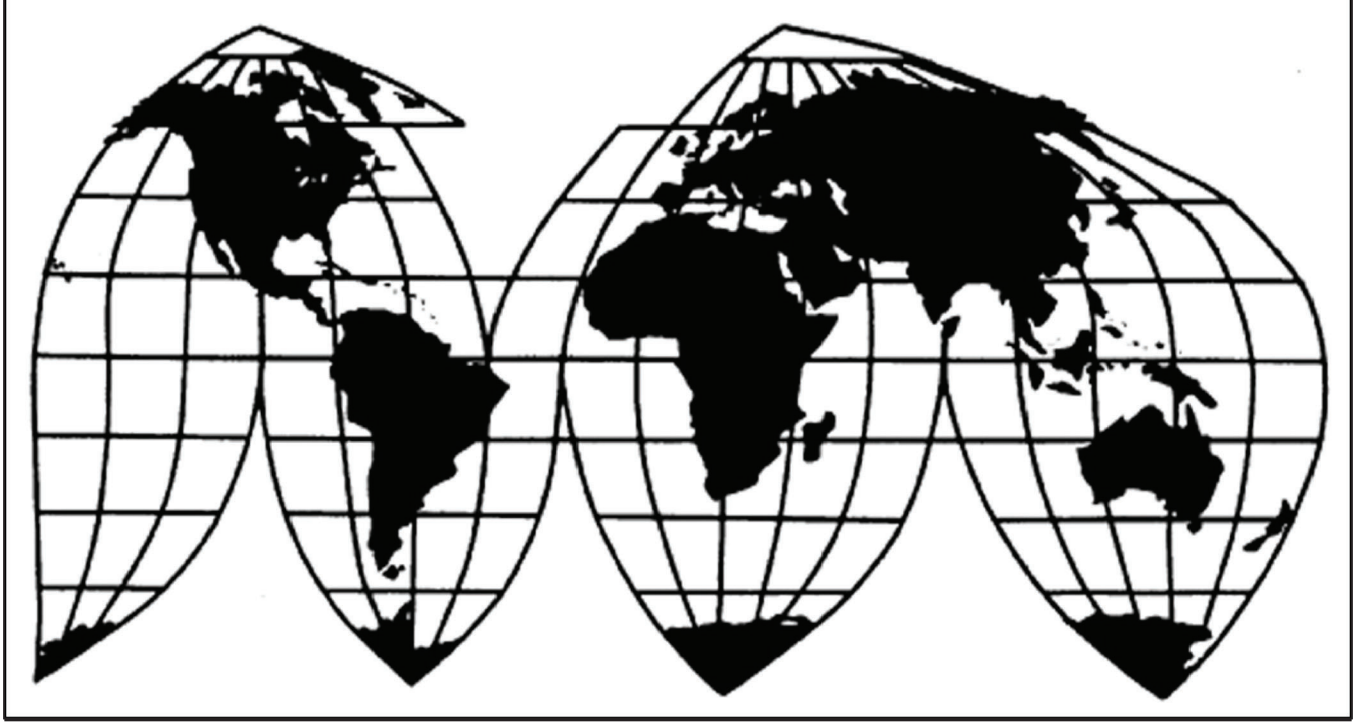
Oil Country Tubular Goods from China

Investigation Nos. 701-TA-463 and 731-TA-1159 (Second Review)

Publication 5136 **November 2020**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Jason E. Kearns, Chair
Randolph J. Stayin, Vice Chair
David S. Johanson
Rhonda K. Schmidtlein
Amy A. Karpel

Catherine DeFilippo
Director of Operations

Staff assigned

Abu Kanu, Investigator (205-2597)
Julie Duffy, Investigator (708-2579)
Mark Brininstool, Industry Analyst (708-1395)
Pamela Davis, Economist (205-2218)
Kelsey Christensen, Attorney (205-3106)
Keysha Martinez, Supervisory Investigator (205-2136)

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

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Oil Country Tubular Goods from China

Investigation Nos. 701-TA-463 and 731-TA-1159 (Second Review)

Publication 5136

November 2020

CONTENTS

Appendixes

Note: Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets or by headings in confidential reports and is deleted and replaced with asterisks in public reports.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-463 and 731-TA-1159 (Second Review)

Oil Country Tubular Goods from China

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that revocation of the countervailing and antidumping duty orders on oil country tubular goods from China 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 instituted these reviews on April 1, 2020 (85 FR 18268, April 1, 2020) and determined on July 6, 2020 that it would conduct expedited reviews (85 FR 64161, October 9, 2020).

[1] The record is defined in § 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 these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the antidumping and countervailing duty orders on oil country tubular goods ("OCTG") from China 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: Seven domestic producers of OCTG and a labor union filed antidumping and countervailing duty petitions on OCTG from China on April 8, 2009. On January 13, 2010, the Commission determined that an industry in the United States was threatened with material injury by reason of subsidized imports of OCTG from China.[1] On May 14, 2010, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of OCTG from China sold at less than fair value.[2] Commerce issued a countervailing duty order on January 20, 2010,[3] and an antidumping duty order on May 21, 2010.[4]

First reviews: The Commission instituted the first five-year reviews on December 1, 2014.[5] The Commission conducted expedited reviews and determined that revocation of the

---

[1] *Certain Oil Country Tubular Goods from China*, Inv. No. 701-TA-463 (Final), USITC Pub. 4124 (January 2010) ("*Final CVD Determination*") at 1; *see also* 75 Fed. Reg. 3248 (Jan. 20, 2010). The period of investigation ("POI") was January 1, 2006 to September 30, 2009.

[2] *Certain Oil Country Tubular Goods from China*, Inv. No. 731-TA-1159 (Final), USITC Pub. 4152 (May 2010) ("*Final AD Determination*"); *see also* 75 Fed. Reg. 28058 (May 19, 2010). The Commission issued separate opinions in the antidumping and countervailing duty investigations because the U.S. Department of Commerce ("Commerce") issued its final antidumping and countervailing duty determinations at different times. The antidumping determination adopted the views the Commission had issued previously in the countervailing duty investigation. USITC Pub. 4152 at 1. Consequently, citations in these views will be to the original countervailing duty determination.

[3] *Certain Oil Country Tubular Goods from the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 Fed. Reg. 3203 (Jan. 20, 2010).

[4] *Certain Oil Country Tubular Goods from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 Fed. Reg. 28551 (May 21, 2010).

[5] *Oil Country Tubular Goods from China: Institution of Five-Year Reviews*, 79 Fed. Reg. 71121 (Dec. 1, 2014).

antidumping and countervailing duty orders would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[6] Commerce issued continuations of the orders on May 18, 2015.[7]

Current reviews: The Commission instituted the current reviews on April 1, 2020.[8] The Commission received a joint substantive response to the notice of institution from seven domestic producers of OCTG: BENTELER Steel/Tube Manufacturing Corp.; United States Steel Corporation; Vallourec Star, L.P.; Welded Tube USA, Inc.; Maverick Tube Corporation; Tenaris Bay City, Inc.; and IPSCO Tubulars Inc. (collectively, the "Domestic Producers").[9] No respondent interested party responded to the notice of institution. On July 6, 2020, the Commission found each domestic producer's response to the notice of institution individually adequate and the domestic interested party group response adequate. The Commission found the respondent interested party group response inadequate. The Commission did not find that other circumstances warranted conducting full reviews and determined to conduct expedited reviews pursuant to section 751(c)(3) of the Tariff Act.[10]

Data/Response Coverage. U.S. industry data are based on the information Domestic Producers submitted in their response to the notice of institution, as well as public information based on the questionnaire responses of 12 domestic producers of OCTG submitted in recent full reviews concerning orders on imports of OCTG from India, Korea, Turkey, Ukraine, and Vietnam that was placed in the record of these reviews.[11] U.S. import data and related

---

[6] *Oil Country Tubular Goods from China*, Inv. Nos. 701-TA-463 and 731-TA-1159 (Review), USITC Pub. 4532 (May 2015) ("*First Review Determinations"*).

[7] *Certain Oil Country Tubular Goods From the People's Republic of China: Continuation of the Antidumping Duty Order and Countervailing Duty Order*, 80 Fed. Reg. 28224 (May 18, 2015).

[8] *Oil Country Tubular Goods from China: Institution of Five-Year Reviews*, 85 Fed. Reg. 18268 (April 1, 2020).

[9] Domestic Producers' Response to the Notice of Institution, EDIS Doc. 709470 (May 4, 2020) ("Response"); Domestic Producers' Confidential Response to the Notice of Institution, EDIS Doc. 709396 (May 1, 2020) ("Confidential Response").

[10] 19 U.S.C. § 1675(c)(3). *Explanation of Commission Determination on Adequacy*, EDIS Doc. 714471 (July 13, 2020).

[11] Domestic Producers estimated that they accounted for 73.6 percent of domestic production of OCTG in 2019. Confidential Report ("CR") and Public Report ("PR") at Table I-1. The 12 domestic producers that submitted questionnaire responses in the reviews of OCTG from India, Korea, Turkey, Ukraine, and Vietnam were believed to account for a large majority of domestic OCTG production in 2019. Public Staff Report for *Oil Country Tubular Goods from India, Korea, Turkey, Ukraine, and Vietnam*, Inv. Nos. 701-TA-499-500 and 731-TA-1215-1216, 1221-1223 (Review), EDIS Doc. 713264 (June 23, 2020) at I-13 ("Public Staff Report 5 Country Review").

information are based on official import statistics.[12] Foreign industry data and related information are based on information Domestic Producers provided in their response to the notice of institution and on public information compiled by Commission staff.[13] Six U.S. purchasers responded to the adequacy phase questionnaire.[14]

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."[15] 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."[16] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.[17]

Commerce has defined the imported merchandise within the scope of the orders under review as follows:

> Certain OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (*e.g.*, whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished (including limited service OCTG

---

[12] CR/PR at I-29.

[13] *See* CR/PR at I-31–35.

[14] CR/PR at D-3.

[15] 19 U.S.C. § 1677(4)(A).

[16] 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, 96th Cong., 1st Sess. 90-91 (1979).

[17] *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).

> products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of the order also covers OCTG coupling stock. Excluded from the scope of the order are casing or tubing containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.[18]

OCTG are tubular steel products used in oil and gas wells and include casing, tubing, and coupling stock of carbon and alloy steel.[19] Casing is a circular pipe that serves as the structural retainer for the walls of the well with an outside diameter ("OD") ranging from 4.5 to 20 inches. Casing is used in the well to provide a firm foundation for the drill string by supporting the walls of the hole to prevent caving in both during drilling and after the well is completed. After the casing is set, concrete is usually pumped between the outside of the casing and the wall of the hole to provide a secure anchor. Casing also serves as a surface pipe designed to prevent contamination of the recoverable oil and gas by surface water, gas, sand, or limestone.[20]

Tubing is a smaller-diameter pipe (between 1.050 and 4.500 inches in OD) installed inside a larger-diameter casing that is used to conduct the oil or gas to the surface either through natural flow or pumping. Tubing must be strong enough to support its own weight, that of the oil or gas, and that of any pumping equipment suspended on the string.[21] Coupling stock is a seamless tubular product used to make coupling blanks, which in turn are used to produce coupling. Coupling is a thick-walled internally threaded cylinder that is used for joining two length of threaded pipe and typically accounts for 2-3 percent of the weight of end-finished tubing or casing.[22]

In the prior proceedings, the Commission defined a single domestic like product coextensive with Commerce's scope.[23] In these reviews, Domestic Producers have stated that they agree with the Commission's definition of the domestic like product from the prior

---

[18] *Certain Oil Country Tubular Goods From the People's Republic of China: Final Results of Expedited Second Sunset Review of the Antidumping Duty Order*, 85 Fed. Reg. 45577 (July 29, 2020); *Certain Oil Country Tubular Goods From the People's Republic of China: Final Results of Expedited Second Sunset Review of the Countervailing Duty Order*, 85 Fed. Reg. 38849 (June 29, 2020). The scope is unchanged from the original investigations. *See Final CVD Determination*, USITC Pub. 4124 at 5.

[19] CR/PR at I-9.

[20] CR/PR at I-12–14.

[21] CR/PR at I-14.

[22] CR/PR at I-14.

[23] *Final CVD Determination*, USITC Pub. 4124 at 6; *First Review Determinations*, USITC Pub. 4532 at 6.

proceedings.[24] There is no new information obtained during these reviews that would suggest that the characteristics and uses of domestically produced OCTG have changed materially since the prior proceedings.[25] Accordingly, we again define a single domestic like product consisting of all OCTG, coextensive with Commerce's definition of the scope of the orders under review.

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."[26] 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.

In the original investigations, the Commission defined the domestic industry as consisting of all domestic producers of OCTG.[27] In the first reviews, the Commission found that there were no related party issues and again defined the domestic industry as consisting of all domestic producers of OCTG.[28]

In the current reviews, Domestic Producers agree with the Commission's definition of the domestic industry from the prior proceedings.[29] The record further does not indicate that any domestic producer is a related party.[30] Accordingly, we define the domestic industry to be all domestic producers of OCTG.

---

[24] Response at 31.

[25] *See generally* CR/PR at I-8–22.

[26] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable 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.

[27] *Final CVD Determination*, USITC Pub. 4124 at 6. In the original investigations, the Commission found that appropriate circumstances did not exist to exclude any producer from the domestic industry pursuant to the related parties provision. *Id*. at 6 n.25.

[28] *First Review Determinations*, USITC Pub. 4532 at 7.

[29] Response at 31.

[30] Domestic Producers state that none of the participating individual producers is an importer of subject merchandise or is related to a producer or exporter of subject merchandise, nor are they aware of any other U.S. producer that imports subject merchandise or is related to an exporter of such merchandise. *See* Response at 26–27, Exh. 9.

III. Revocation of the Antidumping and Countervailing Duty Orders 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."[31] The Uruguay Round Agreements Act Statement of Administrative Action (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."[32] Thus, the likelihood standard is prospective in nature.[33] 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.[34]

---

[31] 19 U.S.C. § 1675a(a).

[32] 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 investigations that were never completed." *Id*. at 883.

[33] 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.

[34] *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) ("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'").

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."[35] 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 investigations."[36]

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."[37] 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).[38] 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.[39]

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.[40] 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;

---

[35] 19 U.S.C. § 1675a(a)(5).

[36] 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*.

[37] 19 U.S.C. § 1675a(a)(1).

[38] 19 U.S.C. § 1675a(a)(1). Commerce has not issued any duty absorption findings with respect to OCTG from China. *See Certain Oil Country Tubular Goods from the People's Republic of China: Final Results of Expedited Second Sunset Review of the Antidumping Duty Order*, 85 Fed. Reg. 45577, *Issues and Decisions Memorandum* (unpublished) at 5.

[39] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[40] 19 U.S.C. § 1675a(a)(2).

(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 country, which can be used to produce the subject merchandise, are currently being used to produce other products.[41]

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.[42]

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.[43] 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.[44]

---

[41] 19 U.S.C. § 1675a(a)(2)(A-D).

[42] *See* 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, 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.

[43] 19 U.S.C. § 1675a(a)(4).

[44] 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.

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the OCTG industry in China. There also is somewhat limited information on the domestic OCTG market during the period of review. Accordingly, for our determinations, we rely as appropriate on the facts available from the original investigations and first reviews, and the limited new information on the record in these reviews, including the public staff report from the recently completed full reviews of OCTG from India, Korea, Turkey, Ukraine, and Vietnam.

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."[45] The following conditions of competition inform our determinations.

1. Demand Conditions

In the original investigations, the Commission found that overall demand for OCTG was closely linked to demand for products used in the extraction of oil and natural gas and was often gauged by the number of active rigs employed in the United States in oil drilling or (primarily) gas drilling, as well as the depth of those rigs. It also found that demand for OCTG was cyclical and had experienced sharp and frequent fluctuations.[46] In the first reviews, the Commission found that there was no information to suggest that the demand conditions present in the original investigations had changed. Apparent U.S. consumption of OCTG was *** short tons in 2013, *** percent lower than in 2008.[47] The Commission found that there had been some declines in rig count, a driver of OCTG demand, since the second half of 2014 as oil prices declined.[48]

The record indicates that demand for OCTG in the U.S. continues to be linked to the extraction of oil and natural gas.[49] Apparent U.S. consumption by quantity was 5.3 million short

---

[45] 19 U.S.C. § 1675a(a)(4).

[46] *Final CVD Determination*, USITC Pub. 4124 at 12.

[47] *Confidential First Review Determinations*, EDIS Doc. 557004 at 14–15; *First Review Determinations*, USITC Pub. 4532 at 10.

[48] *First Review Determinations*, USITC Pub. 4532 at 10.

[49] *See* CR/PR at I-34; Response at 5.

tons in 2019.[50] Apparent U.S. consumption by quantity in 2019 was below the levels of 2017 and 2018, but above those of 2015 and 2016.[51]

2. Supply Conditions

During the original investigations, domestic producers' shipments fluctuated but increased overall, although the domestic industry's market share decreased.[52] The volume and market penetration of subject imports increased sharply over the POI, as did their market share.[53] Nonsubject imports were supplied by many countries, including Korea, Canada and Germany. The volume of nonsubject imports tracked trends in apparent U.S. consumption over the POI, and increased overall.[54] The ending inventories of purchasers and importers, which increased sharply late in the POI, accounted for a significant share of available supply.[55] The Commission found that the increase in import supply was facilitated in part by the growth in the number of importers willing to participate in the market as OCTG prices increased over the POI in response to increasing demand. Moreover, the Commission found that the increase in purchasers' inventories, at least in late 2008, occurred as market participants, which had failed to anticipate the sudden and steep decrease in demand, received shipments of OCTG that they had placed when demand was high and supply was tight earlier in 2008.[56]

In the first reviews, the domestic industry's share of apparent U.S. consumption in 2013, *** percent, was larger than its 44.4 percent share in 2008.[57] Subject imports' share of apparent U.S. consumption declined from 32.7 percent in 2008 to *** percent in 2013. By contrast, nonsubject imports' share of apparent U.S. consumption increased from 22.8 percent in 2008 to *** percent in 2013.[58]

---

[50] Public Staff Report 5 Country Review at Tables I-11, C-1. We have used apparent U.S. consumption data from the full reviews, because a greater number of domestic producers submitted data for 2019 in those reviews than in the current proceedings. We have also used apparent U.S. consumption data from the full reviews in our computations below of market penetration.

[51] Public Staff Report 5 Country Review at Table I-11.

[52] *Final CVD Determination*, USITC Pub. 4124 at 13-14.

[53] *Final CVD Determination*, USITC Pub. 4124 at 14.

[54] *Final CVD Determination*, USITC Pub. 4124 at 14.

[55] *Final CVD Determination*, USITC Pub. 4124 at 14.

[56] *Final CVD Determination*, USITC Pub. 4124 at 15.

[57] *Confidential First Review Determinations*, EDIS Doc. 557004 at 16; *First Review Determinations*, USITC Pub. 4532 at 11.

[58] *Confidential First Review Determinations*, EDIS Doc. 557004 at 16–17; *First Review Determinations*, USITC Pub. 4532 at 11–12.

The record in these reviews indicates that since 2014, some domestic producers have opened new facilities, some have closed facilities, and some facilities have been idled temporarily or indefinitely.[59] In 2019, the domestic industry was the largest supplier of OCTG in the U.S. market, accounting for 57.0 percent of the quantity of apparent U.S. consumption.[60]

Subject imports were the smallest source of supply of OCTG to the U.S. market in 2019. During that year they accounted for less than 0.05 percent of the quantity of apparent U.S. consumption.[61]

Nonsubject imports were the second largest source of supply of OCTG in the U.S. market in 2019. Nonsubject imports supplied 43.0 percent of apparent U.S. consumption in 2019.[62] Among these imports of OCTG, those from India, Korea, Turkey, Ukraine, and Vietnam are currently subject to countervailing and/or antidumping duty orders.[63]

3. Substitutability and Other Conditions

In both the original investigations and first reviews, the Commission found a high degree of substitutability among the domestic like product, subject imports, and nonsubject imports. Price was an important consideration in purchasing decisions. OCTG from all sources was sold almost entirely through distributors.[64]

In the original investigations, the Commission further found that distributors would stock multiple OCTG products for resale to rig operators. When prices were rising, the distributors would benefit by selling OCTG at prices higher than their purchase prices and, when prices were falling, their inventories would lose value.[65] Thus, the Commission concluded that the distributors had an incentive to build inventories when they believed prices would rise, as

---

[59] CR/PR at Table I-3.

[60] *See* Public Staff Report 5 Country Review at Table I-11.

[61] *Derived from* CR/PR at Table I-5 (U.S. imports of OCTG from China), *and* Public Staff Report 5 Country Review at Tables I-11, C-1 (apparent U.S. consumption).

[62] *Derived from* CR/PR at Table I-5 (U.S. imports of nonsubject OCTG), *and* Public Staff Report 5 Country Review at Tables I-11, C-1 (apparent U.S. consumption).

[63] We take notice of the fact that we reached affirmative determinations in the full reviews of the orders of OCTG from these countries in July 2020, after the record in these reviews closed.

[64] *Final CVD Determination*, USITC Pub. 4124 at 15; *First Review Determinations*, USITC Pub. 4252 at 12.

[65] *Final CVD Determination*, USITC Pub. 4124 at 15.

they did until September 2008, and to work off existing inventories and avoid new purchases when they expected prices and demand to fall, as they did after September 2008.[66]

In the first reviews, there was no new information on the record that would warrant a change in the Commission's findings from the original investigations. The Commission again found that there is a high degree of substitutability among the domestic like product, subject imports, and nonsubject imports, that price is an important factor in purchasing decisions, and that OCTG in the U.S. market was almost entirely sold through distributors.[67]

There is no new information in the record of the current reviews to suggest that the conditions concerning substitutability identified in the prior proceedings have changed.[68] Therefore, we find that subject imports and the domestic like product are highly substitutable and that price is an important factor in purchasing decisions.

We observe that since March 23, 2018, subject imports have been subject to an additional 25 percent *ad valorem* duty under Section 232 of the Trade Expansion Act of 1962.[69] Since February 14, 2020, subject imports have also been subject to an additional 7.5 percent *ad valorem* duty under section 301 of the Trade Act of 1974.[70]

C. Likely Volume of Subject Imports

1. The Prior Proceedings

In its original determinations, the Commission found that the absolute volume of subject imports increased over the POI, from 725,027 short tons in 2006 to 860,711 short tons in 2007 and then to 2.20 million short tons in 2008, an increase of 203.1 percent. It found that subject imports were 40.0 percent lower in January-September ("interim") 2009, at 739,659 short tons, than in interim 2008, at 1.23 million short tons.[71]

The Commission found that subject imports increased consistently during the full years of the POI regardless of whether demand was rising or falling. From 2006 to 2007, apparent U.S. consumption fell by 13.3 percent, while the volume of subject imports increased by 18.7

---

[66] *Final CVD Determination*, USITC Pub. 4124 at 15-16.

[67] *First Review Determinations*, USITC Pub. 4532 at 11-12.

[68] Domestic Producers assert that the substitutability of the domestic like product and the subject imports and the importance of price in purchasing decisions are the same as in the prior proceedings. Response at 10–11.

[69] 19 U.S.C. § 1862; *see* CR/PR at I-9.

[70] 19 U.S.C. § 2411; *see* CR/PR at I-9.

[71] *Final CVD Determination*, USITC Pub. 4124 at 16.

percent.[72] By contrast, from 2007 to 2008, apparent U.S. consumption increased by 63.6 percent, while the volume of subject imports increased by 155.3 percent.[73] The market share held by subject imports increased from 15.3 percent in 2006 to 32.7 percent in 2008, and was higher in interim 2009, at 37.0 percent, than in interim 2008, when it was 27.6 percent. As subject imports' market share increased, the domestic industry's market share decreased from 59.2 percent in 2006 to 44.4 percent in 2008, and was lower in interim 2009, at 33.9 percent, than in interim 2008, when it was 49.9 percent.[74] The Commission found the volume of subject imports to be significant in absolute terms and relative to consumption in the United States.[75]

In its threat analysis, the Commission found that subject imports would likely increase significantly in the imminent future because of the increasing and unused production capacity of the OCTG industry in China, the substantial inventories held by subject producers and importers, the potential for product shifting in light of orders on standard and line pipe, the export orientation of the industry in China, and the attractiveness of the U.S. market.[76]

In the first reviews, the Commission observed that the antidumping and countervailing duty orders had a disciplining effect on the volume of subject imports, which in 2013 was significantly below the quantities observed during the original POI.[77] The Commission found that the OCTG industry in China maintained substantial capacity and production, and that it had unused capacity and was export oriented.[78] The record indicated that China was the largest exporter of the product category including OCTG in the world each year from 2009 to 2013.[79] Additionally, the Commission found that the United States remained an attractive export market for the OCTG industry in China in light of the size of the U.S. market and the existence of trade remedy orders against OCTG from China in other export markets.[80] The Commission concluded that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant if the orders were revoked.[81]

---

[72] *Final CVD Determination*, USITC Pub. 4124 at 16.
[73] *Final CVD Determination*, USITC Pub. 4124 at 16-17.
[74] *Final CVD Determination*, USITC Pub. 4124 at 17.
[75] *Final CVD Determination*, USITC Pub. 4124 at 18.
[76] *Final CVD Determination*, USITC Pub. 4124 at 18-22.
[77] *First Review Determinations*, USTIC Pub. 4532 at 12–13.
[78] *First Review Determinations*, USTIC Pub. 4532 at 13.
[79] *First Review Determinations*, USTIC Pub. 4532 at 13.
[80] *First Review Determinations*, USTIC Pub. 4532 at 13–14.
[81] *First Review Determinations*, USTIC Pub. 4532 at 14.

2. The Current Reviews

In these reviews, the record indicates that the orders continue to have had a disciplining effect on the volume of subject imports. During the current period of review, subject imports entered the U.S. market at appreciably lower levels than in 2008.[82] During the period of review, annual subject import volume fluctuated, ranging from a period low of 695 short tons in 2015 to a period high of 16,008 short tons in 2017, and was 1,295 short tons in 2019.[83]

As previously stated, no importer, producer, or exporter of subject merchandise participated in these expedited reviews. Nonetheless, the information available indicates that producers in China continue to manufacture and export substantial volumes of OCTG. Domestic Producers identified 181 possible producers of OCTG in China,[84] and indicate that the *Simdex Metal Tube Manufacturers Worldwide Guide* reports a total of 79 producers of tubular goods in China.[85] Additionally, data published in the 2018 Steel Statistical Yearbook show that the annual production in China of seamless and welded tube, a category that includes both in-scope OCTG and out-of-scope merchandise, averaged 65.8 million standard tons from 2014 to 2017.[86] Although these data are not limited to OCTG production, the Commission has previously found that OCTG is produced on the same equipment and using the same workers as other steel pipe products, such as standard pipe and line pipe.[87]

Further, the record indicates that the subject industry in China continues to be export oriented. Global Trade Atlas data show that China was the largest global exporter of casing and tubing in 2019, accounting for 15.0 percent of total global exports by quantity.[88] During the period of review, casing and tubing producers in China directed substantial quantities of exports to a large number of markets in the Middle East, Africa, Asia, and Australia.[89] The substantial production capacity, export orientation, and varied export markets of the subject

---

[82] CR/PR at Tables I-5 and I-6.

[83] CR/PR at Table I-5.

[84] Response at Exh. 9.

[85] Response at 15. The tubular goods product category includes both in-scope OCTG and out-of-scope merchandise. *Id*. at 15 n.55.

[86] Response at 15–16.

[87] *First Review Determinations*, USTIC Pub. 4532 at 13 & n.66. As in the first reviews, we find that because OCTG and out-of-scope products are produced in the same facilities, subject producers would have an incentive to shift production from out-of-scope products to OCTG if the orders are revoked. *See id*.

[88] Public Staff Report 5 Country Review at IV-53–55, Table IV-30; Response at 16.

[89] CR/PR at Table I-7.

industry indicate that this industry has the ability to export significant volumes of subject merchandise to the United States.

The U.S. market is attractive for OCTG producers in China due to the substantial oil and gas reserves and drilling activity in the United States.[90] The continued presence of subject merchandise in the U.S. market despite the orders shows that subject producers maintain distribution networks in the United States and that U.S. purchasers are willing to purchase OCTG from China.[91] Additionally, trade barriers in third countries create further incentives for producers of OCTG in China to direct exports to the U.S. market if the orders were revoked.[92] Antidumping duty orders are in effect in Canada for imports of certain OCTG from China, and in the European Union for imports of seamless steel OCTG from China.[93]

Consequently, the record demonstrates that upon revocation, subject producers of OCTG are likely to direct significant volumes of subject imports to the United States in light of their high production capacity, export orientation, and evidence that the U.S. market remains attractive to these producers. [94] Therefore, we find that the volume of subject imports, both in absolute terms and relative to consumption in the United States, would likely be significant if the orders were revoked.

D. Likely Price Effects

1. The Prior Proceedings

In the original investigations, the Commission found that the domestic like product and subject imports were generally interchangeable, that price was an important consideration in purchasing decisions, and that most sales of both the domestic like product and subject imports were made to distributors. Subject imports undersold the domestic like product in 58 of 73

---

[90] Response at 17–18; Comments at 9.

[91] We find that the additional tariffs that have been imposed on subject imports pursuant to sections 232 and 301 are not likely to impede increased volumes of subject imports upon revocation. The quantity of subject imports increased from 2018 to 2019, and was higher in 2019 than in three of the four preceding years, notwithstanding the imposition of section 232 tariffs. CR/PR at Table I-5. None of the purchasers that responded to the adequacy phase questionnaire referenced section 301 tariffs as a pertinent condition of competition. CR/PR at D-3–8.

[92] Response at 17; Comments at 9.

[93] CR/PR at I-32–33.

[94] Because of expedited nature of these reviews, the record does not contain data concerning inventories of the subject merchandise.

quarterly pricing comparisons by margins ranging from 0.5 percent to 46.4 percent.[95] The Commission found that subject imports significantly undersold the domestic like product during the POI and gained market share as a result. Nevertheless, it did not find that subject imports significantly depressed or suppressed the prices of domestically produced OCTG, as domestic producers' prices increased to very high levels in 2008, and those increased prices more than covered any increase in domestic producers' unit cost of goods sold ("COGS").[96]

In its threat analysis, the Commission found that subject imports were likely to continue to use underselling and aggressive pricing as a means to increase market share, given that subject imports and the domestic like product were generally substitutable**.** It indicated that subject imports undersold domestic OCTG to a significant degree throughout the POI, particularly toward the end of the period when demand was relatively depressed. Thus, the Commission found that underselling was likely to be significant in the imminent future and that underselling by subject imports was likely to increase the attractiveness of those imports to domestic purchasers compared with domestic production.[97]

The Commission observed that demand for OCTG in the U.S. market had fallen in interim 2009 to a level lower than at any time during 2006 through 2008, whether measured by oil and natural gas prices, rig count, operator consumption, or other indicators. It found that, not only was demand depressed generally, but demand for new shipments was further depressed by high inventories held by both distributors and end users. It concluded that the introduction of increased quantities of subject imports, aggressively priced in an effort to gain market share, would put pressure on domestic producers to lower prices in a market characterized by depressed demand to compete for sales and prevent an accelerated erosion of their market share. Accordingly, the Commission found that subject imports were likely to enter at prices that would have had a significant depressing effect on domestic prices for OCTG.[98]

The Commission further found that the domestic industry's ratio of COGS to net sales was markedly higher in interim 2009 than in interim 2008. As subject imports would likely cause the domestic industry to lose further sales volume, the Commission determined that the domestic industry was likely further to curtail production, resulting in higher per unit production costs and rising COGS to net sales ratios. Because of this likely cost/price squeeze,

---

[95] *Final CVD Determination*, USITC Pub. 4124 at 23.
[96] *Final CVD Determination*, USITC Pub. 4124 at 23.
[97] *Final CVD Determination*, USITC Pub. 4124 at 24.
[98] *Final CVD Determination*, USITC Pub. 4124 at 24.

the Commission concluded that subject imports were likely to enter at prices that would have significant price suppressing, as well as price depressing, effects.[99]

In the expedited first reviews, there was no new product-specific pricing data. The Commission found that price continued to be an important factor in purchasing decisions. It further found that upon revocation subject imports would likely undersell the domestic like product to gain market share, as they did during the original POI. In turn, the Commission found that the domestic industry would likely either lose sales to subject imports or be forced to cut prices or restrain price increases in order to compete with subject import prices. The Commission concluded that subject imports from China would be likely to have significant adverse price effects if the antidumping and countervailing duty orders were revoked.[100]

2. The Current Reviews

The record in the current reviews does not contain current pricing comparisons due to the expedited nature of these reviews. Based on available information, including the high degree of substitutability between OCTG from China and the domestic like product, and the importance of price in purchasing decisions,[101] we find that the subject imports would likely undersell the domestic like product to gain market share, as they did during the original POI. The domestic industry would likely either lose sales to subject imports or be forced to cut prices or restrain price increases in order to compete with low-priced subject imports if the antidumping and countervailing duty orders were revoked. Accordingly, we conclude that the likely significant volume of subject imports would likely significantly undersell the domestic like product and also would likely enter the United States at prices that would have significant depressing or suppressing effects on the price of the domestic like product.

E. Likely Impact

1. The Prior Proceedings

In the original investigations, the Commission found that the domestic OCTG industry registered gains in many performance indicators, including production, shipments, and

---

[99] *Final CVD Determination*, USITC Pub. 4124 at 24.
[100] *First Review Determinations*, USITC Pub. 4532 at 15.
[101] *See* Response at 20; Comments at 10.

employment, over the POI. The domestic industry had earned solid profits each year from 2006 to 2008 as highly favorable demand conditions had increased the industry's prices greater than its costs despite competition from the increasing volume of low-priced subject imports. The Commission emphasized that the industry's financial performance was strongest in 2008, when subject imports reached their peak.[102]

The Commission found that demand for OCTG plunged beginning in the latter part of 2008 and remained anemic through interim 2009. It found that subject imports' market share increased as demand decreased, was higher in interim 2009 than in interim 2008, and pushed domestic producers' market share down 16.0 percentage points.[103]

Although the industry's performance indicators were down sharply in interim 2009 compared with interim 2008, the Commission determined that the decrease in the industry's performance indicators was largely driven by demand trends and that the industry's performance over the entire POI did not warrant a finding of present material injury by reason of subject imports. In particular, despite the rising volumes of subject imports, the Commission found that favorable demand conditions permitted the industry to increase prices and profits very substantially in 2008.[104]

Although the Commission did not find present material injury by reason of subject imports, the state of the industry in interim 2009 weighed heavily in its threat analysis.[105] The Commission found that, due to downturns in trade and financial indicators during interim 2009, the industry was in a weakened state and was vulnerable to material injury. It also found that the industry's vulnerability was heightened by relatively flat demand conditions in the imminent future, aggravated by large purchaser inventories that would sharply curtail future demand.[106]

The Commission found that, as subject imports continued to take market share from the domestic industry and to exert significant price depressing and suppressing effects, the domestic industry would likely experience further declines in production, market share, capacity utilization, and shipments. As a result of these adverse trends, it found that the domestic industry would also likely experience lower employment levels, net sales, operating income, and profitability. Given the industry's weakened state, the Commission concluded that

---

[102] *Final CVD Determination*, USITC Pub. 4124 at 24.
[103] *Final CVD Determination*, USITC Pub. 4124 at 24.
[104] *Final CVD Determination*, USITC Pub. 4124 at 24.
[105] *Final CVD Determination*, USITC Pub. 4124 at 25-26.
[106] *Final CVD Determination*, USITC Pub. 4124 at 26.

these effects were significant and supported a conclusion that the domestic industry was threatened with material injury by reason of subject imports from China.[107]

In its non-attribution analysis, the Commission found that nonsubject import prices tended to be higher than subject import prices and that the volume of nonsubject imports fluctuated in accordance with changes in demand. In light of likely demand trends and nonsubject imports' market share trends during the POI, the Commission concluded that nonsubject imports were not likely to take market share or sales from the domestic industry in the imminent future.[108]

In the first reviews, the Commission observed that, although the participating domestic producers contended that their output and performance had improved since imposition of the orders, the domestic industry's operating performance was below the levels that it recorded during any full year of the original POI.[109] Additionally, since August 2014, two domestic producers laid off employees or idled production facilities.[110]

The Commission found that if the orders were revoked, the likely significant volume of subject imports that would likely significantly undersell the domestic like product would likely have a significant adverse impact on the production, shipments, sales, employment, market share, and revenues of the domestic industry. In turn, the Commission found that these declines would likely have an adverse impact on the domestic industry's profitability, as they did in the original investigations.[111] In its non-attribution analysis, the Commission found that the likely effects of the nonsubject imports were distinguishable from those effects attributed to the subject imports because nonsubject imports from several sources had become subject to orders in 2014 that would discipline their pricing, and nonsubject imports from other sources had average unit values comparable to those of the domestic industry and higher than those of other imports. Moreover, in light of the domestic industry's market share, any increase in subject imports would likely come at least to an extent at the expense of the domestic industry. The Commission concluded that, if the antidumping and countervailing duty orders were revoked, subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.[112]

---

[107] *Final CVD Determination*, USITC Pub. 4124 at 26.
[108] *Final CVD Determination*, USITC Pub. 4124 at 27.
[109] *First Review Determinations*, USITC Pub. 4532 at 18.
[110] *First Review Determinations*, USITC Pub. 4532 at 18.
[111] *First Review Determinations*, USITC Pub. 4532 at 18.
[112] *First Review Determinations*, USITC Pub. 4532 at 19.

2. The Current Reviews

In these expedited reviews, the information available on the domestic industry's condition is based on the data that Domestic Producers provided in their joint response to the notice of institution and on public information based on questionnaire data the Commission collected in the recently completed full reviews of OCTG from India, Korea, Turkey, Ukraine, and Vietnam. In 2019, the capacity of U.S. mills and processors was 6.3 million short tons, their production was 2.9 million short tons, and their capacity utilization was 46.5 percent.[113] The domestic industry's U.S. shipments were 3.0 million short tons, accounting for a 57.0 percent share of apparent U.S. consumption by quantity.[114] The industry's net sales revenue was $4.4 billion, and it experienced an operating loss of $413.0 million, equivalent to a loss of 9.4 percent of net sales.[115] In light of its low capacity utilization rate and poor financial performance over the period of review, and consistent with our finding in the recently-completed review of the orders on OCTG from India, Korea, Turkey, Ukraine, and Vietnam, we find the domestic industry to be in a vulnerable condition.[116]

Based on the information available in these reviews, we find that revocation of the orders would likely lead to a significant volume of subject imports. Subject imports would also likely undersell the domestic like product in order to gain market share, and would likely cause significant price-depressing or -suppressing effects. Subject imports' volume and price effects would consequently likely have a significant impact on the domestic industry's production, capacity utilization, shipments, profitability, and operating income.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute likely injury from other factors to the subject imports. The domestic industry supplies the majority of apparent U.S. consumption.

---

[113] Public Staff Report 5 Country Review at Table C-1. The Domestic Producers that participated in these reviews reported capacity of 5.8 million short tons, production of 2.3 million short tons, and capacity utilization of 39.4 percent. CR/PR at Table I-4.

[114] *Derived from* Public Staff Report 5 Country Review at Table C-1. Domestic Producers reported 2.4 million short tons of U.S. shipments in 2019. CR/PR at Table I-4.

[115] Public Staff Report 5 Country Review at Table C-1. Domestic Producers reported in 2019 $3.4 billion in sales revenues, an operating loss of $411 million, and an operating margin of negative 11.9 percent. CR/PR at Table I-4.

[116] While we often do not make vulnerability findings in expedited reviews, the inclusion in the record of the public staff report for the recently completed full reviews provides information on domestic industry financial performance over a longer contemporaneous time series than is typically available during an expedited review.

Given the high substitutability of OCTG from all sources, if the orders on subject imports were revoked, the likely significant volume of subject imports would likely compete with both the domestic like product and nonsubject imports. The continued presence of nonsubject imports in the U.S. market would not preclude subject imports from taking market share from the domestic industry or forcing the domestic industry to lower prices in order to compete.[117] Consequently, the subject imports would likely have adverse effects distinct from any that may be caused by nonsubject imports.

Accordingly, we conclude that if the antidumping and countervailing duty orders were revoked, subject imports from China would likely have a significant impact on the domestic industry within a reasonably foreseeable time.

IV. Conclusion

For the reasons discussed above, we determine that revocation of the antidumping and countervailing duty orders on OCTG from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

[117] We also note that nonsubject imports from several countries are subject to countervailing and/or antidumping duty orders that should serve to discipline their pricing.

Information obtained in these reviews

Background

On April 1, 2020, the U.S. International Trade Commission ("Commission") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted reviews to determine whether revocation of the countervailing and antidumping duty orders on oil country tubular goods ("OCTG") from China would be likely to lead to continuation or recurrence of material injury.[2] All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.[3] [4] The following tabulation presents information relating to the background and schedule of this proceeding:

Effective date	Action
April 1, 2020	Notice of initiation by Commerce (85 FR 18189, April 1, 2020)
April 1, 2020	Notice of institution by Commission (85 FR 18268, April 1, 2020)
July 6, 2020	Commission's vote on adequacy
June 29, 2020	Commerce's results of its countervailing duty review
July 29, 2020	Commerce's results of its antidumping duty review
November 20, 2020	Commission's determinations and views

[1] 19 U.S.C. 1675(c).

[2] 85 FR 18268, April 1, 2020. In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders. 85 FR 18189, April 1, 2020. Pertinent Federal Register notices are referenced in app. A, and may be found at the Commission's website (www.usitc.gov).

[3] 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 are presented in app. C.

[4] Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in this proceeding.

Responses to the Commission's notice of institution

Individual responses

The Commission received one submission in response to its notice of institution in the subject reviews. It was filed on behalf of: BENTELER Steel/Tube Manufacturing Corp. ("BENTELER"), IPSCO Tubulars Inc. ("IPSCO"), Maverick Tube Corporation ("Maverick"), Tenaris Bay City, Inc. ("Tenaris"), United States Steel Corporation ("U.S. Steel"), Vallourec Star, L.P. ("Vallourec"), and Welded Tube USA, Inc. ("Welded Tube"), domestic producers of OCTG (collectively referred to herein as "domestic interested parties")

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.

Table I-1
OCTG: Summary of responses to the Commission's notice of institution

Type of interested party	Completed responses	
	Number of firms	Coverage
Domestic:		
U.S. producer	7	73.6 %

Note: In their response to the notice of institution, domestic interested parties estimated that they account for this share of total U.S. production of OCTG during 2019. Domestic interested parties' response to request for clarification, May 14, 2020, p. 4.

Party comments on adequacy

The Commission received party comments on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews from the domestic interested parties. Domestic interested parties request that the Commission conduct expedited reviews of the antidumping and countervailing duty orders on OCTG.[5]

The original investigations and subsequent reviews

The original investigations

The original investigations resulted from petitions filed on April 8, 2009 with Commerce and the Commission by Maverick Tube Corporation, Houston, Texas; United States Steel Corporation, Pittsburgh, Pennsylvania; V&M Star LP, Houston, Texas; V&M Tubular Corporation of America, Houston, Texas;[6] TMK IPSCO, Camanche, Iowa; Evraz Rocky Mountain Steel, Pueblo, Colorado; Wheatland Tube Corp., Wheatland, Pennsylvania; and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC, Pittsburgh, Pennsylvania.[7] On December 7, 2009, Commerce determined that imports of OCTG from China were being subsidized by the Government of China[8] and on April 19, 2010, Commerce determined that imports of OCTG from China were being sold at less than fair value ("LTFV").[9] The Commission determined on January 13, 2010, that the domestic industry was threatened with material injury by reason of imports from China of OCTG that were found by Commerce to be subsidized by the Government of China.[10] The Commission

---

[5] Domestic interested parties' comments on adequacy, June 15, 2020, pp. 5-6.

[6] V&M Star LP and V&M Tubular Corporation of America were rebranded as Vallourec Star L.P. in 2013. Oil Country Tubular Goods from China, Inv. Nos. 701-TA-463 and 731-TA-1159 (Review), USITC Publication 4532, May 2015 ("First review publication"), p. 28.

[7] Certain Oil Country Tubular Goods from China, Inv. No. 701-TA-463 (Final), USITC Publication 4124, January 2010 ("Original publication"), p. I-1; and Certain Oil Country Tubular Goods from China, Inv. No. 731-TA-1159 (Final), USITC Publication 4152, May 2010, p. I-1.

[8] 74 FR 64045, December 7, 2009. Commerce found that critical circumstances did not exist with respect to the countervailing duty investigation on imports of OCTG from China. Ibid.

[9] 75 FR 20335, April 19, 2010. Commerce found that find that critical circumstances did not exist for Tianjin Pipe (Group) Corp. and Tianjin International Economic and Trading Corp. or the Separate Rate Recipients. Commerce also found that critical circumstances existed for the China-wide entity, including Jiangsu Changbao Steel Tube Co., Ltd. and Jiangsu Changbao Precision Tube Co., Ltd. Ibid.

[10] 75 FR 3248, January 20, 2010. Commissioners Lane and Williamson determined that the domestic OCTG industry was materially injured by reason of imports of the subject merchandise from China. Commissioners Aranoff, Pearson, Okun, and Pinkert determined that they would not have found material injury but for the suspension of liquidation. Ibid.

further determined on May 14, 2010 that the domestic industry was threatened with material injury by reason of LTFV imports of OCTG from China.[11] On January 20, 2010, Commerce issued its countervailing duty order with the final net subsidy rates ranging from 10.49 to 15.78 percent.[12] On May 21, 2010, Commerce issued its antidumping duty order with the final weighted-average dumping margins ranging from 32.07 to 99.14 percent.[13]

The first five-year reviews

On March 6, 2015, the Commission determined that it would conduct expedited reviews of the antidumping and countervailing duty orders on OCTG from China.[14] On April 7, 2015, Commerce determined that revocation of the antidumping duty order on OCTG from China would be likely to lead to continuation or recurrence of dumping, and on April 10, 2015, Commerce determined that revocation of the countervailing duty order on OCTG from China would be likely to lead to continuation or recurrence of subsidization.[15] On May 7, 2015, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.[16] Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective May 18, 2015, Commerce issued a continuation of the antidumping and countervailing duty orders on imports of OCTG from China.[17]

Previous and related investigations

The Commission has conducted several previous import relief investigations on OCTG. Table I-2 presents data on previous and related title VII investigations.

[11] 75 FR 28058, May 19, 2010. Commissioners Lane and Williamson determined that the domestic OCTG industry was materially injured by reason of imports of the subject merchandise from China. They made a negative finding with respect to critical circumstances. Commissioners Aranoff, Pearson, Okun, and Pinkert determined that they would not have found material injury but for the suspension of liquidation. Ibid.

[12] 75 FR 3203, January 20, 2010.

[13] 75 FR 28551, May 21, 2010.

[14] 80 FR 17495, April 1, 2015.

[15] 80 FR 18604, April 7, 2015; and 80 FR 19282, April 10, 2015.

[16] 80 FR 27189, May 12, 2015.

[17] 80 FR 28224, May 18, 2015.

Table I-2

OCTG: Previous and related Commission proceedings, since 1984

Original investigation				Current status
Date	Number	Country	ITC outcome	
1984	701-TA-215	Brazil	Affirmative final	Order revoked 8/21/1985
1984	701-TA-216	Korea	Negative final	-
1984	701-TA-217	Spain	Affirmative final	Order revoked 7/31/1985
1984	731-TA-191	Argentina	Negative final	-
1984	731-TA-192	Brazil	Affirmative preliminary	Petition withdrawn
1984	731-TA-193	Korea	Affirmative preliminary	Petition withdrawn
1984	731-TA-194	Mexico	Affirmative preliminary	Petition withdrawn
1984	731-TA-195	Spain	Affirmative final	Order revoked 6/30/1985
1985	701-TA-240	Austria	Affirmative preliminary	Petition withdrawn
1985	701-TA-241	Venezuela	Affirmative preliminary	Petition withdrawn
1985	701-TA-255	Canada	Affirmative final	Order revoked 7/10/1991
1985	701-TA-256	Taiwan	Affirmative preliminary	ITA negative final
1985	731-TA-249	Austria	Affirmative preliminary	Petition withdrawn
1985	731-TA-250	Romania	Affirmative preliminary	Petition withdrawn
1985	731-TA-251	Venezuela	Affirmative preliminary	Petition withdrawn
1985	731-TA-275	Argentina	Affirmative preliminary	ITA negative final
1985	731-TA-276	Canada	Affirmative final	Order revoked 8/22/2000
1985	731-TA-277	Taiwan	Affirmative final	Order revoked 8/22/2000
1986	701-TA-271	Israel	Affirmative final	Order revoked 3/1/1993
1986	731-TA-318	Israel	Affirmative final	Order revoked 7/27/1999
1995	701-TA-363	Austria	Negative final	-
1995	701-TA-364	Italy	Affirmative final	Order revoked 12/26/2006
1995	731-TA-711	Argentina	Affirmative final	Order revoked 6/22/2007
1995	731-TA-712	Austria	Negative final	-
1995	731-TA-713	Italy	Affirmative final	Order revoked 6/22/2007
1995	731-TA-714	Japan	Affirmative final	Order revoked 6/22/2007
1995	731-TA-715	Korea	Affirmative final	Order revoked 6/22/2007
1995	731-TA-716	Mexico	Affirmative final	Order revoked 6/22/2007
1995	731-TA-717	Spain	Negative final	-

Table continued on next page.

Table I-2--Continued
OCTG: Previous and related Commission proceedings, since 1984

Original investigation				Current status
Date	Number	Country	Outcome	
2002	701-TA-428	Austria	Negative preliminary	-
2002	731-TA-992	Austria	Negative preliminary	-
2002	731-TA-993	Brazil	Negative preliminary	-
2002	731-TA-994	China	Negative preliminary	-
2002	731-TA-995	Colombia	--	Petition withdrawn
2002	731-TA-996	France	Negative preliminary	-
2002	731-TA-997	Germany	Negative preliminary	-
2002	731-TA-998	India	Negative preliminary	-
2002	731-TA-999	Indonesia	Negative preliminary	-
2002	731-TA-1000	Romania	Negative preliminary	-
2002	731-TA-1001	S. Africa	Negative preliminary	-
2002	731-TA-1002	Spain	Negative preliminary	-
2002	731-TA-1003	Turkey	Negative preliminary	-
2002	731-TA-1004	Ukraine	Negative preliminary	-
2002	731-TA-1005	Venezuela	Negative preliminary	-
2009	701-TA-463	China	Affirmative final	Order in place / under review
2009	731-TA-1159	China	Affirmative final	Order in place / under review
2013	701-TA-499	India	Affirmative final	Order in place / under review
2013	701-TA-500	Turkey	Affirmative final	Order in place / under review
2013	731-TA-1215	India	Affirmative final	Order in place / under review
2013	731-TA-1216	Korea	Affirmative final	Order in place / under review
2013	731-TA-1217	Philippines	Negative final	-
2013	731-TA-1218	Saudi Arabia	Affirmative preliminary	ITA terminated
2013	731-TA-1219	Taiwan	Affirmative final	Order revoked 7/28/2017
2013	731-TA-1220	Thailand	Negative final	-
2013	701-TA-1221	Turkey	Affirmative final	Order in place / under review
2013	731-TA-1222	Ukraine	Affirmative final	Order in place / under review
2013	731-TA-1223	Vietnam	Affirmative final	Order in place / under review

Note: “Date” refers to the year in which the investigation was instituted by the Commission.

Source: U.S. International Trade Commission publications and Federal Register notices.

Safeguard investigations

Following receipt of a request from the Office of the United States Trade Representative (“USTR”) on June 22, 2001, the Commission instituted investigation No. TA 201 73, Steel, under Section 202 of the Trade Act of 1974[18] to determine whether certain steel products, including seamless and welded OCTG,[19] were being imported into the United States in such increased

[18] 19 U.S.C. § 2252.

[19] Seamless and welded casing and tubing, as well as seamless drill pipe, were found to be a single “like or directly competitive” product by Chairman Stephen Koplan, Vice Chairman Deanna Tanner Okun, and Commissioners Marcia E. Miller and Jennifer A. Hillman, while Commissioners Lynn M. Bragg

(*continued*...)

quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries producing articles like or directly competitive with the imported article.[20] On July26, 2001, the Commission received are solution adopted by the Committee on Finance of the U.S. Senate ("Senate Finance Committee" or "Committee") requesting that the Commission Investigate certain steel imports under section 201 of the Trade Act of 1974.[21] Consistent with the Senate Finance Committee's resolution, the Commission consolidated the investigation requested by the Committee with the Commission's previously instituted investigation No. TA-201-73.[22] On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission made a negative determination with respect to OCTG.[23] The Commission also made a negative determination with respect to seamless tubular products other than OCTG.[24]

Commerce's five-year reviews

Commerce is conducting expedited reviews with respect to the orders on imports of OCTG from China and intends to issue the final results of these reviews based on the facts available not later than July 30, 2020.[25] Commerce's Issues and Decision Memoranda, published concurrently with Commerce's final results, will contain complete and up-to-date information regarding the background and history of the orders, including scope rulings, duty absorption, changed circumstances reviews, and anti-circumvention. Upon publication, a complete version of the Issues and Decision Memoranda can be accessed at http://enforcement.trade.gov/frn/. The Memoranda will also include any decisions that may have been pending at the issuance of

---

(…*continued*)

and Dennis M. Devaney found seamless and welded OCTG to be part of broader product groupings including all seamless carbon and alloy steel tubular products and all welded carbon and alloy steel tubular products, respectively. See, e.g., *Steel, Inv. No. TA 201- 73,Volume I: Determinations and Views of Commissioners*, USITC Publication 3479, December 2001, pp.17-18; 152-154;274-275;and318-319.

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

[21] 19 U.S.C. § 2251.

[22] *Consolidation of Senate Finance Committee Resolution Requesting a Section 201 Investigation with the Investigation Requested by the United States Trade Representative on June22, 2001*, 66 FR 44158, August 22, 2001.

[23] *Steel; Import Investigations*, 66 FR 67304, December28,2001. Specifically, Chairman Koplan, Vice Chairman Okun, and Commissioners Miller and Hillman made a negative determination with respect to OCTG, while Commissioners Bragg and Devaney dissented, having made affirmative determinations with respect to all seamless carbon and alloy steel tubular products and all welded carbon and alloy steel tubular products.

[24] Ibid. This product includes coupling stock. See USITC Publication 3479, Vol. I, p.13.

[25] Letter from Steven Presing, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Nannette Christ, Director of Investigations, May 22, 2020.

this report. Any foreign producers/exporters that are not currently subject to the antidumping and countervailing duty orders on imports of OCTG from China are noted in the sections titled "The original investigations" and "U.S. imports," if applicable.

The product

Commerce's scope

Commerce has defined the scope as follows:

> *The scope of this order consists of certain OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (e.g., whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of the order also covers OCTG coupling stock. Excluded from the scope of the order are casing or tubing containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.*[26]

U.S. tariff treatment

OCTG is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under subheadings 7304.29.10, 7304.29.20, 7304.29.31, 7304.29.41, 7304.29.50, 7304.29.61, 7305.20.20, 7305.20.40, 7305.20.60, 7305.20.80, 7306.29.10, 7306.29.20, 7306.29.31, 7306.29.41, 7306.29.60, and 7306.29.81, and reported for statistical purposes under statistical reporting numbers 7304.29.1010, 7304.29.1020, 7304.29.1030, 7304.29.1040, 7304.29.1050, 7304.29.1060, 7304.29.1080, 7304.29.2010, 7304.29.2020, 7304.29.2030, 7304.29.2040, 7304.29.2050, 7304.29.2060, 7304.29.2080, 7304.29.3110, 7304.29.3120, 7304.29.3130, 7304.29.3140, 7304.29.3150, 7304.29.3160, 7304.29.3180, 7304.29.4110, 7304.29.4120, 7304.29.4130, 7304.29.4140, 7304.29.4150, 7304.29.4160, 7304.29.4180, 7304.29.5015, 7304.29.5030, 7304.29.5045, 7304.29.5060, 7304.29.5075, 7304.29.6115, 7304.29.6130,

[26] 80 FR 28224, May 18, 2015.

7304.29.6145, 7304.29.6160, 7304.29.6175, 7305.20.2000, 7305.20.4000, 7305.20.6000, 7305.20.8000, 7306.29.1030, 7306.29.1090, 7306.29.2000, 7306.29.3100, 7306.29.4100, 7306.29.6010, 7306.29.6050, 7306.29.8110, and 7306.29.8150. OCTG produced in China enter 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. As of March 23, 2018, OCTG imports that are produced in China are subject to an additional 25 percent ad valorem duty under Section 232 of the Trade Expansion Act of 1962, as amended.[27] As of February 14, 2020, OCTG imports that are produced in China are also subject to an additional 7.5-percent ad valorem duty under Section 301 of the Trade Act of 1974.[28]

Description and uses[29]

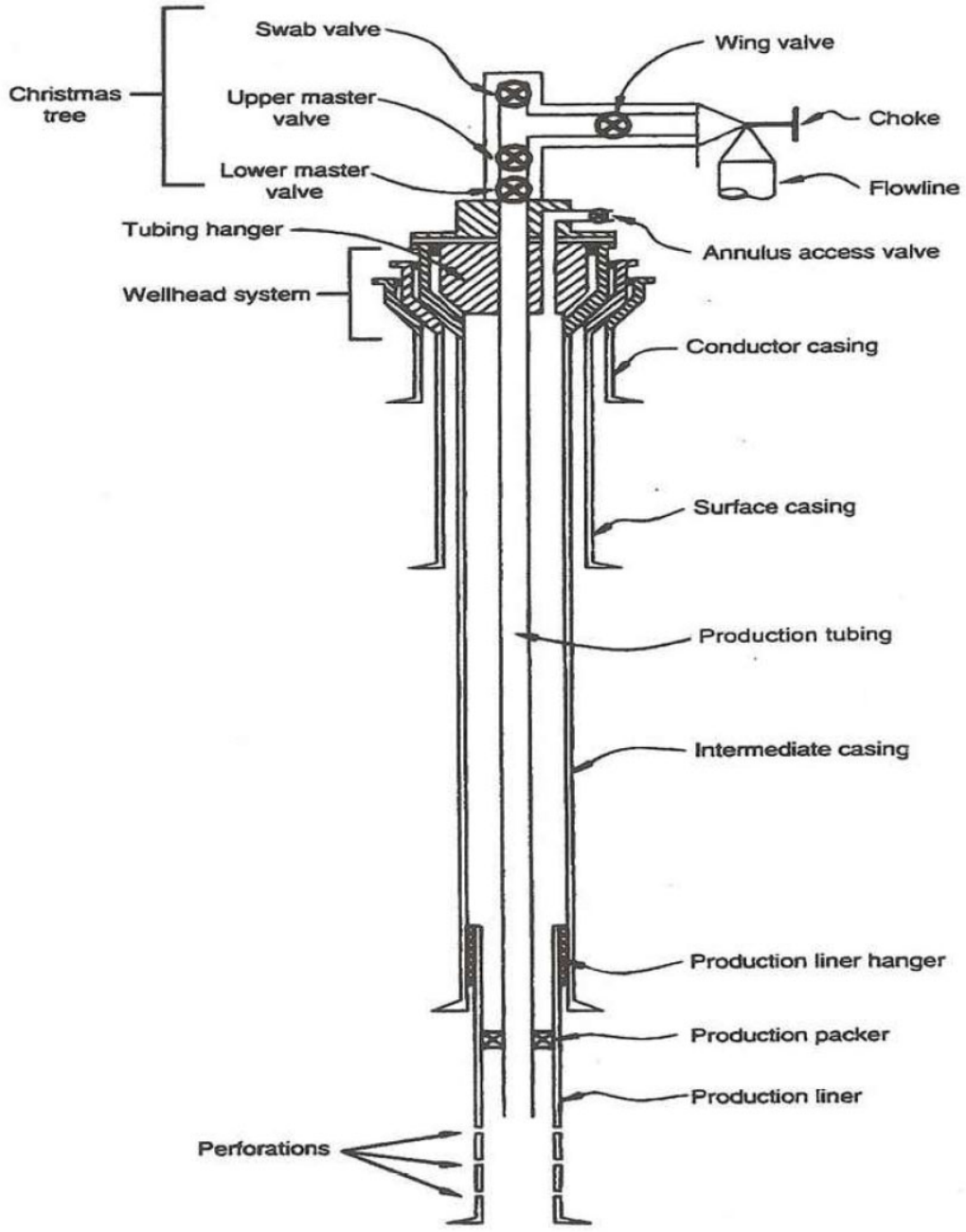
OCTG includes casing and tubing of carbon and alloy steel used in oil and gas wells. Figure I-1 shows a simplified schematic arrangement of a typical well with a system of casing and tubing, and figure I-2 presents a more detailed representation of an oil or gas well, including descriptions of different types of casing by depth and function.

[27] 83 FR 11625, March 15, 2018. Also, see U.S. notes 16(b), subchapter III of chapter 99 of the HTSUS.

[28] 85 FR 3741, January 22, 2020. Also, see U.S. notes 20(s), subchapter III of chapter 99 of the HTSUS.

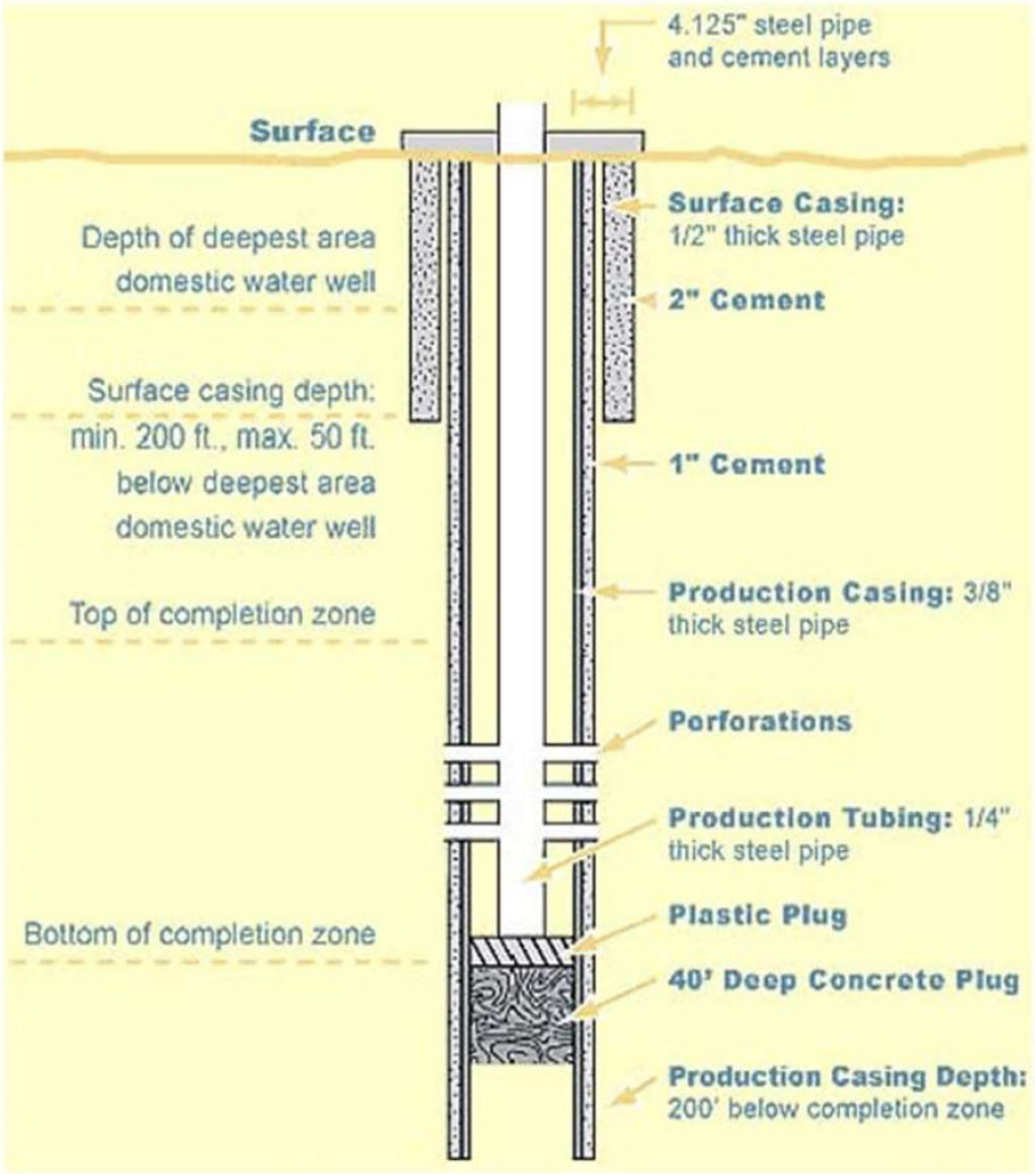
[29] Unless otherwise noted, this information is based on Oil Country Tubular Goods from China, Investigation Nos. 701-TA-463 and 731-TA-1159 (Review), USITC Publication 4532, May 2015 ("First review publication"), pp. 14-19.

Figure I-1
Casing and tubing: Simplified diagrammatic representation of a well showing the casing strings and production tubing



Source: First review publication, p. 15.

Figure I-2
Casing and tubing: Subsurface components of an oil or gas well, including descriptions of different types of casing by depth and function



Source: The Energy Council, "Facts," found at https://energycouncil.org/facts/#about-natural-gas, retrieved April 6, 2020.

Advancements in oil and gas exploration technologies, including advanced horizontal drilling[30] and hydraulic fracturing,[31] have enabled oil and gas wells to reach locations previously deemed cost-prohibitive (figure I-3). In addition, the application of new technologies permits more wells per acre, thus increasing oil and gas production and recoverable reserves.

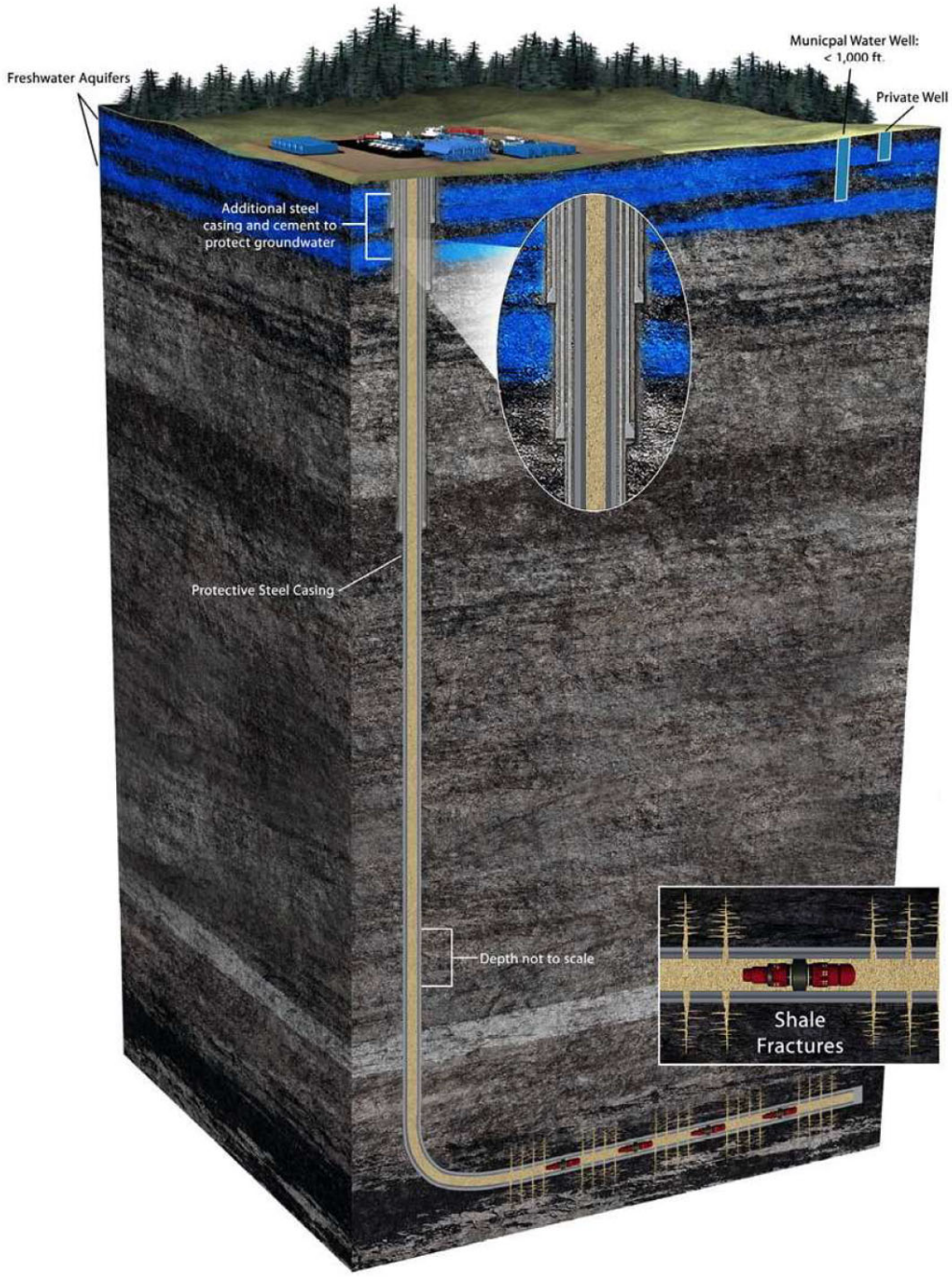
Casing is a circular pipe that serves as a structural retainer for the walls of the well with an outside diameter (O.D.) ranging from 4.5 inches to 20 inches and a length typically ranging from 34 feet to 48 feet. Casing provides a firm foundation for the drill string[32] by supporting the walls of the hole to prevent caving in, both during drilling and after the well is completed. After the casing is set, concrete is usually pumped between the outside of the casing and the wall of the hole to provide a secure anchor.

[30] Horizontal drilling is a variant of directional drilling in which vertical drilling within a well turns horizontal with the reservoir rock to expose more of the wellbore to the oil or natural gas. More oil and natural gas can be produced from fewer wells with less surface disturbance. American Petroleum Institute (API), "Advanced Drilling Techniques," found at http://www.api.org/oil-and-natural-gas-overview/exploration-and-production/natural-gas/advanced-drilling, retrieved April 6, 2020. As of May 1, 2015, 77 percent of active rotary rigs (699 rigs) in the United States employed horizontal drilling, while 10 percent (93 rigs) employed directional drilling; the remaining 12 percent (113 rigs) employed vertical drilling. However, as of April 19, 2020, 88 percent of active rotary rigs (234 rigs) in the United States employed horizontal drilling, while 7 percent (18 rigs) employed directional drilling; the remaining 5 percent (14 rigs) employed vertical drilling. Baker Hughes International Inc., "North American Rotary Rig Count (Jan 2000 – Current)," June 19, 2020, found at https://rigcount.bakerhughes.com/static-files/197d2af9-a400-4840-854d-e211d85c84cf, retrieved June 19, 2020.

[31] Hydraulic fracturing (commonly referred to as "fracking") requires the high-pressure injection of a mixture of water, sand, and chemicals through the well and into the surrounding shale rock formations, creating a network of narrow fractures in the rock. The fractures allow more oil and natural gas to enter through perforations made in the casing and tubing.

[32] The drill string consists of three types of nonsubject products: drill pipe, drill collars, and the drill bit.

Figure I-3
Casing and tubing: Horizontal drilling and hydraulic fracturing



Source: First review publication, p. 18.

Casing also serves as a surface pipe designed to prevent contamination of the recoverable oil and gas by surface water, gas, sand, or limestone. Casing must be sufficiently strong to carry its own weight, as well as to resist both external pressure and pressure within

the well. Casing can be threaded at both ends and connected with other casing pieces with couplings or connectors. Larger wells require a string of concentric layers of casing rather than a single casing because a limited amount of open hole can be drilled at any one time. Several sizes of casing may be set inside the well after it has been drilled, with the larger sizes set at the top of the well, and the smaller sizes set toward the bottom.

Tubing is a smaller-diameter pipe (between 1.050 and 4.5 inches O.D.) installed inside the larger-diameter casing that is used to conduct the oil or gas to the surface, either through natural flow or through pumping. Substances such as lubricants are also pumped into the well through the tubing for well treatment. Tubing must be strong enough to support its own weight, that of the oil or gas, and that of any pumping equipment suspended on the string. Tubing, like casing, usually is produced in accordance with API specification 5CT.[33]

Coupling stock is a seamless tubular product used to make a coupling blank which, in turn, is used to produce coupling.[34] Coupling is a thick-walled and internally threaded cylinder that is used for joining two lengths of threaded pipe. Coupling typically accounts for 2-3 percent of the weight of end-finished tubing or casing.

Manufacturing process[35]

The manufacturing process for casing and tubing includes forming and finishing phases. The forming phase takes place entirely at the manufacturing facility or mill. Finishing, by contrast, may take place at the mill or at a processing threading facility.

---

[33] API specification 5CT designates grades for both casing and tubing. These grades include a letter (e.g. H, J, K) which typically corresponds to a minimum tensile strength level (with "H" being the weakest and "Q" the strongest), followed by a number (e.g. 55, 80). The number specifies the minimum yield strength in thousands of pounds per square inches (psi) of the pipe material. Thus, grade J55 or K55 requires that the subject OCTG have minimum yield strength of 55,000 psi but differs in minimum tensile strength. An OCTG grade may include several types. Each specific grade, in combination with a specific type (e.g. grade L80, type 9 Cr), is required to have certain mechanical properties (including yield strength), chemical compositions, methods of production (seamless or welded), heat treatments, testing procedures, and other engineering specifications, depending on customers' requirements. For example, grade L80, type 1 contains no chromium, can be seamless or welded, and the pipe has to be quenched and tempered. Grade L80, type 9 Cr must contain between 8 to 10 percent chromium by weight, is seamless, tempered and quenched. Certain OCTG must be heat treated to achieve particular physical characteristics and grade. For example, to reduce system weight by using thinner-walled pipe, well operators employ light-walled high-strength casing made from high-grade steel.

[34] Coupling blank, as the name implies, is not threaded.

[35] Unless otherwise noted, this information is based on the first review publication, pp. 19-27.

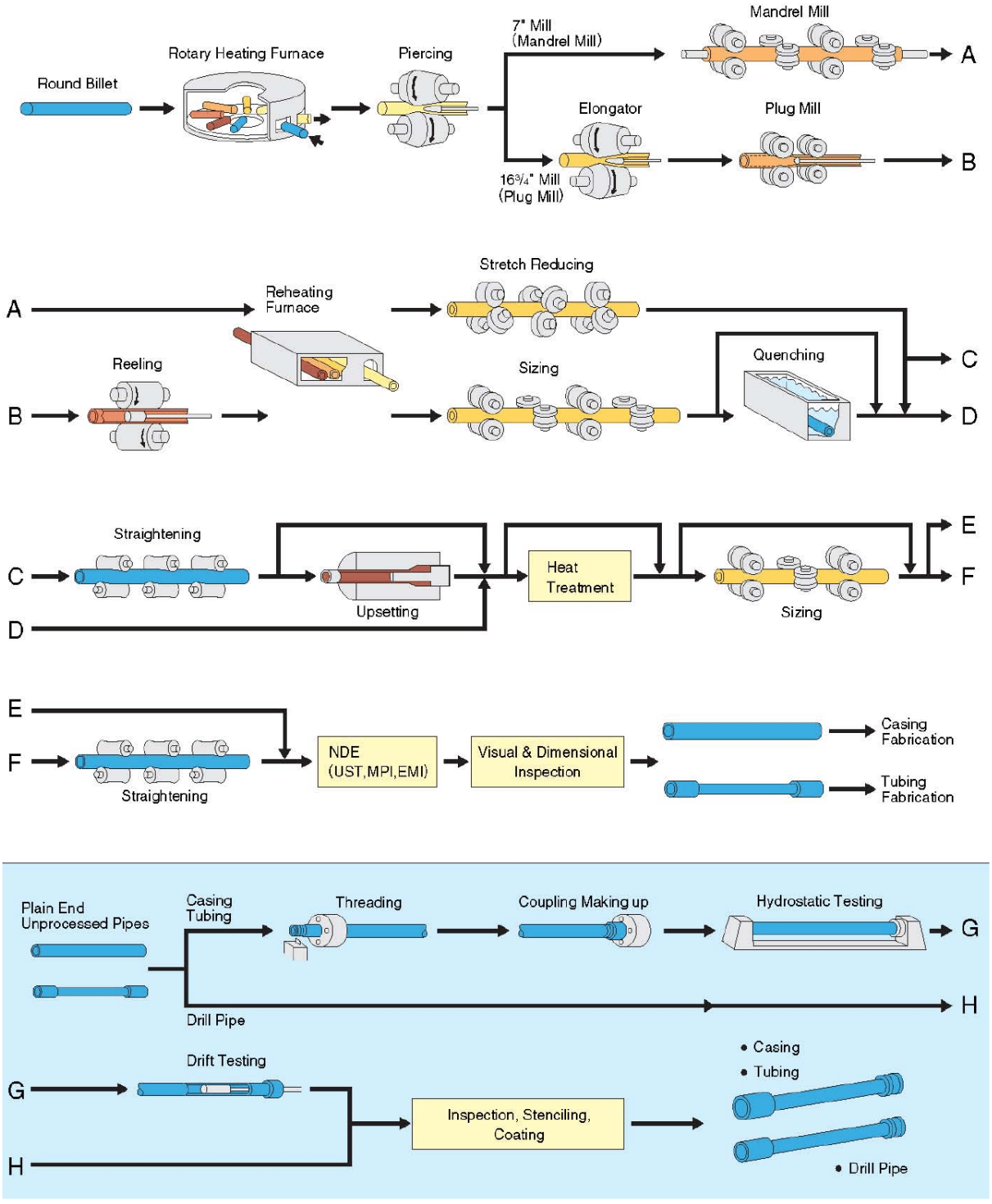
Forming phase

OCTG mills manufacture casing and tubing either by the seamless process or by the electric-resistance-welding ("ERW") process, a lower-cost method than the seamless process, depending on the service requirements. By contrast, mills manufacture coupling stock for OCTG couplings exclusively through the seamless process.

Seamless OCTG is manufactured by either of two high-temperature methods to form a central cavity in a solid steel billet; namely, the rotary piercing method and the hot extrusion method. Round or square billets serve as the input for seamless tubing (figure I-4). If a square billet is used, it is first forced through a circular roll pass, which transforms the billet from square to round for the piercing operation. In the rotary piercing method, the heating billet is gripped by angled rolls, which cause the billet to rotate and advance over a piercer point, forming a hole through the length of the billet. In the extrusion method, the billet is hot punch-pierced and then extruded axially through a die and over a mandrel, forming a hollow shell. The hollow shell produced by either method is then rolled with a fixed plug or with a continuous mandrel inside the shell to reduce the wall thickness and increase the shell's length. Finally, the shell is rolled in a sizing mill or a stretch-reducing mill where it is formed to size.

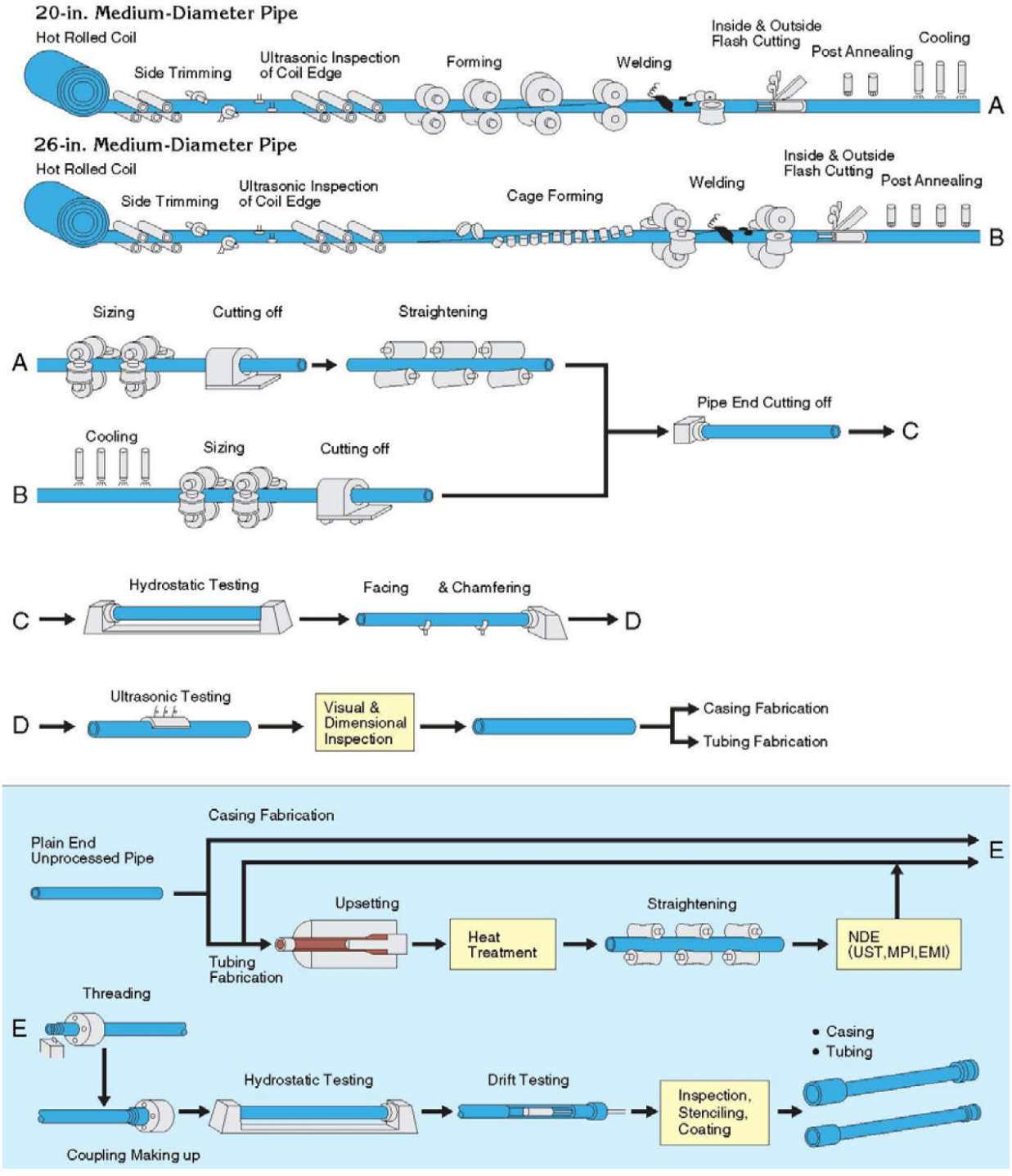
Welded OCTG is manufactured from steel sheet in coil form (figure I-5). The steel sheet is slit to the width that corresponds to the desired diameter of tube. The slit sheet passes through a series of rollers while at ambient temperature and forms a tubular shape. The edges are then heated by electric resistance and welded together by heat and pressure, without the addition of filler metal. The welding pressure causes some of the metal to be squeezed from the welding joint, forming a bead of metal on the inside and outside of the tube. This bead, or welding flash, is usually trimmed from both the outside and the inside surfaces.

Figure I-4
Casing and tubing: Seamless manufacturing process



Source: First review publication, p. 21.

Figure I-5
Casing and tubing: General schematic of the ERW manufacturing process



Source: First review publication, p. 22.

Finishing phase

After the forming phase, the pipe body is heat-treated, and its ends upset, threaded and coupled, as needed. U.S. pipe mills typically are equipped with the facilities necessary to perform these processes. Independent processors operate facilities that are capable of full-body heat treatment and may upset pipe ends.[36] Threaders are capable of threading and coupling, hydrostatic testing, and measuring the length of OCTG products. Some processors and threaders may also manufacture couplings that become part of finished OCTG. Processors and threaders mainly serve imports, since OCTG are often imported with plain ends, and are heat treated, upset, and threaded in the United States. This approach provides the flexibility to offer casing and tubing in compliance with a variety of specifications, thus allowing them to serve a wide range of consumer needs.

Heat treatment

In the steel manufacturing process, specific engineering characteristics and mechanical properties of the steel can be achieved through the application of different heat treatments.[37] Heat treating may involve one or more heating cycles in either a continuous or batch furnace, with controlled rates of cooling. Specific heat treating requirements depend on the grade of steel being processed. For welded pipe, the heat treatment may cover the welded seam only, or the full cross section of the pipe. API standards specify a documented procedure for every

---

[36] API defines a processor as: "firm, company, or corporation that operates facilities capable of heat treating pipe made by a pipe mill." Most processors typically perform threading operations, although many threaders do not perform processing operations. Discussion of independent threaders is limited in this report, as the Commission in recent OCTG investigations has not deemed independent threaders to be part of the domestic industry producing casing and tubing. *Certain Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico, Investigation Nos. 731-TA-711 and 713-716 (Second Review)*, USITC Publication 3923, June 2007, p. 9. *Certain Oil Country Tubular Goods from China, Investigation Nos. 701-TA-463 (Final)*, USITC Publication 4124, January 2010, p. I-18.

[37] During the steel making process, certain alloys are added to the mix to achieve the desired characteristics. The American Iron and Steel Institute specifies three broad categories of steels, depending on their chemical compositions: (1) The first group is carbon steels containing by weight 2 percent or less of carbon. Carbon steel is used in standard applications. (2) The second group is stainless steels containing by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements and a minimum of 50 percent iron. These steels are used in applications requiring resistance to oxidation and corrosion. These products are excluded from the subject reviews. (3) Alloy steels are those that are not classified as carbon or stainless steels and have specified maximum contents of elements including manganese, silicon, copper, nickel, lead or any other elements added to obtain a desired alloying effect. Depending on the specific applications, OCTG are required to be made from a specific category of steel as determined by its grades and types. For standard operations, OCTG of grades H40, J55, K55, and N80 are used. For severe services including harsh weather or high stress operations, higher grades of OCTG are required.

particular grade and type of pipe. API-specific heat treatment processes in the production of casing and tubing include annealing, normalizing, and quench and tempering.

Annealing is a single heat treatment process that prepares the steel for fabrication or service. The steel is heated to a temperature in or near a specific range and cooled at a predetermined rate or cycle. Annealing relieves internal residual stresses or hardness induced by welding, by cold working, or by machining.

In the normalizing process, the pipe is heated above a specific temperature, held at this temperature for a specified time, and then air-cooled. Normalizing refines the steel grain size and obtains a carbide size and distribution that is more suitable for future heat treatment than the as-rolled structure.

Quenching and tempering is a sequential process in which the pipe is heated to a specific temperature for a specified time period to modify the steel's microstructure, and then "quenched" in a cooling medium such as water, oil, or air, depending on the thickness of the pipe. After quenching, the steel is very brittle and must be reheated and then cooled under specific conditions. This process is called "tempering." The pipe must undergo a specified process of quenching and tempering in order to qualify for certain API grades.

Depending on the pipe design, API standards may specify a single heat treatment process or combination of processes for the pipe, such as normalizing and tempering, or quenching and tempering. After heat treatment, sizing rolls shape the tube to accurate diameter tolerances. The product is cooled and then cut to length at the end of the tube mill.

Coupling stock is made to the same grade and type specifications as casing and tubing. It must also be subject to the same heat treatment as pipe, except where specified by the purchaser.

Upsetting and threading

Casing and tubing are finished by threading and the attachment of a suitable coupling to one end of each length. If additional strength in the joint is required, such as for some casing or tubing that is subject to severe or sour service,[38] the ends of the pipe are upset before threads are cut. In the upsetting process, the end of the pipe is heated to forging temperature, and then inserted endwise into an upsetting machine. The machine pushes the hot metal back, creating a

[38] Sour crude oil or sour gas is defined as an oil/gas containing common impurities such as water, carbon dioxide, hydrogen sulfide, and oxygen, which are mixed in with the oil/gas during extraction. These impurities corrode or cause cracking in steel; albeit, without any observable change in appearance prior to failure.

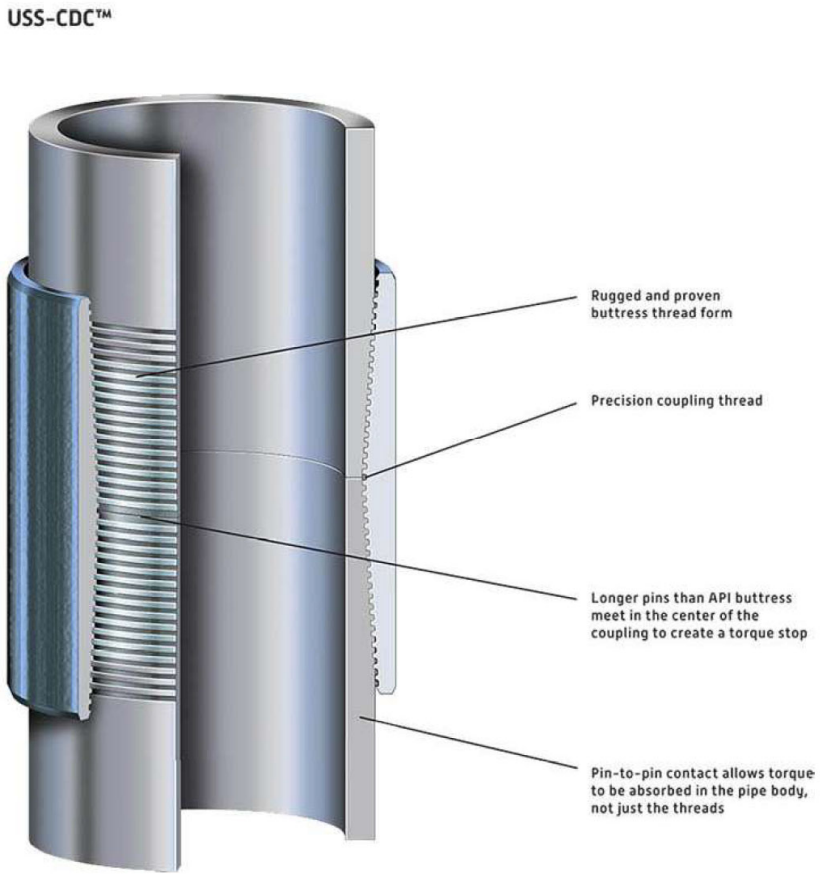
thicker wall at the end of the pipe. The upsetting may be controlled to displace the extra thickness to the inside or the outside of the pipe.

Casing and tubing can be joined directly using male (outer) and female (inner) threading, or by using couplings with female threads on each end.[39] Typically, the pipe is mounted on a lathe and threads are cut by using sharp steel cutting tools (called chasers), which are mounted on a threading die surrounding the pipe. As the pipe is turned on the lathe, the threading die moves along the pipe's axis, producing the required spiral cut on the inner or outer surface of the pipe. Threading can be made to meet API standards, or made to proprietary standards that are designed, registered, and protected by patents or other intellectual property rights mechanism and that are not specified by API standards. For instance, OCTG producers may market proprietary "semi-premium" or "premium" threaded connections that provide higher torsional loads, bending resistance, or greater sealability for casing in challenging drilling environments. Premium threaded connections generally refer to OCTG connections that have a metal-to-metal, gas type seal to ensure pressure integrity. Semi-premium connections generally refer to connections that do not have a metal-to-metal seal, yet maintain water-type ability-to-seal, and thus may be used in less demanding wells with no gas-type ability-to-seal requirements. Examples of threaded and coupled semi premium and premium connections are shown in figures I-6 and I-7. After threading, a thread protector is applied to the threaded pipe ends during handling, transportation, or storage.[40]

[39] Some drive pipes or surface pipes that are connected together by a few joints near the ground surface can be welded together.

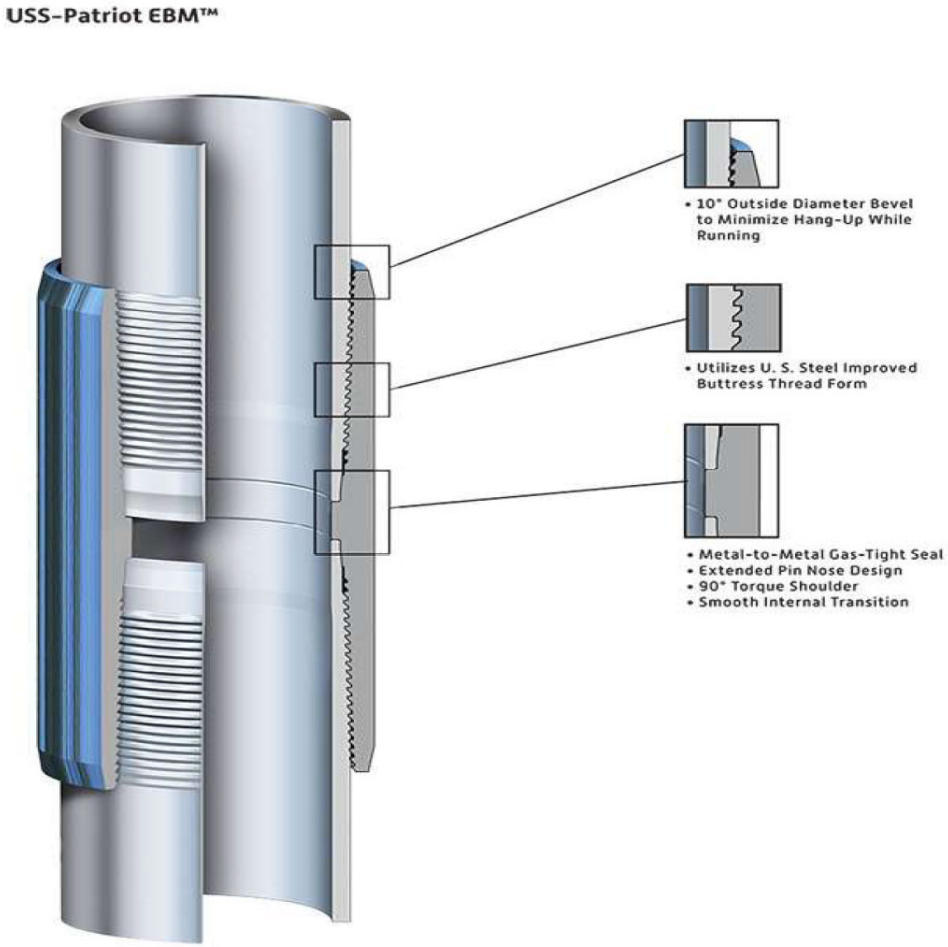
[40] Threading can be performed after transportation to avoid damage caused by movement, water, or weather. Damaged threads can cause expensive ruptures of the pipe string in casing and tubing applications where pipes are connected to one another by threaded joints.

Figure I-6
Casing and tubing: Threaded and coupled semi-premium connection



Source: First review publication, p. 26.

Figure I-7
Casing and tubing: Threaded and coupled premium connection



Source: First review publication, p. 27.

The industry in the United States

U.S. producers

During the final phase of the original investigations, the Commission received U.S. producer questionnaires from seven firms, which accounted for the large majority of U.S. OCTG operations and nearly all (more than *** percent) of U.S. mill production of OCTG during 2008.[41] During the expedited first five-year reviews, domestic interested parties provided a list of 17 known and currently operating U.S. producers of OCTG. The nine responding domestic interested parties providing U.S. industry data in response to the Commission's notice of institution in the first five-year reviews accounted for approximately *** percent of production of OCTG in the United States during 2013.[42]

In response to the Commission's notice of institution in these current reviews, domestic interested parties provided a list of 13 known and currently operating U.S. producers of OCTG. Seven firms providing U.S. industry data in response to the Commission's notice of institution accounted for approximately 73.6 percent of production of OCTG in the United States during 2019.[43]

Recent developments

Between 2015 and 2019, new facilities were brought online through either greenfield investments or the restarting of existing facilities that had previously been idled. In 2020, however, the decline of oil prices and the effects of the spread of coronavirus led to the reduction of production related activities by some domestic OCTG producers. Table I-3 presents important industry events that have occurred since January 1, 2014.

Data on U.S. OCTG consumption are generally not available. However, because OCTG is used in oil and gas wells, the demand for OCTG is related to the number of oil and gas rigs in use. The number of active drilling rigs significantly decreased since the first review, from 905 rigs reported on May 1, 2015 to 786 rigs reported on January 2, 2020, and further declined to

[41] Investigation Nos. 701-TA-463 and 731-TA-1159 (Final): Certain Oil Country Tubular Goods from China, Confidential Report, INV-GG-113, December 18, 2009 ("Original confidential report"), pp. I-4 and III-1.

[42] Investigation Nos. 701-TA-463 and 731-TA-1159 (Review): Certain Oil Country Tubular Goods from China, Confidential Report, INV-NN-007, February 24, 2015 ("First review confidential report"), p. 42.

[43] Domestic interested parties' response to request for clarification, May 14, 2020, p. 4.

266 rigs reported on June 19, 2020.[44] The reduced rig count in 2020 occurred as oil prices declined and as global economic activity slowed down as a result of measures taken to slow the spread of coronavirus.[45] [46]

Table I-3
OCTG: Important industry events since January 1, 2014

Year	Company	Event
2014	Borusan	Borusan began production at its Baytown, TX facility which can produce 300,000 metric tons (xx short tons) of OCTG and line pipe per year.[1]
2015	Benteler	Benteler completed construction of a seamless hot rolling mill in Shreveport, LA.[2]
	Tenaris	Tenaris curtailed operations at its three welded OCTG facilities in Texas and Blytheville, AR.[3]
2016	U.S. Steel	U.S. Steel temporarily idled its electric-welded pipe mill in Lone Star, TX due to challenging market conditions.[4]
	U.S. Steel	U.S. Steel permanently closed the Lorain #4 (Lorain, OH) and Lone Star #1 (Lone Star, TX) pipe mills.[5]
	SeAH Steel	In December, SeAH Steel acquired the U.S. processing operations of Laguna Tubular Products (Houston, TX) and the U.S. mill operations of OMK Tube (Houston, TX). These companies were purchased by SeAH Steel, which was established in October 2016. The CEO of SeAH Steel stated that the acquisition of these facilities would allow SeAH Steel to "more effectively deal with rising protectionism in the United States."[6]
2017	Tenaris	Tenaris unveiled a $1.8 billion, 1.2 million square foot greenfield seamless tube production facility in Bay City, TX. This facility includes a state-of-the-art rolling mill with a capacity to produce 600,000 metric tons of OCTG per year.[7]
2018	Tenaris	Tenaris restarted operations at its Conroe, TX mill. Production had been halted since 2015.[8]
2019	Boomerang	Boomerang acquired Southern Tube's processing operations (including heat treatment and threading capabilities) in Houston, TX. Boomerang stated that the acquisition would allow it to expand its product offerings to seamless tube and the processing of green tube.[9]
	U.S. Steel	U.S. Steel announced the third quarter 2019 restart of its electric-welded pipe mill in Lone Star, TX. The mill had been permanently idled since 2016.[10]

Table continued on next page.

[44] Baker Hughes International Inc., "North American Rotary Rig Count (Jan 2000 – Current)," June 19, 2020, found at https://rigcount.bakerhughes.com/static-files/197d2af9-a400-4840-854d-e211d85c84cf, retrieved June 19, 2020.

[45] Reuters, "U.S. oil rig count drops to lowest since December 2016: Baker Hughes," April 9, 2020, https://www.reuters.com/article/us-usa-rigs-baker-hughes/us-oil-rig-count-drops-to-lowest-since-december-2016-baker-hughes-idUSKCN21R30O.

[46] For additional information, see part II of Inv. Nos. 701-TA-499-500 and 731-TA-1215-1216, 1221-1223 (Review): Oil Country Tubular Goods from India, Korea, Turkey, Ukraine, and Vietnam, Public Report, June 18, 2020.

Table I-3--Continued
OCTG: Important industry events since January 1, 2014

Year	Company	Event
2020	EVRAZ	A cyberattack shut down EVRAZ's information technology system in early March. As a result, EVRAZ temporarily laid off employees and stated that it could impact operations and shipments.[11]
	EVRAZ	In May, EVRAZ idled its Pueblo, Colorado OCTG mill and announced that it would temporarily lay off over 100 employees. EVRAZ stated that the idling of the Pueblo plant was in response to the difficult OCTG market conditions created by the coronavirus and the drop in oil prices.[12]
	Tenaris	Tenaris completed its acquisition of IPSCO, a U.S. producer of seamless and welded OCTG and line pipe products, for $1.067 billion. The IPSCO assets include a steel mill in Koppel, PA, and a seamless pipe mill in Ambridge, PA.[13]
	Tenaris	Tenaris announced that it would suspend operations at its Koppel and Ambridge, PA, facilities on March 31, and implement employee reductions at its Baytown, TX, and Hickman, AR, facilities on April 17. Tenaris cited the sharp decline in oil prices and the subsequent decrease in market activity as the reason for the suspended operations and employee reductions. In May, Tenaris announced that it would lay off 200 employees at its seamless mill in Baytown, TX.[14]
	U.S. Steel	U.S. Steel announced that in late-May the company would idle all or most operations at Lone Star Tubular in Texas and Lorain Tubular in Ohio for an indefinite period of time. The company reported that this was in response to weak market conditions including continued high levels of imports and decreased demand driven by a sudden, significant drop in oil prices. In April, U.S. Steel announced that it had issued or planned to issue advance notice of layoffs to approximately 6,500 employees, but expected the actual number of employees affected to be closer to 2,700.[15]
	Vallourec	On April 6, Vallourec announced that in the following weeks, it would reduce over 900 positions in North America (over one third of its total workforce and contractor positions in North America) across all plants and support functions. Vallourec stated that it was taking these measures in order to "adjust working hours to activity levels, reduce fixed costs and investments as well as implementing strict safety measures to protect all employees from COVID-19."[16]

Footnotes continued on next page.

Table I-3--Continued
OCTG: Important industry events since January 1, 2014

[1] Borusan, "Production facilities," https://www.borusanmannesmann.com/production-facilities.
[2] BENTELER Steel/Tube Manufacturing Corp., "Annual Report 2015," p. 5, 14–15. KSLA, "Operations begin at Benteler steel tube mill," September 5, 2015, https://www.ksla.com/story/29964611/operations-begin-at-benteler-steel-tube-mill/.
[3] KAIT, "Blytheville manufacturer lays off employees," January 9, 2015, https://www.kait8.com/story/27803181/blytheville-manufacturer-lays-off-employees/. Arthur, Shay, "Blytheville mill cuts 300 jobs," January 9, 2015, https://wreg.com/2015/01/09/blytheville-mill-cuts-300-jobs/.
[4] U.S. Steel Corp., "Form 10-K for the fiscal year ended December 31, 2016," p. 21, https://www.ussteel.com/sites/default/files/annual_reports/USS%20Form%2010-K%20-%202016.pdf. U.S. Steel Corp., "United States Steel to restart electric-weld pipe mill at Lone Star tubular operations," February 4, 2019, https://www.ussteel.com/newsroom/united-states-steel-restart-electric-weld-pipe-mill-lone-star-tubular-operations.
[5] U.S. Steel Corp., "Form 10-K for the fiscal year ended December 31, 2016," p. 21, https://www.ussteel.com/sites/default/files/annual_reports/USS%20Form%2010-K%20-%202016.pdf.
[6] SeAH Group, "History." https://www.seah.co.kr/eng/seah/history.asp. The Korea Times, "SeAH acquires two US steel mills," November 30, 2016. http://www.koreatimes.co.kr/www/news/biz/2016/11/123_219249.html.
[7] Tenaris S.A., "Tenaris unveils seamless pipe mill in Bay City, Texas," December 11, 2017, https://www.tenaris.com/en/newsroom/news-listing/tbcinauguration--05141517017.
[8] Tenaris S.A., "Tenaris employees, elected officials celebrate restart of Conroe plant," October 20, 2018, https://www.tenaris.com/en/newsroom/news-listing/tenaris-employees-conroe-plant--25995496518.
[9] Boomerang, "Boomerang purchases Southern Tube," February 25, 2019, https://www.boomerangtube.com/boomerang-purchases-southern-tube/.
[10] U.S. Steel Corp., "United States Steel to restart electric-weld pipe mill at Lone Star tubular operations," February 4, 2019, https://www.ussteel.com/newsroom/united-states-steel-restart-electric-weld-pipe-mill-lone-star-tubular-operations.
[11] CBC News, "Cyber attack shuts down Evraz IT systems across North America, but company says no data compromised," March 5, 2020, https://www.cbc.ca/news/canada/saskatchewan/evraz-regina-shut-down-ransomware-attack-1.5487017.
[12] American Metal Markets, "Evraz temporarily idling Colorado mill," May 20, 2020. https://www.amm.com/Article/3933450/Evraz-temporarily-idling-Colorado-mill.html.
[13] Tenaris, "Tenaris to acquire IPSCO Tubulars from TMK," March 22, 2019, https://ir.tenaris.com/index.php/static-files/78327e47-3bb9-4a95-8229-a922492c7c67. Tenaris, "Tenaris completes acquisition of IPSCO Tubulars from TMK," January 2, 2020, https://ir.tenaris.com/news-releases/news-release-details/tenaris-completes-acquisition-ipsco-tubulars-tmk.
[14] Tenaris, "Tenaris to adjust production, temporarily suspend operations at US facilities," March 19, 2020, https://www.tenaris.com/en/newsroom/news-listing/tenaris-adjusts-production-suspends-operations-at--26783088120. Tenaris, "Tenaris to adjust workforce at Bay City, TX, seamless plant," May 11, 2020. https://www.tenaris.com/en/newsroom/news-listing/bay-city-layoffs--02793502820.
[15] U.S. Steel, "United States Steel Corporation takes action to preserve strong long-term future in response to COVID-19 impacts," March 27, 2020, https://www.ussteel.com/newsroom/united-states-steel-corporation-takes-action-preserve-strong-long-term-future-response. U.S. Steel, "Form 8-K," April 30, 2020. https://www.sec.gov/ix?doc=/Archives/edgar/data/1163302/000116330220000031/form8ker200430.htm.
[16] Vallourec, "Vallourec reduces its workforce in North America," April 6, 2020, https://www.vallourec.com/-/media/Corporate_WebSite/CORP_Documents/CORP_Publications_EN/CORP_Press_Releases_EN/CORP_Reglemented_Press_Release_EN/2020/20200406-Vallourec-press-release-adaptations-measures.ashx.

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 in the current five-year reviews.[47] Table I-4 presents a compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted by U.S. producers in the original investigations and prior five-year reviews.

Table I-4
OCTG: Trade and financial data submitted by U.S. producers, 2008, 2013, and 2019

Item	2008	2013	2019
Capacity (short tons)	4,469,087	***	5,788,508
Production (short tons)	3,081,518	***	2,278,754
Capacity utilization (percent)	69.0	***	39.4
U.S. shipments:			
Quantity (short tons)	2,986,480	***	2,378,411
Value ($1,000)	6,184,818	***	3,445,073
Unit value (per short ton)	2,071	***	1,448
Net sales ($1,000)	6,475,522	***	3,445,073
COGS ($1,000)	4,019,568	***	3,506,673
COGS/net sales (percent)	62.1	***	101.8
Gross profit (loss) ($1,000)	2,455,954	***	(61,601)
SG&A expenses ($1,000)	358,636	***	349,095
Operating income (loss) ($1,000)	2,097,318	***	(410,696)
Operating income (loss)/net sales (percent)	32.4	***	(11.9)

Note: For a discussion of data coverage, please see "U.S. producers" section.

Source: For the years 2008 and 2013, data are compiled using data submitted in the Commission's original investigations and first reviews. See app. C. For the year 2019, data are compiled using data submitted by domestic interested parties. Domestic interested parties' response to the notice of institution, May 1, 2020, exh.11; and domestic interested parties' response to request for clarification, May 14, 2020, pp. 2-3.

[47] Individual company trade and financial data are presented in app. B.

Definitions of the domestic like product and domestic industry

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. 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 U.S. producer for purposes of its injury determination if "appropriate circumstances" exist.[48]

In its original determinations and its expedited five-year review determinations, the Commission defined the domestic like product as OCTG, coextensive with Commerce's scope and it defined a single domestic industry consisting of all domestic producers of OCTG.[49]

U.S. imports and apparent U.S. consumption

U.S. importers

During the final phase of the original investigations, the Commission received U.S. importer questionnaires from 47 firms, which accounted for approximately 77.9 percent of total U.S. imports of OCTG from China during 2008.[50] Import data presented in the original investigations were based on official Commerce statistics.[51]

Although the Commission did not receive responses from any respondent interested parties in its first five-year reviews, the domestic interested parties provided a list of 40 firms that may have imported OCTG from China.[52] Import data presented in the first reviews were based on official Commerce statistics.[53]

[48] Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).
[49] 85 FR 18268, April 1, 2020.
[50] Original publication, p. IV-1.
[51] Original publication, p. I-3.
[52] First review publication, p. 36.
[53] First review publication, table 5.

Although the Commission did not receive responses from any respondent interested parties in these current reviews, in their response to the Commission's notice of institution, the domestic interested parties provided a list of 197 potential U.S. importers of OCTG.[54] [55]

U.S. imports

Table I-5 presents the quantity, value, and unit value of U.S. imports from China as well as the other top sources of U.S. imports (shown in ascending order of 2019 imports by quantity).

Table I-5
OCTG: U.S. imports, 2014-19

Item	2014	2015	2016	2017	2018	2019
	Quantity (short tons)					
China (subject)	5,190	695	701	16,008	803	1,295
Canada	341,501	108,519	40,824	214,244	173,703	78,242
Mexico	306,188	273,730	298,125	471,379	420,055	214,481
Korea	1,575,866	678,730	345,997	1,150,842	504,222	450,982
All other sources	1,581,527	1,090,189	420,809	1,527,716	1,628,641	1,522,200
Subtotal, nonsubject	3,805,082	2,151,168	1,105,755	3,364,181	2,726,621	2,265,905
Total imports	3,810,272	2,151,863	1,106,456	3,380,189	2,727,424	2,267,200
	Landed, duty-paid value ($1,000)					
China (subject)	10,051	1,402	1,346	20,886	1,763	1,695
Canada	526,278	164,711	50,566	247,884	239,211	105,795
Mexico	543,082	447,646	347,007	549,537	624,183	352,463
Korea	1,430,443	601,871	198,308	844,605	426,969	398,963
All other sources	2,142,898	1,514,875	428,903	1,444,503	1,891,385	1,786,227
Subtotal, nonsubject	4,642,702	2,729,103	1,024,783	3,086,529	3,181,747	2,643,447
Total imports	4,652,753	2,730,506	1,026,129	3,107,415	3,183,510	2,645,142

Table continued on next page.

[54] Domestic interested parties' response to the notice of institution, May 1, 2020, Exhibit 9.

[55] The list of possible U.S. importers submitted by domestic interested parties likely overstates the actual number of U.S. importers of OCTG because it includes numerous freight forwarding and logistics firms as well as a number of duplicate entities. Domestic interested parties' response to the notice of institution, May 1, 2020, exh. 9.

Table I-5—Continued
OCTG: U.S. imports, 2014-19

Item	2014	2015	2016	2017	2018	2019
	Unit value (dollars per short ton)					
China (subject)	1,937	2,017	1,920	1,305	2,195	1,308
Canada	1,541	1,518	1,239	1,157	1,377	1,352
Mexico	1,774	1,635	1,164	1,166	1,486	1,643
Korea	908	887	573	734	847	885
All other sources	1,355	1,390	1,019	946	1,161	1,173
Subtotal, nonsubject	1,220	1,269	927	917	1,167	1,167
Total imports	1,221	1,269	927	919	1,167	1,167

Note: Because of rounding, figure may not add to total shown.

Source: Compiled from official Commerce statistics for HTS subheading 7304.29.

Apparent U.S. consumption and market shares

Table I-6 presents data on U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares.

Table I-6
OCTG: U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares, 2008, 2013, and 2019

Item	2008	2013	2019
	Quantity (short tons)		
U.S. producers' U.S. shipments	2,986,480	***	2,378,411
U.S. imports from—			
China	2,197,556	4,137	1,295
All other sources	1,534,713	3,100,600	2,265,905
Total imports	3,732,269	3,104,737	2,267,200
Apparent U.S. consumption	6,718,749	***	4,645,611
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	6,184,818	***	3,445,073
U.S. imports from—			
China	2,805,206	3,963	1,695
All other sources	2,572,888	3,817,151	2,643,447
Total imports	5,378,094	3,821,114	2,645,142
Apparent U.S. consumption	11,562,912	***	6,090,215
	Share of consumption based on quantity (percent)		
U.S. producer's share	44.4	***	51.2
U.S. imports from.--			
China	32.7	***	0.0
All other sources	22.8	***	48.8
Total imports	55.6	***	100.0

Table continued on next page.

Table I-6--Continued
OCTG: U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares, 2008, 2013, and 2019

Item	2008	2013	2019
	Share of consumption based on value (percent)		
U.S. producer's share	53.5	***	56.6
U.S. imports from.--			
China	24.3	***	0.0
All other sources	22.3	***	43.4
Total imports	46.5	***	100.0

Note: For a discussion of data coverage, please see "U.S. producers" and "U.S. importers" sections.

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: For the years 2008 and 2013, data are compiled using data submitted in the Commission's original investigations and first five-year reviews. For the year 2019, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheading number 7304.29.

The industry in China

During the final phase of the original investigations, the Commission received foreign producer/exporter questionnaires from 16 firms, which accounted for approximately *** percent of production capacity of OCTG and related tubular products in China during 2008.[56] Reported exports to the United States were equivalent to approximately 66 percent of official Commerce imports during 2008.[57] Although the Commission did not receive responses from any respondent interested parties in its first five-year reviews, the domestic interested parties provided a list of 207 possible producers of OCTG in China in that proceeding.[58]

Although the Commission did not receive responses from any respondent interested parties in these five-year reviews, the domestic interested parties provided a list of 181 possible producers of OCTG in China.[59]

Table I-7 presents data for China's largest export markets for casing and tubing from China (by export destination in descending order of quantity for 2019).

[56] Original confidential report, p. VII-6.
[57] Original publication, p. VII-4.
[58] First review publication, p. 40.
[59] Domestic interested parties' response to the notice of institution, May 1, 2020, Exh. 9.

Table I-7
Casing and tubing: Exports from China, by destination, 2014-19

Item		Calendar year				
	2014	2015	2016	2017	2018	2019
	Quantity (short tons)					
Oman	158,138	166,532	191,023	153,416	147,594	223,720
Kuwait	45,797	85,157	154,074	116,528	106,075	202,070
Algeria	99,647	56,756	104,513	6,703	117,768	134,600
Egypt	122,558	77,440	38,555	37,444	113,780	84,134
Kazakhstan	88,618	20,515	11,162	53,770	41,570	66,453
Australia	90,547	32,630	49,722	52,373	109,065	61,530
Indonesia	163,879	65,970	18,426	11,019	32,842	57,726
Turkey	61,594	38,251	38,725	52,391	31,684	50,001
Thailand	149,535	109,592	50,627	30,863	83,447	45,195
India	77,253	37,195	129,270	28,839	53,812	39,453
All other	1,017,292	719,122	555,359	622,986	544,918	477,775
Total	2,074,858	1,409,160	1,341,456	1,166,333	1,382,554	1,442,657

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

Source: China Customs, HTS subheadings 7304.29, 7305.20, and 7306.29.

Antidumping or countervailing duty orders in third-country markets

In March 2018, the European Union extended antidumping duties of 48.3 to 71.9 percent on imports of seamless pipe and tube (including OCTG) from China. The original duties were implemented in 2011.[60]

On December 14, 2015, Canada concluded a re-investigation of antidumping orders for certain seamless casing, certain OCTG, and certain pup joints from China. The Canadian Border Services Agency (CBSA) announced that it would continue the antidumping orders at a rate of 91 percent for certain seamless casing, 166.9 percent for certain oil country tubular goods, and

[60] Official Journal of the European Union, Commission Implementing Regulation (EU), No. 2018/330, L 63/15, March 2018.

173.4 percent for certain pup joints for all Chinese exporters, with the exception of certain companies that will instead be subject to individually determined duties.[61]

In September 2015, the Eurasian Economic Union (EAEU) (through its regulatory body, the European Economic Commission) implemented antidumping duties on seamless steel OCTG from China.[62] The duty rates are not known. The EAEU member states are Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia. On December 13, 2019, Mexico imposed an antidumping order on seamless steel tubing from China of US $1,568.92/ton. The initial tariff was imposed in February 2011.[63]

The global market

Global exports

Table I-8 presents global export data for casing and tubing (by source in descending order of quantity for 2019).

Table I-8
Casing and tubing: Global exports by major sources, 2014-19

Item	2014	2015	2016	2017	2018	2019
	Value (1,000 dollars)					
China	2,193,825	1,281,699	947,287	924,483	1,393,362	1,514,760
Japan	1,484,823	732,553	522,412	593,865	639,144	665,710
Brazil	923,407	572,162	276,750	405,912	333,865	524,396
Russia	359,040	187,009	142,359	249,864	456,236	402,318
United States	1,066,041	635,650	424,771	663,359	463,883	372,042
South Korea	1,412,248	267,556	272,173	876,901	379,074	339,720
Austria	512,960	273,261	171,604	348,740	412,311	312,580

Table continues on next page.

[61] Canada Border Services Agency, "Notice of Conclusion of Re-investigation," December 14, 2015, https://www.cbsa-asfc.gc.ca/sima-lmsi/ri-re/ad1371-1385-1390-1404/ad1371-1385-1390-1404-ri15-nc-eng.html.

[62] Committee on Anti-Dumping Practices, Semi-Annual Report under Article 16.4 of the WTO Antidumping Agreement: Russian Federation, G/ADP/N/335/RUS, May 6, 2020, p. 7.

[63] Committee on Anti-Dumping Practices, Semi-Annual Report under Article 16.4 of the WTO Antidumping Agreement: Mexico, G/ADP/N/335/MEX, March 16, 2020, pp. 5, 10.

Table I-8--Continued
Casing and tubing: Global exports by major sources, 2014-19

Item	2014	2015	2016	2017	2018	2019
	Value (1,000 dollars)					
France	670,386	478,590	367,658	182,250	202,280	279,725
Singapore	436,269	237,885	152,060	143,582	173,331	244,361
Italy	381,571	156,349	116,773	157,895	248,711	243,602
All other	5,059,532	2,752,191	1,860,356	2,671,015	2,806,684	1,345,192
Total	14,500,102	7,574,905	5,254,204	7,217,866	7,508,879	6,244,406

Note.--Because of rounding, figures may not add to totals shown.
Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheadings 7304.29, 7305.20, and 7306.29.

Consumption

Data on global OCTG consumption are generally not available. However, because OCTG is used in oil and gas wells, the demand for OCTG is related to the number of oil and gas rigs in use. Total worldwide annual average rig counts decreased by 1.5 percent, from 2,211 in 2018 to 2,177 in 2019 (table I-9). In addition, total worldwide monthly average rig counts decreased by 27.0 percent from 2,073 in January 2020 to 1,514 in April 2020 (table I-10). The reduced rig count in 2020 occurred as oil prices declined and as global economic activity slowed down as a result of measures taken to slow the spread of coronavirus.[64]

Table I-9
OCTG: Baker Hughes International Rotary Rig Count, by country or region, 2014-19

Country or region	Calendar year					
	2014	2015	2016	2017	2018	2019
	Average rig counts					
Country:						
United States	1,862	977	510	875	1,032	944
Canada	380	193	128	207	191	135
Region:						
Latin America	397	319	198	185	190	190
Europe	145	117	96	92	85	149
Africa	134	106	85	83	98	117
Middle East	406	406	390	388	396	414
Asia Pacific	254	220	187	201	219	228
Total	3,578	2,337	1,593	2,029	2,211	2,177

Source: Baker Hughes Worldwide Rig Count, May 2020, https://rigcount.bakerhughes.com/static-files/7c07215d-2f23-4f4c-b0c6-1005312dfa41.

[64] Reuters, "U.S. oil rig count drops to lowest since December 2016: Baker Hughes," April 9, 2020, https://www.reuters.com/article/us-usa-rigs-baker-hughes/us-oil-rig-count-drops-to-lowest-since-december-2016-baker-hughes-idUSKCN21R30O.

Table I-10
OCTG: Baker Hughes International Rotary Rig Count, by country or region, November 2019-April 2020

Country or region	Month					
	November	December	January	February	March	April
	Average rig counts					
Country:						
United States	810	804	791	791	772	566
Canada[1]	136	135	204	249	133	33
Region:						
Latin America	196	191	179	184	169	89
Europe	147	139	133	130	123	112
Africa	116	118	114	120	108	103
Middle East	417	430	430	427	428	420
Asia Pacific	220	226	222	224	231	191
Total	2,042	2,043	2,073	2,125	1,964	1,514

[1] Oil and gas drilling activity in Canada is higher in the winter, when the ground is frozen. In the spring, the movement of equipment is restricted by thawing which causes fields and roads to soften. Therefore, drilling activity often stops in the spring until the ground dries. Canadian Association of Oilwell Drilling Contractors, "Working on a Drilling Rig," accessed June 8, 2020, https://caodc.ca/drilling_rig_work.

Source: Baker Hughes Worldwide Rig Count, May 2020, https://rigcount.bakerhughes.com/static-files/7c07215d-2f23-4f4c-b0c6-1005312dfa41.

APPENDIX A

FEDERAL REGISTER NOTICES

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

Citation	Title	Link
85 FR 18268 April 1, 2020	*Oil Country Tubular Goods From China; Institution of Five-Year Reviews*	https://www.govinfo.gov/content/pkg/FR-2020-04-01/pdf/2020-06761.pdf
85 FR 18189 April 1, 2020	*Initiation of Five-Year (Sunset) Reviews*	https://www.govinfo.gov/content/pkg/FR-2020-04-01/pdf/2020-06775.pdf

APPENDIX B

COMPANY-SPECIFIC DATA

* * * * * * *

APPENDIX C

SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS

Table C-1
OCTG: Summary data concerning the U.S. market, 2006-08, January-September 2008, and January-September 2009

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

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2006	2007	2008	2008	2009	2006-08	2006-07	2007-08	2008-09
U.S. consumption quantity:									
Amount	4,735,058	4,106,957	6,718,749	4,465,197	2,000,303	41.9	-13.3	63.6	-55.2
Producers' share (1)	59.2	58.0	44.4	49.9	33.9	-14.8	-1.3	-13.5	-16.0
Importers' share (1):									
China	15.3	21.0	32.7	27.6	37.0	17.4	5.6	11.8	9.4
Other sources	25.4	21.1	22.8	22.5	29.2	-2.6	-4.4	1.8	6.6
Total imports	40.8	42.0	55.6	50.1	66.1	14.8	1.3	13.5	16.0
U.S. consumption value:									
Amount	6,446,654	5,206,325	11,562,912	6,918,304	3,680,600	79.4	-19.2	122.1	-46.8
Producers' share (1)	64.6	63.5	53.5	59.0	37.6	-11.1	-1.2	-10.0	-21.4
Importers' share (1):									
China	10.6	15.6	24.3	19.9	30.0	13.7	5.0	8.7	10.1
Other sources	24.8	20.9	22.3	21.1	32.4	-2.5	-3.9	1.3	11.3
Total imports	35.4	36.5	46.5	41.0	62.4	11.1	1.2	10.0	21.4
U.S. imports from:									
China:									
Quantity	725,027	860,711	2,197,556	1,232,826	739,659	203.1	18.7	155.3	-40.0
Value	681,292	811,542	2,805,206	1,377,072	1,105,138	311.7	19.1	245.7	-19.7
Unit value	$940	$943	$1,277	$1,117	$1,494	35.8	0.3	35.4	33.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	1,204,575	864,612	1,534,713	1,006,389	583,130	27.4	-28.2	77.5	-42.1
Value	1,598,489	1,089,955	2,572,888	1,461,709	1,192,040	61.0	-31.8	136.1	-18.4
Unit value	$1,327	$1,261	$1,676	$1,452	$2,044	26.3	-5.0	33.0	40.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	1,929,601	1,725,323	3,732,269	2,239,214	1,322,789	93.4	-10.6	116.3	-40.9
Value	2,279,781	1,901,497	5,378,094	2,838,781	2,297,177	135.9	-16.6	182.8	-19.1
Unit value	$1,181	$1,102	$1,441	$1,268	$1,737	22.0	-6.7	30.7	37.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	4,294,830	4,238,435	4,469,087	3,354,491	3,439,040	4.1	-1.3	5.4	2.5
Production quantity	2,943,048	2,508,029	3,081,518	2,267,478	606,651	4.7	-14.8	22.9	-73.2
Capacity utilization (1)	68.5	59.2	69.0	67.6	17.6	0.4	-9.4	9.8	-50.0
U.S. shipments:									
Quantity	2,805,457	2,381,634	2,986,480	2,225,983	677,514	6.5	-15.1	25.4	-69.6
Value	4,166,873	3,304,828	6,184,818	4,079,523	1,383,423	48.4	-20.7	87.1	-66.1
Unit value	$1,485	$1,388	$2,071	$1,833	$2,042	39.4	-6.6	49.2	11.4
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	374,234	430,873	389,263	380,471	288,337	4.0	15.1	-9.7	-24.2
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	5,448	5,396	5,819	5,497	3,398	6.8	-1.0	7.8	-38.2
Hours worked (1,000)	11,953	11,484	12,871	9,119	4,528	7.7	-3.9	12.1	-50.3
Wages paid ($1,000)	297,955	279,780	339,737	254,689	146,284	14.0	-6.1	21.4	-42.6
Hourly wages	$24.93	$24.36	$26.40	$27.93	$32.31	5.9	-2.3	8.3	15.7
Productivity (tons/1,000 hours)	246.2	218.4	239.4	248.7	134.0	-2.8	-11.3	9.6	-46.1
Unit labor costs	$101.24	$111.55	$110.25	$112.32	$241.13	8.9	10.2	-1.2	114.7
Net sales:									
Quantity	2,940,342	2,469,138	3,128,263	2,316,803	707,619	6.4	-16.0	26.7	-69.5
Value	4,378,324	3,444,495	6,434,811	4,223,978	1,451,262	47.0	-21.3	86.8	-65.6
Unit value	$1,489	$1,395	$2,057	$1,823	$2,051	38.1	-6.3	47.5	12.5
Cost of goods sold (COGS)	2,964,845	2,593,617	4,001,065	2,775,683	1,170,192	35.0	-12.5	54.3	-57.8
Gross profit or (loss)	1,413,479	850,878	2,433,746	1,448,295	281,070	72.2	-39.8	186.0	-80.6
SG&A expenses	194,752	252,459	336,428	239,019	221,128	72.7	29.6	33.3	-7.5
Operating income or (loss)	1,218,727	598,419	2,097,318	1,209,276	59,942	72.1	-50.9	250.5	-95.0
Capital expenditures	124,321	150,807	157,692	103,271	107,987	26.8	21.3	4.6	4.6
Unit COGS	$1,008	$1,050	$1,279	$1,198	$1,654	26.8	4.2	21.8	38.0
Unit SG&A expenses	$66	$102	$108	$103	$312	62.4	54.4	5.2	202.9
Unit operating income or (loss)	$414	$242	$670	$522	$85	61.8	-41.5	176.6	-83.8
COGS/sales (1)	67.7	75.3	62.2	65.7	80.6	-5.5	7.6	-13.1	14.9
Operating income or (loss)/ sales (1)	27.8	17.4	32.6	28.6	4.1	4.8	-10.5	15.2	-24.5

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

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

PURCHASER QUESTIONNAIRE RESPONSES

As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following 15 firms as the top purchasers of oil country tubular goods ***. Purchaser questionnaires were sent to these 15 firms and six firms (***) provided responses, which are presented below.

1. Have there been any significant changes in the supply and demand conditions for oil country tubular goods that have occurred in the United States or in the market for oil country tubular goods in China since January 1, 2014?

Purchaser	Yes / No	Changes that have occurred
***	***	***
***	***	***

1. ***(Continued)*** Have there been any significant changes in the supply and demand conditions for oil country tubular goods that have occurred in the United States or in the market for oil country tubular goods in China since January 1, 2014?

Purchaser	Yes / No	Changes that have occurred
***	***	***
***	***	***
***	***	***

1. ***(Continued)*** Have there been any significant changes in the supply and demand conditions for oil country tubular goods that have occurred in the United States or in the market for oil country tubular goods in China since January 1, 2014?

Purchaser	Yes / No	Changes that have occurred
***	***	***

***	***	***

2. Do you anticipate any significant changes in the supply and demand conditions for oil country tubular goods in the United States or in the market for oil country tubular goods in China within a reasonably foreseeable time?

Purchaser	Yes / No	Changes that have occurred
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

2. ***(Continued)*** Do you anticipate any significant changes in the supply and demand conditions for oil country tubular goods in the United States or in the market for oil country tubular goods in China within a reasonably foreseeable time?

***	***	***