the HTSUS statistical reporting numbers under which they enter into the United States. We rely upon proprietary Customs data for primary HTSUS subheadings[73] only for those companies that did not respond to the questionnaire with data or a certification that they do not import the product under investigation.[74]

Using these data,[75] imports from each of the subject countries are above the statutory negligibility thresholds (*i.e.*, above 3.0 percent for imports from China, Germany, India, Italy, Korea, and Switzerland that are subject to antidumping duty investigations, above 3.0 percent for imports from China that are subject to a countervailing duty investigation, and above 4.0 percent for imports from India that are subject to a countervailing duty investigation). Subject countries, and their percentage of total imports from April 2016 through March 2017, are as follows: China (*** percent), Germany (*** percent), India (*** percent), Italy (*** percent), Korea (*** percent), and Switzerland (*** percent).[76] Accordingly, we find that imports from each of these subject countries are not negligible.

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[72] Salzgitter Postconference Br. at 7-8. Salzgitter also argues that the petition's subject import volumes from Germany under HTSUS statistical reporting number 7306.50.5030 include out-of-scope merchandise, but Salzgitter does not allege that the exclusion of such imports from the numerator and denominator will alter the Commission's negligibility analysis. Salzgitter Postconference Br. at 3-6. We address these arguments further in section VII.D.

[73] Primary HTSUS subheadings are those subheadings identified in the Petitions under which subject imports primarily enter into the United States.

[74] CR at IV-1-2; PR at IV-1-2. For those non-primary HTSUS numbers under which respondents allege further subject imports enter into the United States, the Commission received questionnaire responses from major importers under these numbers, as identified by proprietary Customs records. These importers certified that they did not import CDMT during the POI, which is consistent with Petitioners' argument that few such imports enter into the United States under these HTSUS numbers. *Id*.

[75] Regarding the cut-to-length finished CDMT less than 12 inches in length (*e.g.*, "blanks, components, or parts"), import data reported by respondents are believed to include such products because the current scope of investigations does not specifically exclude shorter-length CDMT. Regarding cold-sized tubing made to EN Specification 10305-3, *** did not report such products to the Commission because parties are contesting before Commerce whether the current scope of investigations includes such products as having undergone "cold-finishing." ***. We intend to address further the inclusion of these imports in our data in any final phase of these investigations, based upon Commerce's rulings regarding the pending scope clarification requests filed by Petitioners on May 30, 2017. Petitioners' Correspondence, EDIS. Doc. 613234.

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

VI. Cumulation

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

(1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[77]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[78] Only a "reasonable overlap" of competition is required.[79]

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

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

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

A. Arguments of the Parties

Petitioners. Petitioners argue that all criteria for cumulation are satisfied in these investigations. They argue that CDMT is a fungible product and that CDMT products of similar dimensions are interchangeable regardless of source.[80] Petitioners further note that a majority of U.S. producers and importers reported CDMT from all subject countries are "always" or "frequently" interchangeable.[81] Moreover, CDMT manufactured in the United States and imported from the subject countries were sold in every geographic region of the United States during the POI, the domestic like product and subject imports are sold in similar channels of distribution (to distributors and end users), and both the domestic like product and subject imports were simultaneously present in the U.S. market throughout the POI.[82]

Petitioners further contest Metalfer's argument that its imports, which are a proprietary product designed for a single-use application for its U.S. customer, are not fungible with other types of CDMT.[83]

Respondents. Metalfer argues that subject imports from Italy should not be cumulated with other subject imports because subject merchandise from Italy is sold through distinct channels of distribution and is not fungible with other subject imports or the domestic like product.[84]

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[80] Petitioners' Postconference Br. at 14-15.

[81] Petitioners' Postconference Br. at 14-15.

[82] Petitioners' Postconference Br. at 16-17.

[83] Petitioners' Postconfernece Br. at 15-16. They note that this customer, ***, reported purchasing both subject merchandise and the domestic like product during the POI, shifting purchases to subject imports from Italy because of price, and that subject imports from Italy were "always" interchangeable with the domestic like product, and they further note that *** have supplied this customer for years. Finally, Petitioners note that Metalfer's arguments apply only to its imports, but that another firm in Italy (***) also supplied the U.S. market with CDMT during the POI. *Id*.

[84] Metalfer Postconference Br. at 3-8. Metalfer argues that most subject imports from Italy are specially designed models of CDMT that are designed by and shipped to specific customers. As such, Metalfer argues that imports from Italy are not interchangeable with other subject imports or the domestic like product, and their shipments to specific customers result in different channels of distribution and a lack of geographic overlap with other subject imports and the domestic like product. With respect to its own shipments to the United States, Metalfer notes that *** percent of its U.S. shipments in 2016 involved a single proprietary type of CDMT shipped to a single customer, ***. This proprietary model of CDMT has unique physical characteristics, including ***, that make it not interchangeable with other types of CDMT. Metalfer cites the Commission's decision in *Certain Cold-Rolled Steel Products from Australia, India, Japan, Sweden, and Thailand* to support its argument that shipments only to specific customers can result in a lack of geographic overlap between subject imports and the domestic like product. *Id*. (citing *Certain Cold-Rolled Steel Products from Australia, India, Japan, Sweden, and Thailand*, Inv. Nos. 731-TA-965, 971-972, 979, and 981 (Final), USITC Pub. 3536 (Sept. 2002)).

Salzgitter further argues that subject imports from Germany and Switzerland should not be cumulated with other subject imports because of distinct channels of distribution and a lack of fungibility with other subject imports and the domestic like product.[85]

B. Analysis and Conclusion

For purposes of our preliminary determinations, we consider subject imports from China, Germany, India, Italy, Korea, and Switzerland on a cumulated basis because the statutory criteria for cumulation are satisfied. As an initial matter, petitioners filed the antidumping/countervailing duty petitions with respect to all sources of subject imports on the same day, April 19, 2017.[86] Additionally, as discussed below, the current record supports finding a reasonable overlap of competition among CDMT produced in China, Germany, India, Italy, Korea, Switzerland, and the United States.

Fungibility. The record of the preliminary phase of these investigations indicates that there is a high degree of substitutability between domestically produced CDMT and subject imports.[87] A majority of U.S. producers and U.S. importers reported that the domestic like product and subject imports from each of the six subject countries are "always" or "frequently" interchangeable.[88] Majorities or pluralities of U.S. producers and U.S. importers reported for each country comparison that subject imports from each subject country are "frequently," or "sometimes" interchangeable with subject imports from every other subject country.[89] Record evidence also indicates that the domestic like product and subject imports are made to similar standards, with multiple respondents noting that their products meet ASTM standards.[90]

To the degree that Metalfer and Salzgitter have highlighted customer-specific varieties of CDMT that they manufacture and which are not generally interchangeable with other types of CDMT, this would be true of any customer-specific CDMT manufactured by subject producers or domestic producers, and available record evidence suggests that domestic producers also

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[85] Salzgitter Postconference Br. at 12. Echoing Metalfer's arguments regarding subject imports from Italy, Salzgitter argues that nearly 85 percent of exports from Germany and Switzerland are customer-specific products dedicated for automotive applications, and these customer-specific designs are not interchangeable with other types of CDMT and render subject imports from Germany and Switzerland not fungible with other subject imports or the domestic like product. Salzgitter further argues that such shipments of subject imports from Germany and Switzerland are made according to "frame contracts" negotiated by European parent companies for worldwide supply agreements, and as such subject imports from Germany and Switzerland operate in distinct channels of distribution from other subject imports and the domestic like product. *Id*.

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

[87] CR at II-15; PR at II-10-11.

[88] CR/PR at Table II-6.

[89] CR/PR at Table II-6.

[90] *See, e.g.*, Hubei Steel Postconference Br. at 3 (product is made to ASTM A519).

manufacture such customer-specific products.[91] Indeed, the U.S. customer highlighted by Metalfer, ***, reported purchases from both importers of subject merchandise and U.S. producers over the POI, [92] and the domestic industry reported that *** percent of its commercial U.S. shipments to end users were to the automotive industry, where Salzgitter argues that subject imports from Germany and Switzerland are concentrated.[93] Accordingly, the record indicates sufficient fungibility between the domestic like product and subject imports from China, Germany, India, Italy, Korea, and Switzerland to meet the reasonable overlap standard.

Channels of Distribution. The record indicates that both the domestic like product and subject merchandise share the same channels of distribution, to distributors and to end users, albeit with different concentrations. The domestic like product and subject imports from India were shipped primarily to ***, and subject imports from China were *** between distributors and end users over the POI, but in shifting concentrations.[94] Subject imports from Germany, Italy, Korea, and Switzerland were shipped primarily to ***.[95] While Metalfer and Salzgitter argue that their shipments of customer-specific products to end users constitute distinct channels of trade, we note that domestic producers also make shipments directly to end users, and respondents' arguments would apply equally to any customer-specific shipment, whether by importers of subject merchandise or domestic producers.[96] While Salzgitter argues that subject imports from Germany and Switzerland are focused in the automotive sector and essentially operate in a different channel of distribution, we note that domestic producers reported that *** percent of their U.S. commercial shipments to end users were to the automotive sector.[97]

Thus, despite some differences in the concentration of sales to distributors and end users, the record indicates substantial overlap in the channels of distribution for the domestic like product and subject imports from all six subject countries.[98]

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[91] CR/PR at Table II-1 (noting percentage of U.S. shipments by domestic producers to end users during the POI).

[92] CR/PR at Table V-11

[93] CR at II-2; PR at II-1-2. In any final phase of these investigations, we invite the parties in their comments on the draft questionnaires to suggest ways for the Commission to evaluate respondents' arguments that the types of CDMT products that they sell for automotive applications differ from the types of CDMT products that the domestic industry supplies.

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

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

[96] CR/PR at II-1.

[97] CR at II-2; PR at II-1-2.

[98] We note Salzgitter's argument that subject imports from Germany and Switzerland are largely sold to individual customers in accordance with frame contracts negotiated outside the United States. We intend to examine further such sales arrangements, whether from Germany, Switzerland or other subject countries, in any final phase of these investigations, and we invite parties in their comments on the draft questionnaires to suggest questions to elicit further information regarding such frame contracts and whether they are fundamentally different from any other supplier/end user relationship.

Geographic Overlap. The record indicates that CDMT is generally shipped nationwide. The domestic like product and subject imports from all six subject countries were present in the Northeast, Midwest, Southeast, Central Southwest, Mountains and Pacific Coast regions of the United States during the POI.[99] Contrary to Metalfer's argument that its shipments were largely to one customer in a single geographic region, available record data indicate that subject imports from Italy were present in all regions of the contiguous United States during the POI.[100]

Simultaneous Presence in Market. The domestic like product was present in the U.S. throughout the POI.[101] Imports from each subject country were also present in the U.S. market in every month of the POI.[102]

Conclusion. The record indicates sufficient fungibility between the domestic like product and imports from each of the subject countries to meet the reasonable overlap standard. The record reflects that market participants perceive the domestic like product and subject imports from all sources to be generally interchangeable. The domestic like product and subject imports also share the same channels of distribution, to distributors and end users. The domestic like product and subject imports from all six subject countries were simultaneously present in the U.S. market throughout the POI, and are all sold in the same U.S. regions. Consequently, we find that there is a reasonable overlap of competition between and among subject imports and the domestic like product. Accordingly, we cumulate subject imports from China, Germany, India, Italy, Korea, and Switzerland for purposes of our analysis of whether there is a reasonable indication of material injury.

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

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[103] 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

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

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

[101] CR at IV-15; PR at IV-10.

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

[103] 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.

operations.[104] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[105] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[106] 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."[107]

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,[108] 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.[109] 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.[110]

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

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[104] 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).

[105] 19 U.S.C. § 1677(7)(A).

[106] 19 U.S.C. § 1677(7)(C)(iii).

[107] 19 U.S.C. § 1677(7)(C)(iii).

[108] 19 U.S.C. §§ 1671b(a), 1673b(a).

[109] *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'g* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[110] 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).

injury threshold.[111] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[112] 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.[113] It is clear that the existence of injury caused by other factors does not compel a negative determination.[114]

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

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[111] SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal*, 542 F.3d at 877.

[112] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor* , 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.").

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

[114] *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.").

the subject imports."[115] [116] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[117]

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal* 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.[118] 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* litigation.

Mittal 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

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[115] *Mittal*, 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*, 792 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[116] Commissioner Kieff does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when analyzing present material injury, to consider a particular issue with respect to the role of nonsubject imports, without reliance upon presumptions or rigid formulas. The Court has not prescribed a specific method of exposition for this consideration. *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.

Mittal, 542 F.3d at 878.

[117] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal*, 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.").

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

imports.[119] 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* 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.[120]

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.[121] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[122]

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

CDMT is a tubular product that has been cold-drawn or otherwise cold-finished in a manner that changes the diameter and/or wall thickness of the tube, and CDMT is used in applications that simulate movements such as pushing, pulling, lifting, and carrying.[123] CDMT is used in the production of bushings, spacers, bearings, axles, steering columns, and other mechanical parts that are incorporated into a variety of downstream products in the automotive, trucking, aviation, construction, agricultural, and drilling industries.[124] The vast

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[119] *Mittal*, 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).

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

[121] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[122] *Mittal*, 542 F.3d at 873; *Nippon*, 458 F.3d at 1350, *citing U.S. Steel*, 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.").

[123] CR at II-1; PR at II-1.

[124] CR at II-1, PR at II-1.

majority of respondents indicated that there are no substitutes for CDMT, while five of 31 importers reported that some products that could be substituted for CDMT but only in certain applications.[125] CDMT accounts for a moderate share of the cost of the direct downstream product in which it is used (*e.g.*, bushings, bearings, axles, etc.), and for a much smaller share of the cost of the final end-use product (*e.g.*, automobiles, oil rigs, etc.).[126]

Due to the use of CDMT in disparate sectors, demand for CDMT depends on overall economic growth and demand in these individual downstream sectors.[127] GDP growth increased over the POI but at a declining rate.[128] U.S. net farm income declined, while U.S. oil and natural gas production fluctuated over the POI.[129] With respect to the automotive industry, U.S. vehicle sales declined overall while U.S. auto production increased overall during the POI.[130] Most U.S. producers and a plurality of importers reported a decrease in overall demand for CDMT since January 2014.[131]

Apparent U.S. consumption declined from 541,175 short tons in 2014 to 480,362 short tons in 2015 and 448,151 short tons in 2016.[132]

2. Supply Conditions

The domestic industry, subject imports, and imports from nonsubject sources all supplied the U.S. market over the POI. The domestic industry accounted for the largest share of apparent U.S. consumption over the POI, with a market share of 75.6 percent in 2014, 72.7 percent in 2015, and 71.0 percent in 2016.[133] The domestic industry's annual capacity increased over the POI, from 661,930 short tons in 2014 to 669,649 short tons in 2015 and 684,492 short tons in 2016, and its annual capacity remained above apparent U.S. consumption throughout the POI.[134]

Cumulated U.S. shipments of subject imports accounted for the second largest market share over the POI, with their market share, by quantity, increasing from *** percent in 2014 to

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[125] CR at II-15; PR at II-10.

[126] CR at II-10; PR at II-6.

[127] CR at II-12; PR at II-8.

[128] CR/PR at Figure II-1.

[129] CR/PR at Figures II-2 and II-3.

[130] CR/PR at Figure II-4. We note arguments by respondents that declines or increases in demand in various sectors impacted shipments of domestically produced and imported CDMT during the POI. In any final phase of these investigations, we intend to investigate further this issue and collect shipment data of CDMT to individual sectors (*e.g.*, agriculture, oil and gas, automotive, etc.). We invite parties to propose how to collect such data in their comments on the Commission's draft questionnaires.

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

[132] CR/PR at Table IV-9.

[133] CR/PR at Table IV-9.

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

*** percent in 2015 and *** percent in 2016.[135] The largest sources of subject imports during this period were China and India.[136]

U.S. shipments of imports from nonsubject sources accounted for the remainder of market share over the POI. Their market share, by quantity, increased from *** percent in 2014 to *** percent in 2015 and decreased to *** percent in 2016, a higher level than in 2014.[137] The largest sources for nonsubject imports over the POI were Japan and Romania.[138]

3. Substitutability

CDMT encompasses a broad spectrum of products with different dimensions and specifications catered to particular end uses, which necessarily entails that not all types of CDMT are interchangeable.[139] However, for CDMT with similar dimensions and specifications, available record evidence suggests that there is generally a high degree of substitutability between domestically-produced CDMT and CDMT imported from subject countries, as discussed below.[140]

A majority of U.S. producers and U.S. importers reported that the domestic like product and subject imports from each of the six subject countries are "always" or "frequently" interchangeable, as indicated above.[141] A majority or plurality of U.S. producers and U.S. importers reported for each country comparison that subject imports from each subject country are "frequently" or "sometimes" interchangeable with subject imports from every other subject country.[142]

With one exception, all U.S. producers reported that non-price differences are "sometimes" or "never" significant in comparisons of the domestic like product and subject imports from each of the six subject countries, as well as in all comparisons of subject imports from different subject countries.[143] U.S. importers provided mixed responses as to the significance of non-price differences. Importers were evenly divided between reporting non-price differences "always" or "frequently" significant and reporting them "sometimes" or "never" significant in their respective comparisons of the domestic like product with subject imports from China (11 versus 11), India (seven versus seven), Italy (seven versus six), and Korea (seven versus six).[144] A majority of importers reported that non-price factors were

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[135] CR/PR at Table IV-9.
[136] CR/PR at Table IV-2.
[137] CR/PR at Table IV-9.
[138] CR/PR at Table IV-3.
[139] Conference Tr. at 65 (Luberda).
[140] CR at II-15; PR at II-10-11.
[141] CR/PR at Table II-6.
[142] CR/PR at Table II-6.
[143] CR/PR at Table II-7. One U.S. producer reported that non-price differences were "frequently" significant in comparisons between CDMT manufactured in the United States and imported from each of the subject countries. *Id*.
[144] CR/PR at Table II-7.

"always" or "frequently" significant with respect to subject imports from Germany (11 of 12 responses) and Switzerland (eight of nine responses).[145] In comparisons of subject imports from the different subject countries, majorities or pluralities of U.S. importers reported that non-price differences were "frequently" significant in seven comparisons,[146] and "sometimes" or "never" significant in the remaining 11 comparisons.[147]

We note party arguments regarding the uniqueness of certain subject imports and an alleged lack of substitutability with other CDMT products. TPI, Salzgitter, Metalfer, Salem Steel, Tube Fabrication, voestalpine, Goodluck, and Hubei Steel each argue that their subject imports focus on customer-specific models with unique physical properties that are not substitutable with other types of CDMT.[148] Indeed, Salzgitter argues that the U.S. industry focuses on producing "commodity" tubes that have multiple possible applications, whereas subject imports are typically specialized to customer specifications and suitable only for a particular application.[149] TPI and AARIS further argue that the market for CDMT may be categorized into groupings based on diameter size and wall thickness, and they argue that subject imports focus on smaller sizes whereas domestic producers focus on larger sizes.[150] In response to these arguments, Petitioners note that domestic producers have the ability to produce specialized products and in many cases supply the same customers as respondents,[151] and domestic producers have the ability to produce small-diameter CDMT.[152]

Based on the current record, we find that CDMT from the subject countries are generally highly substitutable for the domestic like product.[153] Given the substitutable nature of these products and information reported by purchasers responding to lost sales and lost

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[145] CR/PR at Table II-7.

[146] CR/PR at Table II-7. U.S. importers most frequently reported non-price differences were "frequently" significant in comparisons between China and Germany, China and Korea, China and Switzerland, Germany and India, India and Korea, India and Switzerland, and Korea and Switzerland. *Id*.

[147] CR/PR at Table II-7. U.S. importers reported non-price differences were "sometimes" or "never" significant in comparisons between China and India, China and Italy, China and Korea, Germany and Italy, Germany and Korea, Germany and Switzerland, India and Italy, India and Korea, Italy and Korea, Italy and Switzerland, and Korea and Switzerland. *Id*.

[148] TPI Postconference Br. at 11-12; Salzgitter Postconference Br. at 1; Metalfer Postconference Br. at 8-9; Joint Postconference Br. at 1-2; Hubei Steel Postconference Br. at 1-6.

[149] Salzgitter Postconference Br. at 16.

[150] TPI Postconference Br. at 10; AARIS Postconference Br. at 5.

[151] Petitioners note that domestic producers also supplied Metalfer's customer, ***, throughout the POI. Petitioners' Postconference Br. at 25.

[152] Petitioners' Postconference Br. at 20-21. Petitioners argue that Zekelman has an entire facility designed to cold-draw tubing of less than four inches in outside diameter, but this facility is idle only because of the harmful effects of subject imports. Petitioners' Postconference Br. at 21 and Exh. 17.

[153] We intend to explore further in any final phase of these investigations alleged distinctions between domestically produced CDMT and CDMT from subject sources that are suitable only for particular end uses.

revenue allegations,[154] we further find that price plays an important role in purchasing decisions.

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."[155]

Cumulated subject imports[156] had a significant presence in the U.S. market absolutely and relative to apparent U.S. consumption during the POI. Cumulated subject import volumes decreased from *** short tons in 2014 to *** short tons in 2015 and *** short tons in 2016.[157] The absolute volume of cumulated subject imports decreased less than the decline in apparent U.S. consumption, resulting in increased market share for U.S. shipments of cumulated subject imports during the POI. Cumulated subject imports increased their share of apparent U.S. consumption from *** percent in 2014 to *** percent in 2015 and *** percent in 2016.[158] In contrast, the domestic industry's share of apparent U.S. consumption declined over the POI, from 75.6 percent in 2014 to 72.7 percent in 2015 and 71.0 percent in 2016.[159]

Based on the current record, for purposes of these preliminary determinations, we find that the volume of cumulated subject imports from China, Germany, India, Italy, Korea, and Switzerland is significant both in absolute terms and relative to consumption in the United States.

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[154] Purchasers responding to lost sales and lost revenue allegations were asked to identify the main purchasing factors their firm considered in their purchasing decisions for CDMT. They identified price and quality as the two leading purchasing factors. CR/PR at Table II-5.

[155] 19 U.S.C. § 1677(7)(C)(i).

[156] As explained above, we rely primarily upon importer questionnaires for import data, supplemented with proprietary Customs data for those companies that did not supply either a questionnaire response or certification of no shipments. While several respondents argued that the Commission should remove allegedly out-of-scope cold-sized tubing from Germany from Customs data in evaluating import volume, we have relied upon importer questionnaire responses that already exclude such imports from ***. ***. However, we will revisit in any final phase of these investigations whether to include cold-sized tubing and CDMT of less than 12 inches in length in the import data, according to Commerce's rulings on the Petitioners' related scope clarification requests.

[157] CR/PR at Table IV-2. U.S. shipments of cumulated subject imports declined from *** short tons in 2014 to *** short tons in 2015, and increased to *** short tons in 2016, a level lower than in 2014. CR/PR at Table IV-8.

[158] CR/PR at Table IV-9.

[159] CR/PR at Table IV-9.

D. Price Effects of 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.[160]

As stated above, the current record indicates a generally high degree of substitutability among subject imports and the domestically produced product when they are produced to the same dimensions and specifications. Available information also indicates that price is an important factor in purchasing decisions.

In the preliminary phase of these investigations, the Commission requested that U.S. producers and importers provide quarterly data for the total quantity and free on board value for six CDMT products shipped to unrelated U.S. customers between January 2014 and December 2016.[161] Five U.S. producers and nine importers submitted usable pricing data on sales of the requested products, although not all firms reported pricing for all quarters.[162]

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[160] 19 U.S.C. § 1677(7)(C)(ii).

[161] The pricing products were: **Product 1.**—ASTM A519 Cold-Drawn Seamless Tube, Grade 1026, outside diameter 5.000 inches, wall thickness 1.000 inch, length 17-24 feet; **Product 2.**—ASTM A519 Cold-Drawn Seamless Tube, Grade 1026, outside diameter 4.500 inches, wall thickness 1.000 inch, length 17-24 feet; **Product 3.**—ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade 1026, outside diameter 2.500 inches, wall thickness 0.250 inch, length 17-24 feet; **Product 4.**—ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade 1026, outside diameter 3.000 inches, wall thickness 0.188 inch, length 17-24 feet; **Product 5.**—ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade ST52.3, outside diameter 3.750 inches, wall thickness 0.255 inch, length 17-24 feet; and **Product 6.**—ASTM A513-5 Cold Drawn Over Mandrel Welded Tube, Grade ST52.3, outside diameter 4.000 inches, wall thickness 0.255 inch, length 17-24 feet. CR at V-5; PR at V-3-4.

[162] CR at V-5, PR at V-4. The pricing data accounted for approximately *** percent of the domestic industry's U.S. shipments, *** percent of subject imports from China, *** percent of subject imports from India, *** percent of subject imports from Italy, and *** percent of subject imports from Korea. No pricing data were provided for subject imports from Germany or Switzerland. CR at V-5-6, PR at V-4. As noted by Petitioners, CDMT has an "infinite" number of combinations of dimensions and specifications that make it difficult to identify pricing products with broad coverage. Conference Tr. at 65 (Luberda). Nonetheless, in their comments on the draft questionnaires for any final phase of these investigations, we invite parties to propose pricing products that may provide broader coverage, including coverage of at least some volume of imports from Germany and Switzerland, and we also invite comments on whether to collect bid data on CDMT purchases.

The pricing data show that cumulated subject imports undersold the domestic like product in 33 of 57 quarterly price comparisons (involving *** short tons of subject imports) at underselling margins that ranged from 0.3 percent to 26.9 percent and averaged 12.7 percent.[163] The pricing data further indicate that subject imports oversold the domestic industry's price in the remaining 24 of 57 quarterly price comparisons (involving *** short tons of subject imports) by margins ranging from 0.3 to 75.2 percent and averaging 12.6 percent.[164] While the product coverage is low for these pricing data, we observe that a large majority of responding purchasers reported that: (i) subject imports were lower priced than domestically produced CDMT and (ii) they had purchased subject imports instead of the domestic like product because of price, as discussed below. Given these findings, we find the underselling to be significant for purposes of these preliminary determinations.

Purchasers reported decreasing their share of total purchases from domestic producers by 5.9 percentage points between 2014 and 2016, while increasing their purchases of subject merchandise by 5.1 percentage points over those years.[165] Eleven of 16 responding purchasers reported purchasing subject imports rather than the domestic like product.[166] Of these purchasers, all reported that subject imports were lower-priced than the U.S. product, and ten reported that price was the primary reason for purchasing subject imports rather than the domestic product.[167] Eleven of these purchasers estimated that they purchased *** short tons of subject imports rather than the domestic like product over the POI.[168] These confirmed lost sales, combined with an apparent shift in these firms' purchases toward subject imports, are consistent with evidence discussed above indicating that cumulated subject imports increased their market share at the expense of the domestic industry over the POI.[169]

Pricing data indicate price declines for each of the domestically produced products over the POI, by *** percent for product 1, *** percent for product 2, *** percent for product 3, *** percent for product 4, *** percent for product 5, and *** percent for product 6.[170] Six purchasers also reported that domestic producers reduced prices over the POI to compete with subject imports, with price reductions ranging from *** percent to *** percent and averaging 24.3 percent.[171] While pricing data for subject imports also indicate that prices for subject imports largely decreased over the POI,[172] the coverage of such data was low, limiting our

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[163] CR/PR at Table V-10.

[164] CR/PR at Table V-10.

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

[166] CR/PR at Table V-12.

[167] CR/PR at Table V-12.

[168] CR/PR at Table V-12.

[169] CR/PR at Table IV-9. The U.S. market share for cumulated subject imports increased *** percent over the POI, while that of the domestic industry declined 4.6 percent.

[170] CR/PR at Table V-9.

[171] CR/PR at Table V-14.

[172] CR/PR at Table V-9. Prices for Product 1 from China, however, increased *** percent over the POI. *Id*.

ability to identify price trends for all countries for all products.[173] Additionally, other market factors, such as decreases in apparent U.S. consumption and decreases in raw material costs, also may have contributed to observed price decreases in domestically produced products.[174] As a result, the available record is insufficient to establish that cumulated subject imports depressed prices for the domestic like product to a significant degree.

We also considered whether cumulated subject imports prevented increases in prices of the domestic like product that otherwise would have occurred to a significant degree. During the POI, the domestic industry's COGS to net sales ratio increased from 86.4 percent in 2014 to 92.4 percent in 2015 and 92.2 percent in 2016, a higher level than in 2014.[175] During this time, however, apparent U.S. consumption and raw material costs both decreased.[176] Because price increases were unlikely in light of apparent U.S. consumption trends and falling costs, we do not find that cumulated subject imports prevented price increases that otherwise would have occurred to a significant degree.

On the basis of the record in the preliminary phase of these investigations, we find that significant underselling by cumulated subject imports resulted in lost sales by the domestic industry to subject importers. We consequently conclude that the cumulated subject imports had significant price effects.

E. Impact of the Subject Imports[177]

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.

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[173] CR at V-5-6, PR at V-4. Indeed, the Commission received no pricing data for subject imports from Germany or Switzerland. *Id*.

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

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

[176] CR/PR at Table C-1. Unit costs also fluctuated from $1,670 in 2014 to $1,697 in 2015 and $1,534 in 2016, but ultimately finished lower in 2016 than in 2014. CR/PR at Table VI-1.

[177] Commerce initiated investigations based on estimated antidumping duty margins of 87.58 percent to 186.89 percent for imports from China, 77.70 percent to 209.06 percent for imports from Germany, 33.80 percent for imports from India, 37.08 percent to 68.95 percent for imports from Italy, 12.00 percent to 48.00 percent for imports from Korea, and 38.02 percent to 52.21 percent for imports from Switzerland. *Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel from the Federal Republic of Germany, India, Italy, the Republic of Korea, the People's Republic of China, and Switzerland*, 82 Fed. Reg. 27491 (May 16, 2017).

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."[178]

Apparent U.S. consumption for CDMT declined over the POI, but the domestic industry's shipments, market share, and revenues declined to an even greater extent. As a result, the domestic industry's financial performance deteriorated over the POI.

As discussed above, the domestic industry's market share declined from 75.6 percent in 2014 to 72.7 percent in 2015 and 71.0 percent in 2016.[179] While the domestic industry's capacity increased over the POI,[180] the domestic industry's production,[181] U.S. shipments,[182] and capacity utilization[183] declined from 2014 to 2016.

Employment-related indicators for the domestic industry showed declines from 2014 to 2016. The number of production-related workers ("PRWs"), total hours worked, wages paid, hourly wages, and productivity all declined during this period, while unit labor costs increased.[184]

The domestic industry's financial indicators also declined from 2014 to 2016. Net sales,[185] unit net sales value,[186] gross profit,[187] operating income,[188] and net income[189] declined

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[178] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[179] CR/PR at Table IV-9.

[180] The domestic industry's capacity increased from 661,930 short tons in 2014 to 669,649 short tons in 2015 to 684,492 short tons in 2016. CR/PR at Table III-4. Additionally, the domestic industry's inventories decreased, from 76,414 short tons in 2014 to 51,505 short tons in 2015 and 45,443 short tons in 2016. CR/PR at Table III-8. The domestic industry's ratio of inventories to total shipments also decreased, declining from 16.6 in 2014 to 12.9 in 2015 and 12.2 in 2016. *Id*.

[181] The domestic industry's production decreased from 471,579 short tons in 2014 to 375,814 short tons in 2015 to 365,531 short tons in 2016. CR/PR at Table III-4.

[182] The domestic industry's total U.S. shipments were 409,111 short tons in 2014, 349,450 short tons in 2015, and 318,021 short tons in 2016. CR/PR at Table III-6. Internal consumption and transfers to related firms were *** short tons in 2014, *** short tons in 2015, and *** short tons in 2016. Calculated from CR/PR at Table III-6. Export shipments by domestic producers were 52,064 short tons in 2014, 51,273 short tons in 2015, and 53,572 short tons in 2016. *Id*.

[183] The domestic industry's capacity utilization was 71.2 percent in 2014, 56.1 percent in 2015, and 53.4 percent in 2016. CR/PR at Table III-4.

[184] The domestic industry's PRWs decreased from 2,027 in 2014 to 1,938 in 2015 and 1,804 in 2016. Total hours worked declined from 4,092 in 2014 to 3,828 in 2015 to 3,733 in 2016. Wages paid declined from $118.8 million in 2014 to $105.9 million in 2015 and $103.1 million in 2016. Hourly wages decreased from $29.03 in 2014 to $27.68 in 2015 and $27.61 in 2016. Productivity decreased from 115.2 short tons per 1,000 hours in 2014 to 98.2 short tons per 1,000 hours in 2015 and 97.9 short tons per 1,000 hours in 2016. Unit labor costs were $251.88 per short ton in 2014, $281.91 per short ton in 2015, and $281.93 per short ton in 2016. CR/PR at Table III-9.

[185] The domestic industry's total net sales declined from $875.7 million in 2014 to $742.2 million in 2015 and $613.5 million in 2016. CR/PR at Table VI-1.

[186] The domestic industry's unit net sales value declined from $1,933 per short ton in 2014 to $1,836 per short ton in 2015 and $1,665 per short ton in 2016. CR/PR at Table VI-1.

from 2014 to 2016. Operating income and net income both declined as a share of net sales from 2014 to 2016, with net income in 2014 becoming growing losses in 2015 and 2016.[190]

Domestic producers' capital expenditures declined from 2014 to 2016.[191] Domestic producers also reported negative effects on investment and on growth and development due to subject imports.[192]

As discussed above, significant volumes of low-priced cumulated subject imports that were generally highly substitutable with the domestic like product entered the U.S. market and significantly undersold the domestic like product, as evidenced by the pricing data and purchasers' responses to the lost sales/lost revenue survey. These large volumes of low-priced subject imports took market share from the domestic industry, causing declines in the domestic industry's output, revenues, and financial performance that were worse than would have otherwise occurred. We therefore find that subject imports had a significant impact on the domestic industry.

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from any such other factor to subject imports. Several respondents argue that declines in demand for CDMT from the U.S. agricultural and oil and gas sectors caused declines in the domestic industry's shipments and market share, and increasing demand for CDMTs from the U.S. automotive sector led to increasing shipments and market share for subject imports.[193] Available record evidence is inconclusive as to declines in individual market segments and what role any such declines may have played in the domestic industry's U.S. shipments and market share for CDMT.[194] As noted previously, we intend to examine this issue further in any final phase of

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(…*continued*)

[187] The domestic industry's gross profit declined from $119.3 million in 2014 to $56.1 million in 2015 and $48.0 million in 2016. CR/PR at Table VI-1.

[188] The domestic industry's operating income decreased from $74.1 million in 2014 to $14.9 million in 2015 and $10.3 million in 2016. CR/PR at Table VI-1.

[189] The domestic industry's net income decreased from $51.9 million in 2014 to a net loss of $9.8 million in 2015 and a net loss of $11.1 million in 2016. CR/PR at Table VI-1.

[190] The domestic industry's operating income as a share of net sales decreased from 8.5 percent in 2014 to 2.0 percent in 2015 and 1.7 percent in 2016. The domestic industry's net income as a share of net sales decreased from 5.9 percent in 2014 to a net loss of 1.3 percent in 2015 and a net loss of 1.8 percent in 2016. CR/PR at Table VI-1.

[191] Capital expenditures declined from $46.5 million in 2014 to $33.7 million in 2015 and $17.9 million in 2016. CR/PR at Table VI-5.

[192] CR/PR at Table VI-8.

[193] TPI Postconference Br. at 15; Joint Postconference Br. at 24-25.

[194] Available record evidence regarding demand in these sectors show declining net farm income in the agricultural sector, fluctuating oil and gas production that finished higher at the end of the POI than in the beginning, and declining vehicle sales but increasing vehicle production in the automotive industry. CR/PR at Figures II-2, II-3, and II-4. Additionally, domestic producers reported that *** percent of their sales to end users were to the automotive industry, whereas respondents have not reported shipments to individual market segments. CR at II-2; PR at II-1-2.

these investigations and collect data regarding shipments to individual market segments. In their comments on the draft questionnaires for any final phase of these investigations, we invite parties to identify how the Commission should collect data that would permit it to evaluate respondents' arguments that the types of CDMT products that they sell, and their customers for such products, differ from the CDMT products and segments supplied by the domestic industry.

We have also considered the role of nonsubject imports in these investigations. Nonsubject imports' share of apparent U.S. consumption increased from *** percent in 2014 to *** percent in 2015 before decreasing to *** percent in 2016, a higher level than in 2014.[195] Notwithstanding this overall increase in market share, nonsubject imports had a smaller market share than either the domestic industry or cumulated subject imports throughout the POI,[196] and nonsubject imports' market share increased less than that of cumulated subject imports, indicating that nonsubject imports cannot explain the magnitude of the domestic industry's loss of market share.[197] Further, available pricing data show that nonsubject imports were predominantly priced higher than both subject imports and the domestic like product.[198] Accordingly, we find that nonsubject imports cannot explain the domestic industry's deteriorating condition over the POI.

We therefore conclude, for purposes of these preliminary determinations, that cumulated subject imports have had a significant impact on the domestic industry.

VIII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of CDMT from China, Germany, India, Italy, Korea, and Switzerland; subject imports from China and India are allegedly subsidized by those governments, and subject imports from China, Germany, India, Italy, Korea, and Switzerland are allegedly sold in the United States at less than fair value.

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[195] CR/PR at Table IV-9.

[196] CR/PR at Table IV-9.

[197] CR/PR at Table IV-9.

[198] *** importers reported pricing data for nonsubject imports from Japan for products 2 and 5, accounting for *** percent of U.S. commercial shipments of CDMT from Japan in 2016. CR at D-3, PR at D-3. These data show that prices for nonsubject imports from Japan were higher than the domestic like product in *** instances and lower than the domestic like product in *** instances; they were higher than cumulated subject imports in *** instances and lower than cumulated subject imports in ***. CR/PR at Table D-1 and D-2.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by ArcelorMittal Tubular Products, Shelby, Ohio; Michigan Seamless Tube, LLC, South Lyon, Michigan; PTC Alliance Corp., Wexford, Pennsylvania; Webco Industries, Inc., Sand Springs, Oklahoma; and Zekelman Industries, Inc., Farrell, Pennsylvania, on April 19, 2017, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of cold-drawn mechanical tubing of carbon and alloy steel ("CDMT") [1] from China, Germany, India, Italy, Korea, and Switzerland and subsidized by the Governments of China and India. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
April 19, 2017	Petition filed with Commerce and the Commission; institution of Commission investigation (82 FR 19078, April 25, 2017)
May 10, 2017	Commission's conference
May 9, 2017	Commerce's notice of initiation of countervailing duty investigations (82 FR 22486, May 16, 2017)
May 9, 2017	Commerce's notice of initiation of antidumping duty investigations (82 FR 22491, May 16, 2017)
June 2, 2017	Commission's vote
June 5, 2017	Commission's determination
June 12, 2017	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 in this proceeding.

[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-—

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[4]

> *(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/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

CDMT is a tubular product that has been cold-drawn or otherwise cold-finished in a way that changes the diameter and/or wall thickness of the tube. CDMT has a number of applications and uses based on the physical and mechanical characteristics imparted by the cold-drawing process, and is used in the production of bushings, spacers, bearings, axles, steering columns, hydraulic cylinders, and other mechanical parts in automobiles, trucks, aircraft, and construction, as well as in agricultural and drilling equipment. As a result, CDMT serves a number of markets including transportation (autos, trucks, buses, trains, and aircraft), construction, agriculture, and oil and gas sectors. The leading U.S. producers of CDMT are ***, while leading producers of CDMT outside the United States include ***. The leading U.S. importers of CDMT from subject sources are ***. U.S. purchasers of CDMT include both OEMs and distributors in a variety of sectors, including agricultural, automotive, construction, and mining sectors. Leading purchasers, in order of size, include ***.[5]

Apparent U.S. consumption of CDMT totaled 448,151 short tons ($817.2 million) in 2016. Currently, nine firms are known to produce CDMT in the United States, eight of which provided a questionnaire response. U.S. producers' U.S. shipments of CDMT totaled 318,021 short tons ($526.2 million) in 2016, and accounted for 71.0 percent of apparent U.S. consumption by quantity and 64.4 percent by value. U.S. importers' U.S. shipments from

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.
[5] Based on firms that responded to the lost sales and lost revenue allegations.

subject sources totaled *** short tons ($***) in 2016 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. importers' U.S. shipments from nonsubject sources totaled *** short tons ($***) in 2016 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of eight firms that accounted for the vast majority of U.S. production of CDMT during 2016. U.S. imports are based on questionnaire responses, supplemented with import data for certain HTS statistical reporting numbers provided in proprietary Customs records ("Customs supplement"). The Customs supplement adds in U.S. imports reported under the "primary HTS numbers" for those firms that did not provide a questionnaire response (i.e., excluding firms that either completed a questionnaire or certified that they were not an importer of CDMT since January 1, 2014).[6]

Table I-1 presents import data coverage obtained from questionnaire responses and proprietary Customs records.

Table I-1
CDMT: U.S. imports from proprietary Customs records and importer questionnaire data, 2016

* * * * * * *

PREVIOUS AND RELATED INVESTIGATIONS

CDMT has not been the subject of any prior countervailing or antidumping duty investigations in the United States.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On May 16, 2017, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on CDMT from China and India.[7] Commerce identified the following government programs in China:

[6] The vast majority of subject merchandise is imported under eight HTS statistical reporting numbers ("Primary HTS numbers"): 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, 7306.50.5030. However, in some cases subject product could enter under other HTS statistical reporting numbers than listed above. The Commission's U.S. importers' questionnaire gathered data on the quantity of such imports.

[7] *Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel From India and the People's Republic of China: Initiation of Countervailing Duty Investigations*, 82 FR 22486, May 16, 2017.

A. Preferential Lending
    1. Policy Loans to the Cold-Drawn Mechanical Tubing Industry
    2. Preferential Loans for State-Owned Enterprises (SOEs)
    3. Export Loans from Chinese State-Owned Banks
    4. Export Credits from Export-Import Bank of China
        a. Export Seller's Credits
        b. Export Credit Guarantees
        c. Export Buyer's Credits
    5. Treasury Bond Loans
B. Dividend Exemptions and Debt Forgiveness
    1. Exemptions for SOEs from Distributing Dividends
    2. Debt Forgiveness to TPCO and Hengyang
C. Tax Programs
    1. Income Tax Reduction for High or New Technology Enterprises
    2. Income Tax Deductions for Research and Development Expenses Under the Enterprise Income Tax Law
    3. Income Tax Concessions for Enterprises Engaged in Comprehensive Resource Utilization
    4. Income Tax Deductions/Credits for Purchase of Special Equipment
D. Indirect Tax Programs
    1. Import Tariff and VAT Exemptions on Imported Equipment in Encouraged Industries
    2. VAT Rebates for FIEs Purchasing Domestically-Produced Equipment
    3. Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring
    4. VAT and Tariff Exemptions for Purchasers of Fixed Assets Under the Foreign Trade Development Fund
E. Government Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)
    1. Government Provision of Land to State-Owned Enterprises for LTAR
    2. Government Provision of Land in Special Economic Zones for LTAR
    3. Government Provision of Iron Ore for LTAR
    4. Provision of Coking Coal for LTAR
    5. Provision of Steel Rounds/Billets for LTAR
    6. Provision of Hot-Rolled/Cold-Rolled Coiled Steel for LTAR
    7. Provision of Electricity for LTAR
F. Grant Programs
    1. GOC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands
    2. Special Fund for Energy Savings Technology Reform
    3. The State Key Technology Project Fund
    4. Grants for Energy Conservation and Emission Reduction
    5. Grants for the Retirement of Capacity
    6. Grants for the Relocation of Productive Facilities

7. SME International Market Exploration/Development Fund
8. SME Technology Innovation Fund
9. Export Assistance Grants
10. Grants to Hunan Valin Iron and Steel Group Co., Ltd.

Commerce identified the following government programs in India:

A. Alleged Subsidy Programs Provided by the GOI

Duty Exemption/Remission Schemes

1. Advance Authorization Program (AAP)
2. Duty Drawback Program (DDB)
3. Duty Free Import Authorization Scheme (DFIA Scheme)
4. Merchandise Export from India Scheme (MEIS)
5. Focus Product Scheme (FPS)
6. Status Holders Incentive Scrip Scheme (SHIS)
7. Incremental Exports Incentive Scheme (IEIS)

Duty Exemption/Remission Schemes and Grants

8. Export Promotion Capital Goods Scheme (EPCGS)
9. Special Economic Zones (SEZs)
    a. Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Material
    b. Exemption from Payment of Central Sales Tax (CST) on Purchases of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Material
    c. Exemption from Stamp Duty of all Transactions and Transfers of Immoveable Property within the SEZ (Stamp Duty)
    d. Exemption from Electricity Duty and Cess (a tax or levy) Thereon on the Sale or Supply to the SEZ Unit
    e. SEZ Income Tax Exemption Scheme (Section 10A)
    f. Discounted Land Fees in an SEZ
10. Export Oriented Units (EOUs)
    a. Duty-Free Import of Goods, Including Capital Goods and Raw Materials
    b. Reimbursements of Central Sales Tax Paid on Goods Manufactured in India
    c. Duty Drawback on Fuel Procured from Domestic Oil Companies
    d. Exemption from Payment of Central Excise Duty (CED) on Goods Manufactured in India and Procured from a DTA
11. Market Access Initiative (MAI)
12. Market Development Assistance (MDA) Scheme

GOI Loans and Financing Schemes

13. Interest Equalization Scheme (IES) for Export Financing
14. GOI Loan Guarantees
15. Steel Development Fund Loans (SDF)

GOI Income Tax Programs

16. Income Tax Deductions for Research and Development Expenses

Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)

17. Provision of High-Grade Iron Ore for LTAR
18. Provision of Steel Inputs by the Steel Authority of India (SAIL) for LTAR

B. Alleged Subsidy Programs Provided by State Governments

19. State Government of Maharashtra (SGOM) Subsidies under the Package Scheme of Incentives (PSI)
    a. Industrial Promotion Subsidy (IPS) / Sales Tax Program Interest Subsidy
    b. Interest Subsidy
    c. Electricity Duty Exemption
    d. Waiver of Stamp Duty
    e. Incentives to Strengthening Micro-, Small-, and Medium-Sized and Large Scale Industries
    f. Incentives for Mega/Ultra Mega Projects
20. State Government of Uttar Pradesh (SGUP) Subsidies
    a. Exemption from Entry Tax for the Iron and Steel Industry
    b. Investment Promotion Scheme
    c. Special Assistance for Mega Projects

Alleged sales at LTFV

On May 16, 2017, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on product from China, Germany, India, Italy, Korea, and Switzerland.[8] As presented in table I-2, Commerce has initiated antidumping duty investigations based on the following estimated dumping margins.

Table I-2
CDMT: Alleged dumping margins

Country	Alleged margins
China	87.58 – 186.89 percent
Germany	77.70 - 209.06 percent
India	33.80 percent
Italy	37.08 – 68.95 percent
Korea	12.00 – 48.00 percent
Switzerland	38.02 – 52.21 percent

Source: *Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel From the Federal Republic of Germany, India, Italy, the Republic of Korea, the People's Republic of China, and Switzerland: Initiation of Less-Than-Fair-Value Investigations*, 82 FR 27491, May 16, 2017.

[8] *Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel From the Federal Republic of Germany, India, Italy, the Republic of Korea, the People's Republic of China, and Switzerland: Initiation of Less-Than-Fair-Value Investigations*, 82 FR 27491, May 16, 2017.

THE SUBJECT MERCHANDISE

Commerce's scope[9]

Commerce has defined the scope of these investigations as follows:[10]

> The scope of these investigations covers cold-drawn mechanical tubing of carbon and alloy steel (cold-drawn mechanical tubing) of circular cross-section, in actual outside diameters less than 331 mm, and regardless of wall thickness, surface finish, end finish or industry specification. The subject cold-drawn mechanical tubing is a tubular product with a circular cross-sectional shape that has been cold-drawn or otherwise cold-finished after the initial tube formation in a manner that involves a change in the diameter or wall thickness of the tubing, or both. The subject cold-drawn mechanical tubing may be produced from either welded (e.g., electric resistance welded, continuous welded, etc.) or seamless (e.g., pierced, pilgered or extruded, etc.) carbon or alloy steel tubular products. It may also be heat treated after cold working. Such heat treatments may include, but are not limited to, annealing, normalizing, quenching and tempering, stress relieving or finish annealing. Typical cold-drawing methods for subject merchandise include, but are not limited to, drawing over mandrel, rod drawing, plug drawing, sink drawing and similar processes that involve reducing the outside diameter of the tubing with a die or similar device, whether or not controlling the inside diameter of the tubing with an internal support device such as a mandrel, rod, plug or similar device.
>
> Subject cold-drawn mechanical tubing is typically certified to meet industry specifications for cold-drawn tubing including but not limited to: (1) American Society for Testing and Materials (ASTM) or American Society of Mechanical Engineers (ASME) specifications ASTM A-512,

[9] Respondents contend that CDMT of 12 inches or less in length should be excluded from Commerce's scope. Petitioners agree that CDMT of 12 inches or less in length are not subject CDMT but a downstream product. Since there is no length requirement in Commerce's scope description, petitioners have stated that they will be filing a scope clarification prior to the Commission's vote to exclude these products. Conference transcript, pp. 61 and 82 (Luberda), and Petitioners' postconference brief, p. 6. Respondents further argue that if cut tubes are within the scope, then the Commission must make an injury determination based on responses to the questionnaires from all members of the domestic industry, which includes "tube cutters." Salem et al.'s postconference brief, pp. 8-10.

[10] *Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel From the Federal Republic of Germany, India, Italy, the Republic of Korea, the People's Republic of China, and Switzerland: Initiation of Less-Than-Fair-Value Investigations*, 82 FR 27491, May 16, 2017.

ASTM A-513 Type 3 (ASME SA513 Type 3), ASTM A-513 Type 4 (ASME SA513 Type 4), ASTM A-513 Type 5 (ASME SA513 Type 5), ASTM A-513 Type 6 (ASME SA513 Type 6), ASTM A-519 (cold-finished);
(2) SAE International (Society of Automotive Engineers) specifications SAE J524, SAE J525, SAE J2833, SAE J2614, SAE J2467, SAE J2435, SAE J2613;
(3) Aerospace Material Specification (AMS) AMS T-6736 (AMS 6736), AMS 6371, AMS 5050, AMS 5075, AMS 5062, AMS 6360, AMS 6361, AMS 6362, AMS 6371, AMS 6372, AMS 6374, AMS 6381, AMS 6415;
(4) United States Military Standards (MIL) MIL-T-5066 and MIL-T-6736;
(5) foreign standards equivalent to one of the previously listed ASTM, ASME, SAE, AMS or MIL specifications including but not limited to:
(a) German Institute for Standardization (DIN) specifications DIN 2391-2, DIN 2393-2, DIN 2394-2);
(b) European Standards (EN) EN 10305-1, EN 10305-2, EN 10305-4, EN 10305-6 and European national variations on those standards (e.g., British Standard (BS EN), Irish Standard (IS EN) and German Standard (DIN EN) variations, etc.);
(c) Japanese Industrial Standard (JIS) JIS G 3441 and JIS G 3445; and
(6) proprietary standards that are based on one of the above-listed standards.

The subject cold-drawn mechanical tubing may also be dual or multiple certified to more than one standard. Pipe that is multiple certified as cold-drawn mechanical tubing and to other specifications not covered by this scope, is also covered by the scope of these investigations when it meets the physical description set forth above.

Steel products included in the scope of these investigations are products in which: (1) Iron predominates, by weight, over each of the other contained elements; and (2) the carbon content is 2 percent or less by weight.

For purposes of this scope, the place of cold-drawing determines the country of origin of the subject merchandise. Subject merchandise that is subject to minor working in a third country that occurs after drawing in one of the subject countries including, but not limited to, heat treatment, cutting to length, straightening, nondestruction testing, deburring or chamfering, remains within the scope of the investigations.

All products that meet the written physical description are within the scope of these investigations unless specifically excluded or covered by the scope of an existing order. Merchandise that meets the physical description of cold-drawn mechanical tubing above is within the scope of the investigations even if it is also dual or multiple certified to an

otherwise excluded specification listed below. The following products are outside of, and/or specifically excluded from, the scope of these investigations:

(1) Cold-drawn stainless steel tubing, containing 10.5 percent or more of chromium by weight and not more than 1.2 percent of carbon by weight; (2) products certified to one or more of the ASTM, ASME or American Petroleum Institute (API) specifications listed below:

- ASTM A-53;
- ASTM A-106;
- ASTM A-179 (ASME SA 179);
- ASTM A-192 (ASME SA 192);
- ASTM A-209 (ASME SA 209);
- ASTM A-210 (ASME SA 210);
- ASTM A-213 (ASME SA 213);
- ASTM A-334 (ASME SA 334);
- ASTM A-423 (ASME SA 423);
- ASTM A-498;
- ASTM A-496 (ASME SA 496);
- ASTM A-199;
- ASTM A-500;
- ASTM A-556;
- ASTM A-565;
- API 5L; and
- API 5CT

except that any cold-drawn tubing product certified to one of the above excluded specifications will not be excluded from the scope if it is also dual- or multiple-certified to any other specification that otherwise would fall within the scope of these investigations.

The products subject to the investigations are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, 7306.50.5030. Subject merchandise may also enter under numbers 7306.30.1000 and 7306.50.1000. The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the investigations is dispositive.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under the following HTS provisions: 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, 7306.50.5030. Subject merchandise may also be imported under subheadings 7306.30.10 and 7306.50.10. The column 1-general duty rate on all of these products is free. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE PRODUCT

Description and applications[11]

The merchandise covered by these investigations is certain cold-drawn mechanical tubing of carbon and alloy steel. The subject CDMT is a tubular product with a circular cross-sectional shape that has been cold-drawn or otherwise cold-finished in a manner that involves a change in the diameter, wall thickness, or both. The subject CDMT may be produced from either welded or seamless carbon or alloy steel tubular products.

It may also be heat treated after cold working (annealed, normalized, quenched and tempered, stress relieved or finish annealed). Typical cold-drawing methods for subject merchandise include, but are not limited to, drawing over mandrel, rod drawing, and sink drawing. Having been produced via cold-drawing is an essential characteristic of the subject merchandise.

The subject CDMT has unique physical characteristics imparted by the cold drawing process that differentiate it from the welded or seamless tubing products from which it is produced. Cold drawing gives the mechanical tubing close dimensional tolerances (e.g., outside diameters (OD), wall thickness and inside diameters (ID)); specific and enhanced mechanical properties such as yield strength (i.e., higher), tensile strength (i.e., higher), elongation, hardness, and increased strength to weight ratio; superior finish; superior machinability; and excellent shape (concentricity and eccentricity).

CDMT has a number of applications and uses based on these physical and mechanical characteristics. CDMT is used in the production of bushings, spacers, bearings, axles, steering columns, hydraulic cylinders, and other mechanical parts in automobiles, trucks, aircraft, and construction, as well as in agricultural and drilling equipment. As a result, CDMT serves a number of markets including transportation (autos, trucks, buses, trains, and aircraft), construction, agriculture, and oil and gas sectors.[12]

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[11] Unless otherwise noted, information in this section was obtained from the petition, pp. 7-8.

[12] Although no dimensional requirements are included in the product scope, petitioners state that the intent is to exclude tubing that is less than 12 inches in length as tubing of this size is considered a

(*continued*...)

Manufacturing processes[13]

CDMT, whether starting from welded or seamless tubing hollows for drawing, is subject to the same drawing processes on the same equipment. During the cold drawing process, the mechanical tubing goes through five distinct steps: (1) procuring the raw material; (2) preparing the raw material for drawing; (3) drawing; (4) straightening; (5) finishing and final inspection.

During the procurement process, raw material (a welded or seamless tube) is obtained based on the specifications for the mechanical tubing's chemistry and ultimate dimensions after drawing (including outside diameter, wall thickness, concentricity, and straightness). These requirements may be included in a proprietary specification or an ASTM, AMS, or MIL code or specification.

Welded pipe manufacturing process[14]

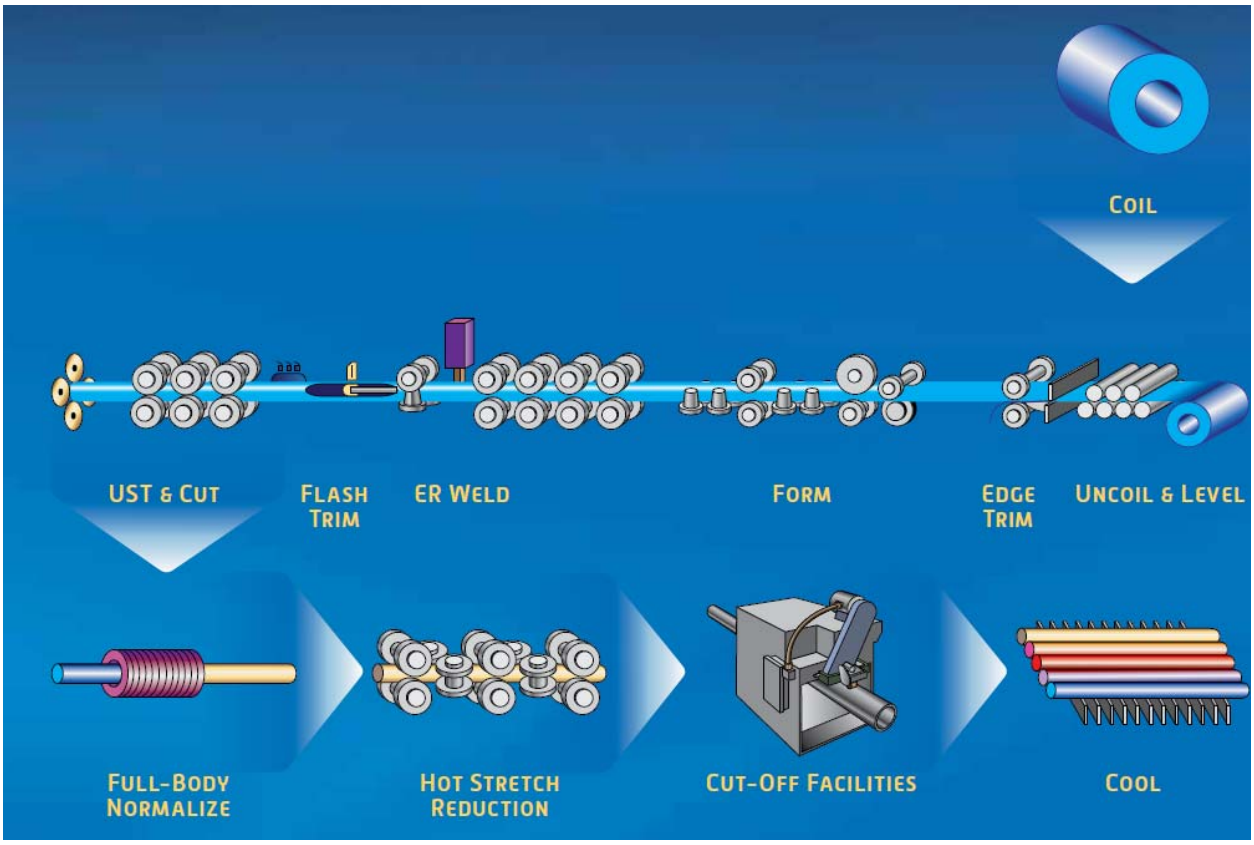
The most common method of producing welded pipe by U.S. mills is the electric resistance weld ("ERW") process. The ERW process begins with coils of hot-rolled sheet steel, which are cut by a slitting machine into strips of the precise width needed to produce a desired diameter of pipe. The slit coils are fed into the tube mills, which cold-form the flat ribbon of steel into a tubular cylinder by a series of tapered forming rolls. The product then is welded along the joint axis. The welded tube next passes under a tool that removes the outside flash resulting from the pressure during welding. Inside flash is likewise removed by cutting tools. The tube is then subjected to any required post-weld heat treatment. Such treatment may involve heat treatment of the welded seam only or of the full cross-section of the pipe. After heat treatment, sizing rolls shape the tube to specific diameter tolerances. The product is cooled and then cut to size at the end of the tube mill (figure I-1). In 2016, CDMT made from welded tube accounted for *** percent of U.S.-produced CDMT shipments in the United States (table III-7), *** percent of imports from subject sources (table IV-4), and *** percent of imports from nonsubject sources (table IV-4).

(…*continued*)
blank for parts production rather than in-scope tubing. Petitioners intend to file a scope clarification with Commerce excluding tube less than 12 inches in length. Petitioners' postconference brief, pp. 5-6.

[13] Unless otherwise noted, information in this section is from the petition, pp. 8-10.

[14] Information in this section is from *Circular Welded Carbon Quality Steel Line Pipe from China Inv. No. 701-TA-455 (Final), USITC* Publication 4055, January 2009, p. I-12.

Figure I-1
ERW pipe manufacturing process



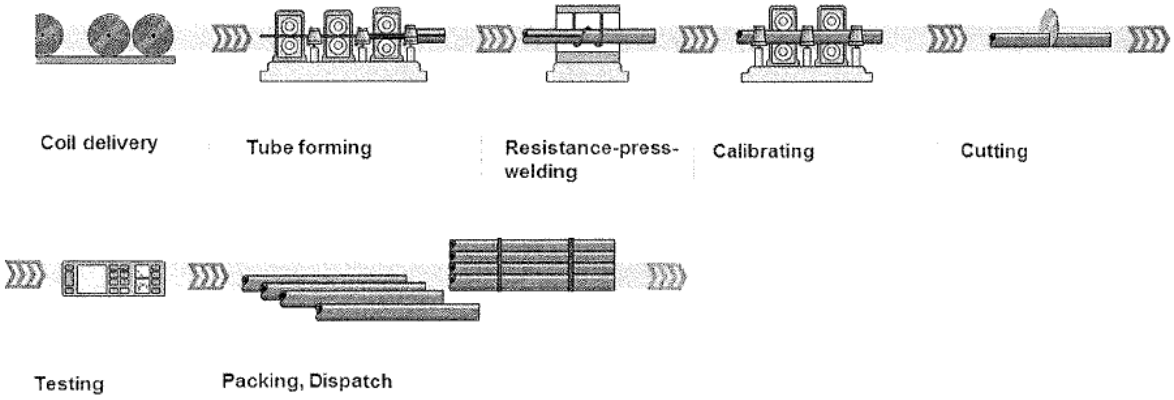
Note.—The manufacturing process presented in the figure is the process used at the U.S. Steel mill in Lone Star, Texas. The ERW process may differ somewhat at other companies but the basic ERW process is similar at all mills.

Source: U.S. Steel Tubular Products, "*Standard Pipe & Line Pipe,*" p. 14. https://usstubular.com/standard-and-line-steel-pipe/high-frequency-electric-weld-(erw)-line-pipe-and-s, retrieved May 18, 2017.

Salzgitter Mannesmann Precision GmbH ("Salzgitter Mannesmann") states that its welded cold-sized tubes are not within the product scope of these investigations. It describes its cold-sized tube production process as "a one-stage process using flat steel taken from hot rolled coils and bending it to form a long tube. The seam formed where the two edges of the steel meet is welded shut. The welded tube then passes through calibrating rollers to insure that the tube dimensions are uniform along the length of the tube, i.e., the tube is "sized." It is a one step process where sheet metal is formed into a tube (figure I-2).[15]

[15] Respondent Salzgitter Mannesmann Precision GmbH's postconference brief, p. 3.

Figure I-2
Salzgitter's cold-sized welded tube manufacturing process



Note.—A difference between the processes in figures I-1 and I-2 is that the tube is run through a series of rollers (the "calibrating" step in figure I-2) after welding "to insure that the tube dimensions are uniform along the length of the tube, i.e., the tube is "sized." This calibration step is not done in figure I-1.

Source: Respondent Salzgitter Mannesmann Precision GmbH's postconference brief, p. 4.

Salzgitter also argues that "welding and sizing is not a cold finishing operation and that welded and sized tubes are not interchangeable with cold-drawn or other cold-finished tubes. A cold-sized tube is a tube hollow that may be converted by subsequent processing into a cold-drawn mechanical tube. The process of manufacturing a welded cold-drawn tube begins after the cold-sized tube manufacturing process has ended."[16]

Petitioners contend that "the scope of the investigation specifically includes mechanical tubing products made with other types of cold finishing operations than cold-drawing….Thus…the subject merchandise is not limited to products that are drawn over a mandrel and through a die. The scope also encompasses products that undergo any cold-finishing operation that involves changing the diameter or wall thickness of the tubing, including the cold rolling process described by the German respondent."[17]

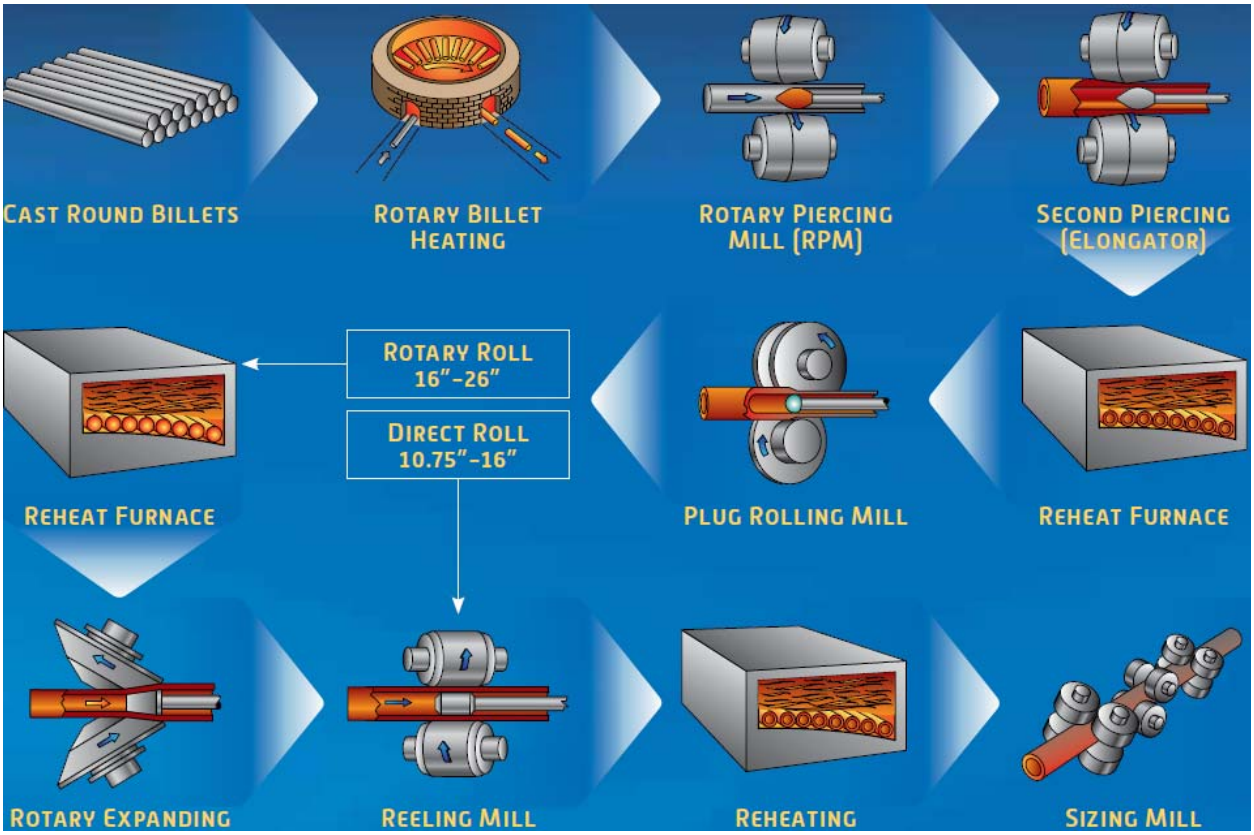
Seamless pipe manufacturing process[18]

For the production of seamless pipe, molten steel is cast into round billets which are the starting materials.[19] Seamless pipe is typically manufactured by a rotary piecing process which

[16] Ibid. p. 4.
[17] Petitioners' postconference brief, pp. 1-2.
[18] Information in this section is from *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Review),* USITC Publication 4595, February 2016, pp. I-6-I-7.
[19] A bar may also be used as the starting material instead of a billet. Conference transcript, p. 72 (Hart).

forms a central cavity in a solid steel billet under high temperature. A heated billet is gripped by angled rolls that cause the billet to rotate and advance over a piercer point, forming a hole through the billet's length. The hollow shell produced is then rolled with either a fixed plug or a continuous mandrel inside the shell to reduce the wall thickness and increase the length. The shell is then rolled in a sizing mill or a stretch reduction mill where it is formed into a true round and sized to the specified diameter (figure I-3). In 2016, CDMT made from seamless tube accounted for *** percent of U.S.-produced CDMT shipments in the United States (table III-7), *** percent of imports from subject sources (table IV-4), and *** percent of imports from nonsubject sources (table IV-4).

Figure I-3
Seamless pipe manufacturing process



Note.—The manufacturing process presented in the figure is the process used at the U.S. Steel mill in Lorain, Ohio. The seamless pipe manufacturing process may differ somewhat at other companies but the basic process is similar at all mills.

Source: U.S. Steel, U.S. Steel Tubular Products, "*Standard Pipe & Line Pipe,*" p. 18. https://usstubular.com/standard-and-line-steel-pipe/high-frequency-electric-weld-(erw)-line-pipe-and-s, retrieved May 18, 2017.

Although CDMT made from either welded or seamless tube is largely interchangeable when made to the same wall thicknesses, grades, and diameters, [20] there are applications where either CDMT from welded tube or CDMT from seamless tube is preferred. CDMT drawn from welded tube has tighter dimensional tolerances than CDMT drawn from seamless tube; CDMT drawn from seamless tube is preferred by some purchasers in pressure applications.[21] Also, for a CDMT of a particular dimension, a CDMT made from welded tube is typically less expensive than CDMT made from seamless tube.[22]

Cold drawing process

The tubing, whether welded or seamless, is then prepared for drawing with a process known as pointing, which involves reducing the diameter at the end of the tubing to allow the tubing to enter the drawing die. In most cases, phosphate coating or soap film is applied before drawing.

The subsequent drawing process may involve drawing over mandrel ("DOM"), hollow drawing, plug drawing, or sinking.[23] Draw benches are usually mechanical and have three components: a back bench, die head, and front section. Jaws on a trolley grip the tube and a hook on the back of the trolley engages a moving chain, pulling the tube through a die. Dies are most commonly sintered tungsten carbide inserts with a cobalt binder that have been shrunk-fit into a steel casing.

During the DOM process, the tube is pulled through the die using an inserted mandrel bar. The tube's outside and inside diameters and, its resulting wall thickness undergo reduction at this stage. To enable the mandrel to then be extracted, the tube must be slightly expanded in a reeling mill. During plug drawing, the tube is drawn through a die that includes a plug that is either "stationary," i.e., fixed to a mandrel bar, or is "floating." As a result, both the inside and outside diameters of the tube are again reduced, as well as smoothed and polished. In contrast, during hollow drawing, only the outside diameter of the tube is reduced such that the wall thickness may undergo virtually no change. Depending on the starting size of the feedstock, the desired finished size of the drawn tubing, and the desired mechanical characteristics of the finished tubing, the product may need to be drawn over two or more passes.

Drawing tends to make the product harder, more brittle, and less malleable. As a result, the CDMT may undergo heat treatment after drawing. The heat treatment involves heating the drawn tubing to a particular temperature for a specified period and then cooling it at a specified rate. Heat treatment relieves stress in the tubing caused by the drawing, and imparts the final mechanical characteristics of the finished tubing.

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[20] Conference transcript, p. 20 (Vore).

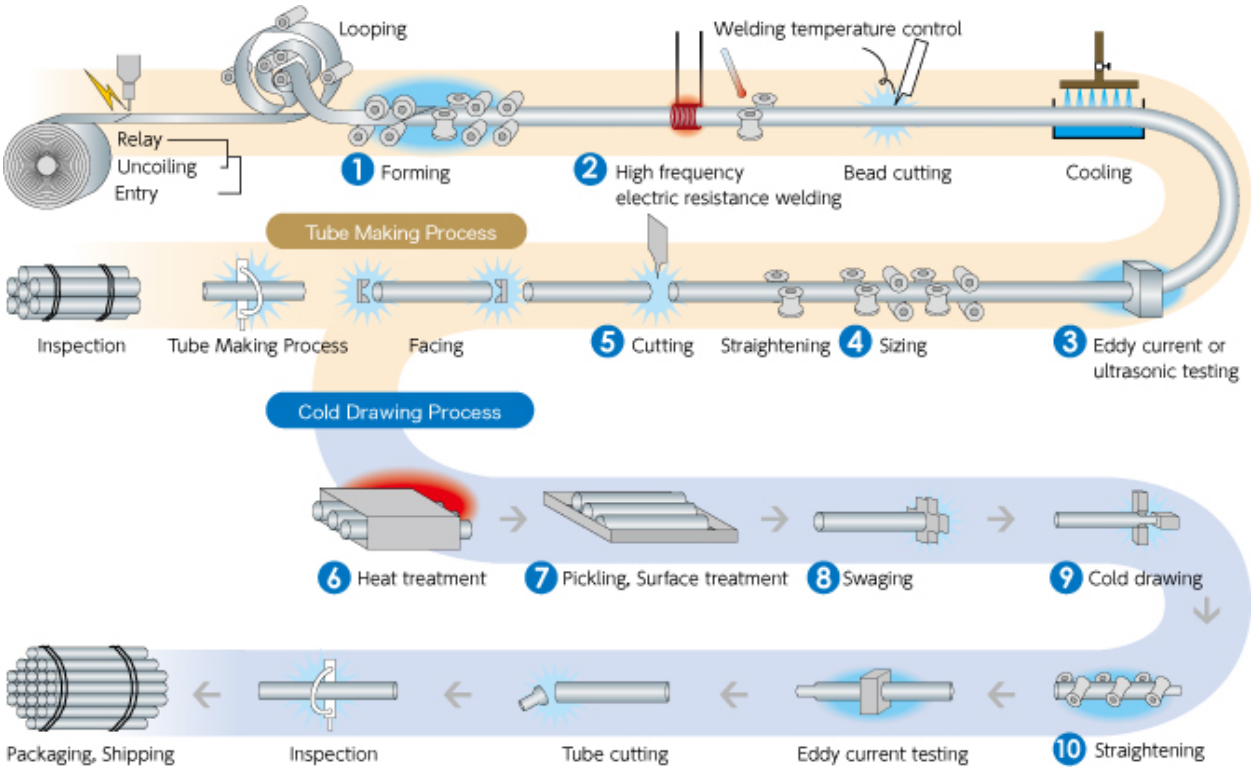
[21] Conference transcript, p. 152 (Tilly).

[22] Conference transcript, pp. 23, 80-81 (Vore and Hart).

[23] Sinking is the term for drawing a tube with no internal support. It is usually performed as a sizing pass after a rod draw.

The tubing then undergoes straightening. This step typically involves using a rotary straightener that applies a combination of flex and pressure. Finally, the finishing step for CDMT may involve polishing, pickling, or sandblasting to improve the tube's surface finish and remove surface imperfections. The product may also be cut into specified length and have the ends deburred or chamfered (figure I-4).

Figure I-4
Cold-drawn tube manufacturing process



Note.—The process illustrated in the figure is the cold drawing of a welded tube from the formation of the welded tube through the cold drawing.

Source: Nippon Steel and Sumikin Pipe Co., Ltd., “Manufacturing Process/Major Equipment,” http://www.nspc.nssmc.com/en/products/process.html, retrieved May 18, 2017.

DOMESTIC LIKE PRODUCT ISSUES

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

Physical characteristics and uses

CDMT is a steel tubular product with a circular cross-section shape that has been cold-drawn or otherwise cold-finished in a manner that changes the product's diameter, wall thickness, or both.[24] Cold-drawing imparts CDMT with distinct physical characteristics, including size and dimensional tolerance, higher yield strength, tensile strength, elongation, and a high weight to strength ratio.[25] The characteristics imparted by cold-drawing make CDMT suitable for a variety of applications, including mechanical parts in automobiles, trucks, aircraft, construction, agricultural and drilling equipment, and hydraulic cylinders.[26] CDMT may be produced in a continuum of outside diameter and wall thickness combinations that meet particular customer specifications and end use needs.[27]

Hydraulic tubing and CDMT share basic physical characteristics. In particular, they are circular tubes made from similar inputs within a range of chemical compositions that both go through a cold-drawing process designed to impart higher strength and yields. While hydraulic tubing has physical distinctions from some types of CDMT, such as lower carbon and manganese content or the ability to bend or flare, available information indicate that such physical traits fall within the spectrum of traits for CDMT, and Petitioners have identified other types with CDMT alleged to have similar characteristics.[28] Similarly, Petitioners have identified other types of CDMT that have similar uses to hydraulic tubing (e.g., to convey liquids and gases under pressure).[29]

Manufacturing facilities and production employees

Available evidence indicates that hydraulic tubing and CDMT are produced at the same facilities, using the same equipment, processes, and employees. While hydraulic tubing undergoes further heat treatment designed to soften such tubes for bending and flaring, CDMT may undergo a variety of finishing processes (including heat treatments) designed to impart

[24] Petition Vol. I at 7.
[25] Petition Vol. I at 7-8.
[26] Petition Vol. I at 14.
[27] Petition Vol. I at 14.
[28] Petitioners' Postconference Brief, p. 9.
[29] Petitioners' Postconference Brief, p. 10.

traits for particular end uses, and Petitioners have identified other types of CDMT that undergo heat treatment designed to soften tubes for bending and flaring.[30]

Interchangeability

The available information indicates that hydraulic tubing may be interchangeable with some types of CDMT. While CDMT encompasses a broad spectrum of products with different dimensions and specifications catered to particular end uses, which necessarily entail that not all types of CDMT are interchangeable, Petitioners have identified other types CDMT suitable for use in conveying liquids and gases under pressure, as evidenced by overlap in specifications between SAE J525 and ASTM A-513.[31]

Customer and producer perceptions

While Karay argues that U.S. producers will market hydraulic tubing with other products catered to similar end uses (e.g., pressure pipe), available information indicates that this is true of all CDMT, which is suitable for uses in a wide variety of applications and often advertised to highlight as such.[32] Indeed, even the marketing by U.S. producers highlighted by Karay appears to emphasize that "pressure pipe" is part of a "limitless" spectrum of uses for seamless steel pipe and tubing.[33]

Channels of distribution

All parties acknowledge that hydraulic tubing and CDMT are sold in similar channels of distribution: to distributors and end users.

Price

Available information on pricing differences between hydraulic tubing and CDMT are limited. Petitioners note, however, that pricing for all types of CDMT vary based on the particular dimensions, specifications, and finishing of the underlying tube, and the respondents have provided no information to indicate any price differences for hydraulic tubing are distinct from such variations in price for all CDMT.

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[30] Petitioners' Postconference Brief, p. 9.

[31] Petitioners' postconference brief, p. 10.

[32] Karay's postconference brief, exh. 3 (showing website of MST and advertising tubing for industries such as automotive and transportation, aerospace and aircraft, heavy equipment and agriculture, and pressure pipe).

[33] Karay's postconference brief, exh. 3 (showing website of MST and description of "pressure pipe").

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

U.S. MARKET CHARACTERISTICS

CDMT is a tubular product that has been cold-drawn or otherwise cold-finished in a way that changes the diameter and/or wall thickness of the tube, and is used in applications that simulate movements such as pushing, pulling, lifting, and carrying.[1] CDMT is used in the production of bushings, spacers, bearings, axles, steering columns, and other mechanical parts in automobiles, trucks, aircrafts, hydraulic cylinders, and other construction, agricultural, and drilling equipment.[2] Because of the wide variety of end uses, CDMT is produced to a wide variety of dimensions and shape tolerances that are often specific to individual customers.[3][4]

Apparent U.S. consumption of CDMT decreased during January 2014-December 2016. Overall, apparent U.S. consumption in 2016 was 17.2 percent lower than in 2014.

CHANNELS OF DISTRIBUTION

U.S. producers and importers of CDMT from *** sold mainly to distributors while importers of CDMT from *** sold mainly to end users as shown in table II-1. Although importers of CDMT from *** sold mainly to distributors during 2014, sales to end users increased and over *** percent of CDMT sales were to end users in 2016.

Table II-1
CDMT: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2014-16

* * * * * * *

Most domestically produced CDMT is sold to distributors. Of the shipments to end users, nearly *** percent of U.S. producers' commercial shipments are to the automotive sector, *** percent to the fluid power sector, *** percent to other sectors, and the remaining

[1] Petition, pp. 7-8; conference transcript, pp. 11 (Luberda) and 70 (Vore).

[2] Petition, p. 8; conference transcript, pp. 25 (Boyer) and 28 (Pursel); Petitioners' postconference brief, p. 18.

[3] Conference transcript, pp. 10-11, 39 (Luberda); Petitioners' postconference brief, p. 6.

[4] Because CDMT is an input to a variety of end-use products, there are often additional operations or refinement of the CDMT, including cutting to length, welding, or otherwise manipulating, bending, or slotting. The value of these additional actions is largely dependent on the piece. Conference transcript, pp. 63, 67 (Vore). These additional operations are sometimes done by the producer, importer, purchaser, or third-party firm.

*** percent to the energy sector.[5] Respondents stated that sales of subject imports to end users are concentrated in the automotive sector, but did not provide similar breakouts.[6]

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling CDMT to all regions in the contiguous United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold *** percent within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.

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

Region	U.S. producers	Subject U.S. importers						
		China	Germany	India	Italy	Korea	Switz-erland	Subject
Northeast	7	8	3	4	3	2	2	12
Midwest	7	14	3	5	5	7	2	21
Southeast	7	15	3	4	4	6	2	19
Central Southwest	7	9	3	3	3	3	2	14
Mountains	6	5	3	3	2	1	2	9
Pacific Coast	6	7	3	5	2	1	2	12
Other[1]	1	0	0	0	0	0	1	1
All regions (except Other)	6	4	2	3	2	0	2	7
Reporting firms	7	19	5	6	5	7	2	25

[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 CDMT have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced CDMT to

[5] Because many products with the same physical characteristics can be used for different purposes and sold to different sectors, petitioners are unable to provide accurate estimates for the CDMT that is sold through distributors. Petitioners' postconference brief, p. 20.

[6] Respondent Salzgitter Mannesmann (Germany) postconference brief, p. 2; respondents Salem et al. postconference brief, pp. 1-2; respondent Tube Products of India ("TPI") (India) postconference brief, p. 10.

the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, inventories, and an ability to shift shipments from alternate markets or inventories. One factor mitigating responsiveness of supply is the limited ability to shift production to or from alternate products.

Industry capacity

Overall domestic capacity utilization decreased from 71.2 percent in 2014 to 53.4 percent in 2016. Contributing to this decrease in capacity utilization was a small increase in capacity and a larger decrease in production.[7] This relatively low level of capacity utilization suggests that U.S. producers may have substantial ability to increase production of CDMT in response to an increase in prices.

Alternative markets

U.S. producers' exports, as a percentage of total shipments, increased during 2014-16. U.S. producers' export shipments rose from 11.3 percent to 14.4 percent of total U.S. shipments (by quantity), indicating that U.S. producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories declined during 2014-16. Relative to total shipments, U.S. producers' inventory levels decreased from 16.6 percent in 2014 to 12.2 percent in 2016. Despite this decrease, 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

Five of eight responding U.S. producers stated that they could not switch production from CDMT to other products. Two producers (***) reported that they could switch production from CDMT to ***. U.S. producer *** reported that its ability to shift production is constrained by sizes and market opportunities, and *** reported that since it also ***, it can use its open capacity to produce these other products. Webco stated that even though it has tried to shift some production capacity to other products, it still has some excess capacity.[8] PTC Alliance stated that 95 percent of its production goes towards CDMT, but the remaining 5 percent would be used to produce out-of-scope product, using the same machinery.[9]

[7] During 2014-16, the domestic industry increased its capacity by 3.4 percent, and production of CDMT fell by 22.5 percent during the same period. In 2016, over *** percent of production on this machinery was of CDMT.

[8] Conference transcript, p. 26 (Boyer).

[9] Conference transcript, p. 45 (Hart).

Subject imports[10]

Table II-3 provides a summary of supply-related data for subject countries.

Table II-3
CDMT: Foreign industry factors that affect ability to increase shipments to the United States

* * * * * * *

Subject imports from China

Based on available information, producers of CDMT from China have the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of CDMT to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, and some ability to shift shipments from alternate markets and some ability to shift production between alternate products.[11] Factors mitigating responsiveness of supply include limited inventories and a large share of its total shipments going to its home market.

Subject imports from Germany

Based on available information, producers of CDMT from Germany have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of CDMT to the U.S. market. The main contributing factors to this degree of responsiveness of supply are some availability of unused capacity or inventories, a substantial ability to shift shipments from alternate markets or inventories, and some ability to shift production to or from alternate products.[12]

Subject imports from India

Based on available information, producers of CDMT from India have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of CDMT to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, an ability to shift shipments from alternate

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[10] For data on the number of responding foreign firms and their share of U.S. imports from China, Germany, India, Italy, Korea, and Switzerland, please refer to Part IV.

[11] Chinese producers reported an ability to shift to other products including cylinder honed tube, and auto tubes, and pressure vessel tubes.

[12] German producers reported an ability to shift to other products including high pressure tubing, tubes for automotive (diesel injection lines, stabilizers, steering, shock absorbers), and OCTG applications.

markets or inventories, and some ability to shift production to or from alternate products.[13] A factor mitigating responsiveness of supply is the limited availability of inventories and a moderately large share of its total shipments going to its home market.

Subject imports from Italy

Based on available information, producers of CDMT from Italy have the ability to respond to changes in demand with moderate changes in the quantity of shipments of CDMT to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of inventories, the ability to shift shipments from alternate markets, and some ability to shift production to or from alternate products.[14] A factor mitigating responsiveness of supply is limited unused capacity.[15]

Subject imports from Korea

Based on available information, producers of CDMT from Korea have the ability to respond to changes in demand with moderate changes in the quantity of shipments of CDMT to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the ability to shift shipments from alternate markets. Factors mitigating responsiveness of supply include a limited availability of unused capacity or inventories and an inability to shift production to or from alternate products.

Subject imports from Switzerland

Based on available information, producers of CDMT from Switzerland have the ability to respond to changes in demand with large changes in the quantity of shipments of CDMT to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity or inventories, an ability to shift shipments from alternate markets, and some ability to shift production to or from alternate products.[16]

Nonsubject imports

Based on questionnaire data supplemented with proprietary Customs records, nonsubject imports accounted for *** percent of total U.S. imports (by quantity) in 2016.

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[13] Indian producers reported an ability to shift to other products including electrically resistant welded tubes, annealed and nonannealed welded tubes.

[14] Italian producers reported an ability to shift to other products including cold-drawn products with outside diameters of more than 330 mm.

[15] Respondent Metalfer stated that its production capacity is constrained by *** and that it is unable to meaningfully increase production. Respondent Metalfer (Italy) postconference brief, p. 10.

[16] Swiss producers reported an ability to shift to other products including cold-rolled precision steel tubes, cold-rolled square steel tubes, and cold-drawn profiles.

Adjusted official import statistics indicate that the largest source of nonsubject imports during January 2014-December 2016 was Japan. According to these data, Japan was the third largest source of imported CDMT, and accounted for nearly *** percent of nonsubject imports in 2016.[17]

Supply constraints

No responding U.S. producer reported being unable to supply its customers, or declining potential orders from its customers. Most importers (27 of 31) reported that they had not refused or been unable to supply their customers during January 2014-December 2016. Importer *** reported that certain Indian mills have had production capacity constraints that have resulted in longer lead times, and importer *** reported that *** mills have been running at full capacity, so for some products and size ranges, it has occasionally been unable to supply its customers.

U.S. demand

Based on available information, the overall demand for CDMT is likely to experience small changes in response to changes in price. The main contributing factors are the limited number of substitute products and the small cost share of CDMT in most of its final end-use products.

End uses and cost share

U.S. demand for CDMT depends on the demand for U.S.-produced downstream products. Reported end uses include many applications including those in the automotive, agriculture, construction, energy, mining, and fluid power sectors. CDMT is further processed downstream (i.e., cut to length, cleaned, etc.) and fit for its particular end-use application.

CDMT accounts for a moderate share of the cost of the direct downstream products in which it is used, but accounts for a much smaller share of the cost of final end-use products. For example, importer *** sells all of its CDMT to the automotive sector. Its direct customers are ***.[18]

Reported cost shares for some end uses were as follows:

- Airbag inflator (80 percent)
- Hydraulic cylinder barrels (40-88 percent)
- Antivibration bushing and other components (50-60 percent)

[17] For more information, see table IV-3. Based on proprietary customs records using HTS statistical reporting numbers for HTS 7304.31.3000, 73604.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, and 7306.50.5030.

[18] Staff interview with ***, May 2, 2017.

- Automotive seating components, spacers, frame assemblies, steering (50 percent)
- Tools (40 percent)
- Seatbelt pretensioner (40 percent)
- High pressure parts (11-30 percent)
- Expandable liners (15 percent)
- OCTG equipment (15 percent)

Business cycles

Most U.S. producers (5 of 7) and importers (22 of 30) indicated that the market was not subject to any distinctive business cycles or conditions of competition. Two U.S. producers, ***, reported that there is some seasonality in most markets. Several importers reported that the CDMT market is subject to business cycles influenced by seasonality, planned maintenance outages of primary steel producers, and cyclicality that is derived from business cycles in the automotive, oil and gas, and construction and mining sectors.

Several importers reported that the CDMT market has been subject to distinct conditions of competition, citing the influence of the oil and gas industry on the pipe and tube industry, exchange rate fluctuations, and an increase in finished imported products in the fluid power industry. Four importers (***) indicated that conditions of competition have changed since 2014 due to the decline in demand for CDMT that has been driven by a decline in activities in oil and gas, construction, and mining sectors.

Demand trends

Most U.S. producers and a plurality of importers reported decrease in U.S. demand for CDMT since January 1, 2014 (table II-4).

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

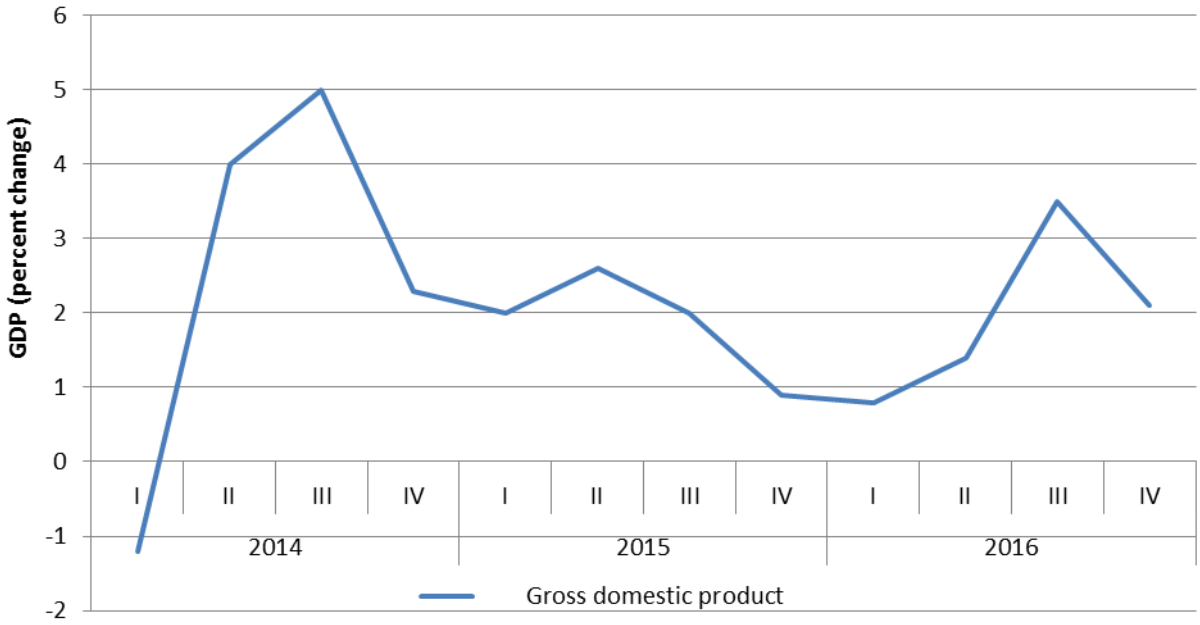
Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States:				
U.S. producers	0	0	5	2
Importers	5	1	13	9
Demand outside the United States:				
U.S. producers	0	0	5	1
Importers	6	1	3	6

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

Demand for CDMT is driven by overall economic growth,[19] and demand in downstream sectors including the agriculture, oil and gas, and automotive sectors.[20] [21] Overall GDP growth slowed during most of the period of investigation (but increased overall). Demand in the agriculture sector declined and oil and gas production fluctuated during 2014-16 (figures II-1 through II-3). Domestic production of autos has declined slightly during 2014-16, although total vehicle sales increased by nearly 9 percent over the same period (figure II-4).[22]

Figure II-1

Real U.S. GDP growth: Percentage change from the previous quarter, quarterly, seasonally adjusted, 2014-16



Source: National Income and Product Accounts-Table 1.1.1, Percent Change from Preceding Period in Real Gross Domestic Product, Bureau of Economic Analysis, http://www.bea.gov/iTable/index_nipa.cfm, retrieved May 15, 2017.

[19] Petitioners stated that general GDP growth drives demand for CDMT because CDMT goes into products that "essentially amount to capital equipment." Conference transcript, p. 71 (Vore).

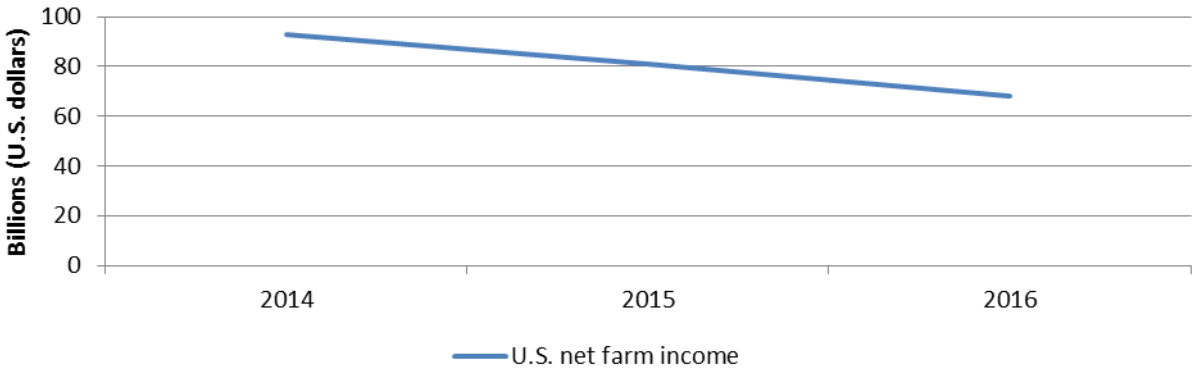
[20] Conference transcript, pp. 16 (Morgan) and 71 (Vore); respondent Salzgitter Mannesmann (Germany) postconference brief, p. 14; respondent TFI (China) postconference brief, pp. 6-8.

[21] Respondent Salzgitter Mannesman (Germany) stated that demand is also driven by the fluid power and hydraulics sector, and that hydraulic and pneumatic shipments dropped by approximately 15 percent between late 2014 and early 2016. Respondent Salzgitter Mannesmann (Germany) postconference brief, p. 14.

[22] The domestic auto unit production series captures the demand of the immediate end users of CDMT; the total vehicle sales series includes sales of vehicles assembled in the United States, Canada, and Mexico.

Figure II-2

U.S. net farm income, annual, 2014-16[1]

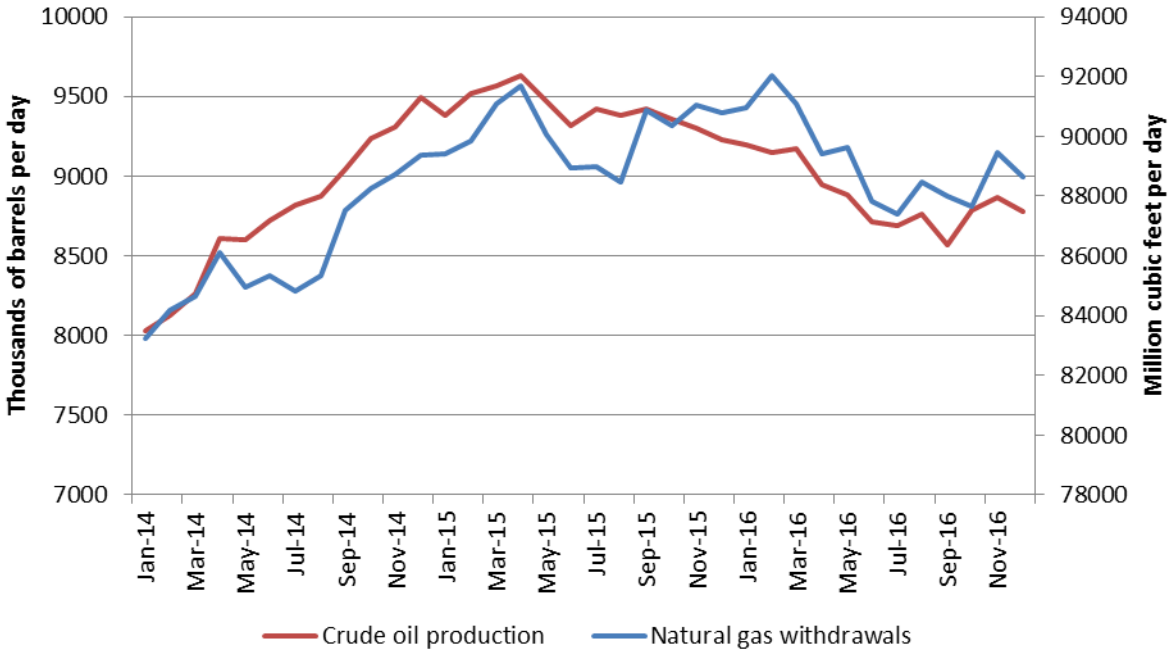


[1] Data for 2016 are forecast.

Source: U.S. Department of Agriculture, "U.S. farm sector financial indicators, 2011-2017F," http://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/data-files-us-and-state-level-farm-income-and-wealth-statistics.aspx, accessed May 15, 2017.

Figure II-3

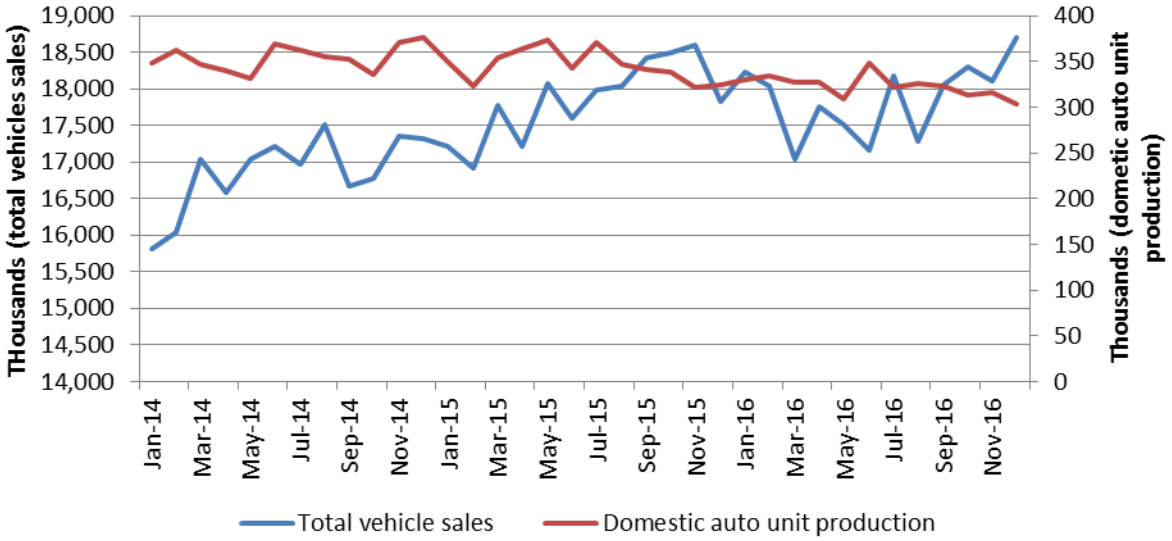
U.S. crude oil and natural gas production, monthly, 2014-16



Source: Energy Information Administration, Monthly Crude Oil and Natural Gas Production, https://www.eia.gov/petroleum/production/#ng-tab, accessed May 15, 2017.

Figure II-4

U.S. automotive sales: Automobile and light truck retail unit sales and domestic auto unit production, monthly, seasonally adjusted at annual rates, 2014-16



Source: BEA, Motor Vehicle Unit Retail Sales, table 6, Light Vehicle and Total Vehicle Sales, and table 7, Domestic Auto Unit Production, www.bea.gov/national/xls/gap_hist.xlsx, retrieved May 15, 2017.

Substitute products

Substitutes for CDMT are limited. Most U.S. producers and importers reported that there are no substitutes. Five of 31 importers reported that there are some substitutes including cold-forged tube or hot-rolled mechanical tubing, hot-finished seamless tubes, and electric resistance welded (ERW) tubes, and other wrapped and drawn metal parts for a variety of mechanical applications, including automotive components. Importer *** reported that automotive customers have migrated to wrapped and cold headed parts as "U.S. tube producers have protected pricing." Importer *** reported that the prices of these substitutes[23] and of CDMT change together, and importer *** reported that hot-rolled and cold-rolled mechanical tubing is manufactured from the same base material as CDMT, and as the price of CDMT rises, these products become more attractive.

SUBSTITUTABILITY ISSUES

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

[23] Specifically, hot finished seamless tubes, ERW, and bars. Importer *** questionnaire, III-12.

is high degree of substitutability between domestically produced CDMT and CDMT imported from subject sources.

Lead times

CDMT is primarily produced-to-order. U.S. producers reported that over 85 percent of their commercial shipments were produced-to-order (with lead times averaging[24] 20 days), and importers reported that almost 62 percent of their commercial shipments were produced-to-order (with lead times averaging 93 days). The remaining 14 percent of U.S. producers' commercial shipments came from inventories (with lead times averaging 8 days). U.S. importers reported that over *** percent of their commercial shipments were from inventories (with lead times averaging 3 days), and the remaining share of their commercial shipments (*** percent) were from foreign inventories (with lead times averaging 55 days). Some importers, such as Salem, manage their inventories so they can satisfy customers' needs for short lead times (usually within one week) because importing subject CDMT can take up to four months.[25]

Importers that sell CDMT primarily to the automotive sector base their orders on forecasted demand from customers, but these orders are revised regularly based on the production plans.[26] For example, importer Tube Fabrication Industries ("TFI") typically operates under scheduling agreements, and bases its imports on forecasted demand.[27] Similarly, importer *** reported that *** lead times of 7 days; ***.

Factors affecting purchasing decisions

Purchasers responding to lost sales and lost revenue allegations[28] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for CDMT. The major purchasing factors identified by firms include price and quality, followed by lead times, delivery, and availability (table II-5). In addition, importer Salem stated that service and minimum quantity requirements are also generally important.[29]

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[24] Unless otherwise stated, the average lead times are presented as weighted averages.

[25] Conference transcript, p. 163 (Saran).

[26] Staff interview with ***, May 2, 2017.

[27] Conference transcript, p. 161 (Ellis).

[28] This information is compiled from responses by purchasers identified by Petitioners to the lost sales and lost revenue allegations. See Part V for additional information.

[29] Conference transcript, p. 167 (Saran).

Table II-5

CDMT: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Item	1st	2nd	3rd	Total
	Number of firms (number)			
Price / Cost	8	1	6	15
Quality	6	7	1	14
Lead time	0	1	4	5
Delivery	0	2	2	4
Availability / Supply	1	2	0	3
All other factors[1]	1	3	8	12

[1] Other factors include: material specification, dimensional characteristics, customer specifications, product range, service, and small minimum quantities ("service center versus having to buy in bulk"), and traditional relationships with long-term suppliers.

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

Some consumers, such as automotive suppliers, are locked into purchasing CDMT from one supplier for the life of the part, unless they get preapproval from their customer.[30] They contract with their customers and agree on the characteristics of the CDMT including material specifications, grade, and which mill it will be sourced from.

Some firms indicated that certain products are not available domestically or are only available from one source. Respondent TFI stated that domestic mills have a difficult time producing smaller diameter CDMT.[31] However, petitioners stated that the domestic industry has substantial excess capacity to produce small-diameter product, including an entire facility owned by Sharon Tube that is designed to produce CDMT of less than 4 inches in outside diameter, but that this facility is currently idled. Sharon Tube stated that ***.[32]

Chinese producer Hubei Xinyegang did not submit a foreign producer questionnaire but submitted letters on behalf of five importers and purchasers stating that domestic producers are unable to produce certain grades (specifically A519 seamless alloy products), tube lengths, or tube sizes; National Tube stated that it supplies grades and mechanical properties that are not made domestically, and that the only domestic standard material available is grade 1026 which does not meet its necessary mechanical properties.[33]

Respondent purchaser Autoliv stated that it has developed a unique proprietary type of tubing *** which is sourced mainly from (***, but also sources from ***.[34] Respondent Italian producer Metalfer reported that Italian producers supply specialized CDMT that is not available from U.S. producers including *** and ***.[35]

[30] Conference transcript, p. 161 (Ellis).
[31] Conference transcript, p. 120 (Ellis).
[32] Petitioners' postconference brief, p. 21 and Exh. 17.
[33] Written statement of Hubei Xinyegang Steel Ltd (China), Exhs. A - E.
[34] Respondent Autoliv (China and Korea)'s postconference brief, p. 8.
[35] Respodnent Metalfer (Italy) postconference brief, pp. 3, 7.

Comparison of U.S.-produced and imported CDMT

To determine whether U.S.-produced CDMT can generally be used in the same applications as imports from China, Germany, India, Italy, Korea, or Switzerland, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-6, most U.S. producers reported that CDMT is always interchangeable, regardless of source. Most importers reported that domestically produced CDMT is frequently interchangeable with CDMT from China, India, Italy, and Korea, but only sometimes interchangeable with CDMT from Germany and Switzerland.

Table II-6
CDMT: Interchangeability between CDMT produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	4	2	0	0	3	15	6	0
United States vs. Germany	4	2	0	0	2	5	6	1
United States vs. India	4	2	0	0	2	9	4	0
United States vs. Italy	4	2	0	0	2	9	4	1
United States vs. Korea	4	2	0	0	4	10	3	0
United States vs. Switzerland	4	2	0	0	2	3	6	0
China vs. Germany	4	2	0	0	1	2	7	0
China vs. India	4	2	0	0	4	4	3	0
China vs. Italy	4	2	0	0	1	6	5	0
China vs. Korea	4	2	0	0	1	8	4	0
China vs. Switzerland	4	2	0	0	1	2	6	1
Germany vs. India	4	2	0	0	1	2	7	0
Germany vs. Italy	4	2	0	0	2	7	3	0
Germany vs. Korea	4	2	0	0	1	4	5	0
Germany vs. Switzerland	4	2	0	0	2	5	3	0
India vs. Italy	4	2	0	0	2	3	5	0
India vs. Korea	4	2	0	0	2	5	4	0
India vs. Switzerland	4	2	0	0	1	2	7	0
Italy vs. Korea	4	2	0	0	2	3	5	0
Italy vs. Switzerland	4	2	0	0	1	5	4	1
Korea vs. Switzerland	4	2	0	0	1	4	4	0
United States vs. Other	3	2	0	0	3	7	3	0
China vs. Other	3	2	0	0	1	6	3	0
Germany vs. Other	3	2	0	0	1	3	5	0
India vs. Other	3	2	0	0	2	5	3	0
Italy vs. Other	3	2	0	0	2	4	4	0
Korea vs. Other	3	2	0	0	2	5	4	0
Switzerland vs. Other	3	2	0	0	1	3	5	0

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

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

Importer *** reported that U.S.-produced CDMT and CDMT from Germany and Italy is never interchangeable because U.S. producers have not been able to provide the material, the required certification for a particular scope of materials made to ***, or the required finish and temperature grade. They reported that CDMT from Germany and Italy is sometimes interchangeable because both have been able to provide the required materials and certifications in the past.

Petitioners stated that both U.S. and foreign producers manufacture CDMT to the same industry standards and specifications such as the STN or the EN specifications.[36] Petitioners also stated that the raw material ("feedstock") determines the grade of CDMT, so if a grade is currently not available, U.S. producers could simply change their sourcing of feedstock.[37]

Other factors affecting interchangeability that were reported by importers include availability, quality, and steel grade differences, size differences, and specification differences.[38]

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of CDMT from the United States, subject, or nonsubject countries. As seen in table II-7, most U.S. producers reported that factors other than price were never significant between any source of CDMT.

[36] Conference transcript, p. 33 (Hart).

[37] Conference transcript, p. 89 (Hart) and 90-91 (Vore). Respondent voestalpine stated that its customers will not allow a change in the supply base, and the material is not available in the United States. Conference transcript, p. 125 (Ball).

[38] Importer *** reported that nonsubject Japanese CDMT is produced under JIS specifications rather than the specifications in the United States. U.S. importer questionnaire, III-18.

Table II-7
CDMT: Significance of differences other than price between CDMT produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	0	1	2	4	8	3	9	2
United States vs. Germany	0	1	3	3	5	6	1	0
United States vs. India	0	1	2	4	5	2	5	2
United States vs. Italy	0	1	2	4	2	5	5	1
United States vs. Korea	0	1	2	4	4	3	6	0
United States vs. Switzerland	0	1	2	4	3	5	1	0
China vs. Germany	0	1	3	3	2	3	2	1
China vs. India	0	1	2	4	2	2	1	3
China vs. Italy	0	1	2	4	1	3	5	1
China vs. Korea	0	1	2	4	2	4	4	0
China vs. Switzerland	0	1	2	4	2	4	2	0
Germany vs. India	0	1	2	4	1	3	2	2
Germany vs. Italy	0	1	2	4	1	2	6	1
Germany vs. Korea	0	1	2	4	1	2	5	0
Germany vs. Switzerland	0	1	2	4	1	2	3	2
India vs. Italy	0	1	2	4	1	2	3	2
India vs. Korea	0	1	2	4	2	3	3	0
India vs. Switzerland	0	1	2	4	2	4	1	1
Italy vs. Korea	0	1	2	4	1	1	5	0
Italy vs. Switzerland	0	1	2	4	2	2	5	0
Korea vs. Switzerland	0	1	2	4	1	3	3	0
United States vs. Other	0	2	0	4	5	3	4	0
China vs. Other	0	1	0	4	2	2	5	0
Germany vs. Other	0	1	0	4	1	3	2	0
India vs. Other	0	1	0	4	2	3	2	0
Italy vs. Other	0	1	0	4	1	2	4	0
Korea vs. Other	0	1	0	4	1	2	3	0
Switzerland vs. Other	0	1	0	4	1	3	2	0

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

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

Most U.S. importers reported that factors other than price were sometimes significant in comparisons of U.S.-produced CDMT with CDMT from China, India, and Korea. Most importers reported that factors other than price were frequently significant in comparisons of CDMT produced in the United States and CDMT produced in Germany and Switzerland. An equal number of importers reported that factors other than price were frequently or sometimes significant when comparing domestically produced CDMT with CDMT from Italy.

Importer *** reported that availability is a significant factor for smaller diameter CDMT (including SAE J524 seamless CDMT for hydraulic applications[39] and alloy CDMT that is heat-treated), and that these products are not easily available from U.S. producers. Importer *** reported that China has processes that suit seamless tube production and Germany and Switzerland focus on niche markets. Importer *** reported that U.S. producers do not respond to its requests. Other factors cited by importers include quality, availability, transportation networks, product range, and technical support.

[39] Respondent Karay Metals is arguing that SAE J524 hydraulic pressure tube should be a separate like product, because is not interchangeable with CDMT, and that there is no overlap in end use. Respondent Karay Metals (China, Germany, India, and Korea) postconference brief, pp. 1, 7, 8, 11.

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 eight firms that accounted for the vast majority of U.S. production of CDMT during 2016.[1]

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to nine firms based on information contained in the petition. Eight firms provided usable data on their productive operations. Staff believes that these responses represent the vast majority of U.S. production of CDMT.

Table III-1 lists U.S. producers of CDMT, their production locations, positions on the petition, and shares of total production.

[1] Staff made repeated efforts to obtain Metal Matic's U.S. producer questionnaire response, but did not receive it at the time of report issuance. See staff correspondence, EDIS Doc. No. 612753. Petitioner estimates that Metal Matic had capacity to produce *** short tons. Petition, p. 3 and exh GEN-5.

Table III-1
CDMT: U.S. producers, their positions on the petition, production locations, and shares of reported production, 2016

Firm	Position on petition	Production location(s)	Share of production (percent)
ArcelorMittal	Support	Shelby, Ohio Marion, Ohio	***
MS Tube	Support	South Lyon, MI	***
Plymouth	***	Warrenville, IL	***
PTC Alliance	Support	Alliance, OH Darlington, PA Chicago Heights, IL Beaver Falls, PA Fairbury, IL	***
Seymour	***	Seymour, IN	***
Sharon Tube (Zekelman Industries)	Support	Farrell, PA Niles, OH	***
Timken	***	Canton, Ohio	***
Webco	Support	Sand Springs, OK Oil City, PA Reno, PA Sand Springs, OK	***
Total			***

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms, and share of total production of CDMT.

Table III-2
CDMT: U.S. producers' ownership, related and/or affiliated firms, and share of total production

* * * * * * *

As indicated in table III-2, two U.S. producers, ***, are related to nonsubject foreign producers of CDMT and no U.S. producers are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, one U.S. producer, ***, directly imports CDMT ***. *** also purchases nonsubject CDMT from U.S. importers.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2014. Five of eight firms reported prolonged shutdowns or production curtailments during the period of investigation, while two firms reported expansions. ArcelorMittal, ***, reported a series of temporary layoffs in 2015 and 2016. ArcelorMittal also testified that it has been unable to gain a return on a capital project that was initiated in 2014 and completed in 2016, which it attributed to low-priced subject imports.[2]

[2] Conference transcript, pp. 23-24 (Vore).

Table III-3
CDMT: U.S. producers' reported changes in operations, since January 1, 2014

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Domestic producers' capacity increased by 3.4 percent from 2014 to 2016 while production decreased by 22.5 percent during the same period. Three producers reported increases in capacity, ***. Capacity utilization for the industry decreased during 2014-16, by 17.8 percentage points.

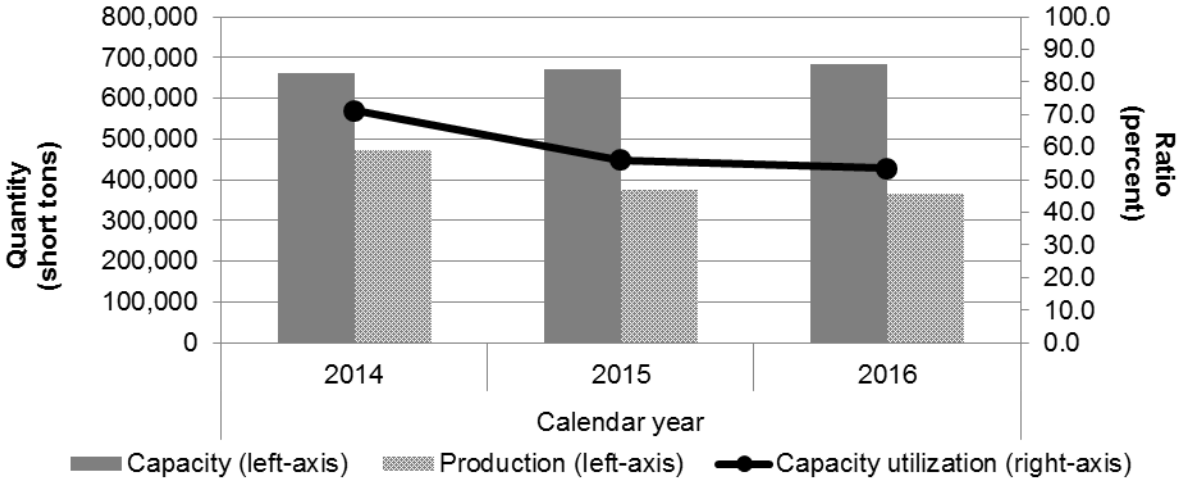
Table III-4
CDMT: U.S. producers' production, capacity, and capacity utilization, 2014-16

Item	Calendar year		
	2014	2015	2016
	Capacity (short tons)		
ArcelorMittal	***	***	***
MS Tube	***	***	***
Plymouth	***	***	***
PTC Alliance	***	***	***
Seymour	***	***	***
Sharon Tube	***	***	***
Timken	***	***	***
Webco	***	***	***
Total capacity	661,930	669,649	684,492
	Production (short tons)		
ArcelorMittal	***	***	***
MS Tube	***	***	***
Plymouth	***	***	***
PTC Alliance	***	***	***
Seymour	***	***	***
Sharon Tube	***	***	***
Timken	***	***	***
Webco	***	***	***
Total production	471,579	375,814	365,531
	Capacity utilization (percent)		
ArcelorMittal	***	***	***
MS Tube	***	***	***
Plymouth	***	***	***
PTC Alliance	***	***	***
Seymour	***	***	***
Sharon Tube	***	***	***
Timken	***	***	***
Webco	***	***	***
Average capacity utilization	71.2	56.1	53.4

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

Seven of eight responding U.S. producers reported constraints in the manufacturing process. Production constraints include capacity of cold-drawing, hot mill, annealing, and finishing equipment, and availability of raw materials and workers.

Figure III-1
CDMT: U.S. producers' production, capacity, and capacity utilization, 2014-16



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

Alternative products

As shown in table III-5, *** percent to *** percent of the product produced during 2014-16 by U.S. producers was subject product. Three firms, ***, reported producing other products on the same equipment. These products included ***.

Table III-5
CDMT: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Overall capacity	690,330	698,049	723,577
Production:			
Cold-drawn mechanical tubing	471,579	375,814	365,531
Out-of-scope production	***	***	***
Total production on same machinery	***	***	***
	Ratios and shares (percent)		
Overall capacity utilization	***	***	***
Share of production:			
Cold-drawn mechanical tubing	***	***	***
Out-of-scope production	***	***	***
Total production on same machinery	100.0	100.0	100.0

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

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

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. The quantity and value of U.S. producers' U.S. shipments decreased in every year, and decreased overall by 22.3 percent and 33.7 percent, respectively, between 2014 and 2016. Similarly, the unit values of U.S. shipments decreased by 14.7 percent. U.S. producers' U.S. shipments accounted for the vast majority of total shipments (85.6 percent based on quantity in 2016). Seven of eight responding firms reported exports, which increased overall by 2.9 percent based on quantity. *** reported average unit values that were higher than the industry average. *** states that it only produces seamless cold-drawn mechanical tubing which results in higher average unit values, while *** cites to serving niche markets and relatively low volume orders, which results in higher average unit values.[3]

[3] Email correspondence with ***, May 8, 2017; and email correspondence with ***, May 11, 2017.

Table III-6
CDMT: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	409,111	349,450	318,021
Export shipments	52,064	51,273	53,572
Total shipments	461,175	400,723	371,593
	Value (1,000 dollars)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	793,791	637,719	526,151
Export shipments	96,647	90,896	91,833
Total shipments	890,438	728,615	617,984
	Unit value (dollars per short ton)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	1,940	1,825	1,654
Export shipments	1,856	1,773	1,714
Total shipments	1,931	1,818	1,663
	Share of quantity (percent)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	88.7	87.2	85.6
Export shipments	11.3	12.8	14.4
Total shipments	100.0	100.0	100.0
	Share of value (percent)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	89.1	87.5	85.1
Export shipments	10.9	12.5	14.9
Total shipments	100.0	100.0	100.0

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

Table III-7 and figure III-2 present U.S. producers' U.S. shipments by type. The vast majority of U.S. producers' U.S. shipments were made from carbon welded inputs (*** percent based on quantity in 2016).

Table III-7
CDMT: U.S. producers' U.S. shipments by type, 2016

* * * * * * *

Figure III-2
CDMT: U.S. producers' U.S. shipments by type, 2016

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-8 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**.** The domestic industry's inventories of CDMT decreased by 40.5 percent during 2014-16. *** accounted for over 50 percent of ending inventories in each year of the period examined.

Table III-8
CDMT: U.S. producers' inventories, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
U.S. producers' end-of-period inventories	76,414	51,505	45,443
	Ratio (percent)		
Ratio of inventories to.--			
U.S. production	16.2	13.7	12.4
U.S. shipments	18.7	14.7	14.3
Total shipments	16.6	12.9	12.2

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

No U.S. producer directly imported subject merchandise. Only one producer, ***, imported from nonsubject sources during the period for which data were collected. ***. *** also purchased nonsubject CDMT from U.S. importers (***). The firm reports that the purchases were for outside diameter ("OD") and/or wall combinations they do not produce domestically but needed to compliment the AMS-T-6736 market.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 shows U.S. producers' employment-related data. During 2014-16, all employment-related indicators decreased overall between 2014 and 2016, with the exception of unit labor costs and hours worked per production and related worker ("PRW"). The number of PRWs decreased by 11.0 percent during 2014-16. Hours worked and wages paid similarly decreased during the same period, by 8.8 percent and 13.2 percent respectively. Conversely, hours worked per PRW increased by 2.5 percent, while unit labor costs increased by 11.9 percent.

Table III-9
CDMT: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2014-16

Item	Calendar year		
	2014	2015	2016
Production and related workers (PRWs) (number)	2,027	1,938	1,804
Total hours worked (1,000 hours)	4,092	3,828	3,733
Hours worked per PRW (hours)	2,019	1,975	2,069
Wages paid ($1,000)	118,779	105,944	103,055
Hourly wages (dollars per hour)	$29.03	$27.68	$27.61
Productivity (short tons per 1,000 hours)	115.2	98.2	97.9
Unit labor costs (dollars per short tons)	$251.88	$281.91	$281.93

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 223 firms believed to be importers of subject CDMT, as well as to all U.S. producers of CDMT.[1] [2] Usable questionnaire responses were received from 34 companies, representing *** percent of total U.S. imports and *** percent of total subject imports during 2016.[3]

Firms responding to the Commission's questionnaire accounted for the following shares of individual subject country's imports (as a share of adjusted import statistics, by quantity) during 2016.

- *** percent of subject imports from China;
- *** percent of subject imports from Germany;
- *** percent of subject imports from India;
- *** percent of subject imports from Italy;
- *** percent of subject imports from Korea; and
- *** percent of subject imports from Switzerland

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms identified by data provided by U.S. Customs and Border Protection ("Customs") under HTS statistical reporting numbers 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, 7306.50.5030, 7306.30.1000 and 7306.50.1000. The vast majority of subject merchandise is imported under eight HTS statistical reporting numbers ("Primary HTS numbers"): 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, 7306.50.5030. However, subject product could enter under other HTS statistical reporting numbers. The Commission's U.S. importers' questionnaire gathered data on the quantity of such imports.

[2] Petitioners identified 320 possible importers of CDMT. Petition, exh. GEN-13. Staff identified 54 firms based on a review of proprietary Customs data believed to account for the majority of total U.S. imports of CDMT. Staff issued questionnaires to all importers identified through proprietary Customs data, as well as all importers identified in the petition for which an email address was provided.

[3] U.S. importer questionnaire responses from two additional firms, Adient US LLC and Metalfer S.p.A., were submitted late and staff was unable to incorporate them into the staff report. These firms reported *** during the period examined. ***. In addition, Eaton Corporation and subsidiaries ***.

Unless otherwise specified, U.S. imports are based on data submitted in response to Commission questionnaires, with additional data included from proprietary Customs records. The Customs supplement adds in U.S. imports reported under the primary HTS numbers for those firms that did not provide a questionnaire response (i.e., excluding firms that either completed a questionnaire or certified that they were not an importer of CDMT since January 1, 2014).[4] [5]

Table IV-1 lists all responding U.S. importers of CDMT from China, Germany, India, Italy, Korea, and Switzerland, and nonsubject sources, their locations, and their shares of U.S. imports, in 2016.

[4] "Responding firms" include the 34 firms which provided usable questionnaire responses and the 45 firms which provided certification that they have not imported CDMT into the U.S. since January 1, 2014.

[5] Questionnaire responses were designed to capture the total amount of in-scope CDMT imports regardless of how they were classified under the HTS for Customs purposes.

Table IV-1
CDMT: U.S. importers by source, 2016

Firm	Headquarters	Share of imports by source (percent)			
		China	Germany	India	Italy
Aaris	Dayton, OH	***	***	***	***
AM Castle	Oak Brook, IL	***	***	***	***
Benteler	Houston, TX	***	***	***	***
Chainworks	Jackson, MI	***	***	***	***
Commercial Fluid Power	Dover, OH	***	***	***	***
Comprinox	Petaluma, CA	***	***	***	***
Dadco	Plymouth, MI	***	***	***	***
Emerald	Houston, TX	***	***	***	***
Federal Group	Southfield, MI	***	***	***	***
Foley	Bloomfield Hills, MI	***	***	***	***
Fortis	Houston, TX	***	***	***	***
Karay	Woodstock, NY	***	***	***	***
Koch	Houston, TX	***	***	***	***
Koide	Rockford, TN	***	***	***	***
Marimba	Belleville, MI	***	***	***	***
MC Tubular	Houston, TX	***	***	***	***
Metal One	Rosemont, IL	***	***	***	***
Mohawk Energy	Houston, TX	***	***	***	***
Mubea	Florence, KY	***	***	***	***
National Tube	University Park, IL	***	***	***	***
Nova	Powell, TN	***	***	***	***
Primrose	Burlingame, CA	***	***	***	***
Salem	Paramus, NJ	***	***	***	***
Salzgitter Mannesmann	Houston, TX	***	***	***	***
Scot Industries	Lone Star, TX	***	***	***	***
Spahr	Winchester, VA	***	***	***	***
Sumitomo	Rosemont, IL	***	***	***	***
TFI	Logansport, IN	***	***	***	***
Tenaris	Houston, TX	***	***	***	***
Toyota Tsusho	Georgetown, KY	***	***	***	***
Tubos Reunidos	Houston, TX	***	***	***	***
Voestalpine	Lafayette, IN	***	***	***	***
Webco	Sand Springs, OK	***	***	***	***
Woodings	Mars, PA	***	***	***	***
All responding importers		***	***	***	***
All other firms		***	***	***	***
Total		***	***	***	***

Table continued on next page.

Table IV-1--Continued
CDMT: U.S. importers by source, 2016

Firm	Share of imports by source (percent)				
	Korea	Switzerland	Subject sources	Nonsubject sources	All import sources
Aaris	***	***	***	***	***
AM Castle	***	***	***	***	***
Benteler	***	***	***	***	***
Chainworks	***	***	***	***	***
Commercial Fluid Power	***	***	***	***	***
Comprinox	***	***	***	***	***
Dadco	***	***	***	***	***
Emerald	***	***	***	***	***
Federal Group	***	***	***	***	***
Foley	***	***	***	***	***
Fortis	***	***	***	***	***
Karay	***	***	***	***	***
Koch	***	***	***	***	***
Koide	***	***	***	***	***
Marimba	***	***	***	***	***
MC Tubular	***	***	***	***	***
Metal One	***	***	***	***	***
Mohawk Energy	***	***	***	***	***
Mubea	***	***	***	***	***
National Tube	***	***	***	***	***
Nova	***	***	***	***	***
Primrose	***	***	***	***	***
Salem	***	***	***	***	***
Salzgitter Mannesmann	***	***	***	***	***
Scot Industries	***	***	***	***	***
Spahr	***	***	***	***	***
Sumitomo	***	***	***	***	***
TBI	***	***	***	***	***
Tenaris	***	***	***	***	***
Toyota Tsusho	***	***	***	***	***
Tubos Reunidos	***	***	***	***	***
Voestalpine	***	***	***	***	***
Webco	***	***	***	***	***
Woodings	***	***	***	***	***
All responding importers	***	***	***	***	***
All other firms	***	***	***	***	***
Total	***	***	***	***	***

Note.—***.

Source: Compiled from data submitted in response to Commission questionnaires and proprietary Customs records.

U.S. IMPORTS

Tables IV-2 and IV-3 and figure IV-1 present data for U.S. imports of CDMT from China, Germany, India, Italy, Korea, and Switzerland and all other sources. Total U.S. imports decreased overall by 3.5 percent and 17.1 percent, based on quantity and value respectively. Similarly, the quantity and value of subject imports decreased by *** percent and *** percent, respectively. The decrease in total subject imports is driven by the *** percent decrease in U.S. imports from China.[6] Average unit values from both subject and nonsubject sources decreased between 2014 and 2016, by *** percent and *** percent respectively. The ratio of subject imports to U.S. production increased during 2014-16, and subject imports were equivalent to *** percent of U.S. production in 2016. U.S. import trends during the period of investigation were affected by decreased demand in certain key sectors for which CDMT is used, such as agriculture, mining, and the oil and gas sectors.

The top leading nonsubject source of imports, as presented in table IV-3, were Japan and Romania, accounting for *** percent and *** percent of nonsubject imports by quantity in 2016, respectively. As a share of total imports, Japan and Romania accounted for *** percent and *** percent in 2016, respectively.

[6] Petitioners contend that imported product from China, consist mostly of hydraulic pressure cylinders, which are used in sectors that have experienced reduced demand during the period examined, such as agriculture, construction, and mining. Conference transcript, pp. 51-52 (Hart).

Table IV-2
CDMT: U.S. imports by source, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
U.S. imports from.--			
China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	135,677	136,730	130,960
	Value (1,000 dollars)		
U.S. imports from.--			
China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	318,707	299,650	264,192
	Unit value (dollars per short ton)		
U.S. imports from.--			
China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	2,349	2,192	2,017

Table continued on next page.

Table IV-2--Continued
CDMT: U.S. imports by source, 2014-16

Item	Calendar year		
	2014	2015	2016
	Share of quantity (percent)		
U.S. imports from.--			
China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	100.0	100.0	100.0
	Share of value (percent)		
U.S. imports from.--			
China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	100.0	100.0	100.0
	Ratio to U.S. production		
U.S. imports from.--			
China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	28.8	36.4	35.8

Source: Compiled from data submitted in response to Commission questionnaires and proprietary Customs records.

Figure IV-1
CDMT: U.S. import volumes and prices, 2014-16

* * * * * * *

Table IV-3
CDMT: Nonsubject U.S. imports, by source, 2014-16

* * * * * * *

Table IV-4 presents U.S. importers' U.S. shipments by type in 2016. The majority of U.S. importers' U.S. shipments of CDMT from India, Italy, Korea, and Switzerland were made from carbon welded inputs, while the majority of U.S. importers' U.S. shipments of CDMT from China were made from carbon seamless inputs. The majority of U.S. importers' U.S. shipments of CDMT from Germany were made from alloy welded inputs. Overall, *** percent of importers' U.S. shipments of CDMT from subject sources were made from carbon welded inputs, while importers' U.S. shipments of CDMT from nonsubject sources were made from carbon seamless inputs (*** percent) and alloy seamless inputs (*** percent).

Table IV-4
CDMT: U.S. importers' U.S. shipments by type, 2016

* * * * * * *

Figure IV-2
CDMT: U.S. importers' U.S. shipments by type, 2016

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[7] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the

[7] 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)).

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.[8] [9] Table IV-5 presents the individual shares of total imports accounted by subject countries by quantity during the most recent 12-month period.

Table IV-5
CDMT: U.S. imports in the twelve month period preceding the filing of the petition, April 2016 through March 2017

* * * * * * *

CUMULATION CONSIDERATIONS

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

Fungibility

The Commission collected data on U.S. producers and U.S. importers' U.S. shipments by type of input, whether from carbon or alloy steel and whether from seamless or welded pipe. The vast majority of CDMT sold by U.S. producers in the United States is made from carbon welded pipe (87.9 percent based on quantity in 2016). Over 50 percent of U.S. importers' subject U.S. shipments were also from carbon welded pipe.

Figure IV-3
CDMT: U.S. producers' and U.S. importers' U.S. shipments by type and source, 2016

* * * * * * *

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

[9] Section 771 (24)(B) of the Act (19 U.S.C § 1677(24)(B)). India qualifies as a developing country and is eligible for the 4 percent and 9 percent negligibility thresholds in CVD investigations. 15 C.F.R. § 2013.1.

Presence in the market

CDMT produced in the United States was present in the market throughout the period for which data were collected. Table IV-6 and figures IV-4 and IV-5 present the current monthly data for U.S. subject and nonsubject imports of CDMT between January 2014 and December 2016. Based on official import statistics, subject U.S. imports of CDMT from China, Germany, India, Italy, Korea, and Switzerland were present in each month during January 2014-December 2016.

Table IV-6

CDMT: Monthly U.S. imports, 2014-16

Item	Calendar year					
	2014	2015	2016	2014	2015	2016
	Quantity (short tons)					
	China			Germany		
January	2,813	2,660	1,969	1,405	1,915	1,208
February	2,602	1,801	2,015	653	1,321	1,397
March	1,785	2,508	1,473	764	2,092	1,304
April	2,360	2,465	1,547	903	1,799	1,364
May	2,781	2,393	1,655	907	1,314	2,361
June	2,573	2,774	1,685	607	1,709	1,458
July	2,281	2,508	1,975	1,050	2,009	1,594
August	2,739	2,946	1,962	1,102	2,068	2,433
September	2,181	1,959	2,410	1,311	2,126	1,990
October	2,454	1,540	2,209	1,732	1,967	1,766
November	1,435	1,547	2,149	1,581	2,038	2,703
December	2,669	1,668	2,049	1,771	1,734	1,837
Annual U.S. imports	28,673	26,768	23,098	13,785	22,092	21,414
	India			Italy		
January	1,565	2,071	1,198	460	782	459
February	1,777	2,051	1,106	324	443	555
March	2,578	2,517	1,126	466	748	701
April	1,669	2,593	1,564	559	732	684
May	1,797	1,881	2,031	316	1,214	283
June	2,011	1,849	2,546	199	1,198	489
July	2,076	1,516	2,570	384	592	422
August	2,082	1,274	2,672	122	1,077	945
September	2,033	1,485	2,711	237	471	553
October	2,321	1,300	2,314	353	746	600
November	1,647	1,891	2,602	676	625	709
December	1,794	1,252	2,560	720	751	753
Annual U.S. imports	23,351	21,681	24,999	4,816	9,380	7,152
	Korea			Switzerland		
January	870	646	865	578	722	945
February	587	845	896	920	479	727
March	742	935	1,074	1,154	683	1,079
April	1,019	957	935	858	850	749
May	1,012	664	1,005	809	958	1,004
June	1,146	983	978	1,001	759	980
July	979	1,102	756	664	813	930
August	987	1,059	954	517	904	838
September	889	810	975	745	746	1,014
October	941	805	888	676	1,068	924
November	606	845	980	893	994	933
December	432	1,028	794	399	845	874
Annual U.S. imports	10,211	10,681	11,102	9,213	9,821	10,998

Table continued on next page.

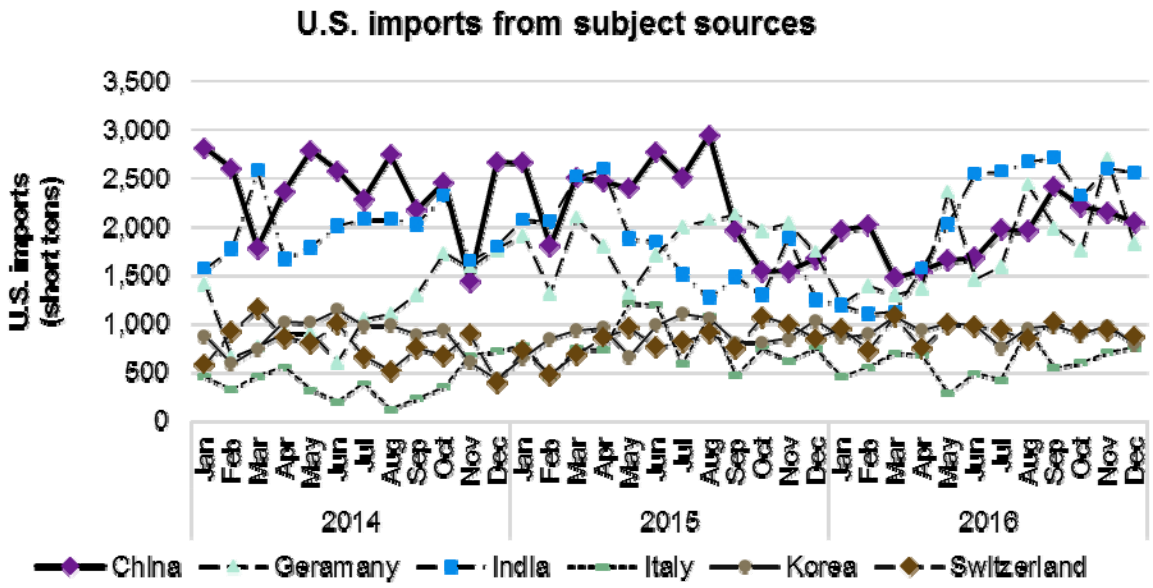
Table IV-6--Continued

CDMT: Monthly U.S. imports, 2014-16

Item	Calendar year					
	2014	2015	2016	2014	2015	2016
	Quantity (short tons)					
	Subject sources			Nonsubject sources		
January	7,691	8,796	6,644	3,072	3,175	2,403
February	6,863	6,940	6,695	2,563	2,692	2,862
March	7,489	9,484	6,756	3,024	3,199	3,168
April	7,368	9,398	6,845	4,102	3,439	2,439
May	7,622	8,424	8,338	3,548	3,674	2,789
June	7,537	9,272	8,135	4,312	4,655	2,565
July	7,434	8,540	8,246	4,173	4,116	2,909
August	7,550	9,328	9,805	4,513	2,964	3,260
September	7,395	7,598	9,653	4,588	3,207	3,133
October	8,477	7,426	8,702	4,744	3,597	3,580
November	6,838	7,939	10,077	3,163	2,890	3,602
December	7,784	7,277	8,867	3,205	3,203	3,405
Annual U.S. imports	90,049	100,422	98,763	45,007	40,812	36,114
	All import sources					
January	10,763	11,972	9,047			
February	9,426	9,632	9,557			
March	10,514	12,683	9,924			
April	11,470	12,837	9,284			
May	11,169	12,099	11,127			
June	11,850	13,928	10,700			
July	11,607	12,656	11,156			
August	12,063	12,292	13,065			
September	11,983	10,805	12,786			
October	13,221	11,023	12,282			
November	10,001	10,829	13,679			
December	10,989	10,480	12,272			
Annual U.S. imports	135,056	141,234	134,877			

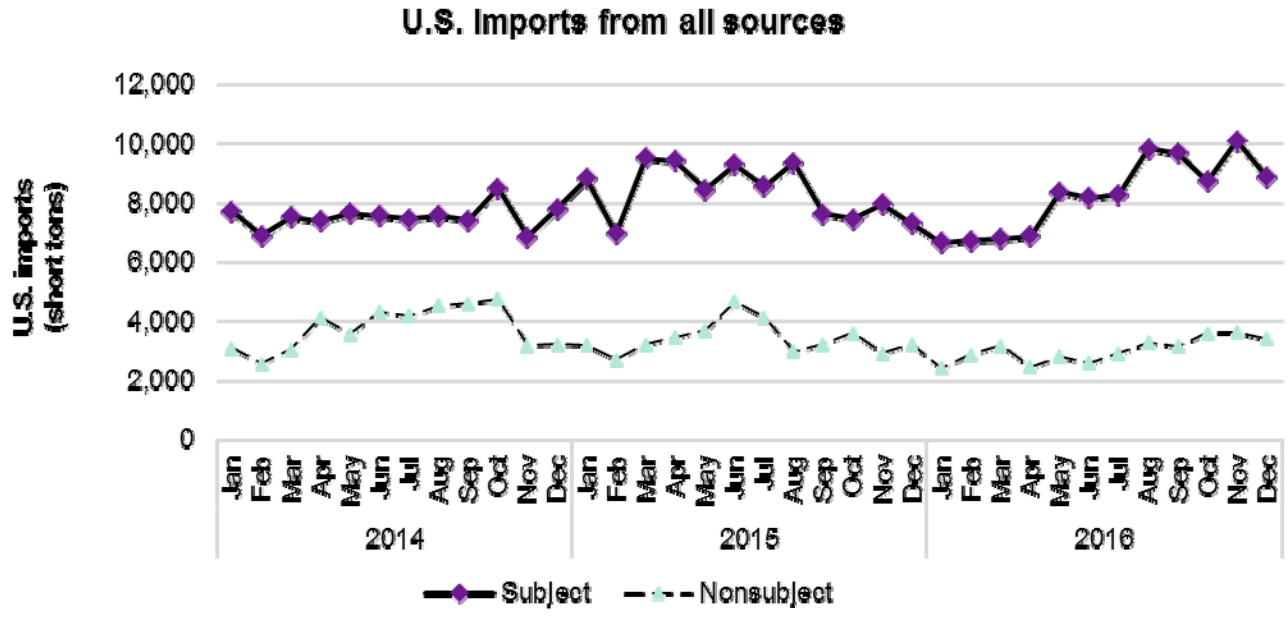
Source: Official U.S. import statistics using HTS statistical reporting numbers 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, and 7306.50.5030, accessed April 24, 2017.

Figure IV-4
CDMT: Subject U.S. imports by sources, January 2014 through December 2016



Source: Official U.S. import statistics using HTS statistical reporting numbers 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, and 7306.50.5030, accessed April 24, 2017.

Figure IV-5
CDMT: U.S. imports by sources, January 2014-December 2016



Source: Official U.S. import statistics using HTS statistical reporting numbers 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, and 7306.50.5030, accessed April 24, 2017.

Geographical markets

CDMT produced in the United States is shipped nationwide (see part II for more information on geographic markets). U.S. imports of subject merchandise from China, Germany, India, Italy, Korea, and Switzerland entered multiple U.S. ports of entry across the nation. Table IV-7 presents U.S. import quantities of CDMT, by source and border of entry in 2016, based on official import statistics. The majority of subject imports from China, Germany, and India entered via the North, while the majority of subject imports from Switzerland entered via Eastern customs districts. Subject imports from Italy and Korea were more evenly dispersed. The majority of subject imports from Italy entered via both Western and Northern customs districts (39.1 percent and 25.4 percent respectively). The majority of subject imports from Korea entered via both Northern and Eastern customs districts (45.2 percent and 39.8 percent respectively).

Table IV-7

CDMT: U.S. imports by border of entry, 2016

Item	Border of entry				
	East	North	South	West	Total
	Quantity (short tons)				
U.S. imports from.--					
China	5,078	14,880	1,434	1,705	23,098
Germany	5,012	13,633	2,241	529	21,414
India	2,625	19,884	480	2,011	24,999
Italy	1,221	1,817	1,314	2,800	7,152
Korea	4,422	5,023	696	961	11,102
Switzerland	8,925	2,073	0	0	10,998
Subject sources	27,282	57,311	6,165	8,005	98,763
Nonsubject sources	10,625	9,878	13,970	1,641	36,114
All import sources	37,908	67,189	20,135	9,646	134,877
	Share of quantity across (percent)				
U.S. imports from.--					
China	22.0	64.4	6.2	7.4	100.0
Germany	23.4	63.7	10.5	2.5	100.0
India	10.5	79.5	1.9	8.0	100.0
Italy	17.1	25.4	18.4	39.1	100.0
Korea	39.8	45.2	6.3	8.7	100.0
Switzerland	81.2	18.8	0.0	---	100.0
Subject sources	27.6	58.0	6.2	8.1	100.0
Nonsubject sources	29.4	27.4	38.7	4.5	100.0
All import sources	28.1	49.8	14.9	7.2	100.0
	Share of quantity down (percent)				
U.S. imports from.--					
China	13.4	22.1	7.1	17.7	17.1
Germany	13.2	20.3	11.1	5.5	15.9
India	6.9	29.6	2.4	20.8	18.5
Italy	3.2	2.7	6.5	29.0	5.3
Korea	11.7	7.5	3.5	10.0	8.2
Switzerland	23.5	3.1	0.0	---	8.2
Subject sources	72.0	85.3	30.6	83.0	73.2
Nonsubject sources	28.0	14.7	69.4	17.0	26.8
All import sources	100.0	100.0	100.0	100.0	100.0

Source: Official U.S. import statistics using HTS statistical reporting numbers 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, and 7306.50.5030, accessed April 24, 2017.

APPARENT U.S. CONSUMPTION

Table IV-8 presents data on apparent U.S. consumption for CDMT. Apparent consumption decreased by 17.2 percent and 27.6 percent from 2014 to 2016 based on quantity and value, respectively.

Table IV-8
CDMT: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
U.S. producers' U.S. shipments	409,111	349,450	318,021
U.S. importers' U.S. shipments of imports from.--China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	132,064	130,912	130,130
Apparent U.S. consumption	541,175	480,362	448,151
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	793,791	637,719	526,151
U.S. importers' U.S. shipments of imports from.--China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	335,197	312,573	291,069
Apparent U.S. consumption	1,128,988	950,292	817,220

Source: Data submitted in response to Commission questionnaires plus proprietary Customs records using HTS statistical reporting numbers 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, and 7306.50.5030 for firms that did not provide a certified questionnaire, accessed May 19, 2017.

U.S. MARKET SHARES

U.S. market share data are presented in table IV-9 and figure IV-6. The U.S. producers' market share decreased by 4.7 percentage points from 2014 to 2016. The market share held by subject imports increased by *** percentage points during the same period, while the market share of nonsubject imports increased by *** percentage points from 2014 to 2016. Overall,

U.S. importers' shipments of imports accounted for 29.0 percent of U.S. market share in 2016, while U.S. producers' U.S. shipments accounted for 71.0 percent.

Table IV-9
CDMT: U.S. consumption and market shares, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Apparent U.S. consumption	541,175	480,362	448,151
	Share of quantity (percent)		
U.S. producers' U.S. shipments	75.6	72.7	71.0
U.S. shipments of imports from.--			
China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	24.4	27.3	29.0
	Value (1,000 dollars)		
Apparent U.S. consumption	1,128,988	950,292	817,220
	Share of value (percent)		
U.S. producers' U.S. shipments	70.3	67.1	64.4
U.S. shipments of imports from.--			
China	***	***	***
Germany	***	***	***
India	***	***	***
Italy	***	***	***
Korea	***	***	***
Switzerland	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	29.7	32.9	35.6

Source: Data submitted in response to Commission questionnaires plus proprietary Customs records using HTS statistical reporting numbers 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, and 7306.50.5030 for firms that did not provide a certified questionnaire, accessed May 19, 2017.

Figure IV-6
CDMT: Apparent U.S. consumption, 2014-16

* * * * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

CDMT is produced from hot-rolled steel sheet, bar, or billet. The feedstock for CDMT may be from a mother tube or redraw hollow, which is an unfinished carbon and alloy steel hollow profile, which could be an as-welded tube or it could be a hot-finished seamless tube.[1] Hot-rolled steel is one of the possible inputs in the production of CDMT. [2] During 2014-16, hot-rolled steel prices declined. Since 2016, hot-rolled steel prices have fluctuated, but increased overall (figure V-1).

U.S. producers use domestic and imported feedstock for production of CDMT.[3] U.S. producers reported that raw materials as a share of cost of goods sold decreased from *** percent in 2014 to *** percent in 2016. Four of six U.S. producers and 13 of 31 responding importers[4] reported that raw material costs had fluctuated since 2014, citing primarily changes in steel prices as a major determinant.[5]

Figure V-1
Hot-rolled coil: Average price of hot-rolled coil, monthly, 2014-16

* * * * * * *

U.S. inland transportation costs

Most responding U.S. producers (5 of 7)[6] and importers (15 of 28) reported that their customers typically arrange transportation. Most U.S. producers reported that their U.S. inland transportation costs ranged from 2 to 10 percent (averaging 4 percent) while most importers reported costs of 2 to 25 percent (averaging 7 percent).[7]

---

[1] Conference transcript, p. 19 (Vore).

[2] Conference transcript, pp. 72 (Hart), and 175 (Saran). Respondent Salzgitter Mannesmann (Germany) stated that hot-rolled steel is the raw material used to produce welded tubes that are subsequently converted into CDMT. While Europe has historically been a producer of seamless tubes, U.S. producers of CDMT use mostly welded tubes as their raw material and are thus affected by price changes in hot-rolled steel. Respondent Salzgitter Mannesmann (Germany), postconference brief, p. 17.

[3] Conference transcript, p. 72 (Hart).

[4] Eight importers reported that raw material prices had increased, nine importers reported that prices had decreased, and two reported no change.

[5] Steel inputs account for 67 to 70 percent of the cost of raw materials for CDMT. Conference transcript, p. 175 (Saran).

[6] U.S. producer *** reported that both it, and its customers, typically arrange transportation.

[7] Importer *** reported 100 percent and was excluded from this calculation.

PRICING PRACTICES

Pricing methods

As presented in table V-1, U.S. producers and importers sell mainly through transaction-by-transaction negotiations or on a contractual basis. Some producers and importers use set price lists, and importer *** reported having customer-specific price lists for about 5 percent of its customers.

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

Method	U.S. producers	U.S. importers
Transaction-by-transaction	7	20
Contract	7	13
Set price list	3	6
Other	0	2

Note.-- The sum of responses shown may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

As shown in table V-2, the majority of U.S. commercial sales of domestically produced CDMT were made pursuant to annual contracts,[8] while nearly half of subject importers sales were through spot sales. Subject importers reported that most of their contract sales were through long-term contracts.[9]

[8] Importer *** reported that its price negotiations may include "currency factors" and scrap adjustments.

[9] Respondent Salzgitter Mannesmann (Germany) reported that the majority of imports from Germany and Switzerland are made pursuant to worldwide "frame" contracts to supply European-based auto manufacturers such as BMW, Mercedes, and Volkswagen with CDMT in the United States. The frame contracts cover the customer's worldwide requirements for the specified parts. Respondent Salzgitter Mannesmann (Germany) postconference brief, pp. 1 and 12.

Table V-2
CDMT: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2016

Item	U.S. producers	Subject U.S. importers
	Share (percent)	
Share of commercial U.S. shipments.--		
Long-term contracts	6.0	36.4
Annual contract	57.5	8.6
Short-term contracts	10.7	8.0
Spot sales	25.9	47.0

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

All responding U.S. producers and most importers (17 of 28) typically quote prices on an f.o.b. basis. Most U.S. producers (6 of 7) reported offering quantity and total volume discounts. U.S. producer *** also reported offering early payment discounts. Most importers reported having no discount policy.[10] Importers *** reported price reductions for certain customers, importer *** reported early payment discounts, and importer *** reported using weight bracket pricing or steel market based pricing.

Most U.S. producers (5 of 7) and importers (16 of 29) reported sales terms of net 30 days. Two U.S. producers and four importers reported variations of 1/10 net 30 sales terms. Other importers reported sales terms of net 45 days, and customer-specific sales terms. Importer *** reported that its sales terms for subject imports from *** and for subject imports from ***.

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 CDMT products shipped to unrelated U.S. customers during 2014-16.

Product 1.--ASTM A519 Cold-Drawn Seamless Tube, Grade 1026, outside diameter 5.000 inches, wall thickness 1.000 inch, length 17- 24 feet.

Product 2.--ASTM A519 Cold-Drawn Seamless Tube, Grade 1026, outside diameter 4.500 inches, wall thickness 1.000 inch, length 17- 24 feet.

Product 3.--ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade 1026, outside diameter 2.500 inches, wall thickness 0.250 inch, length 17 - 24 feet.

[10] Four importers reported offering quantity discounts, four reported offering total volume discounts, and five reported other discounts.

Product 4.--ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade 1026, outside diameter 3.000 inches, wall thickness 0.188 inch, length 17 - 24 feet.

Product 5.--ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade ST52.3, outside diameter 3.750 inches, wall thickness 0.255 inch, length 17 - 24 feet.

Product 6.--ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade ST52.3, outside diameter 4.000 inches, wall thickness 0.255 inch, length 17 - 24 feet.

Five U.S. producers[11] and nine importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[12] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of product, *** percent of CDMT imported from China, *** percent of CDMT imported from India, *** percent of CDMT imported from Italy, and *** percent of CDMT imported from Korea in 2016. No pricing data were provided for CDMT imported from Germany or Switzerland during 2014-16. [13]

Price data for products 1-6 are presented in tables V-3 to V-8 and figures V-2 to V-7. The Commission received pricing data for U.S.-produced CDMT for all pricing products, but data for subject imports were sporadic, often only covering one to four quarters during the period of investigation. Pricing data were reported for products 1, 2, and 3 imported from China; for products 1, 2, 3, 4, and 5 from India; for product 6 from Italy; and products 3 and 4 from Korea.

Nonsubject country prices are presented in Appendix D.

Table V-3
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, 2014-16

* * * * * * *

Table V-4
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, 2014-16

* * * * * * *

[11] U.S. producer *** reported sales of ***, and have been excluded from the pricing analysis.

[12] 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.

[13] CDMT has an "infinite" number of combinations of outside diameters, inside diameters, wall thicknesses, and grades, that there may not be specific products that could get more coverage. Petitioners selected pricing products with a defined length of 17 to 24 feet because these are the standard length ranges that would be shipped by subject producers and domestic producers. Conference transcript, p. 65 (Luberda).

Table V-5
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, 2014-16

Period	United States		China			India		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2014:								
Jan.-Mar.	1,558	543	--	0	--	***	***	***
Apr.-Jun.	1,570	385	--	0	--	***	***	***
Jul.-Sep.	1,630	184	--	0	--	***	***	***
Oct.-Dec.	1,630	166	--	0	--	***	***	***
2015:								
Jan.-Mar.	***	***	--	0	--	***	***	***
Apr.-Jun.	1,467	225	--	0	--	***	***	***
Jul.-Sep.	1,367	305	--	0	--	***	***	***
Oct.-Dec.	1,360	237	--	0	--	***	***	***
2016:								
Jan.-Mar.	1,352	256	--	0	--	***	***	***
Apr.-Jun.	1,326	328	--	0	--	***	***	***
Jul.-Sep.	1,499	231	***	***	***	***	***	***
Oct.-Dec.	1,454	155	--	0	--	***	***	***

Period	United States		Korea		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2014:					
Jan.-Mar.	1,558	543	---	***	---
Apr.-Jun.	1,570	385	---	***	---
Jul.-Sep.	1,630	184	---	***	---
Oct.-Dec.	1,630	166	---	***	---
2015:					
Jan.-Mar.	***	***	---	***	---
Apr.-Jun.	1,467	225	---	***	---
Jul.-Sep.	1,367	305	---	***	---
Oct.-Dec.	1,360	237	---	***	---
2016:					
Jan.-Mar.	1,352	256	---	***	---
Apr.-Jun.	1,326	328	---	***	---
Jul.-Sep.	1,499	231	***	***	***
Oct.-Dec.	1,454	155	***	***	***

[1] Product 3: ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade 1026, outside diameter 2.500 inches, wall thickness 0.250 inch, length 17 - 24 feet.

Note.--Importer *** provided pricing data for alternative product ("***") that staff determined is not comparable to the pricing product. These data have been excluded from the analysis.

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

Table V-6

CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, 2014-16

Period	United States		India			Korea		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2014:								
Jan.-Mar.	1,652	81	***	***	***	---	***	---
Apr.-Jun.	1,633	95	***	***	***	---	***	---
Jul.-Sep.	***	***	***	***	***	---	***	---
Oct.-Dec.	1,728	25	***	***	***	---	***	---
2015:								
Jan.-Mar.	1,572	135	***	***	***	---	***	---
Apr.-Jun.	1,573	44	***	***	***	---	***	---
Jul.-Sep.	1,410	66	***	***	***	---	***	---
Oct.-Dec.	1,386	86	***	***	***	---	***	---
2016:								
Jan.-Mar.	1,271	142	***	***	***	---	***	---
Apr.-Jun.	1,337	137	***	***	***	---	***	---
Jul.-Sep.	1,559	103	***	***	***	***	***	***
Oct.-Dec.	1,471	67	***	***	***	---	***	---

[1] Product 4: ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade 1026, outside diameter 3.000 inches, wall thickness 0.188 inch, length 17 - 24 feet.

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

Table V-7
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, 2014-16

Period	United States		India		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2014:					
Jan.-Mar.	1,469	149	---	***	---
Apr.-Jun.	1,465	298	---	***	---
Jul.-Sep.	1,455	136	---	***	---
Oct.-Dec.	1,495	232	***	***	***
2015:					
Jan.-Mar.	1,474	240	***	***	***
Apr.-Jun.	1,458	212	***	***	***
Jul.-Sep.	1,324	206	---	***	---
Oct.-Dec.	1,256	118	***	***	***
2016:					
Jan.-Mar.	1,186	235	---	***	---
Apr.-Jun.	1,212	162	---	***	---
Jul.-Sep.	1,236	160	---	***	---
Oct.-Dec.	1,390	219	---	***	---

[1] Product 5: ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade ST52.3, outside diameter 3.750 inches, wall thickness 0.255 inch, length 17 - 24 feet.

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

Table V-8
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, 2014-16

Period	United States		Italy		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2014:					
Jan.-Mar.	1,489	772	---	***	---
Apr.-Jun.	1,461	991	---	***	---
Jul.-Sep.	1,513	1,007	---	***	---
Oct.-Dec.	1,497	518	---	***	---
2015:					
Jan.-Mar.	1,462	748	---	***	---
Apr.-Jun.	1,346	584	---	***	---
Jul.-Sep.	1,301	702	---	***	---
Oct.-Dec.	1,359	338	***	***	***
2016:					
Jan.-Mar.	1,221	209	---	***	---
Apr.-Jun.	1,217	263	---	***	---
Jul.-Sep.	1,378	226	---	***	---
Oct.-Dec.	1,333	233	---	***	---

[1] Product 6: ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade ST52.3, outside diameter 4.000 inches, wall thickness 0.255 inch, length 17 - 24 feet.

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

Figure V-2
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, 2014-16

* * * * * * *

Figure V-3
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, 2014-16

* * * * * * *

Figure V-4
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, 2014-16

* * * * * * *

Figure V-5
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, 2014-16

* * * * * * *

Figure V-6
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, 2014-16

* * * * * * *

Figure V-7
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, 2014-16

* * * * * * *

Price trends

In general, prices decreased during 2014-16. Table V-9 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from *** percent to *** percent during 2014-16 while import price decreases ranged from *** percent to *** percent, with the exception of prices for product 1 from China, which increased by *** percent.

Table V-9
CDMT: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and China, India, Italy, and Korea, 2014-16

Item	Number of quarters	Low price (dollars per short ton)	High price (dollars per short ton)	Change in price over period[1] (percent)
Product 1:				
United States	***	***	***	***
China	***	***	***	***
India	***	***	***	---
Product 2:				
United States	***	***	***	***
China	***	***	***	***
India	***	***	***	---
Product 3:				
United States	12	1,326	1,630	(6.7)
China	***	***	***	---
India	***	***	***	***
Korea	***	***	***	---
Product 4:				
United States	12	1,271	1,728	(11.0)
India	***	***	***	***
Korea	***	***	***	---
Product 5:				
United States	12	1,186	1,495	(5.4)
India	***	***	***	---
Product 6:				
United States	12	1,217	1,513	(10.5)
Italy	***	***	***	---

[1] Percentage change from the first quarter in 2014 in which data were available to the last quarter in 2016 in which price data were available.

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

Price comparisons

As shown in table V-10, prices for CDMT imported from subject countries were below those for U.S.-produced CDMT in 33 of 57 instances and for nearly 75 percent of the quantity sold (*** short tons); margins of underselling ranged from *** percent to *** percent. In the remaining 24 instances (*** short tons), prices for CDMT from subject countries were between *** percent to *** percent above prices for the domestic product.[14]

[14] There were no instances of underselling for pricing products 5 and 6 for which there were *** and *** of overselling, respectively.

Table V-10
CDMT: Instances of underselling/overselling and the range and average of margins, by country, 2014-16

Source	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin Range (percent)	
				Min	Max
China	16	***	***	***	***
Germany	0	***	***	***	***
India	14	***	***	***	***
Italy	0	***	***	***	***
Korea	3	***	***	***	***
Switzerland	0	***	***	***	***
Total, underselling	33	***	12.7	0.3	26.9
Source	**(Overselling)**				
	Number of quarters	**Quantity (short tons)**	**Average margin (percent)**	**Margin Range (percent)**	
				Min	**Max**
China	4	***	***	***	***
Germany	0	***	***	***	***
India	19	***	***	***	***
Italy	1	***	***	***	***
Korea	0	***	***	***	***
Switzerland	0	***	***	***	***
Total, overselling	24	***	(12.6)	(0.3)	(75.2)

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.

Most underselling occurred during 2014 and 2016, and the greatest number of instances of underselling was for pricing products 1, 2, and 3, which were primarily imported from China and India.[15]

LOST SALES AND LOST REVENUE

Six responding U.S. producers reported that they had to either reduce prices or roll back announced price increases, and six firms reported that they had lost sales. U.S. producer *** reported that it could not obtain enough detail from its purchasers to allege lost sales and revenue, but that it has lost market share to imports, and has reduced its prices to compete.

The petitioners submitted lost sales and lost revenue allegations that identified 57 firms where they lost sales or revenue (25 consisting lost sales allegations, 7 consisting of lost

[15] Less than 1 percent of subject import pricing data for product 3 was for CDMT imported from Korea.

revenue allegations, and 24 consisting of both types of allegations). The vast majority of allegations involved China and/or India and covered 2014-16. No allegations involved imports from Switzerland. The allegations covered a variety of products, and a variety of methods of sale, including contract negotiations, individual sales, and RFQ bids.

Staff contacted 57 purchasers and received responses from 16 purchasers. Responding purchasers reported purchasing *** short tons of CDMT during 2014-16 (table V-11). The vast majority of responding purchasers reported that purchases of CDMT from the United States, Germany, Korea, and Switzerland either remained constant or decreased during 2014-16. Five of 10 purchasers of CDMT from China reported decreasing purchases, while four reported increasing purchases and one reported constant purchases. Seven of nine purchasers that purchased Indian CDMT reported that their purchases had increased, and the remaining two reported constant purchases. Purchasers reported constant or increasing purchases of CDMT from nonsubject or unknown sources.

Table V-11
CDMT: Purchasers' responses to purchasing patterns

* * * * * * *

Of the 16 responding purchasers, 11 reported that, since 2014, they had purchased imported CDMT from subject countries instead of U.S.-produced product.[16] All 11 responding purchasers reported that subject import prices were lower than those of U.S.-produced product and all but one of these purchasers reported that price was a primary reason for the decision to purchase subject imports rather than U.S.-produced CDMT. Eleven purchasers estimated they had purchased *** short tons of CDMT from subject sources instead of domestic CDMT since 2014; quantities ranged from *** short tons to *** short tons (tables V-12 and V-13).

[16] Nine purchasers reported they had purchased CDMT imported from China instead of U.S.-produced CDMT; four had purchased German CDMT instead; eight had purchased Indian CDMT instead; three had purchased Italian CDMT instead; and four had purchased Korean CDMT instead of U.S.-produced CDMT since 2014.

Table V-12
CDMT: Purchasers' responses to purchasing subject imports instead of domestic product, by country

Source	Count of purchasers reporting subject instead of domestic	Count of purchasers reported that imports were priced lower	Count of purchasers reporting that price was a primary reason for subject instead of domestic[1]	Quantity (short tons)	Other reasons for purchasing imports instead of domestic
China	9	9	9	***	1
Germany	4	4	4	***	2
India	8	8	7	***	2
Italy	3	3	3	***	3
Korea	4	4	4	***	1
Switzerland	---	---	---	---	1
All subject sources	11	11	11	***	---

[1] This total is correct. Importer *** reported that price was not a primary reason for purchasing Indian CDMT instead of domestic ***.

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

Purchasers identified quality and availability as non-price reasons for purchasing imported rather than U.S.-produced product. Purchaser *** reported that its purchases from *** were for sizes not available from U.S. producers. Purchaser *** reported that its purchases of CDMT from China were not because of price, but rather because the grade of the material was better and the minimum quantities were smaller, and its purchases of CDMT from Italy were not because of price, but because of quality (including metallurgical characteristics and size).

Table V-13
CDMT: Purchasers' responses to purchasing subject imports instead of domestic product, by purchaser

* * * * * * *

Of the 16 responding purchasers, six reported that U.S. producers had reduced prices in order to compete with lower-priced imports from subject countries (table V-14; four reported U.S. producers had not reduced their prices, and six reported that they did not know). The reported estimated price reduction ranged from 10 to 40 percent. In describing the price reductions, purchasers indicated that reductions took place through negotiations or adjustments on particular products, and purchaser *** noted that the cost for the feedstock strip steel is less in both China and in Europe.

Table V-14
CDMT: Purchasers' responses to U.S. producer price reductions

* * * * * * *

Responding U.S. purchasers identified various methods they use in purchasing CDMT, and many reported purchasing primarily through contracts and individual purchases. Purchaser *** reported that it purchases daily, based on re-order points; for its domestic purchases, prices are negotiated upfront and orders are placed daily, and for purchases of imports, orders are placed monthly after securing a price bid. Purchaser *** reported that it bases its pricing on CRU indexes.

In responding to the lost sales and lost revenue survey, some purchasers provided additional information on purchases and market dynamics. Two purchasers (***) reported that they were at a competitive disadvantage when buying domestic CDMT because their competitors are purchasing lower priced imported CDMT. Purchaser *** reported that it purchases imported CDMT because the domestic producers sell CDMT at discounted prices to its largest competitors, but does not offer similar discounts to ***. Purchaser *** reported that it shifted its purchases away from mills to distributors. In doing so, it purchased more CDMT from Asian countries because in most cases, the material was priced similarly to U.S.-produced CDMT and was immediately available.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

The financial results of eight U.S. producers of CDMT are presented in this section of the report. With the exception of ***, which reported on the basis of International Financial Reporting Standards ("IFRS"), the responding U.S. producers reported their financial results on the basis of Generally Accepted Accounting Principles ("GAAP"). The majority of annual financial results were reported on a calendar-year basis. The exceptions were ***.[1]

OPERATIONS ON CDMT

Table VI-1 presents aggregated data on U.S. producers' operations in relation to CDMT over the period examined. Table VI-2 presents changes in average unit value data between periods and table VI-3 presents selected company-specific financial data.

[1] ***.

Table VI-1
CDMT: Results of operations of U.S. producers, 2014-16

Item	Fiscal year		
	2014	2015	2016
	Quantity (short tons)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	452,943	404,329	368,556
	Value (1,000 dollars)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	875,710	742,172	613,470
Cost of goods sold.-- Raw materials	422,199	338,831	271,745
Direct labor	155,904	151,111	127,951
Other factory costs	178,278	196,165	165,738
Total COGS	756,381	686,107	565,434
Gross profit	119,329	56,065	48,036
SG&A expense	45,272	41,207	37,766
Operating income or (loss)	74,057	14,858	10,270
Interest expense	***	***	***
All other expenses	***	***	***
All other income	***	***	***
Net income or (loss)	51,939	(9,822)	(11,132)
Depreciation/amortization	32,971	32,529	32,825
Cash flow	84,910	22,707	21,693
	Ratio to net sales (percent)		
Cost of goods sold.-- Raw materials	48.2	45.7	44.3
Direct labor	17.8	20.4	20.9
Other factory costs	20.4	26.4	27.0
Average COGS	86.4	92.4	92.2
Gross profit	13.6	7.6	7.8
SG&A expense	5.2	5.6	6.2
Operating income or (loss)	8.5	2.0	1.7
Net income or (loss)	5.9	(1.3)	(1.8)

Table continued on next page.

Table VI-1—Continued
CDMT: Results of operations of U.S. producers, 2014-16

Item	Fiscal year		
	2014	2015	2016
	Ratio to total COGS (percent)		
Cost of goods sold.-- Raw materials	55.8	49.4	48.1
Direct labor	20.6	22.0	22.6
Other factory costs	23.6	28.6	29.3
Average COGS	100.0	100.0	100.0
	Unit value (dollars per short ton)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	1,933	1,836	1,665
Cost of goods sold.-- Raw materials	932	838	737
Direct labor	344	374	347
Other factory costs	394	485	450
Average COGS	1,670	1,697	1,534
Gross profit	263	139	130
SG&A expense	100	102	102
Operating income or (loss)	164	37	28
Net income or (loss)	115	(24)	(30)
	Number of firms reporting		
Operating losses	2	3	4
Net losses	2	5	5
Data	8	8	8

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

Table VI-2
CDMT: Changes in AUVs between fiscal years

Item	Between fiscal years		
	2014-16	2014-15	2015-16
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	(269)	(98)	(171)
Cost of goods sold.-- Raw materials	(195)	(94)	(101)
Direct labor	3	30	(27)
Other factory costs	56	92	(35)
Average COGS	(136)	27	(163)
Gross profit	(133)	(125)	(8)
SG&A expense	3	2	1
Operating income or (loss)	(136)	(127)	(9)
Net income or (loss)	(145)	(139)	(6)

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

Table VI-3
CDMT: Results of operations of U.S. producers, by firm, 2014-16

* * * * * * *

Net sales quantity and value

As shown in table VI-1, net sales of CDMT consist of commercial sales and a small amount of internal consumption and transfers to related firms.[2] Commercial sales accounted for *** percent of net sales by volume and *** percent by value during the period examined. From 2014 to 2016, net sales volume decreased by 18.6 percent and net sales revenue decreased by 29.9 percent. The average net sales unit values (per-short ton) decreased throughout the period examined, from $1,933 in 2014 to $1,665 in 2016. On a company-specific basis, *** companies reported lower net sales AUVs in 2016 than in 2014.[3]

Cost of goods sold and gross profit or (loss)

Raw material costs represent the largest component of overall COGS. The total cost of raw materials as a share of COGS ranged from 48.1 percent (2016) to 55.8 percent (2014). On a unit basis (per-short ton), raw material costs decreased from $932 in 2014 to $737 in 2016.

[2] Internal consumption (which represented *** percent of net sales by volume during the period examined) was reported by ***. In response to questions by staff, ***. Transfers to related firms (which represented *** percent of net sales by volume during the period examined) were reported by ***.

[3] *** had noticeably higher net sales AUVs than the industry average throughout the period examined. In response to questions by staff, ***.

With the exception of ***, all U.S. producers reported lower per-short ton raw material costs in 2016 compared to 2014. With respect to their U.S. operations, several producers reported that they purchase inputs from related parties: ***.[4]

The second largest component of COGS during the period examined was other factory costs, which represented between 23.6 percent (in 2014) and 29.3 percent (in 2016) of overall COGS. On a per-short ton basis, other factory costs increased from $394 in 2014 to $485 in 2015, before decreasing to $450 in 2016.

Direct labor, the last component of COGS, accounted for between 20.6 percent (in 2014) and 22.6 percent (in 2016) of overall COGS. On a per-short ton basis, direct labor increased from $344 in 2014 to $374 in 2015 before decreasing to $347 in 2016. *** consistently had the highest per-short ton direct labor costs. ***.[5] [6]

On an overall basis, the CDMT industry's gross profit decreased from $119.3 million in 2014 to $48.0 million in 2016. This was due to a declining gross margin from 2014 to 2016, coupled with decreasing net sales volume. ***.

SG&A expenses and operating income or (loss)

As shown in table VI-1, the industry's SG&A expense ratio (i.e., total SG&A expenses divided by total revenue) moved within a relatively narrow range, from 5.2 percent in 2014 to 6.2 percent in 2016. Table VI-3 shows that from 2014 to 2016 the pattern of company-specific SG&A expense ratios was mostly uniform in terms of directional trend, with *** companies reporting a higher SG&A expense ratio in 2016 than in 2014, which is consistent with the lower level of sales revenue in 2016.[7] Operating income followed the same trend as gross profit and decreased from $74.1 million in 2014 to $10.3 million in 2016.

Other expenses and net income or (loss)

Classified below the operating income level are interest expense, other expenses, and other income, which are usually allocated to the product line from high levels in the corporation. Interest expense, the largest of these line items, increased in 2015 and decreased in 2016. By definition, items classified at this level in the income statement only affect net income or (loss). Overall net income for CDMT decreased from $51.9 million in 2014 to a loss of $9.8 million in 2015 and decreased further to a loss of $11.1 million in 2016.[8]

[4] All of these producers reported valuing purchases of inputs from related parties at ***.
[5] In response to questions by staff, ***.
[6] ***. U.S. producers' questionnaire responses, section III-10.
[7] ***. U.S. producers' questionnaire responses, section III-10.
[8] ***. U.S. producers' questionnaire responses, section III-10.

Variance analysis

A variance analysis for the operations of U.S. producers of CDMT is presented in table VI-4.[9] The information for this variance analysis is derived from table VI-1. The analysis illustrates that from 2014 to 2016, the decrease in operating income is primarily attributable to a higher unfavorable price variance despite a favorable cost/expense variance (i.e., prices decreased more than costs and expenses).

Table VI-4
CDMT: Variance analysis on the operations of U.S. producers, 2014-16

Item	Between fiscal years		
	2014-16	2014-15	2015-16
Net sales:			
Price variance	(99,088)	(39,549)	(63,038)
Volume variance	(163,152)	(93,989)	(65,664)
Net sales variance	(262,240)	(133,538)	(128,702)
COGS:			
Cost variance	50,027	(10,908)	59,970
Volume variance	140,920	81,182	60,703
COGS variance	190,947	70,274	120,673
Gross profit variance	(71,293)	(63,264)	(8,029)
SG&A expenses:			
Cost/expense variance	(929)	(794)	(205)
Volume variance	8,435	4,859	3,646
Total SG&A expense variance	7,506	4,065	3,441
Operating income variance	(63,787)	(59,199)	(4,588)
Summarized (at the operating income level) as:			
Price variance	(99,088)	(39,549)	(63,038)
Net cost/expense variance	49,098	(11,702)	59,765
Net volume variance	(13,797)	(7,948)	(1,315)

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

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

VALUE ADDED BY CUTTING OPERATIONS

In their postconference brief, Salem, TFI, Voestalpine, and Goodluck, (collectively, "Salem, et al.") argued that tube cutters are part of the domestic industry.[10] Staff sent supplementary questionnaires to *** to collect data on their U.S. tube cutting operations in 2016. In general, the Commission calculates "value added" by determining the share of conversion costs (direct labor and other factory costs) to total COGS. *** firms submitted data in relation to the Commission's supplemental questionnaire on scope-to-scope processing of CDMT. Based on the information reported to the Commission, the value added calculated for these companies was *** percent in 2016. *** reported that *** percent of its purchased CDMT was from subject sources, *** percent was from nonsubject sources, and the remaining *** percent was from domestic sources. *** reported that *** percent of its purchased CDMT was from subject sources, *** percent was from nonsubject sources, and *** percent was from domestic sources.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents capital expenditures and research and development ("R&D") expenses by firm. Seven firms provided capital expenditure data, and *** provided data on R&D expenses. *** accounted for the largest company-specific amount of capital expenditures in 2014 and *** accounted for the largest company-specific amounts in 2015 and 2016.[11] Total reported capital expenditures for the industry decreased from $46.5 million in 2014 to $17.9 million in 2016. *** to report R&D expenses, ***."[12]

[10] Salem, et al.'s postconference brief, pp. 8-10.
[11] ***." *** questionnaire responses, section III-13.
[12] *** questionnaire response, section III-13.

Table VI-5
CDMT: Capital expenditures and research and development expenses of U.S. producers, 2014-16

Item	Fiscal year		
	2014	2015	2016
	Capital expenditures (1,000 dollars)		
ArcelorMittal	***	***	***
MS Tube	***	***	***
Plymouth	***	***	***
PTC Alliance	***	***	***
Seymour	***	***	***
Sharon Tube	***	***	***
Timken	***	***	***
Webco	***	***	***
Total capital expenditures	46,522	33,710	17,894
	Research and development expenses (1,000 dollars)		
ArcelorMittal	***	***	***
MS Tube	***	***	***
Plymouth	***	***	***
PTC Alliance	***	***	***
Seymour	***	***	***
Sharon Tube	***	***	***
Timken	***	***	***
Webco	***	***	***
Total research and development expenses	***	***	***

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

ASSETS AND RETURN ON ASSETS

Table VI-6 presents data on the U.S. producers' total assets and their return on assets ("ROA").[13] Total net assets for the CDMT industry decreased from $799.6 million in 2014 to $729.5 million in 2016.

Table VI-6
CDMT: U.S. producers' total assets and return on investment, 2014-16

Firm	Fiscal years		
	2014	2015	2016
	Total net assets (1,000 dollars)		
ArcelorMittal	***	***	***
MS Tube	***	***	***
Plymouth	***	***	***
PTC Alliance	***	***	***
Seymour	***	***	***
Sharon Tube	***	***	***
Timken	***	***	***
Webco	***	***	***
Total net assets	799,593	716,161	729,480
	Operating return on assets (percent)		
ArcelorMittal	***	***	***
MS Tube	***	***	***
Plymouth	***	***	***
PTC Alliance	***	***	***
Seymour	***	***	***
Sharon Tube	***	***	***
Timken	***	***	***
Webco	***	***	***
Average operating return on assets	9.3	2.1	1.4

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

[13] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for CDMT.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of CDMT to describe any actual or potential negative effects of imports of CDMT from China, Germany, India, Italy, Korea, and Switzerland on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-7 presents the number of firms reporting an impact in each category and table VI-8 provides the U.S. producers' narrative responses.

Table VI-7
CDMT: Actual and anticipated negative effects of imports on investment, growth, and development, 2014-16

Item	No	Yes
Negative effects on investment	2	6
Cancellation, postponement, or rejection of expansion projects		2
Denial or rejection of investment proposal		0
Reduction in the size of capital investments		4
Return on specific investments negatively impacted		4
Other effects on investment		1
Negative effects on investment differ by country	7	0
Negative effects on growth and development	3	5
Rejection of bank loans		2
Lowering of credit rating		2
Problem related to the issue of stocks or bonds		1
Ability to service debt		2
Other effects on growth and development		2
Negative effects on growth and development differ by country	7	0
Anticipated negative effects of imports	1	7
Anticipated negative effects of imports differ by country	8	0

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

Table VI-8
CDMT: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, 2014-16

* * * * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

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

---

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

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

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

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

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

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

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

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 90 firms believed to produce and/or export CDMT from China.[3] Usable responses to the Commission's questionnaire were received from three firms: Zhejiang Dingxin Steel Tube Manufacturing Co. Ltd ("Dingxin")[4], Changshu Fushilai Steel Pipe Co., Ltd ("Chengshu Fushilai")[5], and Wuxi Hujin International Trade Co., Ltd ("Wuxi Huijin")[6]. These firms' exports to the United States accounted for approximately *** percent of U.S. imports of CDMT from China in 2016. According to estimates requested of the responding Chinese producers, these firms accounted for approximately 8.0 percent of CDMT production in China. Table VII-1 presents information on the CDMT operations of the responding Chinese producers and exporters.

Table VII-1
CDMT: Summary data for producers in China, 2016

* * * * * * *

Changes in operations

Two Chinese producers reported changes in operations since January 1, 2014. ***, and ***.

Operations on CDMT

When asked about production constraints, responding producers noted that their production is constrained by a ***. They did not report any anticipated changes in the character of their operations. Table VII-2 presents data on the CDMT operations of the responding producers and exporters in China.

Table VII-2
CDMT: Data on industry in China, 2014-16 and projection calendar years 2017 and 2018

* * * * * * *

Chinese producers' production capacity increased from *** short tons in 2014 to *** short tons in 2015 and stayed the same in 2016 for an overall increase of *** percent.

---

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

[4] Dingxin reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[5] Chengshu Fushilai reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[6] Wuxi Huijin reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

Production capacity is not projected to change in 2017 and 2018. Fluctuating year to year, Chinese producers' production increased from *** short tons in 2014 to *** short tons in 2015 and then decreased to *** short tons in 2016 for an overall increase of *** percent. Production is projected to decrease slightly in 2017 and to be *** percent greater in 2018. Capacity utilization ranged from *** percent to *** percent during 2014-2016. It is projected to be about the same in 2017 and to increase to *** percent in 2018.

Chinese producers' home market shipments also fluctuated year to year, decreasing from *** short tons in 2014 to *** short tons in 2015 and then increasing to *** short tons in 2016 for an overall decrease of *** percent. It is projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Home market shipments accounted for *** percent to *** percent of total shipments during 2014-2016.

From 2014 to 2016, Chinese export shipments were largely destined for non-U.S markets, which accounted for *** percent to *** percent of total exports. Export shipments to the United States fluctuated from year to year, increasing from *** short tons in 2014 to *** short tons in 2015, and then decreasing to *** short tons in 2016 for an overall increase of *** percent. They are projected to decrease by *** percent in 2017 and by *** percent from 2017 to 2018. Export shipments to non-U.S. markets fluctuated slightly year to year, increasing from *** short tons in 2014 to *** short tons in 2015 and then decreasing to *** short tons in 2016 for an overall decrease of *** percent. They are projected to decrease to *** short tons in 2017 and 2018. Export shipments to the United States accounted for *** percent of total shipments in 2016.

Alternative products

As shown in table VII-3, responding Chinese firms produced other products on the same equipment and machinery used to produce CDMT. Chinese producers' overall production capacity remained constant at *** short tons. Out-of-scope production on the same machinery fluctuated slightly from year to year, decreasing from *** short tons in 2014 to *** short tons in 2015, and then increasing to *** short tons in 2016 for an overall decrease of *** percent. CDMT accounted for *** percent to *** percent of total production on the same equipment and machinery during 2014-2016.

Table VII-3
CDMT: Chinese producers' overall capacity and production on the same equipment as in-scope production, 2014-16

* * * * * * *

Exports

According to Global Trade Atlas ("GTA"), the leading export markets for CDMT from China are the United States, Korea, India, Iran, Pakistan, and Vietnam. During 2016, Korea was the largest export market, accounting for 19.4 percent of exports, followed by India, which accounted for 13.4 percent. The United States was the third largest export market for CDMT

from China, accounting for 9.1 percent of exports. Table VII-4 presents data on Chinese exports of CDMT.

Table VII-4
CDMT: China exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
China exports to the United States	25,041	21,216	20,307
China exports to other major destination markets.--			
Korea	69,951	57,586	43,306
India	57,400	61,138	30,055
Iran	7,602	11,661	14,225
Pakistan	5,056	5,075	10,623
Vietnam	9,784	11,216	8,780
Indonesia	7,621	6,676	8,572
Thailand	3,182	4,039	7,400
North Korea	5,259	6,325	6,777
All other destination markets	110,123	92,403	73,732
Total China exports	301,019	277,335	223,776
	Value (1,000 dollars)		
China exports to the United States	32,930	27,534	22,309
China exports to other major destination markets.--			
Korea	72,234	56,976	37,241
India	76,380	74,666	33,096
Iran	8,775	11,258	11,465
Pakistan	7,448	5,663	10,131
Vietnam	13,228	14,040	15,785
Indonesia	13,334	8,712	10,911
Thailand	6,171	4,990	8,329
North Korea	3,636	3,400	3,488
All other destination markets	159,647	116,713	87,673
Total China exports	393,783	323,954	240,428

Table continued on the next page.

Table VII-4--Continued
CDMT: China exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per short ton)		
China exports to the United States	1,315	1,298	1,099
China exports to other major destination markets.--			
Korea	1,033	989	860
India	1,331	1,221	1,101
Iran	1,154	965	806
Pakistan	1,473	1,116	954
Vietnam	1,352	1,252	1,798
Indonesia	1,749	1,305	1,273
Thailand	1,939	1,236	1,126
North Korea	691	538	515
All other destination markets	1,450	1,263	1,189
Total China exports	1,308	1,168	1,074
	Share of quantity (percent)		
China exports to the United States	8.3	7.6	9.1
China exports to other major destination markets.--			
Korea	23.2	20.8	19.4
India	19.1	22.0	13.4
Iran	2.5	4.2	6.4
Pakistan	1.7	1.8	4.7
Vietnam	3.3	4.0	3.9
Indonesia	2.5	2.4	3.8
Thailand	1.1	1.5	3.3
North Korea	1.7	2.3	3.0
All other destination markets	36.6	33.3	32.9
Total China exports	100.0	100.0	100.0

Note.--Exports are understated to the extent that CDMT drawn from welded tube is not included. Data may be overstated to the extent that product outside the scope of these investigations (for example, seamless cold-drawn tubing suitable for high-pressure applications) may be included.

Source: Official export statistics under HS subheading 7304.31 and 7304.51 as reported by China Customs in the IHS/GTA database, assessed April 25, 2017.

THE INDUSTRY IN GERMANY

The Commission issued foreign producers' or exporters' questionnaires to eight firms believed to produce and/or export CDMT from Germany.[7] Usable responses to the Commission's questionnaire were received from four firms: Benteler Steel and Tube GmbH ("Benteler")[8], Poppe and Potthoff Prazisionsstahlrohre GmbH ("Poppe and Potthoff")[9], Salzgitter Mannesmann Precision GmbH ("Salzgitter")[10], and Vincenz Wiederholt GmbH ("Wiederholt")[11]. These firms' exports to the United States accounted for approximately *** percent of U.S. imports of CDMT from Germany in 2016. According to estimates requested of the responding German producers, these firms accounted for approximately 100 percent of CDMT production in Germany. Table VII-5 presents information on the CDMT operations of the responding German producers and exporters.

Table VII-5
CDMT: Summary data for producers in Germany, 2016

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)
Benteler Steel and Tube	***	***	***	***	***	***
Poppe and Potthoff	***	***	***	***	***	***
Salzgitter Mannesmann	***	***	***	***	***	***
Wilderholt	***	***	***	***	***	***
Total	360,539	100.0	10,506	100.0	360,287	2.9

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

Changes in operations

Table VII-6 presents German producers' reported changes in operations since January 1, 2014.

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

[8] Benteler reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[9] Poppe and Potthoff reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[10] Salzgitter reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[11] Wiederholt reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

Table VII-6
CDMT: German producers' reported changes in operations, since January 1, 2014

* * * * * * *

Operations on CDMT

When asked about production constraints, all responding German producers reported that production capacity is constrained by ***. *** noted that *** creates a bottleneck in its operations. *** reported that its production capacity is constrained by ***. Responding German producers did not report any anticipated changes in the character of their operations. Table VII-7 presents data on the CDMT operations of the responding producers and exporters in Germany.

Table VII-7
CDMT: Data on industry in Germany, 2014-16 and projection calendar years 2017 and 2018

Item	Actual experience			Projections	
	Calendar year				
	2014	2015	2016	2017	2018
	Quantity (short tons)				
Capacity	401,733	401,733	401,733	401,733	401,733
Production	352,820	354,845	360,539	371,175	372,870
End-of-period inventories	18,918	20,793	20,045	20,045	20,045
Shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial shipments	***	***	***	***	***
Subtotal, home market shipments	237,376	236,695	232,706	240,486	242,204
Export shipments to:					
United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	116,928	117,074	127,581	130,688	130,665
Total shipments	354,304	353,769	360,287	371,174	372,869
	Ratios and shares (percent)				
Capacity utilization	87.8	88.3	89.7	92.4	92.8
Inventories/production	5.4	5.9	5.6	5.4	5.4
Inventories/total shipments	5.3	5.9	5.6	5.4	5.4
Share of shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Home market shipments	***	***	***	***	***
Subtotal, home market shipments	67.0	66.9	64.6	64.8	65.0
Export shipments to:					
United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	33.0	33.1	35.4	35.2	35.0
Total shipments	100.0	100.0	100.0	100.0	100.0
	Quantity (short tons)				
Resales exported to the United States	***	***	***	***	***
Total exports to the United States	***	***	***	***	***
	Ratios and shares (percent)				
Share of total exports to the United States.--					
Exported by producers	***	***	***	***	***
Exported by resellers	***	***	***	***	***
Adjusted share of total shipments exported to US	***	***	***	***	***

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

From 2014 to 2016, German producers' production capacity remained constant at 401,733 short tons and is projected to stay at that volume in 2017 and 2018. Production increased throughout 2014-2016 from 352,820 short tons in 2014 to 360,539 short tons in 2016 with the majority of the increase occurring from 2015 to 2016. Production is projected to increase by 3.0 percent in 2017 and to increase by less than 1 percent in 2018. Capacity utilization ranged from 87.8 percent to 89.7 percent during 2014-2016. It is projected to increase to 92.4 percent in 2017 and to 92.8 percent in 2018.

German producers' home market shipments fell throughout 2014-2016 from 237,376 short tons in 2014 to 232,706 short tons in 2016, a decrease of 2.0 percent. It is projected to increase by 3.3 percent in 2017 and by less than one percent from 2017 to 2018. During 2014-2016, home market shipments accounted for 64.6 percent to 67.0 percent of total shipments.

From 2014 to 2016, German export shipments were largely destined for non-U.S. markets, which accounted for *** to *** percent of all export shipments. Export shipments to the United States fluctuated slightly from year to year, increasing from *** short tons in 2014 to *** short tons in 2015, and then decreasing to *** short tons in 2016. They are projected to increase to *** short tons in 2017 and remain unchanged from 2017 to 2018. Fluctuating year to year, export shipments to non-U.S. markets decreased from *** short tons in 2014 to *** short tons in 2015 and then increased to *** short tons in 2016 for an overall increase of *** percent. They are projected to increase to *** short tons in 2017 and remain virtually unchanged from 2017 to 2018. Export shipments to the United States accounted for *** percent of total shipments in 2016.

Alternative products

As shown in table VII-8, responding German firms produced other products on the same equipment and machinery used to produce CDMT. German producers' overall capacity was constant at 439,307 short tons from 2014 to 2016. Fluctuating year to year, out-of-scope production decreased from *** short tons in 2014 to *** short tons in 2015 and then increased to *** short tons in 2016 for an overall increase of *** percent. CDMT accounted for *** percent to *** percent of total production on the same machinery during 2014-2016.

Table VII-8
CDMT: German producers' overall capacity and production on the same equipment as in-scope production, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Overall capacity	439,307	439,307	439,307
Production: Cold-drawn mechanical tubing	352,820	354,845	360,539
Out-of-scope production	***	***	***
Total production on same machinery	***	***	***
	Ratios and shares (percent)		
Overall capacity utilization	***	***	***
Share of production: Cold-drawn mechanical tubing	***	***	***
Out-of-scope production	***	***	***
Total production on same machinery	***	***	***

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

Exports

According to GTA, the leading export markets for CDMT from Germany are the United States, Italy, Netherlands, Slovakia, and France. During 2016, Italy was the largest export market, accounting for 12.1 percent. The United States was the second export market for CDMT from Germany, accounting for 9.3 percent and Netherlands was the third largest, accounting for 8.1 percent. Seven out of the eight largest non-U.S. markets are in Europe. Table VII-9 presents data on German exports of CDMT.

Table VII-9
CDMT: Germany exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Germany exports to the United States	15,122	13,473	14,565
Germany exports to other major destination markets.--			
Italy	18,510	17,411	19,056
Netherlands	7,965	8,858	12,695
Slovakia	11,893	11,870	11,312
France	8,635	10,151	11,282
China	11,960	9,675	10,438
Austria	7,935	8,537	8,439
United Kingdom	7,196	7,765	7,922
Sweden	6,073	6,099	5,752
All other destination markets	57,837	55,949	55,614
Total Germany exports	153,125	149,786	157,091
	Value (1,000 dollars)		
Germany exports to the United States	49,154	37,191	38,986
Germany exports to other major destination markets.--			
Italy	42,913	33,211	33,202
Netherlands	19,365	17,317	20,444
Slovakia	29,636	24,986	23,265
France	21,213	18,426	21,209
China	44,924	39,615	26,700
Austria	25,375	20,607	19,210
United Kingdom	17,412	14,333	12,777
Sweden	15,424	12,342	10,859
All other destination markets	187,732	151,973	157,957
Total Germany exports	453,148	370,002	364,635

Table continued on the next page.

Table VII-9--Continued
CDMT: Germany exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per short ton)		
Germany exports to the United States	3,251	2,760	2,677
Germany exports to other major destination markets.--			
Italy	2,318	1,907	1,742
Netherlands	2,431	1,955	1,610
Slovakia	2,492	2,105	2,057
France	2,457	1,815	1,880
China	3,756	4,095	2,558
Austria	3,198	2,414	2,276
United Kingdom	2,420	1,846	1,613
Sweden	2,540	2,024	1,888
All other destination markets	3,246	2,716	2,840
Total Germany exports	2,959	2,470	2,321
	Share of quantity (percent)		
Germany exports to the United States	9.9	9.0	9.3
Germany exports to other major destination markets.--			
Italy	12.1	11.6	12.1
Netherlands	5.2	5.9	8.1
Slovakia	7.8	7.9	7.2
France	5.6	6.8	7.2
China	7.8	6.5	6.6
Austria	5.2	5.7	5.4
United Kingdom	4.7	5.2	5.0
Sweden	4.0	4.1	3.7
All other destination markets	37.8	37.4	35.4
Total Germany exports	100.0	100.0	100.0

Note.--Exports are understated to the extent that CDMT drawn from welded tube is not included. Data may be overstated to the extent that product outside the scope of these investigations (for example, seamless cold-drawn tubing suitable for high-pressure applications) may be included.

Source: Official export statistics under HS subheading 7304.31 and 7304.51 as reported by Eurostat in the IHS/GTA database, assessed April 25, 2017.

THE INDUSTRY IN INDIA

The Commission issued foreign producers' or exporters' questionnaires to 39 firms believed to produce and/or export CDMT from India.[12] Usable responses to the Commission's questionnaire were received from four firms: Goodluck India Limited ("Goodluck"),[13] Innoventive Industries Limited ("Innoventive"),[14] KLT Automotive & Tubular Products Ltd ("KLT Automotive"),[15] and Tube Products of India ("TPI").[16] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of CDMT from India in 2016. According to estimates requested of the responding Indian producers, these firms accounted for a majority of CDMT production in India. Table VII-10 presents information on the CDMT operations of the responding Indian producers and exporters.

Table VII-10
CDMT: Summary data for producers in India, 2016

* * * * * * *

Changes in operations

Table VII-11 presents Indian producers' reported changes in operations since January 1, 2014.

Table VII-11
CDMT: Indian producers' reported changes in operations, since January 1, 2014

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Operations on CDMT

The Commission asked Indian producers to identify any anticipated changes in the character of their operations or the organization of their future CDMT production. TPI reported that ***. When asked about production constraints, *** reported that *** hinders their production ability. Innoventive noted that ***. Table VII-12 presents data on the CDMT operations of responding Indian producers.

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

[13] Goodluck reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[14] Innoventive reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[15] KLT Automotive reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[16] Tube Products of India reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

Table VII-12
CDMT: Data on industry in India, 2014-16 and projection calendar years 2017 and 2018

Item	Actual experience			Projections	
	Calendar year				
	2014	2015	2016	2017	2018
	Quantity (short tons)				
Capacity	204,244	245,300	245,300	255,481	281,738
Production	***	***	***	***	***
End-of-period inventories	***	***	***	***	***
Shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial shipments	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***
Export shipments to:					
United States	20,735	20,123	26,637	29,158	32,262
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	140,231	148,033	171,147	212,444	246,702
	Ratios and shares (percent)				
Capacity utilization	***	***	***	***	***
Inventories/production	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***
Share of shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Home market shipments	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***
Export shipments to:					
United States	14.8	13.6	15.6	13.7	13.1
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0

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

Indian producers' production capacity increased from 204,244 short tons in 2014 to 245,300 short tons in 2015, an increase of 20.1 percent, and did not change from 2015 to 2016. Production capacity is projected to increase by 4.2 percent in 2017 and by 10.3 percent from 2017 to 2018. The entirety of the Indian producers' projected production capacity increase for 2017 and 2018 is attributable to TPI's plan to open a new plant in Rajpura, Punjab.[17] Production increased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, an

[17] Respondent Tube Products of India's postconference brief, p. 19.

increase of *** percent. It is projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Capacity utilization ranged from *** percent to *** percent during 2014-2016. It is projected to increase to *** percent in 2017 and to *** percent in 2018. TPI noted that these projections are based on expected increases in home market shipments and exports shipments to non-U.S. markets.[18]

Indian producers' home market shipments increased from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. It is projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Home market shipments accounted for *** percent to *** percent of total shipments during 2014-2016.

From 2014 to 2016, Indian export shipments were largely destined for the United States, which accounted for *** percent to *** percent of total export shipments. Fluctuating year to year, export shipments to the United States decreased from 20,735 short tons in 2014 to 20,123 short tons in 2015 and then increased to 26,637 short tons in 2016 for an overall increase of 28.5 percent. They are projected to increase by 9.5 percent in 2017 and by 10.6 percent from 2017 to 2018. Export shipments to non-U.S. markets increased throughout 2014-2014, increasing from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. They are projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Export shipments to the United States accounted for *** percent of total shipments in 2016.

Alternative products

As shown in table VII-13, responding Indian firms produced other products on the same equipment and machinery used to produce CDMT. Indian producers' overall capacity increased from 350,215 short tons in 2014 to 385,980 short tons in 2015, an increase of 10.2 percent, and did not change from 2015 to 2016. Out-of-scope production increased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. CDMT accounted for *** percent to *** percent of total production on the same equipment and machinery during 2014-2016.

[18] Respondent Tube Products of India's postconference brief, pp. 18-19.

Table VII-13
CDMT: Indian producers' overall capacity and production on the same equipment as in-scope production, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Overall capacity	350,215	385,980	385,980
Production: Cold-drawn mechanical tubing	***	***	***
Out-of-scope production	***	***	***
Total production on same machinery	***	***	***
	Ratios and shares (percent)		
Overall capacity utilization	***	***	***
Share of production: Cold-drawn mechanical tubing	***	***	***
Out-of-scope production	***	***	***
Total production on same machinery	100.0	100.0	100.0

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

Exports

According to GTA, the leading export markets for CDMT from India are the United States, Sweden, Italy, France, and the United Arab Emirates. During 2016, the United States was the top export market for CDMT from India, accounting for 26.1 percent, followed by Sweden, accounting for 19.9 percent. Table VII-14 presents data for Indian exports of CDMT.

Table VII-14
CDMT: India exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
India exports to the United States	10,065	7,313	2,978
India exports to other major destination markets.--			
Sweden	2,049	2,846	2,270
Italy	3,092	1,776	1,840
France	877	1,290	1,002
United Arab Emirates	749	704	557
Saudi Arabia	19	513	326
Iraq	491	9	306
China	6	30	298
Canada	233	180	263
All other destination markets	4,755	5,555	1,556
Total India exports	22,334	20,216	11,396
	Value (1,000 dollars)		
India exports to the United States	12,219	8,008	3,888
India exports to other major destination markets.--			
Sweden	2,915	2,786	2,065
Italy	4,034	3,958	2,018
France	1,537	2,831	1,405
United Arab Emirates	1,109	1,420	661
Saudi Arabia	56	1,417	537
Iraq	571	60	183
China	7	362	553
Canada	368	321	433
All other destination markets	6,715	16,762	3,049
Total India exports	29,531	37,926	14,793

Table continued on the next page.

Table VII-14--Continued
CDMT: India exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per short ton)		
India exports to the United States	1,214	1,095	1,305
India exports to other major destination markets.--			
Sweden	1,423	979	910
Italy	1,305	2,229	1,096
France	1,753	2,195	1,402
United Arab Emirates	1,481	2,019	1,187
Saudi Arabia	2,971	2,763	1,649
Iraq	1,164	6,828	599
China	1,124	12,154	1,854
Canada	1,579	1,780	1,649
All other destination markets	1,412	3,017	1,959
Total India exports	1,322	1,876	1,298
	Share of quantity (percent)		
India exports to the United States	45.1	36.2	26.1
India exports to other major destination markets.--			
Sweden	9.2	14.1	19.9
Italy	13.8	8.8	16.1
France	3.9	6.4	8.8
United Arab Emirates	3.4	3.5	4.9
Saudi Arabia	0.1	2.5	2.9
Iraq	2.2	0.0	2.7
China	0.0	0.1	2.6
Canada	1.0	0.9	2.3
All other destination markets	21.3	27.5	13.7
Total India exports	100.0	100.0	100.0

Note.--Exports are understated to the extent that CDMT drawn from welded tube is not included. Data may be overstated to the extent that product outside the scope of these investigations (for example, seamless cold-drawn tubing suitable for high-pressure applications) may be included.

Source: Official export statistics under HS subheading 7304.31 and 7304.51 as reported by India's Ministry of Commerce in the IHS/GTA database, accessed April 25, 2017.

THE INDUSTRY IN ITALY

The Commission issued foreign producers' or exporters' questionnaires to 12 firms believed to produce and/or export CDMT from Italy.[19] Usable responses to the Commission's questionnaire were received from three firms: Dalmine S.p.A. ("Dalmine"),[20] Metalfer S.p.A. ("Metalfer"),[21] and Trafiltubi SRL ("Trafiltubi").[22] These firms' exports to the United States accounted for approximately 100 percent of U.S. imports of CDMT from Italy in 2016. According to estimates requested of the responding Italian producers, these firms accounted for approximately *** percent of CDMT production in Italy. Table VII-15 presents information on the CDMT operations of the responding Italian producers and exporters.

Table VII-15
CDMT: Summary data for producers in Italy, 2016

* * * * * * *

Changes in operations

Table VII-16 presents Italian producers' reported changes in operations since January 1, 2014.

Table VII-16
CDMT: Italian producers' reported changes in operations, since January 1, 2014

* * * * * * *

Operations on CDMT

When asked about production constraints, Dalmine reported that its main constraint ***. Metalfer noted that production capacity is constrained by its *** and Trafiltubi reported that *** limits its production capacity. Responding Italian producers did not report any anticipated changes to the character of their operations. Table VII-17 presents data on the CDMT operations of the responding Italian producers.

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

[20] Dalmine reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[21] Metalfer reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[22] Trafiltubi reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

Table VII-17
CDMT: Data on industry in Italy, 2014-16 and projection calendar years 2017 and 2018

* * * * * * *

Year to year, Italian producers' production capacity fluctuated slightly, increasing from *** short tons in 2014 to *** short tons in 2015 and then ending at *** short tons in 2016. Production capacity is projected to remain the same in 2017 and to increase by *** percent in 2018. Producers' production increased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. It is projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Capacity utilization ranged from *** percent to *** percent during 2014-2016. It is projected to reach *** percent in 2017 and *** percent in 2018.

Italian producers' home market shipments increased from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. It is projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Home market shipments accounted for *** to *** percent of total shipments during 2014-2016.

From 2014 to 2016, Italian export shipments were largely destined for non-U.S. markets, which accounted for *** percent to *** percent of total exports. Fluctuating year to year, export shipments to the United States increased from *** short tons in 2014 to *** short tons in 2015, and then decreased to *** short tons in 2016 for an overall increase of *** percent. Export shipments to non-U.S. markets increased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. Export shipments to the United States are projected to decrease by *** percent in 2017 and by *** percent from 2017 to 2018. Conversely, export shipments to non-U.S. markets are projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Export shipments to the United States accounted for *** percent of total shipments in 2016.

Alternative products

As shown in table VII-18, responding Italian firms produced other products on the same equipment and machinery used to produce CDMT. Italian producers' overall production capacity fell from *** short tons in 2014 to *** short tons in 2015 and was unchanged from 2015 to 2016. Fluctuating year to year, out-of-scope production fell from *** short tons in 2014 to *** short tons in 2015 and then rose to *** short tons in 2016 for an overall decrease of *** percent. From 2014 to 2016, CDMT accounted for *** percent to *** percent of total production on the same machinery.

Table VII-18
CDMT: Italian producers' overall capacity and production on the same equipment as in-scope production, 2014-16

* * * * * * *

Exports

According to GTA, the leading export markets for CDMT from Italy are Germany, Spain Bulgaria, Finland, and Romania, all of which accounted for a larger share of Italian exports than the United States in 2016. Germany was the largest export market in 2016, accounting for 24.8 percent, followed by Spain, accounting for 6.7 percent. The United States accounted for 3.9 percent of Italian exports. Table VII-19 presents data for Italian exports of CDMT.

Table VII-19
CDMT: Italy exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Italy exports to the United States	6,936	5,914	2,315
Italy exports to other major destination markets.--			
Germany	10,952	9,783	14,734
Spain	2,576	2,512	3,991
Bulgaria	1,103	1,874	3,889
Finland	3,321	2,698	3,841
Romania	4,031	2,763	3,536
Sweden	1,978	2,568	3,125
France	2,707	2,643	2,983
Turkey	986	1,405	1,944
All other destination markets	23,451	15,162	18,990
Total Italy exports	58,042	47,321	59,348
	Value (1,000 dollars)		
Italy exports to the United States	16,776	14,909	5,817
Italy exports to other major destination markets.--			
Germany	26,087	18,861	25,418
Spain	8,023	4,170	6,291
Bulgaria	2,339	2,896	5,428
Finland	7,411	4,583	6,165
Romania	9,330	5,583	7,536
Sweden	4,686	4,522	5,226
France	7,141	6,263	6,721
Turkey	10,363	8,123	4,035
All other destination markets	64,061	36,669	49,867
Total Italy exports	156,217	106,580	122,503

Table continued on the next page.

Table VII-19--Continued
CDMT: Italy exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per short ton)		
Italy exports to the United States	2,419	2,521	2,513
Italy exports to other major destination markets.--			
Germany	2,382	1,928	1,725
Spain	3,114	1,660	1,576
Bulgaria	2,121	1,545	1,396
Finland	2,232	1,699	1,605
Romania	2,314	2,021	2,131
Sweden	2,369	1,761	1,672
France	2,638	2,370	2,253
Turkey	10,509	5,783	2,076
All other destination markets	2,732	2,418	2,626
Total Italy exports	2,691	2,252	2,064
	Share of quantity (percent)		
Italy exports to the United States	11.9	12.5	3.9
Italy exports to other major destination markets.--			
Germany	18.9	20.7	24.8
Spain	4.4	5.3	6.7
Bulgaria	1.9	4.0	6.6
Finland	5.7	5.7	6.5
Romania	6.9	5.8	6.0
Sweden	3.4	5.4	5.3
France	4.7	5.6	5.0
Turkey	1.7	3.0	3.3
All other destination markets	40.4	32.0	32.0
Total Italy exports	100.0	100.0	100.0

Note.--Exports are understated to the extent that CDMT drawn from welded tube is not included. Data may be overstated to the extent that product outside the scope of these investigations (for example, seamless cold-drawn tubing suitable for high-pressure applications) may be included.

Source: Official export statistics under HS subheading 7304.31 and 7304.51 as reported by Italy Customs in the IHS/GTA database, accessed April 25, 2017.

THE INDUSTRY IN KOREA

The Commission issued foreign producers' or exporters' questionnaires to 17 firms believed to produce and/or export CDMT from Korea.[23] Usable responses to the Commission's questionnaire were received from two firms: Sangshin Industrial Co. Ltd. ("SIC"),[24] and Yulchon Co. Ltd. ("Yulchon").[25] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of CDMT from Korea in 2016. According to estimates requested of the responding Korean producers, these firms accounted for nearly all CDMT production in Korea. Table VII-20 presents information on the CDMT operations of the responding Korean producers and exporters.

Table VII-20
CDMT: Summary data for producers in Korea, 2016

* * * * * * *

Changes in operations

Table VII-21 presents Korean producers' reported changes in operations since January 1, 2014.

Table VII-21
CDMT: Korean producers' reported changes in operations, since January 1, 2014

* * * * * * *

Operations on CDMT

When asked about capacity constraints, Yulchon reported that its production capacity can be limited ***. Responding producers did not report any anticipated changes in the character of their operations. Table VII-22 presents data on the CDMT operations of the responding Korean producers.

Table VII-22
CDMT: Data on industry in Korea, 2014-16 and projection calendar years 2017 and 2018

* * * * * * *

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

[24] SIC reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[25] Yulchon reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

From 2014 to 2016, Korean producers' production capacity remained constant at *** short tons and is projected to stay at that level in 2017 and 2018. Production increased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. It is projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Capacity utilization increased throughout 2014-2016 from *** percent in 2014 to *** percent in 2016. It is projected to grow to *** percent in 2017 and to *** percent in 2018.

Korean producers' home shipments increased marginally from *** short tons in 2014 to *** short tons in 2015 and then decreased to *** short tons in 2016 for an overall decrease of *** percent. It is projected to decrease by *** percent in 2017 and by *** percent from 2017 to 2018. Home market shipments accounted for *** to *** percent of total shipments during 2014-2016.

From 2014 to 2016, Korean export shipments were largely destined for non-U.S. markets, which accounted for *** percent to *** percent of total export shipments. Export shipments to the United States increased throughout 2014-2016, rising from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. They are projected to increase marginally in 2017 and 2018. Export shipments to non-U.S. markets also increased throughout 2014-2016, rising from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. They are expected to grow by *** percent in 2017 and by *** percent from 2017 to 2018. Exports shipments to the United States accounted for *** percent of total shipments in 2016.

Alternative products

Responding Korean producers did not produce other products on the same equipment and machinery used to produce CDMT.

Exports

According to GTA, the leading export markets for CDMT from Korea are Romania, Indonesia, Italy, Iran, and Canada, all of which accounted for a larger share of Korean exports than the United States in 2016. During 2016, Romania was the largest export market for CDMT from Korea, accounting for 24.1 percent, followed by the Indonesia, accounting for 15.4 percent. The United States accounted for 1.7 percent of Korean exports. Table VII-23 presents data for Korean exports of CDMT.

Table VII-23
CDMT: Korea exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Korea exports to the United States	1,963	981	658
Korea exports to other major destination markets.--			
Romania	8,382	8,034	9,113
Indonesia	4,951	4,019	5,848
Italy	1,734	1,719	4,152
Iran	3,083	1,908	3,552
Canada	1,388	1,174	3,108
China	2,611	2,233	2,725
Thailand	2,009	1,584	1,747
United Arab Emirates	2,287	665	1,269
All other destination markets	7,028	6,745	5,696
Total Korea exports	35,436	29,063	37,867
	Value (1,000 dollars)		
Korea exports to the United States	3,378	2,601	1,342
Korea exports to other major destination markets.--			
Romania	10,687	8,365	8,468
Indonesia	8,184	5,587	6,750
Italy	2,351	1,957	4,201
Iran	5,534	3,632	5,927
Canada	2,935	2,067	4,943
China	4,975	3,029	3,697
Thailand	3,585	2,470	2,288
United Arab Emirates	3,784	1,018	1,513
All other destination markets	20,131	16,976	8,915
Total Korea exports	65,544	47,701	48,043

Table continued on the next page.

Table VII-23--Continued
CDMT: Korea exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per short ton)		
Korea exports to the United States	1,720	2,651	2,040
Korea exports to other major destination markets.--			
Romania	1,275	1,041	929
Indonesia	1,653	1,390	1,154
Italy	1,355	1,138	1,012
Iran	1,795	1,904	1,668
Canada	2,115	1,760	1,591
China	1,906	1,356	1,357
Thailand	1,785	1,559	1,310
United Arab Emirates	1,654	1,531	1,193
All other destination markets	2,865	2,517	1,565
Total Korea exports	1,850	1,641	1,269
	Share of quantity (percent)		
Korea exports to the United States	5.5	3.4	1.7
Korea exports to other major destination markets.--			
Romania	23.7	27.6	24.1
Indonesia	14.0	13.8	15.4
Italy	4.9	5.9	11.0
Iran	8.7	6.6	9.4
Canada	3.9	4.0	8.2
China	7.4	7.7	7.2
Thailand	5.7	5.5	4.6
United Arab Emirates	6.5	2.3	3.4
All other destination markets	19.8	23.2	15.0
Total Korea exports	100.0	100.0	100.0

Note.--Exports are understated to the extent that CDMT drawn from welded tube is not included. Data may be overstated to the extent that product outside the scope of these investigations (for example, seamless cold-drawn tubing suitable for high-pressure applications) may be included.

Source: Official export statistics under HS subheadings 7304.31 and 7304.51 as reported by Korea's Customs and Trade Development Institution in the IHS/GTA database, accessed April 25, 2017.

THE INDUSTRY IN SWITZERLAND

The Commission issued foreign producers' or exporters' questionnaires to three firms believed to produce and/or export CDMT from Switzerland.[26] Usable responses to the Commission's questionnaire were received from two firms: Benteler Rothrist AG ("Benteler Rothrist"),[27] and Mubea Prazisionstahlrohr AG ("Mubea").[28] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of CDMT from Switzerland over the period being examined. According to estimates requested of the responding Swiss producers, these firms accounted for nearly all CDMT production in Switzerland. Table VII-24 presents information on the CDMT operations of the responding producers and exporters in Switzerland.

Table VII-24
CDMT: Summary data for producers in Switzerland, 2016

* * * * * * *

Changes in operations

Table VII-25 presents Swiss producers' reported changes in operations since January 1, 2014.

Table VII-25
CDMT: Swiss producers' reported changes in operations, since January 1, 2014

* * * * * * *

Operations on CDMT

When asked about production constraints, Mubea reported that its production is limited by ***. Benteler Rothrist noted that *** constrains production. Responding producers did not report any anticipated changes in the character of their operations. Table VII-26 presents data the CDMT operations of the responding Swiss producers.

Table VII-26
CDMT: Data on industry in Switzerland, 2014-16 and projection calendar years 2017 and 2018

* * * * * * *

---

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

[27] Benteler Rothrist reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

[28] Mubea reported that CDMT represented *** percent of its total sales in its most recent fiscal year.

Swiss producers' production capacity increased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. It is projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Production also increased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. Production is projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Capacity utilization ranged from *** percent to *** percent during 2014-2016. It is projected to be *** percent in 2017 and *** percent in 2018.

Swiss producers' home market shipments decreased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, a decrease of *** percent. It is projected to increase slightly in 2017 and remain unchanged from 2017 to 2018. Home market shipments accounted for *** percent to *** percent of total shipments during 2014-2016.

From 2014 to 2016, Swiss export shipments were largely destined for non-U.S. markets, which accounted for *** to *** percent of total export shipments. Export shipments to the United States fluctuated slightly year to year, increasing from *** short tons in 2014 to *** short tons in 2015 and then decreasing to *** short tons in 2016 for an overall decrease of *** percent. They are projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Export shipments to non-U.S. markets increased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. They are projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Export shipments to the United States accounted for *** percent of total shipments in 2016.

Alternative products

As shown in table VII-27, responding Swiss firms produced other products on the same equipment and machinery used to produce CDMT. Swiss producers' overall production capacity increased throughout 2014-2016 from *** short tons in 2014 to *** short tons in 2016, an increase of *** percent. Fluctuating year to year, out-of-scope production rose from *** short tons in 2014 to *** short tons in 2015 and then fell to *** short tons in 2016 for an overall decrease of *** percent. From 2014 to 2016, CDMT accounted for *** percent to *** percent of total production on the same machinery.

Table VII-27
CDMT: Swiss producers' overall capacity and production on the same equipment as in-scope production, 2014-16

* * * * * * *

Exports

According to GTA, the leading export markets for CDMT from Switzerland are Germany, the United States, Italy, Bosnia & Herzegovina, and Czech Republic. During 2016, Germany was the top export market for CDMT from Switzerland, accounting for 73.6 percent. The United States was the second largest export market, accounting for 7.2 percent. Table VII-28 presents data for Swiss exports of CDMT.

Table VII-28
CDMT: Switzerland exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (short tons)		
Switzerland exports to the United States	49	59	48
Switzerland exports to other major destination markets.--			
Germany	377	423	488
Italy	521	1	29
Bosnia & Herzegovina	0	0	21
Czech Republic	4	21	20
Austria	20	16	17
Bulgaria	6	4	10
France	1	7	5
Slovakia	3	5	4
All other destination markets	17	13	22
Total Switzerland exports	998	551	663
	Value (1,000 dollars)		
Switzerland exports to the United States	532	306	217
Switzerland exports to other major destination markets.--			
Germany	5,710	5,344	3,850
Italy	692	174	268
Bosnia & Herzegovina	0	0	11
Czech Republic	5	131	20
Austria	76	89	123
Bulgaria	8	3	7
France	27	48	108
Slovakia	49	16	33
All other destination markets	906	235	289
Total Switzerland exports	8,006	6,346	4,926

Table continued on the next page.

Table VII-28--Continued
CDMT: Switzerland exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per short ton)		
Switzerland exports to the United States	10,781	5,207	4,533
Switzerland exports to other major destination markets.--			
Germany	15,158	12,627	7,894
Italy	1,329	247,701	9,312
Bosnia & Herzegovina	0	314	516
Czech Republic	1,516	6,120	1,034
Austria	3,724	5,591	7,034
Bulgaria	1,484	731	739
France	28,636	6,405	21,569
Slovakia	15,000	2,876	9,120
All other destination markets	52,594	17,496	13,235
Total Switzerland exports	8,022	11,526	7,431
	Share of quantity (percent)		
Switzerland exports to the United States	4.9	10.7	7.2
Switzerland exports to other major destination markets.--			
Germany	37.7	76.9	73.6
Italy	52.2	0.1	4.3
Bosnia & Herzegovina	0.0	0.0	3.2
Czech Republic	0.4	3.9	3.0
Austria	2.0	2.9	2.6
Bulgaria	0.6	0.7	1.5
France	0.1	1.4	0.8
Slovakia	0.3	1.0	0.5
All other destination markets	1.7	2.4	3.3
Total Switzerland exports	100.0	100.0	100.0

Note.--Exports are understated to the extent that CDMT drawn from welded tube is not included. Data may be overstated to the extent that product outside the scope of these investigations (for example, seamless cold-drawn tubing suitable for high-pressure applications) may be included.

Source: Official export statistics under HS subheadings 7304.31 and 7304.51 as reported by Swiss Customs in the IHS/GTA database, accessed April 25, 2017.

SUBJECT COUNTRIES COMBINED

Table VII-29 presents summary data on CDMT operations of the reporting subject producers in subject countries.

Table VII-29
CDMT: Data on industry in subject countries, 2014-16 and projection calendar years 2017 and 2018

* * * * * * *

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-30 presents data on U.S. importers' reported inventories of CDMT. From 2014 to 2016, U.S. importers' inventories of U.S. imports from China, Germany, India, Korea, and Switzerland increased by *** percent, *** percent, *** percent, *** percent, and *** percent, respectively. Conversely, U.S. importers' inventories of U.S. imports from Italy decreased by *** percent.

Table VII-30
CDMT: U.S. importers' end-of-period inventories of imports by source, 2014-16

Item	Calendar year		
	2014	2015	2016
	Inventories (short tons); Ratios (percent)		
Imports from China			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from Germany:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from India:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from Italy:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from Korea:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from Switzerland:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***

Table continued on the next page.

Table VII-30--Continued
CDMT: U.S. importers' end-of-period inventories of imports by source, 2014-16

Item	Calendar year		
	2014	2015	2016
	Inventories (short tons); Ratios (percent)		
Imports from subject sources: Inventories	16,854	20,903	20,692
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from nonsubject sources: Inventories	3,814	3,848	3,020
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from all import sources: Inventories	20,668	24,751	23,712
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***

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

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of CDMT from China, Germany, India, Italy, Korea, and Switzerland after December 31, 2016. Responding importers reported *** short tons of arranged imports from China, *** short tons from Germany, *** short tons from India, *** short tons from Italy, *** short tons from Korea, and *** short tons from Switzerland. Table VII-31 presents shipments of CDMT arranged for U.S. importation after December 31, 2016.

Table VII-31
CDMT: Arranged imports, January 2017 through December 2017

Item	Period				
	Jan-Mar 2017	Apr-Jun 2017	Jul-Sept 2017	Oct-Dec 2017	Total
Arranged U.S. imports from.--					
China	***	***	***	***	***
Germany	***	***	***	***	***
India	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
Switzerland	***	***	***	***	***
Subject sources	21,590	21,550	10,976	4,793	58,909
Nonsubject sources	2,698	3,499	2,461	1,228	9,886
All import sources	24,288	25,049	13,437	6,021	68,795

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

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS[29]

In July 2016, Brazil imposed an antidumping duty order on seamless carbon steel tubs, including subject merchandise, from China, with duties ranging from $1,009.29 to $1,356.90 per metric ton. In August 2016, Turkey imposed an antidumping duty order on seamless cold drawn steel pipe and tube products from China, with duties ranging from $100 to $120 per ton. In November 2016, Thailand imposed preliminary duties on certain iron steel pipe and tube products from China and Korea, which appear to include subject CDMT. The final determination is currently pending with the Thai government. In February 2017, India imposed final antidumping duties ranging from $961.33 and $1,610.67 per metric ton on seamless tubular products from China, including the subject CDMT.

INFORMATION ON NONSUBJECT COUNTRIES

There is limited nonsubject country information available that is specific to CDMT. The top three nonsubject sources of U.S. imports in 2016 were Japan (accounting for *** percent of nonsubject imports), Romania (*** percent), and Mexico (*** percent)(table IV-3). According to proprietary Customs records, imports from Japan are predominately from ***. Virtually all U.S. imports from Romania were produced by ***.[30] Imports from Mexico are predominately from ***.[31]

[29] Unless otherwise noted, information in this section is based on Petitioner's postconference brief, "Responses to ITC Staff Questions", pp. 15-16.

[30] ***.

[31] ***.

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
82 FR 19078, April 25, 2017	*Cold-Drawn Mechanical Tubing From China, Germany, India, Italy, Korea, and Switzerland; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2017-04-25/pdf/2017-08361.pdf
82 FR 22486, May 16, 2017	*Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel From India and the People's Republic of China: Initiation of Countervailing Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2017-05-16/pdf/2017-09869.pdf
82 FR 22491, May 16, 2017	*Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel From the Federal Republic of Germany, India, Italy, the Republic of Korea, the People's Republic of China, and Switzerland: Initiation of Less-Than-Fair-Value Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2017-05-16/pdf/2017-09870.pdf

APPENDIX B

CALENDAR OF THE PUBLIC STAFF CONFERENCE

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

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

Subject: Cold-Drawn Mechanical Tubing from China, Germany, India, Italy, Korea, and Switzerland

Inv. Nos.: 701-TA-576-577 and 731-TA-1362-1367 (Preliminary)

Date and Time: May 10, 2017 - 9:30 a.m.

Sessions were in connection with these preliminary phase investigations in Main Hearing Room (room 101), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

Petitioner (**R. Alan Luberda**, Kelley Drye & Warren LLP)
Respondents (**Frank Morgan**, Trade Law Defense PLLC)

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

Kelley Drye & Warren LLP
Washington, DC
on behalf of

AcrelorMittal Tubular Products
Michigan Seamless Tube, LLA
PTC Alliance Corp.
Webco Industries, Inc.
Zekelman Industries, Inc.

Edward S. Vore, Chief Executive Officer, ArcelorMittal Tubular Products

Mike Caporini, Chief Commercial Officer, Mechanical-Automotive North America, ArcelorMittal Tubular Products

Ben Trumpower, Market Research Analyst, ArcelorMittal Tubular Products

Cary Hart, President and Chief Executive Officer, PTC Alliance Corp.

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

David Boyer, Chief Operating Officer, Senior Vice President – Tubing Operations, Webco Industries, Inc.

Ken Pursel, President, Sharon Tube of Zekelman Industries, Inc.

Holly Hart, Legislative Director and Assistant to the President, United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

Michael T. Kerwin, Economist, Georgetown Economic Services, LLC

R. Alan Luberda)
Paul C. Rosenthal)
Kathleen W. Cannon) – OF COUNSEL
Grace W. Kim)
Melissa M. Brewer)

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

Morris, Manning & Martin, LLP
Washington, DC
on behalf of

Karay Metals, Inc.

James Karayannides, President, Karay Metals, Inc.

Julie C. Mendoza)
) – OF COUNSEL
R. Will Planert)

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

Trade Law Defense PLLC
Alexandria, VA

and

The Law Offices of Nithya Nagarajan
Bethesda, MD
on behalf of

Tube Products of India, a unit of Tube Investments of India Limited

C.K. Sekar, Vice President Exports, Tube Products of India

S. Suresh, Vice President Legal and Company Secretary,
Tube Products of India

Frank Morgan)
) – OF COUNSEL
Nithya Nagarajan

deKieffer & Horgan, PLLC
Washington, DC
on behalf of

Salzgitter Mannesmann Precision GmbH
Salzgitter Mannesmann International (USA) Inc.

Bob Moore, Vice President, Salzgitter Mannesmann
International (USA) Inc.

Joerg Tilly, Manager OCTG, Salzgitter Mannesmann
International (USA) Inc.

Kevin Horgan) – OF COUNSEL

Crowell & Moring LLP
Washington, DC
on behalf of

METALFER S.P.A. ("Metalfer")

Alexander H. Schaefer) – OF COUNSEL

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

Harris Bricken
Seattle, WA
on behalf of

Salem Steel
Tube Fabrication Industries
voestalpine Rotec Inc.
Goodluck India

Sidd Saran, President, Salem Steel

Julie Ellis, President, Tube Fabrication Industries

Andrew Ball, President, voestalpine Rotec Inc.

William E. Perry) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioner (**Paul C. Rosenthal**, Kelley Drye & Warren LLP)
Respondents **(Kevin Horgan**, deKieffer & Horgan, PLLC)

-END-

APPENDIX C

SUMMARY DATA

Table C-1
Cold-drawn mechanical tubing: Summary data concerning the U.S. market, 2014-16
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2014	2015	2016	2014-16	2014-15	2015-16
U.S. consumption quantity:						
Amount	541,175	480,362	448,151	(17.2)	(11.2)	(6.7)
Producers' share (fn1)	75.6	72.7	71.0	(4.6)	(2.8)	(1.8)
Importers' share (fn1):						
China	***	***	***	***	***	***
Germany	***	***	***	***	***	***
India	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Switzerland	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	24.4	27.3	29.0	4.6	2.8	1.8
U.S. consumption value:						
Amount	1,128,988	950,292	817,220	(27.6)	(15.8)	(14.0)
Producers' share (fn1)	70.3	67.1	64.4	(5.9)	(3.2)	(2.7)
Importers' share (fn1):						
China	***	***	***	***	***	***
Germany	***	***	***	***	***	***
India	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Switzerland	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	29.7	32.9	35.6	5.9	3.2	2.7
U.S. importers' U.S. shipments of imports from.--						
China:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Germany:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
India:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Italy:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Korea:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Switzerland:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subject sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	16,854	20,903	20,692	22.8	24.0	(1.0)
Nonsubject sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	3,814	3,848	3,020	(20.8)	0.9	(21.5)
All import sources:						
Quantity	132,064	130,912	130,130	(1.5)	(0.9)	(0.6)
Value	335,197	312,573	291,069	(13.2)	(6.7)	(6.9)
Unit value	$2,538	$2,388	$2,237	(11.9)	(5.9)	(6.3)
Ending inventory quantity	20,668	24,751	23,712	14.7	19.8	(4.2)

Table continued on next page.

Table C-1--Continued
Cold-drawn mechanical tubing: Summary data concerning the U.S. market, 2014-16
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2014	2015	2016	2014-16	2014-15	2015-16
U.S. producers':						
Average capacity quantity	661,930	669,649	684,492	3.4	1.2	2.2
Production quantity	471,579	375,814	365,531	(22.5)	(20.3)	(2.7)
Capacity utilization (fn1)	71.2	56.1	53.4	(17.8)	(15.1)	(2.7)
U.S. shipments:						
Quantity	409,111	349,450	318,021	(22.3)	(14.6)	(9.0)
Value	793,791	637,719	526,151	(33.7)	(19.7)	(17.5)
Unit value	$1,940	$1,825	$1,654	(14.7)	(5.9)	(9.3)
Export shipments:						
Quantity	52,064	51,273	53,572	2.9	(1.5)	4.5
Value	96,647	90,896	91,833	(5.0)	(6.0)	1.0
Unit value	$1,856	$1,773	$1,714	(7.7)	(4.5)	(3.3)
Ending inventory quantity	76,414	51,505	45,443	(40.5)	(32.6)	(11.8)
Inventories/total shipments (fn1)	16.6	12.9	12.2	(4.3)	(3.7)	(0.6)
Production workers	2,027	1,938	1,804	(11.0)	(4.4)	(6.9)
Hours worked (1,000s)	4,092	3,828	3,733	(8.8)	(6.5)	(2.5)
Wages paid ($1,000)	118,779	105,944	103,055	(13.2)	(10.8)	(2.7)
Hourly wages (dollars)	$29.03	$27.68	$27.61	(4.9)	(4.7)	(0.3)
Productivity (short tons per 1,000 hours)	115.2	98.2	97.9	(15.0)	(14.8)	(0.3)
Unit labor costs	$251.88	$281.91	$281.93	11.9	11.9	0.0
Net sales:						
Quantity	452,943	404,329	368,556	(18.6)	(10.7)	(8.8)
Value	875,710	742,172	613,470	(29.9)	(15.2)	(17.3)
Unit value	$1,933	$1,836	$1,665	(13.9)	(5.1)	(9.3)
Cost of goods sold (COGS)	756,381	686,107	565,434	(25.2)	(9.3)	(17.6)
Gross profit or (loss)	119,329	56,065	48,036	(59.7)	(53.0)	(14.3)
SG&A expenses	45,272	41,207	37,766	(16.6)	(9.0)	(8.4)
Operating income or (loss)	74,057	14,858	10,270	(86.1)	(79.9)	(30.9)
Net income or (loss)	51,939	(9,822)	(11,132)	fn2	fn2	13.3
Capital expenditures	46,522	33,710	17,894	(61.5)	(27.5)	(46.9)
Unit COGS	$1,670	$1,697	$1,534	(8.1)	1.6	(9.6)
Unit SG&A expenses	$100	$102	$102	2.5	2.0	0.5
Unit operating income or (loss)	$164	$37	$28	(83.0)	(77.5)	(24.2)
Unit net income or (loss)	$115	$(24)	$(30)	fn2	fn2	24.3
COGS/sales (fn1)	86.4	92.4	92.2	5.8	6.1	(0.3)
Operating income or (loss)/sales (fn1)	8.5	2.0	1.7	(6.8)	(6.5)	(0.3)
Net income or (loss)/sales (fn1)	5.9	(1.3)	(1.8)	(7.7)	(7.3)	(0.5)

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires with a supplement data from proprietary Customs recodds using HTS statistical reporting numbers 7304.31.3000, 7304.31.6050, 7304.51.1000, 7304.51.5005, 7304.51.5060, 7306.30.5015, 7306.30.5020, and 7306.50.5030 for importers that did not provide either a certified yed or a certifed no questionnaire response, accessed May 19, 2017.

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

*** importers reported price data for Japan for products 2 and 5. Price data reported by these firms accounted for *** percent of U.S. commercial shipments from Japan in 2016. These price items and accompanying data are comparable to those presented in tables V-4 and V-7. Price and quantity data for Japan are shown in tables D-1 to D-2 and in figures D-1 to D-2 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from Japan were lower than prices for U.S.-produced product in *** instances and higher in *** instances. In comparisons with subject country pricing data, prices for CDMT imported from Japan were lower than prices for product imported from subject countries in *** and higher in ***. A summary of price differentials is presented in table D-3.

Table D-1

CDMT: Weighted-average f.o.b. prices and quantities of imported product 2,[1] by quarters, January 2014-December 2016

* * * * * * *

Table D-2

CDMT: Weighted-average f.o.b. prices and quantities of imported product 5, by quarters, January 2014-December 2016

Period	United States		Japan	
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)
2014:				
Jan.-Mar.	1,469	149	***	***
Apr.-Jun.	1,465	298	***	***
Jul.-Sep.	1,455	136	***	***
Oct.-Dec.	1,495	232	***	***
2015:				
Jan.-Mar.	1,474	240	***	***
Apr.-Jun.	1,458	212	***	***
Jul.-Sep.	1,324	206	***	***
Oct.-Dec.	1,256	118	***	***
2016:				
Jan.-Mar.	1,186	235	***	***
Apr.-Jun.	1,212	162	***	***
Jul.-Sep.	1,236	160	***	***
Oct.-Dec.	1,390	219	***	***

[1] Product 5: ASTM A513-5 Cold-Drawn Over Mandrel Welded Tube, Grade ST52.3, outside diameter 3.750 inches, wall thickness 0.255 inch, length 17 - 24 feet.

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

Figure D-1
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2014-December 2016

* * * * * * *

Figure D-2
CDMT: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2014-December 2016

* * * * * * *

Table D-3

CDMT: Summary of pricing comparisons, by country, January 2014-December 2016

* * * * * * *

APPENDIX E

ALTERNATIVE APPARENT U.S. CONSUMPTION

Table E-1
CDMT: Alternative apparent U.S. consumption, 2014-16

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Table E-2
CDMT: Alternative market shares, 2014-16

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