

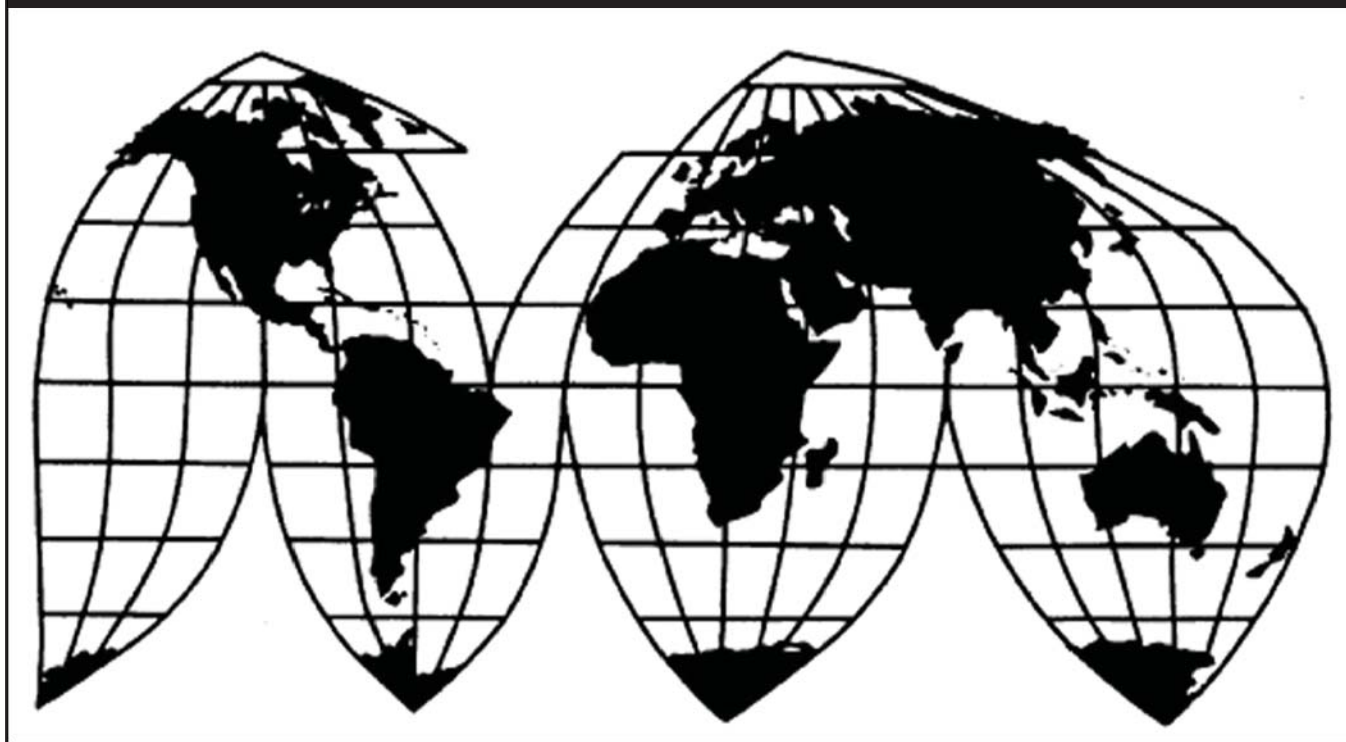
# Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Germany

Investigation No. 731-TA-709 (Fourth Review)

Publication 4760

February 2018

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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---

### *Staff assigned*

Lawrence Jones, Investigator  
Mark Brininstool, Industry Analyst  
Luke Tillman, Attorney  
Keysha Martinez, Supervisory Investigator

Address all communications to  
Secretary to the Commission  
United States International Trade Commission  
Washington, DC 20436

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## **UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation No. 731-TA-709 (Fourth Review)

Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Germany

### **DETERMINATION**

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty order on seamless carbon and alloy steel standard, line, and pressure pipe from Germany would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### **BACKGROUND**

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on August 1, 2017 (82 F.R. 35821, August 1, 2017) and determined on November 6, 2017 that it would conduct an expedited review (82 F.R. 56267, November 20, 2017).

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR 207.2(f)).





## Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on seamless carbon and alloy steel standard, line, and pressure pipe (“seamless SLP pipe”) from Germany would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. Background

*Original Investigations.* In response to petitions filed by Gulf States Tube Division of Quanax Corp., the Commission determined in July 1995 that an industry in the United States was materially injured by reason of less than fair value (“LTFV”) imports of seamless SLP pipe and certain redraw hollows from Argentina, Brazil, Germany, and Italy and imports from Italy of seamless SLP pipe and certain redraw hollows that were subsidized by the government of Italy.<sup>1</sup> On August 3, 1995, the U.S. Department of Commerce (“Commerce”) issued antidumping duty orders on seamless SLP pipe from Argentina, Brazil, Germany, and Italy,<sup>2</sup> and on August 8, 1995, it issued a countervailing duty order on subject imports from Italy.<sup>3</sup>

*First Five-Year Reviews.* On July 3, 2000, the Commission instituted the first five-year reviews of the antidumping duty orders on seamless SLP pipe from Argentina, Brazil, Germany, and Italy and the countervailing duty order on seamless SLP pipe from Italy.<sup>4</sup> After conducting full reviews,<sup>5</sup> in June 2001, the Commission determined that revocation of the antidumping duty orders on seamless SLP pipe from Argentina, Brazil, and Germany would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.<sup>6</sup> The Commission made negative determinations with respect to its reviews of the orders on seamless SLP pipe from Italy.<sup>7</sup> On July 16, 2001, Commerce published a notice continuing the antidumping duty orders covering seamless SLP pipe from Argentina, Brazil, and Germany.<sup>8</sup> The Commission’s determinations concerning seamless SLP pipe from Argentina, Brazil, and

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<sup>1</sup> *Certain Seamless Carbon Alloy Steel Standard, Line, and Pressure Steel Pipe from Argentina, Brazil, Germany and Italy*, Inv. Nos. 701-TA-362 and 731-TA-707-710 (Final), USITC Pub. 2910 (July 1995) (“Original Determinations”).

<sup>2</sup> 60 Fed. Reg. 39704, 39705, 39707, and 39708 (Aug. 3, 1995).

<sup>3</sup> 60 Fed. Reg. 40569 (Aug. 9, 1995).

<sup>4</sup> 65 Fed. Reg. 41090 (July 3, 2000).

<sup>5</sup> 65 Fed. Reg. 63889 (Oct. 25, 2000).

<sup>6</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy*, Inv. Nos. 701-TA-362 & 731-TA-707-710 (Review), USITC Pub. 3429 (June 2001), at 3 (“First Reviews”).

<sup>7</sup> First Reviews, USITC Pub. 3429 at 3.

<sup>8</sup> 66 Fed. Reg. 37004 (July 6, 2001).

Germany were litigated and subsequently remanded in 2004.<sup>9</sup> In its remand determinations, the Commission continued to find that revocation of the orders would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.<sup>10</sup> The CIT affirmed those remand determinations.<sup>11</sup>

*Second Five-Year Reviews.* On June 1, 2006, the Commission instituted second five-year reviews of the antidumping duty orders on seamless SLP pipe from Argentina, Brazil, and Germany.<sup>12</sup> After conducting full reviews,<sup>13</sup> in May 2007, the Commission determined that revocation of the antidumping duty order on seamless SLP pipe from Germany would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.<sup>14</sup> The Commission made negative determinations in its reviews of the orders on seamless SLP pipe from Argentina and Brazil.<sup>15</sup> On May 18, 2007, Commerce published its notice continuing the antidumping duty order covering seamless SLP pipe from Germany.<sup>16</sup>

*Third Five-Year Review.* On April 2, 2012, the Commission instituted the third five-year review of the antidumping duty order on seamless SLP pipe from Germany.<sup>17</sup> In its expedited review of the order,<sup>18</sup> the Commission determined in August 2012 that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.<sup>19</sup> On September 14, 2012, Commerce published a notice continuing the antidumping duty order covering seamless SLP pipe from Germany.<sup>20</sup>

*Current Five-Year Review.* On August 1, 2017, the Commission instituted this five-year review.<sup>21</sup> The Commission received a response to the notice of institution from United States

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<sup>9</sup> The Court of International Trade (“CIT”) remanded the Commission’s likely volume findings for further discussion of the potential for product shifting and clarification on how transnational corporate affiliations affect likely subject import volume. *Siderca, S.A.I.C. v. United States*, 350 F. Supp. 2d 1223, 1239 (Oct. 27, 2004). The CIT also remanded the Commission’s likely price findings for further consideration of questionnaire responses. 350 F. Supp. 2d at 1242. Finally, the CIT remanded the Commission’s likely injury findings for further discussion of its vulnerability findings. 350 F. Supp. 2d at 1243.

<sup>10</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy*, Inv. Nos. 731-TA-707-709 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

<sup>11</sup> *Siderca, S.A.I.C. v. United States* 374 F. Supp. 2d at 1285 (June 9, 2005).

<sup>12</sup> 71 Fed. Reg. 31209 (June 1, 2006).

<sup>13</sup> 71 Fed. Reg. 54520 (Sept. 15, 2006).

<sup>14</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany*, Inv. Nos. 731-TA-707-709 (Second Review), USITC Pub. 3918 (May 2007) (“Second Reviews”) at 3.

<sup>15</sup> Second Reviews, USITC Pub. 3918 at 3.

<sup>16</sup> 72 Fed. Reg. 28026 (May 18, 2007).

<sup>17</sup> 77 Fed. Reg. 19711 (Apr. 2, 2012).

<sup>18</sup> 77 Fed. Reg. 42763 (July 20, 2012).

<sup>19</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Germany*, Inv. Nos. 731-TA-709 (Third Review), USITC Pub. 4348 (May 2012) (“Third Review”) at 3.

<sup>20</sup> 77 Fed. Reg. 56809 (Sept. 14, 2012).

<sup>21</sup> 82 Fed. Reg. 35821 (Aug. 1, 2017).

Steel Corporation (“US Steel”), a domestic interested party.<sup>22</sup> It also received a joint response to the notice of institution from respondent interested parties Benteler Steel/Tube GmbH, Benteler Steel/Tube Manufacturing Corp., and Benteler Steel & Tube Corporation (collectively “Benteler”), respectively a German producer/exporter, a domestic producer, and a U.S. importer of seamless SLP pipe.<sup>23</sup> On November 6, 2017, the Commission found the domestic interested party group response to be adequate and the respondent interested party group response to be inadequate and did not find any other circumstances that would warrant conducting a full review.<sup>24</sup> The Commission therefore determined that it would conduct an expedited review.<sup>25</sup> US Steel filed comments pursuant to Commission Rule 207.62(d).<sup>26</sup>

*Other proceedings involving the same or similar merchandise.* The Commission has conducted several prior investigations of the same or similar merchandise.<sup>27</sup> Antidumping and/or countervailing duty orders remain in effect on imports of seamless SLP pipe from China,<sup>28</sup> Japan, and Romania.<sup>29</sup>

*Data/response coverage.* U.S. industry data for this review are based on the information US Steel provided in response to the notice of institution and information from the original investigations and prior reviews. US Steel estimates that it was responsible for \*\*\* percent of domestic production of seamless SLP pipe during 2016.<sup>30</sup> U.S. import data are based on official import statistics and information from the original investigations and prior reviews.<sup>31</sup> Foreign industry data and related information are based on information provided by Benteler, which reported accounting for approximately \*\*\* percent of the seamless SLP pipe industry in

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<sup>22</sup> Domestic Producer Response to Notice of Institution (Aug. 31, 2017) (“Response”). Although Benteler responded to the Notice of Institution on August 31, 2017, Benteler later indicated that it no longer intended to participate in this review. *Comments on Adequacy* (Oct. 16, 2017) (EDIS Doc. 625764).

<sup>23</sup> Respondent Interested Party Response to the Notice of Institution (Aug. 31, 2017).

<sup>24</sup> *Explanation of Commission Determinations on Adequacy* (Nov. 6, 2017) (EDIS Doc. 628570).

<sup>25</sup> *Explanation of Commission Determinations on Adequacy* (Nov. 6, 2017) (EDIS Doc. 628570).

<sup>26</sup> Domestic Producer Comments (Jan. 6, 2018) (“Comments”).

<sup>27</sup> Confidential Report (“CR”) at I-12, Public Report (“PR”) at I-9.

<sup>28</sup> The antidumping and countervailing duty orders on imports from China were continued effective March 7, 2016 after Commerce and the Commission reached affirmative determinations in the first five-year reviews of the orders. 81 Fed. Reg. 11837 (Mar. 7, 2016); *Seamless Carbon and Steel Alloy Standard, Line, and Pressure Pipe from China*, Inv. Nos. 701-TA-469 and 731-TA-1168 (Review), USITC Pub. 4595 (Feb. 2016).

<sup>29</sup> The antidumping duty orders on imports from Japan and Romania were continued effective October 10, 2017 after Commerce and the Commission reached affirmative determinations in the third five-year reviews of the orders. 82 Fed. Reg. 48113 (Oct. 10, 2017); *Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Japan and Romania*, Inv. Nos. 731-TA-847 and 849 (Third Review), USITC Pub. 4731 (Oct. 2017).

<sup>30</sup> CR/PR at Table I-1.

<sup>31</sup> CR/PR at Table I-4.

Germany, information from the original investigations and prior reviews, and publicly available data.<sup>32</sup>

## II. Domestic Like Product and Domestic Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>33</sup> 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 under this subtitle.”<sup>34</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original determinations and consider whether the record indicates any reason to revisit the prior findings.<sup>35</sup>

Commerce has defined the scope of the order under review as follows:

[S]mall diameter seamless carbon and alloy standard, line and pressure pipes (seamless pipes) produced to the ASTM A-335, ASTM A-106, ASTM A-53 and API 5L specifications and meeting the physical parameters described below, regardless of application. The scope of the order also includes all products used in standard, line, or pressure pipe applications and meeting the physical parameters below, regardless of specification.

For purposes of the order, seamless pipes are seamless carbon and alloy (other than stainless) steel pipes, of circular cross-section, not more than 114.3 mm (4.5 inches) in outside diameter, regardless of wall thickness, manufacturing process (hot-finished or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish. These pipes are commonly known as standard pipe, line pipe or pressure pipe,

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<sup>32</sup> CR/PR at Table I-1.

<sup>33</sup> 19 U.S.C. § 1677(4)(A).

<sup>34</sup> 19 U.S.C. § 1677(10); see, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>35</sup> See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

depending upon the application. They may also be used in structural applications. Pipes produced in non-standard wall thicknesses are commonly referred to as tubes.

The seamless pipes subject to the order are currently classifiable under subheadings 7304.19.10.20, 7304.19.50.20, 7304.31.60.50, 7304.39.00.16, 7304.39.00.20, 7304.39.00.24, 7304.39.00.28, 7304.39.00.32, 7304.51.50.05, 7304.51.50.60, 7304.59.60.00, 7304.59.80.10, 7304.59.80.15, 7304.59.80.2, and 7304.59.80.25 of the Harmonized Tariff Schedule of the United States (HTSUS).<sup>36</sup>

The scope of the order includes all seamless SLP pipe meeting the physical parameters described above and produced to one of the specifications listed above, regardless of application, and whether or not also certified to a non-covered specification. Standard, line, and pressure applications and the above-listed specifications are defining characteristics of the scope of the order. Therefore, seamless SLP pipes meeting the physical description above, but not produced to the A-335, A-106, A-53, or API 5L standards are included if used in a standard, line, or pressure application.<sup>37</sup> Seamless SLP pipe is used to convey liquids and gases in residential, commercial, and industrial applications.<sup>38</sup>

Commerce's scope has remained the same since the first five-year reviews.<sup>39</sup> However, the current scope differs from the scope in the original investigations because Commerce issued a scope ruling on June 25, 1999, excluding from the antidumping duty order on subject imports from Germany any tubing with a circular cross-section and an outside diameter that varies from 0.05 mm to 25 mm.<sup>40</sup> The scope language also specifically excludes certain redraw hollows.<sup>41</sup>

The scope of the instant order on imports from Germany includes only small-diameter seamless SLP pipe not more than 4.5 inches in outside diameter, which differs from the scope of the existing orders on imports from China and Japan in that the scopes of those orders include small-and large-diameter seamless SLP pipe less than or equal to 16 inches in outside diameter.<sup>42</sup> In proceedings involving imports from China—and in the last two reviews of the orders on Japan and Romania (the scope of the orders on imports from Romania including only small-diameter seamless SLP pipe less than 4.5 inches in outside diameter)—the Commission

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<sup>36</sup> 82 Fed. Reg. 57577 (Dec. 6, 2017).

<sup>37</sup> CR at I-14, PR at I-11.

<sup>38</sup> CR at I-16-18, PR at I-14.

<sup>39</sup> See First Reviews, USITC Pub. 3429 at 5-6; Second Reviews, USITC Pub. 3918 at 5-6; Third Review, USITC Pub. 4348 at 4-5.

<sup>40</sup> See Original Determinations, USITC Pub. 2910 at I-6-7; 65 Fed. Reg. 41957 (July 7, 2000).

<sup>41</sup> CR at I-12-13, PR at I-12.

<sup>42</sup> CR at I-12, PR at I-9; USITC Pub. 4731 at 7-14 (indicating that the scope of the order on Japan included large-diameter seamless SLP pipe and the scope of the order on Romania included small-diameter seamless SLP pipe); USITC Pub. 4595 at 4-5 (indicating that the scope of the order on China included seamless SLP pipe less than or equal to 16 inches in outside diameter).

has defined a single domestic like product consisting of seamless SLP pipe less than or equal to 16 inches in outside diameter.<sup>43</sup>

*Original Investigations and Prior Reviews.* In the original investigations, the Commission found a single domestic like product consisting of circular seamless carbon and alloy steel standard, line, and pressure pipe and tubes not more than 4.5 inches in outside diameter, including redraw hollows.<sup>44</sup> The Commission observed that all such seamless SLP pipe had the same general physical characteristics, was used to convey liquids and gases, and was primarily triple-stenciled,<sup>45</sup> making the pipe interchangeable for most end uses. It also found seamless alloy and carbon steel pipe interchangeable to the extent that alloy steel pipe could be substituted for carbon steel pipe (although carbon steel pipe could not be substituted for alloy steel pipe). The Commission further found that all such seamless SLP pipe was manufactured on the same equipment using the same employees and that distributors sold all types of pipe.<sup>46</sup>

In the first five-year reviews, the Commission defined a single domestic like product consisting of all seamless carbon and alloy steel standard, line, and pressure pipe and tubes not more than 4.5 inches in outside diameter, including redraw hollows.<sup>47</sup> It noted that it was including redraw hollows, which were included in the domestic like product in the original investigations, because no party argued that they should not be included and no information had been elicited during the reviews to indicate that they should not be part of the domestic like product.<sup>48</sup>

In the second and third five-year reviews, the Commission found that no party had argued for a different definition of the domestic like product than that employed in the original investigations and the first five-year reviews.<sup>49</sup> Further, the Commission did not obtain any information during the reviews indicating that redraw hollows that were outside the scope of the orders should be excluded from the domestic like product.<sup>50</sup> Accordingly, the Commission continued to adopt the same domestic like product definition that it used in the original investigations.<sup>51</sup>

*Current Review.* In the current five-year review, US Steel states that it agrees with the Commission's definition of the domestic like product in the original investigations and prior reviews.<sup>52</sup> In its response to the notice of institution, Benteler indicated that it did not object to this definition.<sup>53</sup> There is nothing in the record of this expedited fourth five-year review

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<sup>43</sup> USITC Pub. 4731 at 16-19; USITC Pub. 4595 at 5-6.

<sup>44</sup> Original Determinations, USITC Pub. 2910 at I-6-13.

<sup>45</sup> Triple-stenciled means that the pipe was certified to three distinct specifications. See Original Determinations, USITC Pub. 2910 at II-19.

<sup>46</sup> Original Determinations, USITC Pub. 2910 at I-6 to I-13.

<sup>47</sup> First Reviews, USITC Pub. 3429 at 7.

<sup>48</sup> First Reviews, USITC Pub. 3429 at 8 n.34.

<sup>49</sup> Second Reviews, USITC Pub. 3918 at 7; Third Review, USITC Pub. 4348 at 6.

<sup>50</sup> Second Reviews, USITC Pub. 3918 at 7; Third Review, USITC Pub. 4348 at 6.

<sup>51</sup> Second Reviews, USITC Pub. 3918 at 7; Third Review, USITC Pub. 4348 at 6.

<sup>52</sup> Response at 32.

<sup>53</sup> Benteler's Response to the Notice of Institution at 10.

indicating that the characteristics of the seamless SLP pipe within the scope of this review have changed since the prior reviews. Consequently, and in the absence of contrary argument, we define a single domestic like product consisting of all seamless SLP pipe not more than 4.5 inches in outside diameter, including redraw hollows.<sup>54</sup>

## **B. Domestic Industry**

Section 771(4)(A) of the Tariff Act defines the relevant industry 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.”<sup>55</sup> In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

*Original Investigations and Prior Reviews.* In the original investigations and prior five-year reviews, the Commission found a single domestic industry, consisting of all domestic producers of the domestic like product.<sup>56</sup> No producer was excluded from the domestic industry as a related party.<sup>57</sup>

*Current Review.* US Steel and Benteler agree with the Commission’s definition of the domestic industry in the original investigations and prior reviews.<sup>58</sup> No party argues in favor of excluding any domestic producer from the domestic industry as a related party. Based on the limited information available in the record of this expedited fourth five-year review, which does not establish the existence of related party issues,<sup>59</sup> we define the domestic industry as all domestic producers of the domestic like product.

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<sup>54</sup> We note that the Commission has defined a broader domestic like product in other proceedings where the scope included both small-and large-diameter seamless SLP pipe. *See generally Carbon and Alloy Seamless Standard, Line, and Pressure Pipe From Japan and Romania*, Investigation No. 731-TA-847 and 849 (Third Review), USITC Publication 4731, October 2017; *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From China*, Investigation No. 701-TA-469 and 731-TA-469 1168 (Review), USITC Publication 4595, February 2016.

<sup>55</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 apply to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

<sup>56</sup> Original Determinations, USITC Pub. 2910 at I-13; First Reviews, USITC Pub. 3429 at 8; Second Reviews, USITC Pub. 3918 at 8; Third Review, USITC Pub. 4348 at 7.

<sup>57</sup> *See* Original Determinations, USITC Pub. 2910 at I-13; First Reviews, USITC Pub. 3429 at 8-9; Second Reviews, USITC Pub. 3918 at 8; Third Review, USITC Pub. 4348 at 7.

<sup>58</sup> *See* Response at 32; Benteler’s Response to the Notice of Institution at 10.

<sup>59</sup> The record contains limited information about the nature of any corporate affiliations between domestic producers and importers or exporters of subject merchandise from Germany. US Steel and Benteler identify two producers as being related to foreign producers of the subject merchandise in this five-year review: Vallourec is related to Vallourec Deutschland GmbH and Benteler Steel/Tube is related to Benteler Steel/Tube GmbH. CR at I-26, PR at I-20. In their responses to the notice of institution, US Steel and Benteler do not provide any information about the pertinent ownership interests. *See* Response at 32; Benteler’s Response to the Notice of Institution at 10.

(continued...)

### III. Revocation of the Antidumping Duty Order Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

#### A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>60</sup> The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the *status quo* – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>61</sup> Thus, the likelihood standard is prospective in nature.<sup>62</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>63</sup>

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(...continued)

The record also contains limited information about any imports of subject merchandise by domestic producers. US Steel identified several firms as possible importers of subject merchandise, including domestic producer Benteler. Response at Exhibit 26. Benteler reported that to its knowledge, Vallourec was the only exporter of subject merchandise from Germany between 2012 and 2016, and Benteler was not aware of the identity of the U.S. importer(s) of that merchandise. Benteler’s Supplemental Response at 5. Two of the firms identified as possible importers by US Steel were identified by Benteler as possible domestic producers of seamless SLP pipe (Arcelor Mittal and Wheatland Tube). CR at I-25, PR at I-19; Benteler’s Response to the Notice of Institution at 4.

<sup>60</sup> 19 U.S.C. § 1675a(a).

<sup>61</sup> SAA, H.R. Rep. 103-316. vol. I, at 883-84 (1994). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended determinations that were never completed.” *Id.* at 883.

<sup>62</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>63</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002)

(continued...)



The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>64</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original determinations.”<sup>65</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>66</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>67</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>68</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>69</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign

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(...continued)

(“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>64</sup> 19 U.S.C. § 1675a(a)(5).

<sup>65</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>66</sup> 19 U.S.C. § 1675a(a)(1).

<sup>67</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to this order.

<sup>68</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>69</sup> 19 U.S.C. § 1675a(a)(2).

country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>70</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>71</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>72</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>73</sup>

As noted above, although Benteler responded to the Notice of Institution on August 31, 2017, Benteler later indicated that it no longer intends to participate in this review. Benteler, only reported data that accounted for approximately \*\*\* percent of seamless SLP pipe production in Germany.<sup>74</sup> The record, therefore, contains limited new information with respect to the current condition of the seamless SLP pipe industry in Germany. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigations and prior reviews and the limited new information on the record in this fourth five-year review.

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<sup>70</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>71</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in determinations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>72</sup> 19 U.S.C. § 1675a(a)(4).

<sup>73</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>74</sup> CR/PR at Table I-1.

## B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>75</sup> The following conditions of competition inform our determination.

### 1. Demand Conditions

In the original investigations and prior reviews, the Commission found that seamless SLP pipe was used in oil and gas transmission, construction and repair of refining facilities, the chemical industry, and power generation.<sup>76</sup> Demand generally tracked the overall economy.<sup>77</sup>

In the original investigations, apparent U.S. consumption increased by almost 33 percent between 1992 and 1993, due at least partially to tax incentives provided by the U.S. government that promoted oil and gas well drilling.<sup>78</sup> In the first five-year reviews, the Commission found that apparent U.S. consumption fluctuated during the period, but increased overall, from 199,555 short tons in 1995 to 204,268 short tons in 2000.<sup>79</sup> Likewise, in the second five-year reviews, demand for seamless SLP pipe, as measured by apparent U.S. consumption, fluctuated during the 2001-2005 period, but increased overall.<sup>80</sup> In the third five-year review, the record indicated that demand for seamless SLP pipe declined substantially in 2009 as a result of the recession.<sup>81</sup> Demand in certain key market segments, such as the refining industry, reportedly remained depressed by historical standards.<sup>82</sup> According to the record in that review, apparent U.S. consumption of seamless SLP pipe was \*\*\* short tons in 2011.<sup>83</sup>

During the current review, apparent U.S. consumption was \*\*\* short tons in 2016, which was lower than 1994, 2000, 2005, and 2011.<sup>84</sup> US Steel reports that the seamless SLP pipe market was negatively affected by the oil and gas industry’s decline in late 2014 and throughout 2015, which caused demand for seamless SLP pipe to decline and affected key segments.<sup>85</sup>

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<sup>75</sup> 19 U.S.C. § 1675a(a)(4).

<sup>76</sup> Original Determinations, USITC Pub. 2910 at I-16; First Reviews, USITC Pub. 3429 at 18; Second Reviews, USITC Pub. 3918 at 17; Third Review, USITC Pub. 4348 at 9.

<sup>77</sup> Third Review, USITC Pub. 4348 at 9.

<sup>78</sup> Original Determinations, USITC Pub. 2910 at I-16.

<sup>79</sup> First Reviews, USITC Pub. 3429 at 18-19.

<sup>80</sup> Second Reviews, USITC Pub. 3918 at 18.

<sup>81</sup> Third Review, USITC Pub. 4348 at 9.

<sup>82</sup> Third Review, USITC Pub. 4348 at 9.

<sup>83</sup> Confidential Third Review Determination, EDIS Doc. 624920 at 12.

<sup>84</sup> CR/PR at Table I-5.

<sup>85</sup> CR at I-31, PR at I-24.

## 2. Supply Conditions

During the original investigations, there were seven U.S. producers of seamless SLP pipe. Their production capacity fell slightly from 1992 to 1994.<sup>86</sup> During the period covered by the first five-year reviews, there were six U.S. firms producing seamless SLP pipe, and the domestic industry's capacity fell by 18.7 percent from 1995 to 2000.<sup>87</sup> During the period covered by the second five-year reviews, four U.S. firms produced seamless SLP pipe, and their capacity increased irregularly from 2001 to 2005.<sup>88</sup> During the period covered by the third five-year review, six U.S. firms reportedly produced seamless SLP pipe.<sup>89</sup> The seamless SLP pipe capacity of US Steel, the only firm that provided information during that review, was \*\*\* short tons in 2011.<sup>90</sup> US Steel's estimate of its share of U.S. production suggested that the U.S. industry's total production capacity had declined since the second five-year reviews.<sup>91</sup> During the period covered by the current five-year review, US Steel identified five U.S. firms that produced seamless SLP pipe: (1) Benteler; (2) Michigan Seamless Tube, LLC; (3) TMK IPSCO; (4) US Steel; and (5) Vallourec.<sup>92</sup>

The U.S. market was also supplied by subject and nonsubject imports of seamless SLP pipe in the original investigations and prior reviews. Nonsubject import volume increased during the first-five year reviews.<sup>93</sup> Nonsubject import volume fluctuated during the second five-year reviews, but ended higher overall.<sup>94</sup> By the time of the third review, nonsubject imports had increased from 185,374 short tons in 2006 to 200,198 short tons in 2011, and they accounted for a much larger share of the U.S. market (\*\*\* percent) than during the original investigations.<sup>95</sup> The primary sources of nonsubject imports, by order of volume in 2011, were Ukraine, South Africa, India, and Russia.<sup>96</sup> After the United States imposed antidumping and countervailing duty

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<sup>86</sup> Original Determinations, USITC Pub. 2910 at I-15, I-17.

<sup>87</sup> First Reviews, USITC Pub. 3429 at 24-25.

<sup>88</sup> Second Reviews, USITC Pub. 3918 at 8.

<sup>89</sup> Third Review, USITC Pub. 4348 at 9.

<sup>90</sup> Confidential Third Review Determination, EDIS Doc. 624920 at 12.

<sup>91</sup> Third Review, USITC Pub. 4348 at 10.

<sup>92</sup> CR at I-25, PR at I-19. Benteler identified four additional companies that produce seamless SLP pipe: (1) Arcelor Mittal; (2) Plymouth Tube Company; (3) PTC Alliance; and (4) Wheatland Tube. CR at I-25, PR at I-19.

<sup>93</sup> First Reviews, USITC Pub. 3429 at 19. Nonsubject imports' U.S. market share rose from \*\*\* percent in 1995 to \*\*\* percent in 2000. Confidential First Review Determination, EDIS Doc. 624892 at 23.

<sup>94</sup> Second Reviews, USITC Pub. 3918 at 35. From 2001 to 2005, the volume of nonsubject imports increased irregularly from 96,667 short tons to 118,484 short tons. Second Reviews, USITC Pub. 3918 at 35.

<sup>95</sup> Confidential Third Review Determination, EDIS Doc. 624920 at 13. Nonsubject imports accounted for \*\*\* percent of apparent U.S. consumption in 1994. We note, however, that several sources of subject imports in 1994 – Argentina, Brazil, and Italy – were nonsubject sources as of the third review. Confidential Third Review Determination, EDIS Doc. 624920 at 13 n.58.

<sup>96</sup> Third Review, USITC Pub. 4348 at 10.

orders on seamless SLP pipe from China in November 2010,<sup>97</sup> these imports from China decreased from 197,022 short tons in 2008 to 5,652 short tons in 2010 and 784 short tons in 2011.<sup>98</sup>

In 2016, the domestic industry accounted for \*\*\* percent of apparent U.S consumption, whereas subject imports from Germany had a market share of \*\*\* percent. Nonsubject imports were the largest source of supply, with a \*\*\* percent market share.<sup>99</sup> Principal sources of nonsubject imports during the current period of review included Korea, India, Russia, and Ukraine.<sup>100</sup>

### **3. Substitutability and Other Conditions**

In the original investigations, the Commission observed that available data indicated that subject imports from Germany and the domestic like product were reasonably good substitutes with one another and with other imports and that price was an important factor in purchasing decisions.<sup>101</sup> In the prior five-year reviews, the Commission found that subject imports from Germany were generally substitutable for domestic seamless SLP pipe and that quality and price were the most important factors in purchasing decisions.<sup>102</sup>

The record in this review contains no information that the findings on substitutability from the prior proceedings no longer apply. Thus we continue to find that subject imports from Germany are substitutable for the domestic like product and that they compete in the U.S. market on the basis of price.

#### **C. Likely Volume of Subject Imports**

##### **1. The Original Investigations and Prior Reviews**

In the original investigations, the Commission found that the volume of cumulated subject imports from Argentina, Brazil, Germany, and Italy followed the rise and fall in domestic consumption.<sup>103</sup> Consumption increased by almost a third from 1992 to 1993, although cumulated subject imports increased by more than a third and their market share increased from 21.0 to 25.4 percent. Consumption and the quantity and market share of cumulated subject imports declined from 1993 to 1994 and from the first quarter of 1994 to the first quarter of 1995. Subject imports were present in substantial quantities throughout most of the period. The

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<sup>97</sup> Third Review, USITC Pub. 4348 at 10.

<sup>98</sup> Third Review, USITC Pub. 4348 at 10.

<sup>99</sup> CR/PR at Table I-6. As explained above, there are existing orders on seamless SLP pipes from several nonsubject sources. CR at I-30, PR at I-28.

<sup>100</sup> CR at I-30, PR at I-28. Response at 17.

<sup>101</sup> Original Determinations, USITC Pub. 2910 at I-28.

<sup>102</sup> Second Reviews, USITC Pub. 3918 at 19; Third Review, USITC Pub. 4348 at 10.

<sup>103</sup> Original Determinations, USITC Pub. 2910 at I-27.

Commission found that the volume and market share of cumulated subject imports were significant.<sup>104</sup>

In the first five-year reviews, the Commission found that the volume of cumulated subject imports from Argentina, Brazil, and Germany would likely be significant if the orders were revoked.<sup>105</sup> Producers in those subject countries had significant production capacity.<sup>106</sup> Subject foreign producers could manufacture other steel products on the same equipment used to produce seamless SLP pipe and could shift production between subject merchandise and other products. Seamless SLP pipe prices were generally higher in the United States than elsewhere, which made the United States an attractive market and provided a strong incentive for producers in the subject countries to resume exports of seamless SLP pipe to the United States if the orders were revoked. Subject producers also relied heavily on their export markets.<sup>107</sup>

In the second five-year reviews, in which the Commission did not cumulate imports from Germany with imports from Argentina and Brazil, the Commission observed that, although subject imports from Germany increased from 2001 to 2005, they involved \*\*\* quantities.<sup>108</sup> The Commission considered the size of the seamless SLP pipe industry in Germany, its large and growing excess capacity, and the \*\*\* decline in sales to its primary markets in recent years. Additionally, the German industry had achieved only limited success in cultivating new markets. The largest producer of subject merchandise in Germany indicated at the time that the U.S. market was attractive, but inaccessible due to the antidumping duty order.<sup>109</sup> The Commission therefore concluded that the likely volume of subject imports from Germany would be significant if the order were revoked.<sup>110</sup>

In the third five-year review, the Commission found that, although the volume of subject imports from Germany was lower than during the original investigations, subject imports from Germany nevertheless remained in the U.S. market at a level that indicated producers and exporters of subject merchandise in Germany had interest in the U.S. market. The Commission considered the size of the German seamless SLP pipe industry, its large and growing excess capacity (relative to apparent U.S. consumption), and sluggish demand combined with increased competition in third-country markets. The Commission further considered the relative attractiveness of the U.S. market in light of reports from the two largest German producers during the second five-year reviews that the antidumping duty order prevented them from shipping larger quantities of seamless SPL pipe to the United States. Based on

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<sup>104</sup> Original Determinations, USITC Pub. 2910 at I-27-28.

<sup>105</sup> In the first five-year reviews, subject imports from Germany decreased from \*\*\* short tons in 1995 to \*\*\* short tons in 2000. Confidential Staff Report Third Review (“Third Review CR”), Memorandum INV-KK-081 at Table C-3 (EDIS Doc. 624917) (July 27, 2012).

<sup>106</sup> First Reviews, USITC Pub. 3429 at 20.

<sup>107</sup> First Reviews, USITC Pub. 3429 at 22.

<sup>108</sup> Second Reviews, USITC Pub. 3918 at 31.

<sup>109</sup> Second Reviews, USITC Pub. 3918 at 33.

<sup>110</sup> Second Reviews, USITC Pub. 3918 at 33-34.

these considerations, the Commission concluded that the likely volume of subject imports from Germany would be significant if the order were revoked.<sup>111</sup>

## 2. The Current Review

Subject imports from Germany maintained a substantial presence in the U.S. market and increased irregularly between 2012 and 2016. Subject imports were 5,095 short tons in 2012, 15,603 short tons in 2013, 20,765 short tons in 2014, 10,385 short tons in 2015, and 11,699 short tons in 2016.<sup>112</sup> Subject imports from Germany accounted for \*\*\* percent of apparent U.S. consumption by quantity in 2016, compared with \*\*\* percent in 2011 during the prior review.<sup>113</sup>

The limited information available in this expedited review includes information reported by US Steel indicating that subject producers in Germany continue to maintain substantial capacity to produce seamless SLP pipe.<sup>114</sup> The only responding producer of subject merchandise in Germany, Benteler, reported some available production capacity in 2016.<sup>115</sup> The record further indicates that in 2016, Germany was the second leading global exporter of seamless standard, line, and pressure pipe, exporting approximately \$1.4 million.<sup>116</sup> The information available also indicates that subject producers continue to be export oriented.<sup>117</sup>

The United States would likely be an attractive market for the subject producers if the order were revoked. Substantial quantities of subject imports from Germany remained in the U.S. market throughout the 2012 to 2016 period notwithstanding the existence of the antidumping duty order on these imports, which indicates that subject producers remain interested in supplying the U.S. market and already have existing ties to U.S. market participants.<sup>118</sup> Indeed, the volume and value of imports from Germany grew irregularly over this period, indicating an ability and willingness to supply larger volumes.<sup>119</sup> The record also indicates that exports of seamless SLP pipe from China are displacing German producers' sales in their home market and in the European Union.<sup>120</sup> Consequently, the information available indicates that the subject industry in Germany has the ability and incentive to export a significant volume of subject merchandise to the United States.

In light of their current interest and prior participation in the U.S. market, export orientation, and available capacity, we find that the industry in Germany would likely export a significant volume of seamless SLP pipe both absolutely and relative to apparent U.S.

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<sup>111</sup> Third Review, USITC Pub. 4348 at 12-13.

<sup>112</sup> CR/PR at Table I-4.

<sup>113</sup> CR/PR at Table I-5.

<sup>114</sup> Comments at 12-14.

<sup>115</sup> CR/PR at Table I-6.

<sup>116</sup> CR/PR at Table I-7 (noting that these data include some products outside the scope of the review).

<sup>117</sup> Comments at 18.

<sup>118</sup> CR/PR at Table I-4.

<sup>119</sup> CR/PR at Table I-4.

<sup>120</sup> Comments at 15.

consumption within a reasonably foreseeable time if the antidumping duty order were revoked.<sup>121</sup>

#### **D. Likely Price Effects**

##### **1. The Original Investigations and Prior Reviews**

In the original investigations, the Commission found that the domestic and imported products were reasonably good substitutes and that price was an important factor in purchasing decisions. Most purchasers indicated that they bought subject imports because of their lower price, which was supported by the number of confirmed lost sales and lost revenue allegations. Of 190 quarterly sales comparisons, 141 showed that cumulated subject imports undersold the domestic product. The margins of underselling were large, with most instances of underselling exceeding 20 percent.<sup>122</sup> Subject imports from Germany were priced lower than the domestic like product in 21 of 33 quarterly price comparisons.<sup>123</sup> In addition, the cumulated subject imports had significant price depressing and suppressing effects.<sup>124</sup>

In the first five-year reviews, the record again indicated that subject imports were substitutable for the domestic like product for most end uses.<sup>125</sup> There was a strong incentive for subject imports to compete on the basis of price to capture sales in the event of revocation.<sup>126</sup> The Commission concluded that, given the likely significant volume of cumulated subject imports upon revocation of the orders, the substitutability of the subject imports with the domestic like product, the lower prices for subject imports reported by purchasers, and consistent underselling by imports in the original investigations, cumulated subject imports would likely have significant price depressing and suppressing effects on the domestic like product in the absence of the orders.<sup>127</sup>

In the second five-year reviews, in which the Commission did not cumulate imports from Germany with other subject imports, the Commission noted that no increases in demand were forecast for the reasonably foreseeable future.<sup>128</sup> Given that subject imports from Germany were generally substitutable with the domestic like product, the Commission found that, absent a large increase in consumption, the industry in Germany, which had sustained a decline in sales and increase in unused capacity, would likely lower prices in order to regain market share in the

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<sup>121</sup> Because of the expedited nature of this review, the record does not contain information about inventories of the subject merchandise or the potential for product shifting. Imports of seamless SLP pipe from Germany are not subject to antidumping or countervailing duty orders in any other country. CR at I-36, PR at I-27.

<sup>122</sup> Original Determinations, USITC Pub. 2910 at I-28.

<sup>123</sup> Second Reviews, USITC Pub. 3918 at 34.

<sup>124</sup> Original Determinations, USITC Pub. 2910 at I-28.

<sup>125</sup> First Reviews, USITC Pub. 3429 at 23.

<sup>126</sup> First Reviews, USITC Pub. 3429 at 23.

<sup>127</sup> First Reviews, USITC Pub. 3429 at 23.

<sup>128</sup> Second Reviews, USITC Pub. 3918 at 35.



U.S. market in the event of revocation.<sup>129</sup> For these reasons, the Commission found that the likely significant volume of subject imports from Germany and the likely significant underselling would likely have significant price depressing or price suppressing effects on the domestic like product.<sup>130</sup>

In the third five-year review, the Commission observed that, although there was no new product-specific pricing information on the record because of the expedited nature of the review, average transaction prices for domestic and import shipments appeared to have declined over the course of 2011. The Commission also observed that the domestic like product and subject imports from Germany were generally substitutable, and price was an important factor in purchasing decisions. For these reasons, combined with the likely significant volume of imports, and past pricing patterns, the Commission found it likely that increased volumes of subject imports from Germany would enter at prices that would significantly undersell the domestic product, as well as significantly depress or suppress domestic prices within a reasonably foreseeable time if the order were revoked.<sup>131</sup>

## 2. The Current Review

There is no new product-specific pricing information on the record due to the expedited nature of this review. In the absence of any new information to the contrary, we adopt our findings from the prior proceedings that the domestic like product and subject imports from Germany are generally substitutable and that price is an important factor in purchasing decisions. Further, while we recognize the limitations of average unit value data due to possible differences in product mix,<sup>132</sup> we note that the unit values of imports from Germany decreased by 48.0 percent from 2012 to 2016, while the unit values for all other sources decreased by only 26.5 percent. Based on the available information and the observed underselling by subject imports from Germany during the original investigations, we find that if the order were revoked, the significant volume of subject imports from Germany likely upon revocation would likely significantly undersell the domestic like product to gain market share. In turn, this likely significant volume of low-priced subject imports would force the domestic industry to cut prices, forego price increases, or risk losing market share. In light of these considerations, we conclude that absent the restraining effect of the order, subject imports from Germany would likely undersell and/or significantly depress or suppress prices for the domestic like product, thereby causing significant price effects within a reasonably foreseeable time.

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<sup>129</sup> Only limited pricing data were provided for imports of seamless SLP pipe from Germany in the second five-year reviews. Second Reviews, USITC Pub. 3918 at 34.

<sup>130</sup> Second Reviews, USITC Pub. 3918 at 36.

<sup>131</sup> Third Review, USITC Pub. 4348 at 14.

<sup>132</sup> See, e.g., *Allegheny Ludlum Corp. v. United States*, 287 F.3d 1365, 1373-74 (Fed. Cir. 2008).

## **E. Likely Impact of Subject Imports**

### **1. The Original Investigations and Prior Reviews**

In the original investigations, the Commission found that despite the domestic industry's increases in market share, shipments, production, and capacity utilization over the period of investigation, it experienced poor financial performance as a result of cumulated subject imports' adverse price effects. Even when cumulated subject imports declined in 1994 and interim 1995, their continued large and significant share of the market in 1994, combined with their adverse effect on domestic prices, led the industry to experience poor operating results.<sup>133</sup>

In the first five-year reviews, the Commission found that the domestic industry's financial condition improved somewhat following imposition of the orders on subject imports from Argentina, Brazil, and Germany, but then deteriorated sharply when import levels increased and demand fell, resulting in a substantial operating loss in 1999 of \$11 million. Domestic shipments, production, capacity utilization, profits, employment, and worker productivity declined precipitously, and one U.S. producer declared bankruptcy. The industry recovered somewhat in 2000. Its production and capacity utilization rates increased markedly, as did net sales, operating income, capital expenditures, and hourly wages. The Commission found that the volume and price effects of the cumulated subject imports would likely have a significant negative impact on the domestic industry and would likely cause the domestic industry to lose market share if the order were revoked.<sup>134</sup>

In the second five-year reviews, in which the Commission did not cumulate subject imports from Germany with imports from Argentina and Brazil, the Commission attributed the domestic industry's gains in profitability to strong prices and demand. Although demand was projected to remain strong, it was not likely to increase at a rapid rate.<sup>135</sup> Further, the volume of subject imports from Germany was likely to be significant upon revocation of the order. The Commission found that the likely significant volume and price effects of the subject imports from Germany would be sufficient to have a significant negative impact on the production, shipments, sales, market share, and revenues of the domestic industry, despite its lack of vulnerability.<sup>136</sup>

In the third five-year review, because of the expedited nature of the review, the Commission collected 2011 data for several performance indicators, but no data for the 2007 to 2010 period. The available data showed that the domestic industry \*\*\* since the second five-year reviews. In 2011, US Steel, the sole responding domestic producer, reported capacity of \*\*\*

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<sup>133</sup> Original Determinations, USITC Pub. 2910 at I-31-32.

<sup>134</sup> First Reviews, USITC Pub. 3429 at 23-24 & nn.179-80. Three Commissioners found that the domestic industry was vulnerable to material injury in the event of revocation of the orders, and the remaining three did not. First Reviews, USITC Pub. 3429 at 24 n.179.

<sup>135</sup> Second Reviews, USITC Pub. 3918 at 36.

<sup>136</sup> The Commission found that the domestic industry was not vulnerable to injury by reason of increased subject imports. In particular, the domestic industry was profitable in every year covered by the period of review, and profits increased to levels not seen in at least 14 years. Second Reviews at 26.

short tons, production of \*\*\* short tons, and a capacity utilization rate of \*\*\* percent.<sup>137</sup> The data also showed that the industry consisted of fewer domestic producers than during the original investigations, but was \*\*\*.<sup>138</sup> Nonetheless, the Commission found the limited record insufficient to make a finding as to whether the domestic industry was vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.<sup>139</sup> The Commission also considered the role of factors other than subject imports, including nonsubject imports<sup>140</sup> and demand, but determined that the likely increase in low-priced subject imports from Germany would be at the expense of the domestic industry even if nonsubject imports were also adversely affected.<sup>141</sup>

## 2. The Current Review

Because of the expedited nature of this fourth five-year review, information on the record concerning the recent performance of the domestic industry is limited.<sup>142</sup> This limited information is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of the revocation of the order.

In 2016, the domestic industry's capacity utilization was \*\*\* percent.<sup>143</sup> Further, U.S. shipments were \*\*\* when compared with U.S. apparent consumption and in turn, the U.S.

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<sup>137</sup> Confidential Third Review Determination, EDIS Doc. 624920 at 23.

<sup>138</sup> Confidential Third Review Determination, EDIS Doc. 624920 at 23.

<sup>139</sup> Third Review, USITC Pub. 4348 at 16.

<sup>140</sup> There was no indication on the record of the third five-year review that the presence of nonsubject imports in the U.S. market would prevent subject imports from Germany from entering the United States at levels and prices that would cause injury to the domestic industry. The share of the U.S. market held by nonsubject imports increased between the second and third five-year reviews; it was \*\*\* percent in 2005 and \*\*\* percent in 2011. Confidential Third Review Determination, EDIS Doc. 624920 at 24. Nevertheless, the domestic industry remained profitable and appeared able to attract new investment. The Commission recognized that, given the substitutability of the products generally, subject imports from Germany would likely displace nonsubject imports in the U.S. market to some degree in the event of revocation. Given the likely significant increase in subject imports from Germany and their underselling and adverse price effects in the event of revocation, the Commission found that the expected increase in subject imports from Germany would be at the expense of the domestic industry even if nonsubject imports were also adversely affected.

<sup>141</sup> Third Review, USITC Pub. 4348 at 17. Although demand in the United States had been weak, it was expected to remain at current levels or improve and was therefore not expected to negatively impact the domestic industry. Third Review, USITC Pub. 4348 at 17.

<sup>142</sup> As indicated earlier, responding domestic producers in this review accounted for approximately \*\*\* percent of domestic production in 2016. CR/PR at Table I-1.

<sup>143</sup> CR/PR at Table I-3.

industry's market share was \*\*\* percent.<sup>144</sup> The industry's ratio of operating income to net sales for 2016 was \*\*\* percent.<sup>145</sup>

As discussed above, we conclude that revocation of the antidumping duty order on seamless SLP pipe from Germany would likely lead to a significant volume of subject imports that would likely undersell the domestic like product and would likely force the domestic industry to lower prices or lose sales and/or significantly depress or suppress prices of the domestic like product. We find that the likely volume and price effects of subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenue of the domestic industry. These reductions would in turn have a direct adverse impact on the domestic industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments.

We have also considered the likely role of nonsubject imports in the U.S. market. Nonsubject imports continue to hold a substantial share of the U.S. market (\*\*\* percent in 2016).<sup>146</sup> There is no indication or argument on this record that the presence of nonsubject imports would prevent subject imports from Germany from entering the U.S. market at levels and prices that would cause injury to the domestic industry in the event the order on imports from Germany were revoked. As indicated earlier, imports from several nonsubject sources are already subject to orders (China, Japan, and Romania). The large presence of nonsubject imports in the U.S. market did not prevent the responding domestic producers from collectively operating at a profit in 2016 or the industry from constructing new facilities.<sup>147</sup> Given the general substitutability of seamless SLP pipe products, subject imports from Germany would likely displace imports from nonsubject sources to some degree in the event of revocation. Notwithstanding, they would also likely displace the domestic industry's shipments given the likely significant volume of low-priced subject imports from Germany.

We also considered the role of demand. Available information indicates that apparent U.S. consumption in the current review (\*\*\* short tons) is lower than in the prior review (\*\*\* short tons).<sup>148</sup> US Steel reports that the seamless SLP pipe market was negatively affected by the oil and gas industry's decline in late 2014 and throughout 2015 that caused demand for seamless SLP pipe to decline and affected key segments.<sup>149</sup> The record does not show an expected increase in demand that could absorb the likely increase in subject import volume and therefore demand will not prevent the likely significant volume of low-priced imports from Germany from causing injury to the domestic industry in the event of revocation.

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<sup>144</sup> In 2016, U.S. commercial shipments were \*\*\* short tons and apparent U.S. consumption was \*\*\*. CR/PR at Tables I-3, I-5.

<sup>145</sup> CR/PR at Table I-3.

<sup>146</sup> CR/PR at Table I-5.

<sup>147</sup> CR/PR at Tables I-2, I-3; CR at I-5, PR at I-5.

<sup>148</sup> CR/PR at Table I-5.

<sup>149</sup> CR at I-31, PR at I-24.

#### **IV. Conclusion**

For the foregoing reasons, we determine that revocation of the antidumping duty order on seamless SLP pipe from Germany would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.



## INFORMATION OBTAINED IN THIS REVIEW

### BACKGROUND

On August 1, 2017, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of the antidumping duty order on seamless carbon and alloy steel standard, line, and pressure pipe (“seamless SLP pipe”) from Germany would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
August 1, 2017	Notice of initiation and institution by Commerce and Commission
November 29, 2017	Scheduled date for Commerce results of its expedited review
November 6, 2017	Scheduled date for Commission vote on adequacy
December 29, 2017	Commission statutory deadline to complete expedited review
July 27, 2018	Commission statutory deadline to complete full review

### RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

#### Individual responses

The Commission received two submissions in response to its notice of institution in the subject review. They were filed on behalf of the following entities:

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Germany; Institution of a Five-Year Review*, 82 FR 35821, August 1, 2017. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Reviews*, 82 FR 35748, August 1, 2017. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

1. United States Steel Corporation (“U.S. Steel”), a domestic producer of seamless SLP pipe (referred to herein as “domestic interested party”).<sup>4</sup>

2. Benteler Steel/Tube GmbH, Benteler Steel/Tube Manufacturing Corporation, and Benteler Steel & Tube Corporation (collectively “Benteler”), a German producer and exporter, domestic producer, and U.S. importer, respectively, of seamless SLP pipe (collectively referred to herein as “respondent interested party”).<sup>5 6</sup>

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1. A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1.

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<sup>4</sup> U.S. Steel’s response to the notice of institution also includes data on the operations of \*\*\*. *Domestic Interested Party’s Response to the Notice of Institution*, August 31, 2017, p. 31.

<sup>5</sup> In late 2015, seamless SLP pipe production at the Benteler Steel/Tube plant in Shreveport, Louisiana was initiated. Benteler’s hot-rolling seamless tube mill has plans to produce up to 600,000 short tons per year. The Shreveport plant produces OCTG, seamless tubing, and pipe for the oil and gas industry.

<sup>6</sup> Benteler reported that it did not import the subject merchandise in 2016. *Respondent Interested Party’s Supplemental Response to the Notice of Institution*, September 18, 2017, p. 1.



**Table I-1  
Seamless SLP pipe: Summary of responses to the Commission’s notice of institution**

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	1	***% <sup>1</sup>
Respondent:		
Benteler--	1	
U.S. Producer		***% <sup>2</sup>
Foreign producer/exporter		***% <sup>3</sup>

<sup>1</sup> In its response to the notice of institution, the domestic interested party estimated that it accounts for this share of total U.S. production of seamless SLP pipe during 2016. The domestic interested party has based its computation on its 2016 production of \*\*\* short tons and total U.S. production of 40,118 short tons, which was derived from information gathered in the Commission’s recent five-year reviews on carbon and alloy seamless standard, line, and pressure pipe from Japan and Romania. This estimate included nine U.S. producers of seamless SLP pipe, including Benteler, TMK IPSCO, and U.S. Steel. *Domestic Interested Party’s Response to the Notice of Institution*, August 31, 2017, Exhibit 30.

<sup>2</sup> The coverage figure is the estimated share of total U.S. production of seamless SLP pipe in 2016 accounted for by Benteler. The estimate was calculated as the quantity of reported production (\*\*\* short tons) divided by total U.S. production (40,118 short tons). *Respondent Interested Party’s Response to the Notice of Institution*, August 31, 2017, p. 6.

<sup>3</sup> The coverage figure presented, as provided by the respondent interested party in its response, represents the firm’s aggregate share of total production of seamless SLP pipe in Germany during 2016. *Respondent Interested Party’s Response to the Notice of Institution*, August 31, 2017, p. 9.

### Party comments on adequacy

The Commission received two submissions from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The submission was filed on behalf of the domestic interested party, U.S. Steel.

In its comments, U.S. Steel requests that the Commission conduct an expedited review based on the adequate response to the notice of institution on behalf of the domestic industry and the inadequate response of the respondent interested parties.<sup>8</sup> U.S. Steel argues that the respondent interested parties’ response and that of the German industry as a whole are inadequate, as Benteler was the only German producer to respond to the Commission’s notice of institution. U.S. Steel suggests that this is evidence that the German interested party group response is inadequate because Benteler accounted for \*\*\* of the total production of the subject merchandise in Germany.<sup>9</sup> U.S. Steel also argues that Benteler’s response cannot be the only basis for conducting a full review because no other German producers provided responses to the notice of institution. U.S. Steel contends that since there are no other factors present in this review that would warrant conducting a full review, the Commission should conduct an

<sup>8</sup> *Domestic Interested Party’s Comments on Adequacy*, October 16, 2017, p. 2.

<sup>9</sup> *Domestic Interested Party’s Comments on Adequacy*, October 16, 2017, p. 3.

expedited review of the antidumping duty order on seamless SLP pipe from Germany and make an affirmative determination in the review.<sup>10</sup>

On October 16, 2017, Benteler changed its position and statements that advocated for a full review and for revocation of the order. Benteler indicated that it no longer intends to participate in this review, but that it “in no way changes the substantive views that it expressed in its August 31, 2017 response to the Notice of Institution.” Benteler’s change of position was due to it being “the only German producer to respond to the Commission’s Notice of Institution, and that it would be difficult for the Commission to form a view based on such a limited view of the German industry.” Benteler expects that the Commission will find the response of the Germany industry to be inadequate and expedite the review. Benteler “does not oppose this result.”<sup>11 12</sup>

### **RECENT DEVELOPMENTS IN THE INDUSTRY**

Since the Commission’s last five-year review, the following important developments have occurred in the seamless SLP pipe industry.

In 2012, V&M Star (“Vallourec”) completed its construction of 350,000 short tons per year tube plant in Youngstown, Ohio, and in August 2015, Benteler began production of seamless SLP pipe at a new plant near Shreveport, Louisiana. Tenaris invested approximately \$1.8 billion in the construction of a pipe mill in Bay City, Texas, and Tianjin Pipe is building a 500,000 short ton per year seamless pipe mill in Gregory, Texas. Both the Tenaris plant and Tianjin plant are scheduled to be operational in late 2017. With respect to plant closings and production curtailments, Plymouth Tube closed its East Troy, Wisconsin plant in April 2017 and U.S. Steel announced in March 2017 that it would permanently close its Lorain, Ohio #4 (small diameter) seamless mill by June 8, 2017. The Lorain plant had been idled since 2015.

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<sup>10</sup> *Domestic Interested Party’s Comments on Adequacy*, October 16, 2017, pp. 4-6.

<sup>11</sup> *Comments on Adequacy of Responses and Notice of Change of Position*, (Edis doc. No. 625764), October 16, 2017, p. 1.

<sup>12</sup> *Comments on Adequacy of Responses and Notice of Change of Position*, (Edis doc. No. 625764), October 16, 2017, pp. 1-2.

**Table I-2**

**Seamless SLP pipe: U.S. Important industry events, since 2012**

<b>Plant openings:</b>	
Benteler	In August 2015, Benteler Steel/Tube began production operations at its hot-rolling seamless steel tube mill at the Port of Caddo Bossier near Shreveport, Louisiana. <sup>1</sup>
Tenaris	Tenaris invested \$1.8 billion in the construction of a seamless pipe mill in Bay City, Texas. The new mill will have a production capacity of 600,000 short tons annually. <sup>2 3</sup> Tenaris delayed the start of production to October 2017 due to the extensive flooding and damage caused by Hurricane Harvey in August 2017. <sup>4</sup>
Tianjin Pipe (China)	In 2014, Tianjin Pipe completed construction on a facility in Gregory, Texas, which turns plain-ended pipe into finished casing pipe. In mid-2014 Tianjin began construction on a mill with an annual production capacity of 500,000 tons of seamless pipe. The pipe at the new facility would range from 4 inches in diameter to 10 ¾ inches and reportedly will be completed in late 2017. <sup>5 6</sup>
Vallourec	In 2012, Vallourec completed construction of a new tube mill in Youngstown, OH, with the capacity to produce 350,000 short tons of seamless small diameter tubes. <sup>7</sup>
<b>Plant expansions:</b>	
Michigan Seamless Tube, LLC	In April 2013, Michigan Seamless Tube announced that its parent company would invest \$25 million in its South Lyon, MI, plant to increase tube and pipe production capacity by 700 tons to 1,300 tons per month. <sup>8</sup> In February 2013, the company announced that it had completed construction of a new pickle house which increased production capacity by 450 tons per month. <sup>9</sup>
<b>Plant closings:</b>	
Plymouth Tube Co.	In August 2014, Plymouth Tube Co. announced that it would close a tube mill in East Troy, Wisconsin, and lay off 34 people. <sup>10</sup>
U.S.Steel	In March 2017, U.S. Steel announced plans to permanently close part of the pipe mill at the Lorain, Ohio plant in June 2017. <sup>11 12</sup>
<b>Prolonged shutdowns or curtailments:</b>	
U.S. Steel	In March 2016, U.S. Steel idled seamless pipe production at its plant at Fairfield, Alabama. <sup>13</sup> The Fairfield mill manufactures seamless SLP pipe from 4 1/2 inches to 8 5/8 inches in outside diameter. <sup>14</sup>
TMK IPSCO	In May 2015, TMK IPSCO laid-off 115 workers at its Koppel, PA electric arc furnace and its Ambridge, PA tube mill, due to declining demand for energy market related goods. <sup>15</sup>
PTC	In April 2015, PTC Seamless Tube Corporation, a subsidiary of PTC Group Holdings, filed for bankruptcy. PTC Seamless was in the process of installing a seamless pipe mill in Hopkinsville, Kentucky. <sup>16</sup>
V&M Star, LP	In February 2015, the Vallourec tube mill in Youngstown, OH, halted production for three weeks. <sup>17</sup> In July 2015, the plant laid off 60-80 employees and in October 2015, it announced that 100 additional employees would laid off. <sup>18</sup> Vallourec cited declining demand from the oil and gas market as the reason for the shutdown and the employment reductions.
<b>Other:</b>	
Wheatland Tube Company	In April 2014, JMC Steel Group announced that it would invest \$35 million in Wheatland Tube to eliminate production bottlenecks, reduce work in process inventory levels, enhance production efficiencies, improve product quality, improve customer service and improve the safety and cleanliness of the workplace. <sup>19</sup>

Table continued on next page.

- <sup>1</sup> *Biz Magazine*, "Benteler Steel readies tube mill at Caddo-Bossier," December 8, 2015, <http://www.bizmagsb.com/benteler-steel-launches-tube-mill/>, retrieved September 18, 2017.
- <sup>2</sup> *American Metal Market*, "Seamless Pipe Investments Weigh Heavy on Mills," March 7, 2016, <http://www.amm.com/Article/3533236/Seamless-pipe-investments-weigh-heavy-on-mills.html>, retrieved November 5, 2016.
- <sup>3</sup> *The Houston Chronicle*, "Tenaris spending \$1.8 billion on pipe plant amid oil slump," June 3, 2016, <http://www.houstonchronicle.com/business/article/Tenaris-spending-1-8-billion-on-pipe-plant-amid-7963028.php>, retrieved September 18, 2017.
- <sup>4</sup> *Tenaris*, "Tenaris reports no major damage to its industrial sites in South Texas following Hurricane Harvey," August 31, 2017, <http://ir.tenaris.com/releasedetail.cfm?ReleaseID=1038912>, retrieved September 18, 2017.
- <sup>5</sup> *Corpus Christi Caller Times*, "TPCO will have fewer workers, committed to 2017 opening," September 10, 2016, <http://archive.caller.com/news/building-our-future/growth/tpco-will-have-fewer-workers-committed-to-2017-opening-36fb5cd2-8017-60aa-e053-0100007fce37--392912741.html>, retrieved September 21, 2017.
- <sup>6</sup> *TCPO America Corp.*, "Project Introduction," <http://www.tpcoamerica.com/about-us.html>, retrieved September 21, 2017.
- <sup>7</sup> Vallourec, S.A., "2013 Activity and Sustainable Development Report," p. 38, <http://www.vallourec.com/EN/GROUP/MEDIA/Publications/Pages/default.aspx>, retrieved September 21, 2017.
- <sup>8</sup> *Michigan Seamless Tube, LLC*, "\$25 million capital improvement project," April 22, 2013, <http://www.mstube.com/en/25-million-capital-improvement-project/?lang>, retrieved September 15, 2017. <sup>9</sup> *Michigan Seamless Tube, LLC*, "MST Seamless Tube & Pipe completes pickle house expansion," February 11, 2013, <http://www.mstube.com/en/mst-seamless-tube-pipe-completes-pickle-house-expansion/?lang>, retrieved September 15, 2017.
- <sup>10</sup> *Plymouth Tube Company*, "Plymouth Tube announces plans to close one of two factories in East Troy, Wisconsin," April 13, 2017, <https://www.plymouth.com/plymouth-tube-announces-plans-to-close-one-of-two-factories-in-east-troy-wi/> retrieved October 20, 2017.
- <sup>11</sup> *The Chronicle-Telegram*, "U.S. Steel closes portion of Lorain Mill for good," March 11, 2017, <http://www.chroniclet.com/Local-News/2017/03/11/U-S-steel-closes-portion-of-Lorain-mill-for-good.html>, retrieved September 18, 2017.
- <sup>12</sup> *American Metal Market*, "USS Temporarily Idling Lone Star, Fairfield Tubular Ops," March 18, 2016, <http://www.amm.com/Article/3539009/USS-temporarily-idling-Lone-Star-Fairfield-tubular-ops.html>, retrieved November 7, 2016.
- <sup>13</sup> *American Metal Market*, "USS Temporarily Idling Lone Star, Fairfield Tubular Ops," March 18, 2016, <http://www.amm.com/Article/3539009/USS-temporarily-idling-Lone-Star-Fairfield-tubular-ops.html>, retrieved November 7, 2016.
- <sup>14</sup> *U.S. Steel Tubular Products*, "Fairfield Tubular Operations," <https://usstubular.com/manufacturing-facilities/fairfield-tubular-operations>, retrieved September 18, 2017.
- <sup>15</sup> *American Metal Market*, "TMK IPSCO Lays off 115 Workers at Pa. Plants," May 13, 2015, <http://www.amm.com/Article/3453452/TMK-ipsco-lays-off-115-workers-at-Pa-plants.html>, retrieved November 7, 2016.
- <sup>16</sup> *American Metal Market*, "PTC Seamless to Auction off Ky. Assets," August 13, 2015, <http://www.amm.com/Article/3479420/PTC-Seamless-to-auction-off-Ky-assets.html>, retrieved November 10, 2016.
- <sup>17</sup> *The Business Journal*, "Vallourec Star Plans Three-Week Shutdown," February 4, 2015, <http://businessjournaldaily.com/vallourec-star-plans-three-week-shutdown/3231/>, retrieved September 22, 2017.
- <sup>18</sup> *WKBN 27*, "Vallourec Star to Lay Off More Youngstown Workers," October 20, 2015, <http://wkbn.com/2015/10/20/vallourec-star-to-lay-off-more-youngstown-workers/>, retrieved September 22, 2017.
- <sup>19</sup> *Wheatland Tube Company*, "JMC Steel Group Announces Plant Modernization Project for Wheatland Tube Location," April, 2014, <http://www.wheatland.com/press-releases/jmc-steel-group-announces-plant-modernization-project>, retrieved September 21, 2017.

Source: *Carbon and Alloy Seamless Standard, Line, and Pressure Pipe From Japan and Romania*, Inv. Nos. 731-TA-847 and 849 (Third Review), USITC Publication 4731, October 2017.

## THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

### The original investigation

On June 23, 1994, a petition was filed by the Gulf States Tube Division of Quanex Corp. (“Gulf States”) with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of seamless SLP pipe from Argentina, Brazil, and Germany, as well as dumped and subsidized imports from Italy.<sup>13</sup> On July 26, 1995, the Commission notified Commerce of its final affirmative injury determinations with respect to subject imports of seamless SLP pipe from Argentina, Brazil, Germany, and Italy. Commerce issued the antidumping duty orders on August 3, 1995, and the countervailing duty order on Italy effective August 9, 1995.<sup>14</sup>

### The first five-year review

The Commission instituted the first five-year reviews of the subject orders on July 3, 2000.<sup>15</sup> On June 7, 2001, following full reviews, the Commission determined that revocation of the antidumping duty orders on seamless SLP pipe from Argentina, Brazil, and Germany would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission also determined that revocation of the antidumping and countervailing duty orders on seamless SLP pipe from Italy would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>16 17</sup> Commerce revoked the antidumping and

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<sup>13</sup> On April 27, 1995, Koppel Steel was subsequently granted co-petitioner status in the investigations.

<sup>14</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (Final)*, USITC Publication 2910, August 1995. *Notice of Antidumping Duty Order: Certain Diameter Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina*, 60 FR 39708, August 3, 1995; *Notice of Final Determination of Sales at Less than Fair Value and Amended Final Determination: Small Diameter Circular Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Brazil*, 60 FR 39707, August 3, 1995; *Notice of Antidumping Duty Order and Amended Final Determinations: Certain Diameter Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Germany*, 60 FR 39704, August 3, 1995; *Notice of Antidumping Duty Order: Certain Diameter Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Italy*, 60 FR 39705, August 3, 1995; *Notice of Countervailing Duty Order: Small Diameter Circular Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe (“Seamless Pipe”) from Italy*, 60 FR 40569, August 9, 1995.

<sup>15</sup> *Seamless Pipe from Argentina, Brazil, Germany, and Italy*, 65 FR 41090, July 3, 2000.

<sup>16</sup> *Notice of determinations in the first five-year reviews*, 66 FR 34717, June 29, 2001; and *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (Review)*, USITC Publication 3429, June 2001, p. 1.

<sup>17</sup> Siderca S.A.I.C. (“Siderca”), a producer of subject merchandise in Argentina, contested the Commission’s determinations in the first review of these orders. On October 27, 2004, the U.S. Court of International Trade (“CIT”) remanded the Commission’s determinations with respect to Argentina, Brazil, (continued...)

countervailing duty orders with respect to Italy effective August 3, 2000 and August 8, 2000, respectively.<sup>18</sup> Commerce issued a continuation of the antidumping duty orders with respect to Argentina, Brazil, and Germany, effective July 16, 2001.<sup>19</sup>

### **The second five-year review**

The Commission instituted the second five-year reviews of the subject orders on June 1, 2006.<sup>20</sup> On May 2, 2007, following full reviews, the Commission determined that revocation of the antidumping duty order on seamless SLP pipe from Germany would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time. The Commission also determined that revocation of the antidumping duty orders on seamless SLP pipe from Argentina and Brazil would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>21</sup> Commerce issued a continuation of the antidumping duty order on imports of seamless SLP pipe from Germany effective May 18, 2007, and revoked the antidumping duty orders with respect to Argentina and Brazil effective July 16, 2006.<sup>22</sup>

### **The third five-year review**

The Commission instituted the third five-year review of the subject order on April 2, 2012.<sup>23</sup> On August 30, 2012, following an expedited review, the Commission determined that

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(...continued)

and Germany in *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362) and 731-TA-707-710 (Review)*, USITC Publication 3429, June 2001. The Commission found on remand that revocation of the antidumping duty orders on certain seamless carbon and alloy steel standard, line, and pressure pipe from Argentina, Brazil, and Germany would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a foreseeable time. *Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, and Germany (Views on Remand), Inv. Nos. 731-TA-707-709 (Review) (Remand)*, USITC Publication 3754, February 2005.

<sup>18</sup> *Revocation of Antidumping and Countervailing Duty Orders: Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Italy*, 66 FR 36999, July 16, 2001.

<sup>19</sup> *Continuation of Antidumping Duty Orders: Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, and Germany*, 66 FR 37004, July 16, 2001.

<sup>20</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Argentina, Brazil, and Germany*, 71 FR 31209, June 1, 2006.

<sup>21</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Argentina, Brazil, and Germany*, 72 FR 26153, May 8, 2007.

<sup>22</sup> *Continuation of Antidumping Duty Order on Certain Small Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe from Germany*, 72 FR 28026, May 18, 2007; and *Revocation Pursuant to Second Five-year ("Sunset") Reviews of Antidumping Duty Orders: Certain Small Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe from Argentina and Brazil*, 72 FR 28027, May 18, 2007.

<sup>23</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany; Institution of a Five-Year Review of the Antidumping Duty Order*, 77 FR 19711, April 2, 2012.

revocation of the antidumping duty order on seamless SLP pipe from Germany would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>24</sup> Commerce issued a continuation of the antidumping duty order on imports of seamless SLP pipe from Germany, effective September 14, 2012.<sup>25</sup>

### PRIOR RELATED INVESTIGATIONS

Seamless SLP pipe has been the subject of several Commission investigations. A listing of these investigations is presented in the following tabulation.

Year petition filed	Inv. number	Country	Current status
1980	731-TA-15	Japan <sup>1</sup>	ITC Negative Final, order never issued
1982	731-TA-87	Japan <sup>1</sup>	ITA revoked effective 10/29/85
1994	701-TA-362	Italy	ITA revoked effective 8/8/00
1994	731-TA-707	Argentina	ITA revoked effective 7/16/06
1994	731-TA-708	Brazil	ITA revoked effective 7/16/06
1994	731-TA-710	Italy	ITA revoked effective 8/3/00
2000	731-TA-846	Czech Republic	ITA revoked effective 8/14/05
2000	731-TA-847	Japan <sup>1</sup>	Continuation order effective 10/10/17 (82 FR 48113)
2000	731-TA-849	Romania	Continuation order effective 10/10/17 (82 FR 48113)
2000	731-TA-850	South Africa	ITA revoked effective 8/14/05
2001	TA-201-73	Global <sup>1</sup>	ITC negative determination 12/20/01
2009	701-TA-469 and 731-TA-1168	China	Continuation order effective 3/7/16 (81 FR 11837)

<sup>1</sup> These investigations included large diameter seamless SLP pipe.

Source: Cited *Federal Register* notices and Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Japan and Romania Inv. Nos. 731-TA-847 and 849 (Third Review), USITC Publication 4731, October 2017.

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<sup>24</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany*; 77 FR 54926, September 6, 2012.

<sup>25</sup> *Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Germany: Continuation of Antidumping Duty Order*, 77 FR 56809, September 14, 2012.

## THE PRODUCT

### Commerce's scope

Commerce has defined the subject merchandise as:

The scope of this order includes small diameter seamless carbon and alloy standard, line and pressure pipes produced to the ASTM A-335, ASTM A-106, ASTM A-53 and API 5L specifications and meeting the physical parameters described below, regardless of application. The scope of this order also includes all products used in standard, line, or pressure pipe applications and meeting the physical parameters below, regardless of specification.

For purposes of the order, seamless pipes are seamless carbon and alloy (other than stainless) steel pipes, of circular cross-section, not more than 114.3 mm (4.5 inches) in outside diameter, regardless of wall thickness, manufacturing process (hot-finished or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish. These pipes are commonly known as standard pipe, line pipe or pressure pipe, depending upon the application. They may also be used in structural applications. Pipes produced in non-standard wall thicknesses are commonly referred to as tubes.

The seamless pipes subject to the order are currently classifiable under subheadings 7304.19.1020, 7304.19.5020, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, and 7304.59.8025 of the Harmonized Tariff Schedule of the United States ("HTSUS").

The following information further defines the scope of the order, which covers pipes meeting the physical parameters described above:

*Specifications, Characteristics and Uses:* Seamless pressure pipes are intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas and other liquids and gasses in industrial piping systems. They may carry these substances at elevated pressures and temperatures and may be subject to the application of external heat. Seamless carbon steel pressure pipe meeting the American Society for Testing and Materials ("ASTM") standard A-106 may be used in temperatures of up to 1000 degrees Fahrenheit, at various American Society of Mechanical Engineers ("ASME") code stress levels. Alloy pipes made to ASTM standard A-335 must be used if temperatures and stress levels exceed those allowed for A-106 and the ASME codes. Seamless pressure pipes sold in the United States are commonly produced to the ASTM A-106 standard. Seamless standard pipes are most commonly produced to the ASTM A-53 specification and generally are not intended for high temperature service. They are intended for the low temperature and pressure conveyance of water, steam, natural gas, air and other



liquids and gasses in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipes (depending on type and code) may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements.

Seamless line pipes are intended for the conveyance of oil and natural gas or other fluids in pipe lines. Seamless line pipes are produced to the API 5L specification.

Seamless pipes are commonly produced and certified to meet ASTM A-106, ASTM A-53 and API 5L specifications. Such triple certification of pipes is common because all pipes meeting the stringent A-106 specification necessarily meet the API 5L and ASTM A-53 specifications. Pipes meeting the API 5L specification necessarily meet the ASTM A-53 specification. However, pipes meeting the A-53 or API 5L specifications do not necessarily meet the A-106 specification. To avoid maintaining separate production runs and separate inventories, manufacturers triple certify the pipes. Since distributors sell the vast majority of this product, they can thereby maintain a single inventory to service all customers.

The primary application of ASTM A-106 pressure pipes and triple certified pipes is in pressure piping systems by refineries, petrochemical plants and chemical plants. Other applications are in power generation plants (electrical-fossil fuel or nuclear), and in some oil field uses (on shore and off shore) such as for separator lines, gathering lines and metering runs. A minor application of this product is for use as oil and gas distribution lines for commercial applications. These applications constitute the majority of the market for the subject seamless pipes. However, A-106 pipes may be used in some boiler applications.

The scope of the order includes all seamless pipe meeting the physical parameters described above and produced to one of the specifications listed above, regardless of application, and whether or not also certified to a non-covered specification. Standard, line and pressure applications and the above-listed specifications are defining characteristics of the scope of the order. Therefore, seamless pipes meeting the physical description above, but not produced to the A-335, A-106, A-53, or API 5L standards shall be covered if used in a standard, line or pressure application.

For example, there are certain other ASTM specifications of pipe which, because of overlapping characteristics, could potentially be used in A-106 applications. These specifications generally include A-162, A-192, A-210, A-333, and A-524. When such pipes are used in a standard, line or pressure pipe application, such products are covered by the scope of the order.

Specifically excluded from the order are boiler tubing and mechanical tubing, if such products are not produced to A-335, A-106, A-53 or API 5L specifications and are not used in standard, line or pressure applications. In addition, finished and unfinished oil

country tubular goods (“OCTG”) are excluded from the scope of the order, if covered by the scope of another antidumping duty order from the same country. If not covered by such an OCTG order, finished and unfinished OCTG are included in the scope when used in standard, line or pressure applications. Finally, also excluded from the order are redraw hollows for cold-drawing when used in the production of cold-drawn pipe or tube.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of the order is dispositive.<sup>26 27</sup>

In addition, as a result of a scope ruling issued by Commerce on June 25, 1999, tubing with a circular cross-section and an outside diameter that varies from 0.05 mm to 25 mm is excluded from the antidumping duty order.<sup>28</sup>

### **Description and uses<sup>29</sup>**

Standard, line, and pressure pipe is generally intended to convey liquids and is typically tested and rated for its ability to withstand hydrostatic pressure. Seamless standard pipe is most commonly produced to the American Society for Testing and Materials (“ASTM”) A-53 standard, and generally is not intended for high temperature or high pressure service. Rather, typical end use applications include the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinklers, and other related uses.<sup>30</sup>

Seamless line pipe is produced to the American Petroleum Institute (“API”) 5L specification, and is intended for the conveyance of oil and natural gas and other fluids in pipe lines, transmission lines, or gathering lines.

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<sup>26</sup> *Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Germany: Continuation of Antidumping Duty Order*, 77 FR 56809, September 14, 2012.

<sup>27</sup> Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

<sup>28</sup> *Notice of Scope Rulings*, 65 FR 41957, July 7, 2000.

<sup>29</sup> Unless otherwise noted, the information in this section is derived from *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany, Investigation No. 731-TA-709 (Third Review)*, USITC Publication 4348, August 2012, pp. I-9-I-10.

<sup>30</sup> Depending on the type and grade, however, standard pipe may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature end-uses or conditions are anticipated, seamless standard pipe may be produced to meet ASTM A-333 and A-334 specifications (covering carbon and alloy seamless pipe and tube for low temperature service). ASTM A-333 and A-334 cover several grades of steel used for low temperature applications. Grades 1, 6, and 10 are carbon steel grades. Grades 3, 4, 7, 8, 9, and 11 are alloy steel grades containing nickel and some other alloying elements. The most common alloy steel grade is grade 3, which contains about 3.5 percent nickel.

Seamless pressure pipe is commonly produced to the ASTM A-106 specification (covering seamless carbon steel pipe for high temperature service), and is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases at elevated temperature or pressure, or both, in industrial piping systems. Seamless pressure pipe may carry substances at elevated temperatures and pressures and may be subject to external heat. Seamless pressure pipe meeting ASTM A-106 specification may be used in temperatures of up to 1,000 degrees Fahrenheit at various American Society of Mechanical Engineers (“ASME”) code stress levels.<sup>31</sup>

Seamless SLP pipe is commonly produced and certified to meet multiple specifications to avoid separate production runs and maintaining inventories for pipe sold for different applications. Manufacturers often quadruple certify pipe made to the ASTM A-106, ASTM A-53, API 5L Grade B, and API 5L X-42 specifications,<sup>32</sup> thus allowing distributors to maintain a single inventory of quad stenciled pipe<sup>33</sup> for use in multiple applications. Small diameter seamless SLP pipe in sizes greater than 2 inches and less than or equal to 4.5 inches in outside diameter is commonly produced and certified with a quad stencil while small diameter seamless SLP pipe in sizes less than or equal to 2 inches in outside diameter is commonly produced as pressure pipe and according to the A-106 specification.

Most steel products, including those subject to this review, are produced from carbon steel, which contains controlled amounts of carbon and manganese.<sup>34</sup> Alloy steel, which

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<sup>31</sup> Seamless alloy pipes produced to the ASTM A-335 specification (covering alloy steel pipe for high temperature service) must be used if temperatures and stress levels exceed those allowed for ASTM A-106.

<sup>32</sup> Principal differences among standard pipe made to the A-53 specification, pressure pipe made to the A-106 specification, and line pipe made to the API 5L X-42 or grade B specifications include differences in minimum yield strength, chemical composition, and variation in permissible weight and dimensional tolerances. Line pipe made to the API 5L X-42 specification has a higher minimum yield strength (42,000 pounds per square inch (psi)) than line pipe made to API grade B specification (35,000 psi), pressure pipe made to A-106 grade B specification (35,000 psi), and standard pipe made to A-53 grade B specification (35,000 psi). Alloying elements such as columbium (niobium) and titanium may be included in line pipe made to API 5L X-42 or grade B to achieve a higher minimum yield strength than that of standard pipe made to A-53. Line pipe made to API 5L X-42 may also contain more manganese, which increases tensile strength and hardness, than either standard pipe (A-53) or pressure pipe (A-106). Variations in permissible weight and dimensional tolerances are more stringent for pressure pipe (A-106), and line pipe (API 5L grade B or X-42), than those for standard pipe (A-53). However, all of these specifications overlap, so that pipe may be produced to comply with all of them, allowing for multiple certification.

<sup>33</sup> Quadruple certification is referred to as a “quad stencil,” whereby manufacturers put four stencils, or markings, on the pipe to show that it has been produced to meet the requirements and tests pursuant to the respective specifications.

<sup>34</sup> Manganese primarily increases tensile strength and hardness, while reducing ductility and weldability.

provides physical properties not achievable to the same degree as carbon steel,<sup>35</sup> contains controlled amounts of alloying elements—usually, nickel, chromium, and molybdenum.<sup>36</sup> ASTM specifications covering alloy steel include ASTM A-333, A-334, and A-335.

Seamless SLP pipe may be used in petrochemical and other non-pipeline applications, as well as in high pressure or high temperature applications, including in steam lines. Seamless SLP pipe less than 2 inches in outside diameter is commonly used in high pressure and high temperature applications—for example, in the construction or repair of refineries and chemical plants. Slightly larger pipes are used in more general high pressure applications in industrial piping systems. Seamless SLP pipe that is 2-3/8 inches or greater in outside diameter may be used in gathering lines or as line pipe for the conveyance of oil or natural gas. Seamless pipe with outside diameters (especially pipe with an OD greater than 4.5 inches, which is not subject to these reviews) is typically line pipe used in gas transmission, as well as in pipeline construction.

Alloy steel pipe is particularly suitable for application in high temperature or low temperature service. Uses can differ from those of carbon steel pipe, based upon the service requirements and temperature and pressure requirements of the ASME Boiler and Pressure Code.

### **Manufacturing process<sup>37</sup>**

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

Seamless SLP pipe is manufactured by either of two high temperature processes to form a central cavity in a solid steel billet. In the rotary piercing process, a heated billet is gripped by

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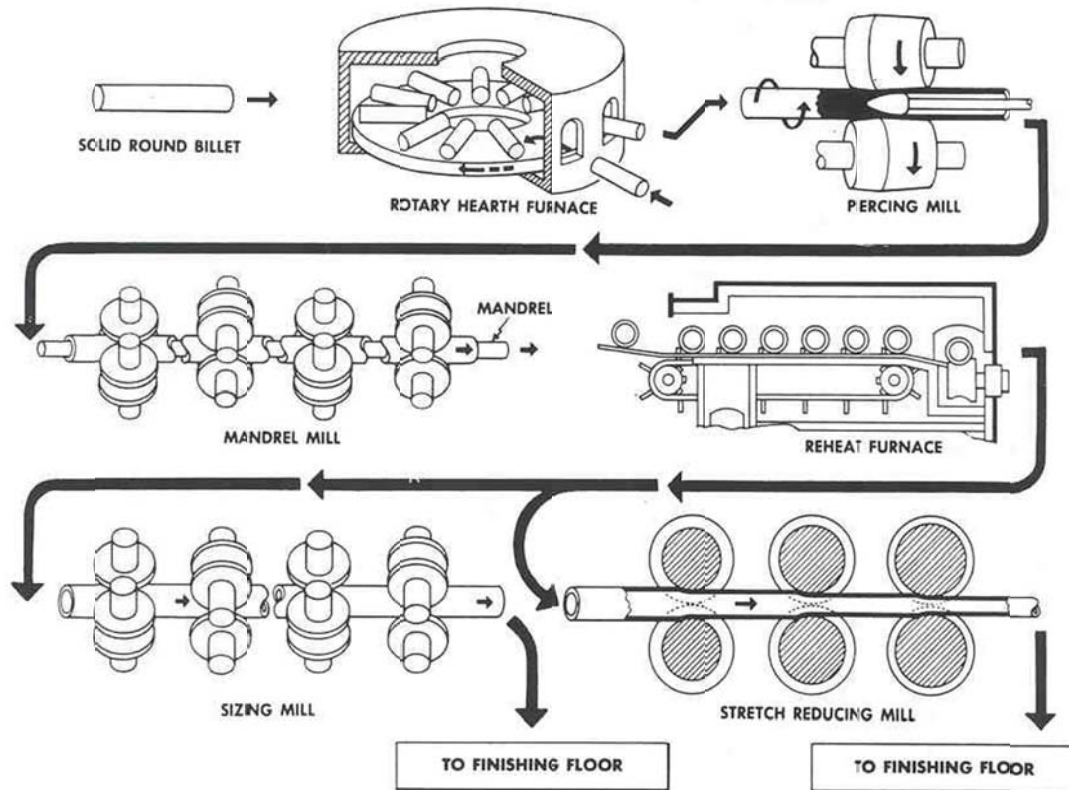
<sup>35</sup> Alloy steels achieve a high degree of strength and toughness while maintaining weldability-attributes that can be achieved with carbon steels, though not always to the same degree.

<sup>36</sup> Nickel primarily increases toughness, especially at lower temperatures, as well as increases tensile strength and hardness, while slightly reducing weldability. Chromium primarily increases tensile strength and hardness, and reduces weldability. Higher concentrations of chromium can improve corrosion and abrasion resistance. Molybdenum primarily increases tensile strength and hardness, but reduces weldability.

<sup>37</sup> Unless otherwise noted, this information is based on information contained in *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany, Investigation No. 731-TA-709 (Third Review)*, USITC Publication 4348, August 2012, pp. I-10-I-13.

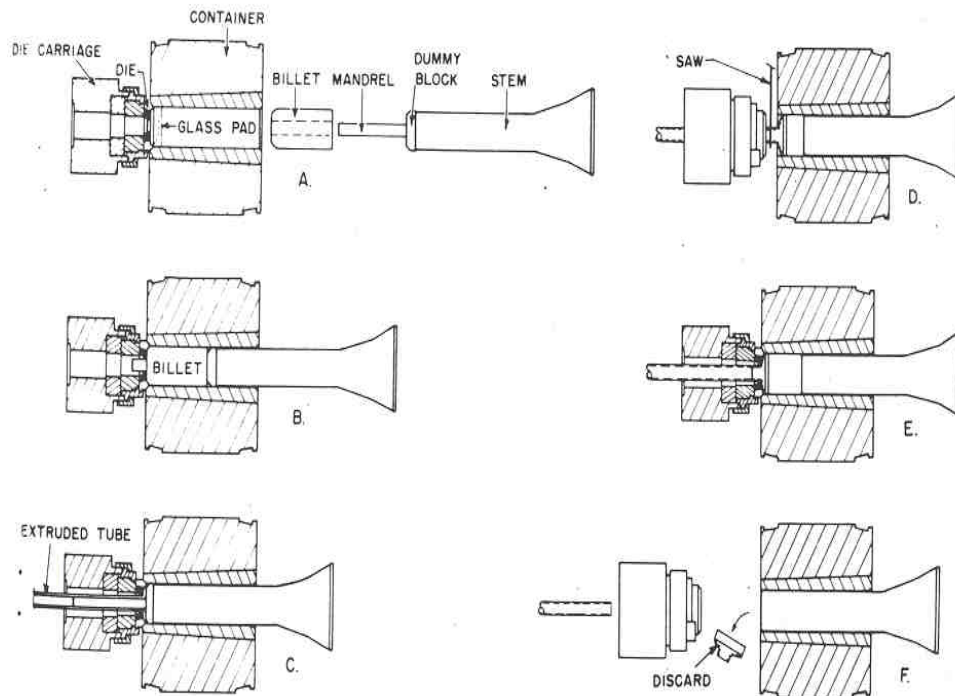
angled rolls, which cause the billet to rotate and advance over a piercer point, forming a hole through its length (figure I-1). In the extrusion process, the billet is hot-punch pierced and then extruded axially through a die and over a mandrel, forming a hollow shell (figure I-2). The hollow shell produced by either process is then rolled with either a fixed plug or a continuous mandrel inside the shell to reduce the wall thickness and increase the length. The shell is then rolled in a sizing mill or a stretch reduction mill where the shell is formed in a true round and sized to the specified diameter.

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



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

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



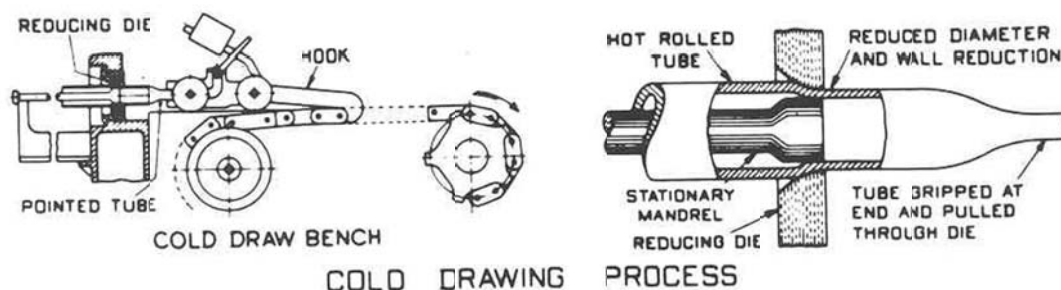
Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products*, October 1980, p. 19.

Typically, seamless SLP pipe is produced hot-finished. However, small diameter pipe of less than two inches in outside diameter is often cold drawn because hot rolling of small diameter pipe is often not possible.<sup>38</sup> Pipe also may be cold drawn to provide a smoother surface and closer dimensional tolerances than that which can be produced by hot finishing. When pipe is to be cold drawn, seamless hollows (redraw hollows) are first pickled in acid to remove scale and oxides from both the outside and inside surfaces. The redraw hollows are then rinsed in water and coated with a lubricant for cold drawing. The hollow is pulled through a die and over an internal mandrel, which reduces the outside diameter and increases the length (figure I-3). The mandrel inside the hollow controls the inside diameter and the wall thickness. Following cold drawing, the hollows are annealed (heat treated).<sup>39</sup>

<sup>38</sup> The minimum diameter for hot rolling differs from producer to producer because of differences in equipment capabilities.

<sup>39</sup> Alloy steel pipe and carbon steel pipe may require heat treating, which may involve one or more heating cycles in either a continuous furnace or a batch furnace, with controlled rates of cooling. Specific heat treating requirements are dependent upon the grade of steel being processed and the specification to which the steel is produced. The same processes and equipment are used to heat treat carbon and alloy steel seamless SLP pipe.

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



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

Finishing operations on subject seamless SLP pipe include straightening, cutting to length, inspection, testing, end finishing (e.g., beveling or threading), and coating. Pipes may be furnished galvanized (hot-dip zinc coated) and may be threaded and coupled.

Other steel seamless tubing products that are produced on the same equipment as subject seamless SLP pipe include seamless SLP pipe with an outside diameter greater than 4.5 inches, coupling stock, mechanical tubing, OCTG, pressure tubing, and structural pipe and tubing, all of which may be made of alloy steel or carbon steel.

### **U.S. tariff treatment**

Seamless SLP pipe is currently imported under HTS statistical reporting numbers 7304.19.1020, 7304.19.5020, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, and 7304.59.8025 of the HTSUS.<sup>40</sup> Seamless SLP pipe imported from Germany enters the U.S. market at a column 1-general duty rate of "free." Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

### **The definition of the domestic like product**

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. In its original and prior review determinations, the Commission found one

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<sup>40</sup> As of February 3, 2007, HTS statistical reporting numbers 7304.19.1020 and 7304.19.5020 replaced 7304.10.1020 and 7304.10.5020, respectively.

domestic like product consisting of seamless carbon and alloy steel standard, line, and pressure pipe and tube not more than 4.5 inches in outside diameter, and including redraw hollows.<sup>41</sup>

In its notice of institution for this review, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definition of the domestic like product. According to their responses to the notice of institution, U.S. Steel and Benteler indicated in this current review that they do not object to the selected definitions of the domestic like product or the domestic industry.<sup>42</sup> Benteler indicated that it reserves the right to address the issue in the course of this review.<sup>43</sup>

## **ACTIONS AT COMMERCE**

Since 2012, when the antidumping duty order was last continued, Commerce has not conducted any changed circumstances reviews, critical circumstances reviews, or anti-circumvention findings. In addition, as a result of a scope ruling issued by Commerce on June 25, 1999, tubing with a circular cross-section and an outside diameter that varies from 0.05 mm to 25 mm is excluded from the antidumping duty order.

### **Current five-year review**

Commerce is conducting an expedited review with respect to the antidumping duty order on seamless SLP pipe from Germany and intends to issue the final results of its review based on the facts available not later than November 29, 2017.<sup>44</sup>

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<sup>41</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (Final)*, USITC Publication 2910, July 1995, p. II-6. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (Review)*, USITC Publication 3429, June 2001, pp. I-12-I-13. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review)*, USITC Publication 3918, May 2007, pp. I-19-I-22. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany, Investigation No. 731-TA-709 (Third Review)*, USITC Publication 4348, August 2012, pp. I-8-I-10.

<sup>42</sup> *Domestic Interested Parties' Response to the Notice of Institution*, August 31, 2017, p. 32; and *Respondent Interested Parties' Response to the Notice of Institution*, August 31, 2017, p. 10.

<sup>43</sup> *Respondent Interested Parties' Response to the Notice of Institution*, August 31, 2017, p. 10.

<sup>44</sup> *Letter from James C. Doyle, Director, Office V, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Michael G. Anderson, October 2, 2017.*



## THE INDUSTRY IN THE UNITED STATES

### U.S. producers

During the original investigations, the Commission received questionnaires from seven firms which were believed to account for virtually all domestic production of seamless SLP pipe in 1994.<sup>45</sup> During the first full reviews, the Commission identified the following U.S. producers of seamless SLP pipe: Koppel Steel, Plymouth Tube, Sharon Tube, Timken, U.S. Steel, and Vision Metals (Gulf States and Michigan Specialty). These U.S. producers were believed to account for all U.S. production of seamless SLP pipe in 2000.<sup>46</sup> During the second full reviews, the Commission identified four firms believed to account for the vast majority of domestic production of seamless SLP pipe: Koppel Steel, Sharon Tube, Timken, and U.S. Steel.<sup>47</sup> During the third expedited review, the domestic interested party identified the following producers of seamless SLP pipe: Michigan Seamless Tube, LLC, Plymouth Tube Company; The Timken Company, TMK IPSCO, U.S. Steel, and Wheatland Tube Company.<sup>48</sup>

In this current review, the domestic interested party identified the following five U.S. firms that currently produce seamless SLP pipe: (1) Benteler (2) Michigan Seamless Tube, LLC; (3) TMK IPSCO; (4) U.S. Steel; and (5) Vallourec.<sup>49</sup> In its response to the Commission's notice of institution, Benteler indicated that four additional companies produce seamless SLP pipe: Arcelor Mittal, Plymouth Tube Company, PTC Alliance, and Wheatland Tube.<sup>50</sup>

### Definition of the domestic industry and related party issues

The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a related party for purposes of its injury determination if "appropriate circumstances" exist.<sup>51</sup> In its original determination and its prior five-year review

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<sup>45</sup> *Investigation Nos. 701 -TA-362 and 731 -TA-707-710 (Final): Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy-- Staff Report*, INV-S-097, July 11, 1995, p. I-28.

<sup>46</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (First Review)*, USITC Publication 3429, June 2001, p. I-19.

<sup>47</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review)*, USITC Publication 3918, May 2007 p. I-27.

<sup>48</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany, Investigation No. 731-TA-709 (Third Review)*, USITC Publication 4348, August 2012, p. I-14.

<sup>49</sup> *Domestic Interested Parties' Response to the Notice of Institution*, August 31, 2017, Exhibit 24.

<sup>50</sup> *Respondent Interested Party's Response to the Notice of Institution*, August 31, 2017, p.4.

<sup>51</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

determinations, the Commission defined the domestic industry as all U.S. producers of the domestic like product.<sup>52</sup>

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate definition of the domestic industry and inquired as to whether any related party issues existed. Both interested parties cited two producers as being related to foreign producers of the subject merchandise. Vallourec is related to Vallourec Deutschland GmbH, and Benteler Steel/Tube is related to Benteler Steel/Tube GmbH.<sup>53 54</sup>

### **U.S. producers' trade and financial data**

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.<sup>55</sup> Table I-3 presents a compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted in the original investigation and prior five-year reviews.<sup>56 57</sup>

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<sup>52</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Final)*, USITC Publication 2910, July 1995, p. I-5. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (First Review)*, USITC Publication 3429, June 2001, p. 8. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany, Inv. Nos. 731-TA-707-709 (Second Review)*, USITC Publication 3918, May 2007 p. 8. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany, Investigation No. 731-TA-709 (Third Review)*, USITC Publication 4348, August 2012, p. I-8.

<sup>53</sup> *Domestic Interested Party's Response to the Notice of Institution*, August 31, 2017, p. 30.

<sup>54</sup> *Respondent Interested Party's Response to the Notice of Institution*, August 31, 2017, p. 4.

<sup>55</sup> Individual company trade and financial data are presented in app. B.

<sup>56</sup> In its response to the notice of institution, U.S. Steel provided trade and financial data for \*\*\*, a domestic producer of seamless SLP pipe. In its response to the notice of institution, Benteler provided trade and financial data for its U.S. operations in 2016. *Domestic Interested Party's Response to the Notice of Institution*, August 31, 2017, Exhibit 30. *Respondent Interested Party's Supplemental Response to the Notice of Institution*, September 18, 2017, p. 3.

<sup>57</sup> Benteler's U.S. production is \*\*\*. *Respondent Interested Party's Response to the Notice of Institution*, August 31, 2017, p. 6.

**Table I-3  
Seamless SLP pipe: Trade and financial data submitted by U.S. producers, 1994, 2000, 2005, 2011,  
and 2016**

Item	1994	2000	2005	2011	2016
Capacity (1,000 pounds)	292,650	327,838	***	***	***
Production (1,000 pounds)	138,295	134,365	***	***	***
Capacity utilization (percent)	47.3	41.0	***	***	***
Total U.S. shipments:					
Quantity (1,000 pounds)	137,993	130,743	***	***	***
Value (\$1,000)	91,688	99,353	***	***	***
Unit value (per pound)	\$664	\$760	\$***	\$***	\$***
Net sales (\$1,000)	91,788	102,395	***	***	\$***
COGS (\$1,000)	87,314	89,676	***	***	\$***
COGS/net sales	4,474	12,719	***	***	***
Gross profit or (loss) (\$1,000)	4,597	6,503	***	***	***
SG&A expenses (loss) (\$1,000)	(123)	6,216	***	***	***
Operating income/(loss) (\$1,000)	95.1	87.6	***	***	***
Operating income (loss)/net sales (percent)	(0.1)	6.1	***	***	***

Note.-- The following producers reported the data presented in this table: Koppel Steel, Plymouth Tube, Quanex, Sharon Tube, Timken, and U.S. Steel (1994); Koppel Steel, Plymouth Tube, Sharon Tube, Timken, U.S. Steel, and Vision Metals (new owner of petitioner Quanex's seamless SLP pipe subsidiaries) (2000); Koppel Steel, Sharon Tube, Timken, and U.S. Steel (2005); U.S. Steel (2011); U.S. Steel, \*\*\*, and Benteler Steel/Tube (2016).

Source: For the years 1994, 2000, 2005, and 2011, data are compiled using data submitted in the Commission's original investigations and subsequent reviews. *See app. C*. For the year 2016, data are compiled using data submitted by the domestic interested party and the respondent interested party. *Domestic Interested Party's Response to the Notice of Institution*, August 31, 2017 exh. 30. *Respondent Interested Party's Response to the Notice of Institution*, August 31, 2017, pp. 6-8. *Respondent Interested Party's Supplemental Response to the Notice of Institution*, September 18, 2017, pp. 2-3.

## U.S. IMPORTS AND APPARENT CONSUMPTION

### U.S. importers

During the final phase of the original investigation, the Commission received U.S. importer questionnaires from 12 firms, which accounted for approximately \*\*\* percent of total U.S. imports of seamless SLP pipe from Germany during 1994.<sup>58</sup>

During the first full five-year reviews, the Commission received U.S. importer questionnaires from 43 firms, which accounted for approximately \*\*\* of total U.S. imports of seamless SLP pipe from Germany during 2000.<sup>59</sup>

During the second full five-year reviews, the Commission received U.S. importer questionnaires from 10 firms, which accounted for approximately \*\*\* percent of total U.S. imports of seamless SLP pipe from Germany during 2005.<sup>60</sup>

Although the Commission did not receive a response from any respondent interested party in its expedited third five-year review, the domestic interested parties provided a list of 35 firms that imported seamless SLP pipe from Germany.<sup>61</sup>

In this current review, in their responses to the Commission's notice of institution, the domestic interested party provided a list of 46 potential U.S. importers of seamless SLP pipe,<sup>62</sup> while Respondent Benteler reported that it was not aware of any potential U.S. importers of seamless SLP pipe.<sup>63</sup>

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<sup>58</sup> *Investigation Nos. 701 -TA-362 and 731 -TA-707-710 (Final): Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy-- Staff Report*, INV-S-097, July 11, 1995, p. I-29.

<sup>59</sup> *Investigation Nos. 701 -TA-362 and 731 -TA-707-710 (First Review): Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy-- Staff Report*, INV-Y-104, May 24, 2001, pp. IV-1.

<sup>60</sup> *Investigation Nos. 731 -TA-707-709 (Second Review): Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany-- Staff Report*, INV-EE-026, March 12, 2007, p. IV-3.

<sup>61</sup> *Domestic Interested Party's Response to the Notice of Institution (Third Review)*, May 2, 2012, Exhibit 26.

<sup>62</sup> *Domestic Interested Party's Response to the Notice of Institution*, August 31, 2017, Exhibit 26. The list of possible U.S. importers submitted by the domestic interested party likely overstates the actual number of U.S. importers of seamless SLP pipe because it includes numerous freight forwarding and logistics firms as well as a number of duplicate entities. *Ibid.*

<sup>63</sup> Respondent Benteler indicated that Vallourec was the only German exporter of the subject merchandise, and that it was not aware of the U.S. importer for these products. *Respondent Interested Party's Supplemental Response to the Notice of Institution*, September 18, 2017, p. 5.

## U.S. imports

Data regarding U.S. imports of seamless SLP pipe, based on official Commerce statistics, are presented in table I-4. U.S. imports from Germany increased by 129.6 percent between 2012 and 2016, from 5,095 short tons to 11,699 short tons. Imports from all other sources decreased by 60.7 percent during 2012-16, while total imports decreased by 56.0 percent during the same period. The value of imports from Germany increased by 19.5 percent between 2012 and 2016, while the value of imports from all other sources decreased by 71.1 percent, and total imports decreased by 67.7 percent. The unit value of imports from Germany decreased by 48.0 percent from 2012 through 2016, while the unit values for all other sources and total imports both decreased by 26.5 percent. Based on official import statistics, from 2012 to 2016, the main sources of nonsubject imports of seamless SLP pipe to the United States were Korea (11.2 percent), India (9.9 percent), Russia (8.6 percent), and Ukraine (8.2 percent).<sup>64</sup>

**Table I-4**  
**Seamless SLP pipe: U.S. imports, 2012-16**

Item	2012	2013	2014	2015	2016
	<b>Quantity (short tons)</b>				
Germany (subject)	5,095	15,603	20,765	10,385	11,699
All other imports (nonsubject)	201,931	216,845	231,272	172,697	79,363
Total imports	207,026	232,449	252,037	183,082	91,062
	<b>Value (\$1,000)</b>				
Germany (subject)	11,436	23,218	30,276	14,921	13,670
All other imports (nonsubject)	289,691	280,732	290,231	204,554	83,697
Total imports	301,126	303,949	320,507	219,474	97,367
	<b>Unit value (dollars per short ton)</b>				
Germany (subject)	2,245	1,488	1,458	1,437	1,168
All other imports (nonsubject)	1,435	1,295	1,255	1,184	1,055
Total imports	1,455	1,308	1,272	1,199	1,069

Note.—U.S. import data from official import statistics consist primarily, but not exclusively, of standard, line, and pressure pipe. Thus, particularly for import sources subject to antidumping and/or countervailing duty orders, U.S. imports of seamless SLP pipe may be overstated.

Source: Official Commerce statistics for HTS statistical reporting numbers 7304.19.1020, 7304.19.5020, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.59.8010, and 7304.59.8015, accessed September 15, 2017.

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<sup>64</sup> Official Commerce statistics for HTS statistical reporting numbers 7304.19.1020, 7304.19.5020, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.59.8010, and 7304.59.8015, accessed September 15, 2017.

### **Apparent U.S. consumption and market shares**

Table I-5 presents data on U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and U.S. market shares. The domestic interested party reported that the seamless SLP pipe market was negatively affected by the oil and gas industry's decline in late 2014 and throughout 2015. This caused demand to plummet, and affected key market segments.<sup>65</sup>

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<sup>65</sup> *Domestic Interested Party's Response to the Notice of Institution*, August 31, 2017, p. 25.

**Table I-5**  
**Seamless SLP pipe: U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption,**  
**and U.S. market shares for 1994, 2000, 2005, 2011, and 2016**

Item	1994	2000	2005	2011	2016
	<b>Quantity (1,000 short tons)</b>				
U.S. producers' U.S. shipments	137,993	130,743	***	***	***
U.S. imports from--					
Germany	***	***	***	4,249	11,699
All other sources <sup>1</sup>	***	***	118,484	200,198	79,363
Total imports	67,254	73,525	***	204,447	91,062
Apparent U.S. consumption	205,247	204,268	***	***	***
	<b>Value (1,000 dollars)</b>				
U.S. producers' U.S. shipments	91,688	99,353	***	***	***
U.S. imports from--					
Germany	***	***	***	9,352	13,670
All other sources <sup>1</sup>	***	***	123,329	290,944	83,697
Total imports	41,391	47,279	***	300,296	97,367
Apparent U.S. consumption	133,079	146,632	***	***	***
	<b>Share of consumption based on quantity (percent)</b>				
U.S. producer's share	67.2	64.0	***	***	***
U.S. imports from--					
Germany	***	***	***	***	***
All other sources <sup>1</sup>	***	***	***	***	***
Total imports	32.8	36.0	***	***	***
Total imports	100.0	100.0	100.0	100.0	100.0
	<b>Share of consumption based on value (percent)</b>				
U.S. producer's share	68.9	67.8	***	***	***
U.S. imports from--					
—Germany	***	***	***	***	***
All other sources <sup>1</sup>	***	***	***	***	***
Total imports	34.2	32.2	***	***	***
Total imports	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

**Table I-5-Continued**

**Seamless SLP pipe: U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and U.S. market shares for 1994, 2000, 2005, 2011, and 2016**

<sup>1</sup> Subject imports in 1994 included imports from Argentina, Brazil, Italy (\*\* short tons, \$\*\*, and \*\* percent of apparent consumption. Subject imports in 2000 included imports from Argentina, Brazil, and Italy (\*\* short tons, \$\*\*, and \*\* percent of apparent consumption. Subject imports in 2005 included imports from Argentina and Brazil (\*\* short tons, \$\*\*, and \*\* percent of apparent consumption).

Note.—U.S. import data from official import statistics consist primarily, but not exclusively, of standard, line, and pressure pipe. Thus, particularly for import sources subject to antidumping and/or countervailing duty orders, U.S. imports of seamless SLP pipe may be overstated.

Source: For the years 1994, 2000, 2005, and 2011, data are compiled using data submitted in the Commission's final investigation and subsequent reviews. See *app. C*. For the year 2016, U.S. producers' U.S. shipments are compiled from the domestic and respondent interested parties' responses to the Commission's notice of institution and U.S. imports are compiled by Official Commerce statistics for HTS statistical reporting numbers 7304.19.1020, 7304.19.5020, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.59.8010, and 7304.59.8015, accessed September 15, 2017.

### THE INDUSTRY IN GERMANY

In the original investigations and the first full five-year reviews, the Commission identified three German producers of seamless SLP pipe, Benteler, Rohrenwerk Neue Maxhuttte GmbH-Hmh, and V&M Deutschland GmbH, which reportedly accounted for all known seamless SLP pipe production in Germany in both 1995 and 2000. V&M Deutschland GmbH, which provided the only questionnaire response for Germany in both the original investigations and in the first five-year reviews, was the largest seamless SLP pipe producer and accounted for approximately \*\* percent of all German production of seamless SLP pipe.<sup>66</sup>

In the second full five-year reviews, the Commission identified and received questionnaire responses from three German producers of seamless SLP pipe, Benteler, Rohrenwerk Neue Maxhuttte GmbH-Hmh, and V&M Deutschland GmbH, which reportedly accounted for all known seamless SLP pipe production in Germany in 2005.<sup>67</sup>

Although the Commission did not receive responses from any respondent interested parties in its third five-year review, the domestic interested party provided a list of six German producers of seamless SLP pipe: Benteler; Enpar Sonderwerkstoffe GmbH; ESW Rohrenwerke GmbH; Rohrwerk Maxhutte GmbH, TPS Technitube Rohrenwerke, and V&M Deutschland GmbH- Hot Rolled Tubes Division.<sup>68</sup>

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<sup>66</sup> *Investigation Nos. 701 -TA-362 and 731 -TA-707-710 (Final): Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy-- Staff Report, INV-S-097, July 11, 1995, p. I-66; and Investigation Nos. 701 -TA-362 and 731 -TA-707-710 (First Review): Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy-- Staff Report, INV-Y-104, May 24, 2001, pp. IV-12.*

<sup>67</sup> *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany, Investigation No. 731-TA-709 (Third Review), USITC Publication 4348, August 2012, p. I-21.*

<sup>68</sup> *Domestic Interested Party's Response to the Notice of Institution, August 31, 2017, Exhibit 27.*



In this current review, U.S. Steel identified six German seamless SLP pipe producers: (1) Benteler; (2) Enpar Sonderwerkstoffe GmbH; (3) ESW Rohrenwerke GmbH; (4) Rohrenwerk Neue Maxhutte GmbH-Hmh; (5) TPS Technitube Rohrenwerke GmbH; (6) V&M Deutschland GmbH.<sup>69</sup> Benteler identified three German seamless SLP pipe producers, ESW Rohrenwerke GmbH, Rohrwerk Maxhutte GmbH, and V&M Deutschland GmbH. Benteler indicated that ESW Rohrenwerke GmbH and Rohrwerk Maxhutte GmbH primarily produce out of scope large diameter seamless SLP pipe, and do not export to the United States. According to Benteler, V&M Deutschland GmbH, the German affiliate both produces and exports the subject merchandise to the United States.<sup>70</sup>

According to the World Steel Association (“WSA”), in 2014 (the most recent year reported), Germany was the fourth leading manufacturer of seamless steel tube, producing approximately 1.3 million short tons. The top four producers are China (31.4 million short tons), Russia (3.4 million short tons), the United States (2.4 million short tons), and Japan (2.2 million short tons).<sup>71</sup> These data include seamless tube not included in the scope of this review and thus production may be overstated.<sup>72</sup>

In its response to the notice of institution for this current review, Benteler presented data regarding its capacity, production, and exports to the United States. Benteler reported that it accounts for approximately \*\*\* percent of all known capacity to produce seamless SLP pipe in Germany. Table I-6 presents Benteler’s production, capacity, and exports to the United States of seamless SLP pipe during 2016, as well as data compiled in the original investigations and subsequent five-year reviews for 1994, 2000, 2005, 2011, and 2016.

**Table I-6**  
**Seamless SLP pipe: German producers’ reported production, capacity, and exports to the United States, 1994, 2000, 2005, 2011, and 2016**

\* \* \* \* \*

## ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Based on available information, seamless SLP pipe from Germany has not been subject to other antidumping or countervailing duty investigations outside the United States.

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<sup>69</sup> *Domestic Interested Party’s Response to the Notice of Institution*, August 31, 2017, Exhibit 30.

<sup>70</sup> *Respondent Interested Party’s Response to the Notice of Institution*, August 31, 2017, p. 5.

<sup>71</sup> World Steel Association, *Steel Statistical Yearbook 2016*, p. 51, <https://www.worldsteel.org/steel-by-topic/statistics/steel-statistical-yearbook-.html>, retrieved September 21, 2017.

<sup>72</sup> *Carbon and Alloy Seamless Standard, Line, and Pressure Pipe From Japan and Romania, Investigation No. 731-TA-847 and 849 (Third Review)*, USITC Publication 4731, October 2017, p. IV-21.

## THE GLOBAL MARKET

Data for SLP pipe markets outside the United States are limited, and not generally broken down by the size ranges relevant to this review. The World Steel Association (“WSA”) collects and publishes data on the production of “seamless tubes” which include tubular products across a broad range of sizes and applications. Reporting for this category is limited and dominated by China, with 31.4 million short tons of production in 2014, followed by Russia (3.4 million short tons), the United States (2.4 million short tons), and Japan (2.2 million short tons).<sup>73</sup>

Table I-7 presents the largest global export sources of all diameters of seamless SLP pipe during 2012-16. According to Global Trade Atlas (“GTA”), China was the leading exporter of seamless SLP pipe in 2016, followed by Germany, Italy, and Japan. Exports from the United States and Germany as well as total exports decreased from 2012 to 2016.

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<sup>73</sup> World Steel Association, *Steel Statistical Yearbook 2016*, p. 51, <https://www.worldsteel.org/steel-by-topic/statistics/steel-statistical-yearbook-.html>, retrieved September 21, 2017.

**Table I-7**  
**Seamless standard, line, and pressure pipe: Global exports by reporting countries, 2012-16**

Item	Calendar year				
	2012	2013	2014	2015	2016
	<b>Value (1,000 dollars)</b>				
China	3,239,266	2,968,421	3,143,326	2,467,483	1,955,862
Germany	2,217,103	2,033,921	1,940,216	1,418,707	1,360,949
Italy	1,199,069	982,599	1,020,904	674,122	677,024
Japan	1,199,764	1,017,842	1,040,765	789,165	560,268
United States	927,101	1,063,259	1,067,150	513,685	394,184
Romania	528,861	518,527	543,835	419,642	341,939
France	711,206	598,456	583,516	410,124	316,291
Czech Republic	405,776	371,510	369,206	291,371	233,326
Spain	367,368	287,963	327,180	266,747	202,856
All other exporters	4,606,851	3,910,213	3,928,900	3,027,313	2,133,114
Total global exports	15,402,369	13,752,716	13,964,998	10,278,359	8,175,814
	<b>Share of value (percent)</b>				
China	21.0	21.6	22.8	24.6	24.3
Germany	14.4	14.8	14.1	14.1	16.9
Italy	7.8	7.1	7.4	6.7	8.4
Japan	7.8	7.4	7.5	7.9	6.9
United States	6.0	7.7	7.7	5.1	4.9
Romania	3.4	3.8	3.9	4.2	4.2
France	4.6	4.4	4.2	4.1	3.9
Czech Republic	2.6	2.7	2.7	2.9	2.9
Spain	2.4	2.1	2.4	2.7	2.5
All other exporters	29.9	28.4	27.2	27.8	25.1
Total global exports	100.0	100.0	100.0	100.0	100.0

Note.—Data include products that are outside the scope of this review.

Source: Official Global exports statistics under HTS subheadings 7304.19, 7304.31, 7304.39, 7304.51, 7304.59, in the Global Trade Atlas database, accessed September 22, 2017.



**APPENDIX A**

***FEDERAL REGISTER NOTICES***



The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://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 35821 August 1, 2017	<i>Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany; Institution of a Five-Year Review</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-08-01/pdf/2017-15935.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-08-01/pdf/2017-15935.pdf</a>
82 FR 35748 August 1, 2017	<i>Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-08-01/pdf/2017-16159.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-08-01/pdf/2017-16159.pdf</a>
82 FR 56267, November 28, 2017	<i>Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From Germany; Scheduling of an Expedited Five-Year Review</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-11-28/pdf/2017-25639.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-11-28/pdf/2017-25639.pdf</a>





**APPENDIX B**  
**COMPANY-SPECIFIC DATA**



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**APPENDIX C**

**SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS**



Table D-1

CERTAIN seamless carbon and alloy standard, line, and pressure steel pipe: Summary data concerning the U.S. market, 1992-94, Jan.-Mar. 1994, and Jan.-Mar. 1995

(Quantity=short tons; value=1,000 dollars; unit values and unit labor costs are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
	1992	1993	1994	Jan.-Mar.--		1992-94	1992-93	1993-94	1994-95
				1994	1995				
U.S. consumption quantity:									
Amount	170,057	225,584	205,247	50,116	46,535	+20.7	+32.7	-9.0	-7.1
Producers' share <sup>1</sup>	62.8	64.2	67.2	74.6	77.2	+4.4	+1.4	+3.1	+2.6
Importers' share: <sup>1</sup>									
Argentina	***	***	***	***	***	***	***	***	***
Brazil	***	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Subtotal	21.0	25.4	23.2	17.4	1.0	+2.1	+4.4	-2.2	-16.4
Other sources	16.1	10.4	9.6	8.0	21.8	-6.6	-5.8	-0.8	+13.8
Total	37.2	35.8	32.8	25.4	22.8	-4.4	-1.4	-3.1	-2.6
U.S. consumption value:									
Amount	123,653	145,966	133,079	31,891	33,790	+7.6	+18.0	-8.8	+6.0
Producers' share <sup>1</sup>	63.8	65.8	68.9	73.7	76.5	+5.1	+2.0	+3.1	+2.8
Importers' share: <sup>1</sup>									
Argentina	***	***	***	***	***	***	***	***	***
Brazil	***	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Subtotal	20.5	24.3	21.6	17.4	1.6	+1.1	+3.8	-2.7	-15.7
Other sources	15.7	9.9	9.5	9.0	21.9	-6.3	-5.8	-0.4	+12.9
Total	36.2	34.2	31.1	26.3	23.5	-5.1	-2.0	-3.1	-2.8
U.S. imports from--									
Argentina:									
U.S. shipments quantity	***	***	***	***	***	***	***	***	***
U.S. shipments value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Brazil:									
U.S. shipments quantity	***	***	***	***	***	***	***	***	***
U.S. shipments value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Germany:									
U.S. shipments quantity	***	***	***	***	***	***	***	***	***
U.S. shipments value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Italy:									
U.S. shipments quantity	***	***	***	***	***	***	***	***	***
U.S. shipments value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued.

Table D-1--Continued

CERTAIN seamless carbon and alloy standard, line, and pressure steel pipe: Summary data concerning the U.S. market, 1992-94, Jan.-Mar. 1994, and Jan.-Mar. 1995

(Quantity=short tons; value=1,000 dollars; unit values and unit labor costs are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
	1992	1993	1994	Jan.-Mar.-		1992-94	1992-93	1993-94	Jan.-Mar. 1994-95
				1994	1995				
U.S. imports from--Continued									
Subject sources:									
U.S. shipments quantity	35,792	57,383	47,602	8,726	484	+33.0	+60.3	-17.0	-94.5
U.S. shipments value	25,334	35,485	28,771	5,539	550	+13.6	+40.1	-18.9	-90.1
Unit value	\$708	\$618	\$604	\$635	\$1,136	-14.6	-12.6	-2.3	+79.0
Ending inventory quantity	608	529	375	516	358	-38.3	-13.0	-29.1	-30.6
Other sources:									
U.S. shipments quantity	27,444	23,428	19,652	4,010	10,140	-28.4	-14.6	-16.1	+152.9
U.S. shipments value	19,475	14,470	12,620	2,863	7,404	-35.2	-25.7	-12.8	+158.6
Unit value	\$710	\$618	\$642	\$714	\$730	-9.5	-13.0	+4.0	+2.3
Ending inventory quantity	7	17	33	0	148	+371.4	+142.9	+94.1	(3)
All sources:									
U.S. shipments quantity	63,236	80,811	67,254	12,736	10,624	+6.4	+27.8	-16.8	-16.6
U.S. shipments value	44,809	49,955	41,391	8,402	7,954	-7.6	+11.5	-17.1	-5.3
Unit value	\$709	\$618	\$615	\$660	\$749	-13.1	-12.8	-0.4	+13.5
U.S. producers'--									
Average capacity quantity	296,925	292,750	292,650	72,348	73,713	-1.4	-1.4	(4)	+1.9
Production quantity	108,242	147,641	138,295	39,547	39,004	+27.8	+36.4	-6.3	-1.4
Capacity utilization <sup>1</sup>	36.5	50.4	47.3	54.7	52.9	+10.8	+14.0	-3.2	-1.7
U.S. shipments:									
Quantity	106,821	144,773	137,993	37,380	35,911	+29.2	+35.5	-4.7	-3.9
Value	78,844	96,011	91,688	23,489	25,836	+16.3	+21.8	-4.5	+10.0
Unit value	\$738	\$663	\$664	\$628	\$719	-10.0	-10.1	+0.2	+14.5
Export shipments:									
Quantity	1,430	2,098	453	145	497	-68.3	+46.7	-78.4	+242.8
Exports/shipments <sup>1</sup>	1.3	1.4	0.3	0.4	1.4	-1.0	+0.1	-1.1	+1.0
Value	849	997	259	79	285	-69.5	+17.4	-74.0	+260.8
Unit value	\$594	\$475	\$572	\$545	\$573	-3.7	-20.0	+20.3	+5.3
Ending inventory quantity	13,823	14,410	14,095	16,404	16,691	+2.0	+4.2	-2.2	+1.7
Inventory/shipments <sup>1</sup>	12.8	9.8	10.2	10.9	11.5	-2.6	-3.0	+0.4	+0.5
Production workers	241	296	264	268	292	+9.5	+22.8	-10.8	+9.0
Hours worked (1,000s)	568	679	642	157	175	+13.0	+19.5	-5.4	+11.5
Wages paid (\$1,000)	9,260	12,437	12,318	3,010	3,482	+33.0	+34.3	-1.0	+15.7
Total compensation (\$1,000)	12,969	16,540	16,679	4,203	4,604	+28.6	+27.5	+0.8	+9.5
Hourly wages	\$16.30	\$18.32	\$19.19	\$19.13	\$19.87	+17.7	+12.4	+4.8	+3.8
Hourly total compensation	\$22.83	\$24.36	\$25.98	\$26.73	\$26.27	+13.8	+6.7	+6.7	-1.7
Productivity (short tons per 1,000 hours)									
hours)	190.6	217.4	215.4	251.6	222.5	+13.0	+14.1	-0.9	-11.6
Unit labor costs	\$119.81	\$112.03	\$120.60	\$106.28	\$118.04	+0.7	-6.5	+7.7	+11.1

Table continued.



Table D-1--Continued

CERTAIN seamless carbon and alloy standard, line, and pressure steel pipe: Summary data concerning the U.S. market, 1992-94, Jan.-Mar. 1994, and Jan.-Mar. 1995

(Quantity=short tons; value=1,000 dollars; unit values and unit labor costs are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
	1992	1993	1994	Jan.-Mar.--		1992-94	1992-93	1993-94	Jan.-Mar. 1994-95
				1994	1995				
U.S. producers'--Continued									
Net sales--									
Quantity .....	107,734	147,948	138,390	37,517	36,384	+28.5	+37.3	-6.5	-3.0
Value .....	79,476	97,439	91,788	23,544	26,062	+15.5	+22.6	-5.8	+10.7
Unit sales value .....	\$738	\$659	\$663	\$628	\$716	-10.1	-10.7	+0.7	+14.1
Cost of goods sold (COGS) .....	75,989	90,805	87,314	23,888	23,408	+14.9	+19.5	-3.8	-2.0
Gross profit (loss) .....	3,487	6,634	4,474	(344)	2,654	+28.3	+90.2	-32.6	+871.5
SG&A expenses .....	4,332	5,830	4,597	1,046	1,009	+6.1	+34.6	-21.1	-3.5
Operating income or (loss) .....	(845)	804	(123)	(1,390)	1,645	+85.4	+195.1	-115.3	+218.3
Capital expenditures .....	5,069	2,029	1,276	592	340	-74.8	-60.0	-37.1	-42.6
Unit COGS .....	\$705	\$614	\$631	\$637	\$643	-10.5	-13.0	+2.8	+1.0
Unit SG&A expenses .....	\$40	\$39	\$33	\$28	\$28	-17.4	-2.0	-15.7	-0.5
Unit operating income or (loss) .....	(\$8)	\$5	(\$1)	(\$37)	\$45	+88.7	+169.3	-116.4	+222.0
COGS/sales <sup>1</sup> .....	95.6	93.2	95.1	101.5	89.8	-0.5	-2.4	+1.9	-11.6
Operating income or (loss)/sales <sup>1</sup> .....	(1.1)	0.8	(0.1)	(5.9)	6.3	+0.9	+1.9	-1.0	+12.2

<sup>1</sup> "Reported data" are in percent and "period changes" are in percentage points.

<sup>2</sup> An increase of less than 0.05 percentage points.

<sup>3</sup> Not applicable.

<sup>4</sup> A decrease of less than 0.05 percent.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Because of rounding, figures may not add to the totals shown. Employment ratios are calculated using data where both comparable numerator and denominator information were supplied. Part-year inventory ratios are annualized.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

**Table C-3**  
**Certain seamless pipe: Summary data concerning the U.S. market, 1995-2000**

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data						Period changes					
	1995	1996	1997	1998	1999	2000	1995-00	1995-96	1996-97	1997-98	1998-99	1999-00
<b>U.S. consumption quantity:</b>												
Amount	199,555	192,927	257,360	234,890	147,254	204,268	2.4	-3.3	33.4	-8.7	-37.3	38.7
Producers' share (1)	86.9	80.1	69.8	55.4	70.2	64.0	-22.9	-6.8	-10.3	-14.4	14.8	-6.2
Importers' share (1):												
Argentina	***	***	***	***	***	***	***	***	***	***	***	***
Brazil	***	***	***	***	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	13.1	19.9	30.2	44.6	29.8	36.0	22.9	6.8	10.3	14.4	-14.8	6.2
<b>U.S. consumption value:</b>												
Amount	144,150	142,456	194,122	173,295	102,183	146,632	1.7	-1.2	36.3	-10.7	-41.0	43.5
Producers' share (1)	83.8	82.5	69.7	59.3	74.1	67.8	-16.0	-1.3	-12.7	-10.4	14.7	-6.3
Importers' share (1):												
Argentina	***	***	***	***	***	***	***	***	***	***	***	***
Brazil	***	***	***	***	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	16.2	17.5	30.3	40.7	25.9	32.2	16.0	1.3	12.7	10.4	-14.7	6.3
<b>U.S. shipments of imports from-</b>												
<b>Argentina:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Brazil:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Germany:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Italy:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Subtotal:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Other sources:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>All sources:</b>												
Quantity	26,171	38,395	77,645	104,769	43,914	73,525	180.9	46.7	102.2	34.9	-58.1	67.4
Value	23,399	24,979	58,763	70,450	26,477	47,279	102.1	6.8	135.2	19.9	-62.4	78.6
Unit value	\$894	\$651	\$757	\$672	\$603	\$643	-28.1	-27.2	16.3	-11.2	-10.3	6.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-3—Continued

Certain seamless pipe: Summary data concerning the U.S. market, 1995-2000

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data						Period changes					
	1995	1996	1997	1998	1999	2000	1995-00	1995-96	1996-97	1997-98	1998-99	1999-00
U.S. producers:												
Average capacity quantity	403,313	378,077	346,425	355,277	416,395	327,838	-18.7	-6.3	-8.4	2.6	17.2	-21.3
Production quantity	179,693	150,656	184,080	127,958	110,217	134,365	-25.2	-16.2	22.2	-30.5	-13.9	21.9
Capacity utilization (1)	44.6	39.8	53.1	36.0	26.5	41.0	-3.6	-4.7	13.3	-17.1	-9.5	14.5
U.S. shipments:												
Quantity	173,384	154,532	179,715	130,121	103,340	130,743	-24.6	-10.9	16.3	-27.6	-20.6	26.5
Value	120,751	117,477	135,359	102,845	75,706	99,353	-17.7	-2.7	15.2	-24.0	-26.4	31.2
Unit value	\$696	\$760	\$753	\$790	\$733	\$760	9.1	9.2	-0.9	4.9	-7.3	3.7
Export shipments:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	328	281	320	257	283	273	-16.8	-14.5	13.8	-19.7	10.4	-3.6
Hours worked (1,000s)	687	650	674	534	578	584	-15.0	-5.3	3.6	-20.7	8.2	1.0
Wages paid (\$1,000s)	12,756	11,975	12,734	10,244	11,348	11,546	-9.5	-6.1	6.3	-19.6	10.8	1.7
Hourly wages	\$18.58	\$18.42	\$18.90	\$19.18	\$19.64	\$19.78	6.4	-0.9	2.6	1.5	2.4	0.7
Productivity (tons per 1,000 hrs)	261.7	231.7	273.3	239.6	190.7	230.1	-12.1	-11.5	17.9	-12.3	-20.4	20.7
Unit labor costs	\$70.99	\$79.48	\$69.18	\$80.06	\$102.96	\$85.93	21.1	12.0	-13.0	15.7	28.6	-16.5
Net sales:												
Quantity	173,737	155,395	182,296	133,632	104,550	136,634	-21.4	-10.6	17.3	-26.7	-21.8	30.7
Value	120,404	118,140	136,991	105,303	76,699	102,395	-15.0	-1.9	16.0	-23.1	-27.2	33.5
Unit value	\$693	\$760	\$751	\$788	\$734	\$749	8.1	9.7	-1.2	4.9	-6.9	2.2
Cost of goods sold (COGS)	110,014	104,934	116,536	91,752	80,738	89,676	-18.5	-4.6	11.1	-21.3	-12.0	11.1
Gross profit or (loss)	10,390	13,206	20,455	13,551	(4,039)	12,719	22.4	27.1	54.9	-33.8	(4)	(4)
SG&A expenses	7,647	7,156	9,079	7,844	6,966	6,503	-15.0	-6.4	26.9	-13.6	-11.2	-6.6
Operating income or (loss)	2,743	6,050	11,376	5,707	(11,005)	6,216	126.6	120.6	88.0	-49.8	(4)	(4)
Capital expenditures	2,348	2,973	4,385	10,879	4,577	26,212	1,016.4	26.6	47.5	148.1	-57.9	472.7
Unit COGS	\$633	\$675	\$639	\$687	\$772	\$656	3.6	6.6	-5.3	7.4	12.5	-15.0
Unit SG&A expenses	\$44	\$46	\$50	\$59	\$67	\$48	8.1	4.6	8.2	17.9	13.5	-28.6
Unit operating income or (loss)	\$16	\$39	\$62	\$43	(\$105)	\$45	188.2	146.6	60.3	-31.6	(4)	(4)
COGS/sales (1)	91.4	88.8	85.1	87.1	105.3	87.6	-3.8	-2.5	-3.8	2.1	18.1	-17.7
Operating income or (loss)/sales (1)	2.3	5.1	8.3	5.4	(14.3)	6.1	3.8	2.8	3.2	-2.9	-19.8	20.4

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Less than 0.05 percent.

(3) Not applicable.

(4) Undefined.

Note.—Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires, except shipments of imports from Germany are estimated by the Commission staff.

**Table C-1**  
**Seamless SLP pipe: Summary data concerning the U.S. market, 2001-05, January-September 2005, and**  
**January-September 2006**

\* \* \* \* \*