BATES WHITE
ECONOMIC CONSULTING

Certain oil country tubular goods from India, the Republic of Korea, the Republic of the Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, Ukraine, and Vietnam

USITC INV. NOS. 701-TA-499-500, AND 731-TA-1215-1223 (FINAL)

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Introduction

- Foreign producers that compete fairly play an important role in forming a well-functioning market, conferring benefits on domestic consumers.

- However, unfair trading practices cause harm to U.S. producers and U.S. workers, and reduce U.S. economic activity.

Effects of unfair import pricing

- In the short run, unfair import pricing reduces the sales and profitability of the U.S. industry and costs domestic workers jobs.

- In the long run, there is an equally pernicious effect: unfair import pricing reduces the incentive and ability of domestic producers to make the investments in capacity, efficiency, and product development that are essential for the competitiveness of the domestic industry.

  - **These effects can be very visible during downturns but are much harder to see – though no less real – in periods of stronger demand.**

Key question: Did unfair low-priced imports cause domestic profitability and sales to be lower ***than they otherwise would have been***?

- While examining industry trends and profit levels is useful, it is important to recognize that **the detrimental effects of unfairly low-priced imports is an effect that is independent of other factors affecting the industry.**

- Unfairly low-priced imports can hurt the domestic industry during periods of higher demand or lower demand, higher investment or lower investment, and whether domestic market share is rising or falling.

- In fact, **the effects of unfair low-priced imports can be even larger** during periods **when demand is stronger**, as now, than in periods when it is weaker.

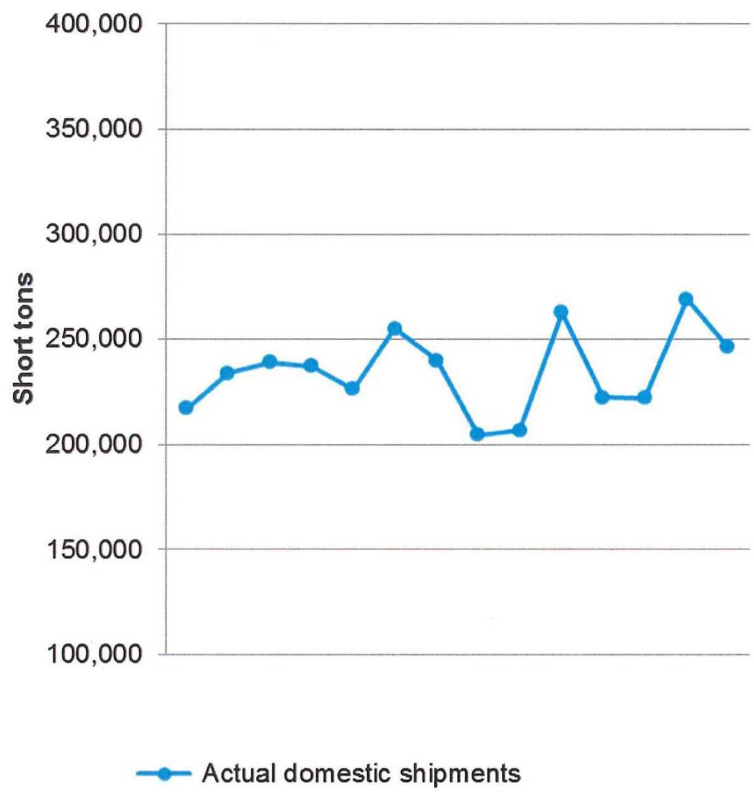
Effects of low-priced imports in higher and lower demand periods

- In my previous report I estimated the demand for domestic OCTG and used this to calculate how unfair low-pricing of imports would affect domestic sales and profitability during the period of investigation.

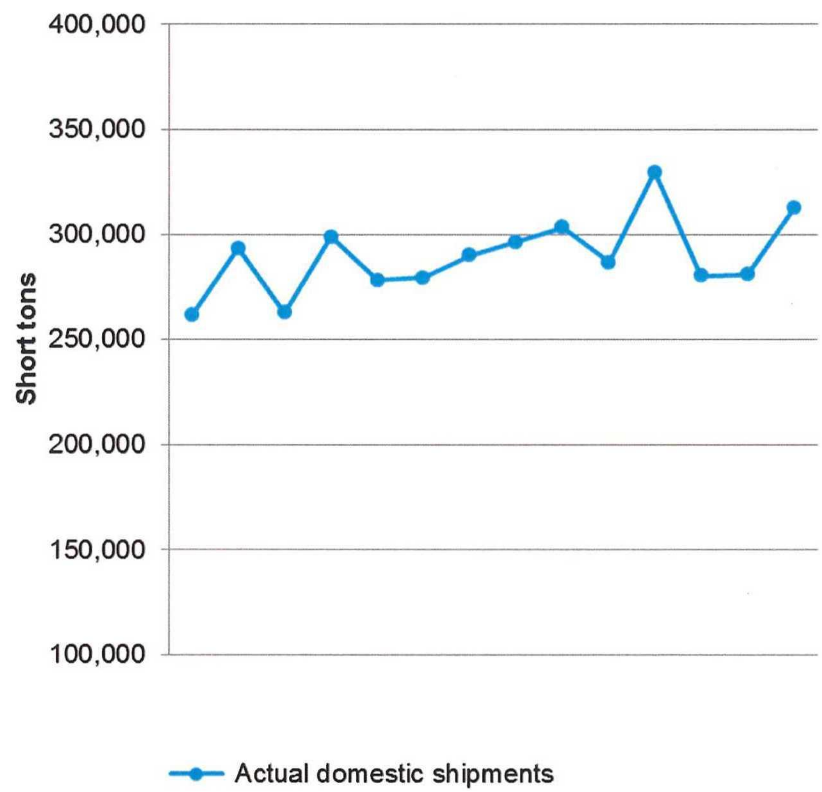
- This calculation also illustrates how unfairly low-priced imports can harm the domestic industry more in periods when demand is stronger.

Effect of a hypothetical 15% increase in import prices on domestic OCTG shipments

Lower-demand period

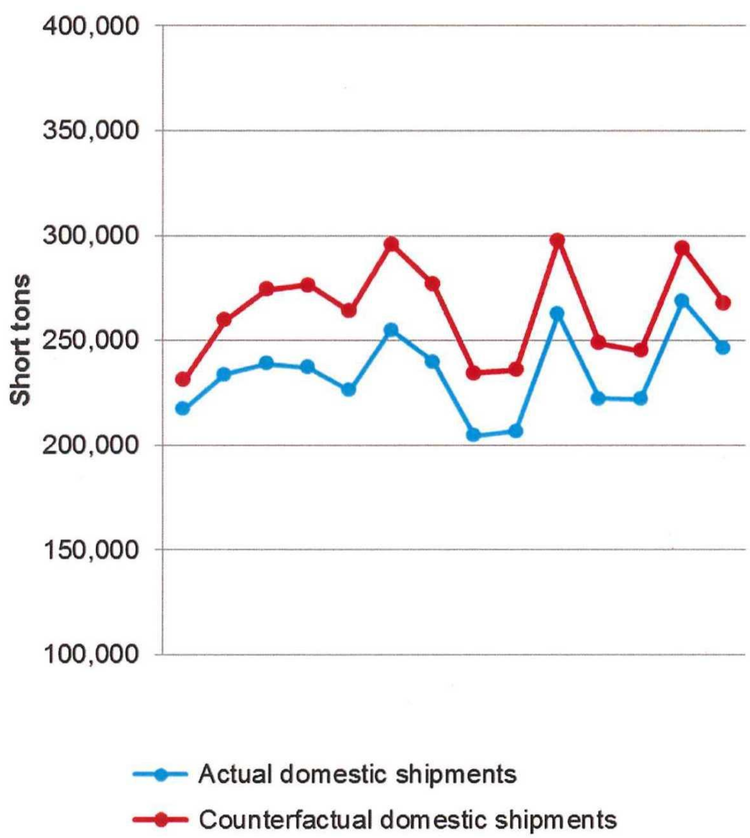


Higher-demand period

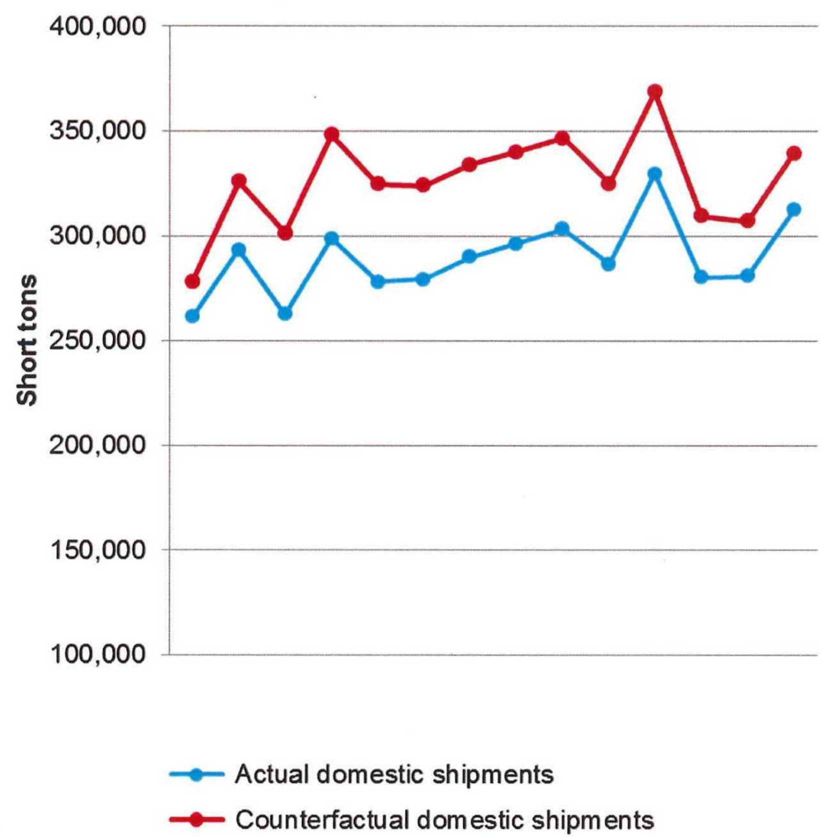


Effect of a hypothetical 15% increase in import prices on domestic OCTG shipments

Lower-demand period



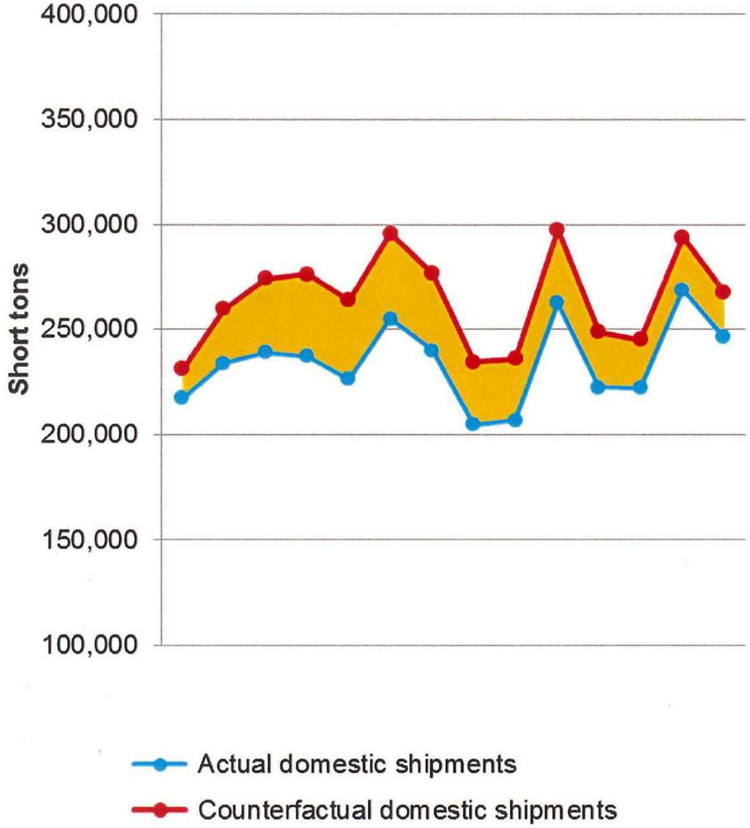
Higher-demand period



Effect of a hypothetical 15% increase in import prices on domestic OCTG shipments

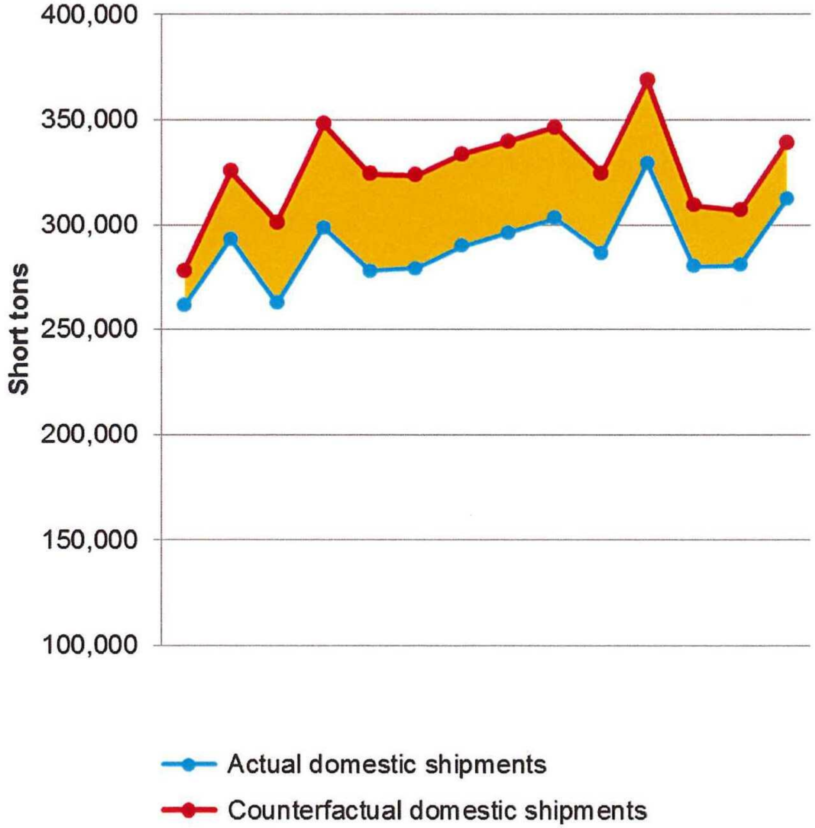
Lower-demand period

Total increase: 418,694 short tons



Higher-demand period

Total increase: 517,851 short tons



Conclusion

- **Unfairly low-priced imports harm the domestic industry in both the short run and the long run, and do so independent of other factors affecting the industry.**

- They can hurt the domestic industry during periods of higher demand or lower demand, higher investment or lower investment, and whether domestic market share is rising or falling.

  - Indeed, the harmful effects can be even larger in periods of higher demand.