

Certain Welded Line Pipe from Korea and Turkey

Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)

Publication 4580

November 2015

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-525 and 731-TA-1260-1261 (Final)

Certain Welded Line Pipe from Korea and Turkey

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that an industry in the United States is materially injured by reason of imports of certain welded line pipe from Korea and Turkey, provided for in subheadings 7305.11, 7305.12, 7305.19, and 7306.19, that have been found by the Department of Commerce (“Commerce”) to be sold in the United States at less than fair value (“LTFV”), and that have been found by Commerce to be subsidized by the government of Turkey.

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b) and 19 U.S.C. § 1673d(b)), instituted these investigations effective October 16, 2014, following receipt of a petition filed with the Commission and Commerce by American Cast Iron Pipe Company, Birmingham, Alabama; EnergeX, a division of JMC Steel Group, Chicago, Illinois; Maverick Tube Corporation, Houston, Texas; Northwest Pipe Company, Vancouver, Washington; Stupp Corporation, Baton Rouge, Louisiana; Tex-Tube Company, Houston, Texas; TMK IPSCO, Houston, Texas; and Welspun Tubular LLC USA, Little Rock, Arkansas. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of certain welded line pipe from Korea and Turkey were dumped within the meaning of 733(b) of the Act (19 U.S.C. § 1673b(b)) and preliminary determination by Commerce that imports of certain welded line pipe from Turkey were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)). Notice of the scheduling of the final phase of the Commission’s investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on June 12, 2015 (80 FR 33554). The hearing was held in Washington, DC, on October 6, 2015, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

Views of the Commission

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of certain welded line pipe from Korea and Turkey found by the U.S. Department of Commerce (“Commerce”) to be sold in the United States at less than fair value and to be subsidized by the government of Turkey.

I. Background

The petition in these investigations was filed on October 16, 2014, by the American Cast Iron Pipe Company (“ACIPCO”); EnergeX, a division of JMC Steel Group; Maverick Tube Corporation (“Maverick”); Northwest Pipe Company (“Northwest Pipe”); Stupp Corporation (“Stupp”), a division of Stupp Bros., Inc.; Tex-Tube Company (“Tex-Tube”); TMK IPSCO; and Welspun Tubular LLC USA (“Welspun”), U.S. producers of certain welded line pipe. Domestic producers ACIPCO, EnergeX, Northwest Pipe, Stupp, Tex-Tube, TMK IPSCO, and Welspun, and the United Steel Workers of America (collectively, the “Petitioners”) appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs. Maverick appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs. Domestic producer United States Steel Corporation (“U.S. Steel”) appeared at the hearing accompanied by counsel and submitted a posthearing brief. Another domestic producer of certain welded line pipe, California Steel Industries, also appeared at the hearing.

One respondent interested party group participated actively in the final phase of these investigations. This respondent group includes the Turkish Steel Exporters Association (Çelik İhracatçıları Birliği, referred to as “ÇİB”) and its members Borusan İstikbal Tic. AŞ., Borusan Mannesmann Boru San.ve Tic. A.S., Guven Celik Boru San. ve Tic.Lt D.Sti., Hatboru Çelik Boru San. ve Ticaret Ltd. Şti., Mazlum Mangtay Boru Sondajcilik İnş. Tar. Ür. San. ve Tic. A.Ş., Metaleks Çelik Ürünleri San. ve Tic. Ltd. Şti., Tosityali Dis Ticaret A.S., and Yucel Boru Ihr. Ith.ve Paz. A.S. (collectively “TEAP”). Counsel for the Turkish respondents appeared at the hearing and submitted prehearing and posthearing briefs.

U.S. industry data are based on the questionnaire responses of 13 producers that are believed to account for the vast majority of U.S. production of certain welded line pipe.¹ U.S. import data are based on official Commerce import statistics and from data submitted in response to Commission questionnaires.² The Commission received usable responses to its questionnaires from 10 foreign producers of subject merchandise; six producers/exporters in Korea, accounting for approximately *** percent of U.S. imports of subject merchandise from

¹ Confidential Report (“CR”) at III-1 to III-2, Public Report (“PR”) at III-1.

² CR/PR at IV-1 n.3. The Commission received questionnaire responses from 24 importers, representing 98.9 percent of imports from Korea, 78.9 percent of imports from Turkey, and 62.2 percent of imports from all other sources in 2014. CR/PR at IV-1.

Korea in 2014;³ and four producers/exporters in Turkey, accounting for approximately *** percent of U.S. imports of subject merchandise from Turkey in 2014.⁴

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁵ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁶ In turn, the Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation.”⁷

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.⁸ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁹ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁰ Although the Commission must accept

³ CR at VII-3, PR at VII-3.

⁴ CR at VII-10 to VII-11, PR at VII-7 to VII-8.

⁵ 19 U.S.C. § 1677(4)(A).

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(10).

⁸ See, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors, including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See *Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

⁹ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹⁰ *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,¹¹ the Commission determines what domestic product is like the imported articles Commerce has identified.¹²

B. Product Description

In its final determinations, Commerce defined the imported merchandise within the scope of these investigations as follows:

The merchandise covered by these investigations is circular welded carbon and alloy steel (other than stainless steel) pipe of a kind used for oil or gas pipelines (welded line pipe), not more than 24" in nominal outside diameter, regardless of wall thickness, length, surface finish, end finish, or stenciling. Welded line pipe is normally produced to the American Petroleum Institute (API) specification 5L, but can be produced to comparable foreign specifications, to proprietary grades, or can be non-graded material. All pipe meeting the physical description set forth above, including multiple-stenciled pipe with an API or comparable foreign specification line pipe stencil, is covered by the scope of these investigations.

The welded line pipe that is subject to these investigations is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7305.11.1030, 7305.11.5000, 7305.12.1030, 7305.12.5000, 7305.19.1030, 7305.19.5000, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150. The subject merchandise may also enter in HTSUS 7305.11.1060 and 7305.12.1060. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.¹³

¹¹ See, e.g., *USEC, Inc. v. United States*, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

¹² *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations in which Commerce found five classes or kinds).

¹³ *Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 61362, 61363 (Oct. 13, 2015); *Welded Line Pipe From the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 61366 (Oct. 13, 2015); and *Welded Line Pipe* (Continued...)

The line pipe subject to these investigations is a welded circular pipe product, not more than 24 inches (609.6 millimeters) in outside diameter, regardless of wall thickness, length, surface finish, or end finish.¹⁴ Line pipe can be produced from carbon or alloy steel. Carbon steel contains controlled amounts of carbon and manganese. Alloy steels, which provide physical properties not achievable to the same degree with carbon steels, contain controlled amounts of alloying elements, usually nickel, chromium, and molybdenum. Line pipe is generally produced in the United States in lengths of 40 feet or greater and with either a bare finish or a black (lacquered) finish to protect the pipe from rust. End finishes typically include square cut or beveled for welding in the field.¹⁵ Subject line pipe is normally produced in conformance with the API 5L specification of the American Petroleum Institute (“API”), which provides standards for pipe suitable for use in conveying gas, water, and oil in both the oil and gas industries.¹⁶

The most common application for certain welded line pipe is the gathering, transmission, and distribution of oil and gas, generally in a pipeline or utility distribution system. Line pipe can be produced to specification with plain, threaded, beveled, grooved, flanged, or expanded ends, depending on the end use requirements.¹⁷

C. Analysis

In the preliminary determinations, the Commission defined a single domestic like product consisting of certain welded line pipe within Commerce’s scope definition. The Commission found that all certain welded line pipe shared the same basic physical characteristics. The relative size of the product was often affected by the end use in that smaller diameter line pipe with an outside diameter (“OD”) of 16 inches or less was typically used for gathering and distribution, whereas larger diameter line pipe with an OD of more than 16 inches was typically used for transmission. There was evidence in the record, however, that this distinction had become less clear-cut, as larger sizes of line pipe were increasingly used for gathering functions as a result of changes in drilling technology.¹⁸

The Commission found that the manufacturing facilities, production processes, and employees used to make both smaller and larger diameter line pipe are basically the same, to the extent that they were made by the electric resistance weld (“ERW”) process. It also found that the channels of distribution are the same, with the majority of the smaller diameter line pipe being sold to distributors and an even greater proportion of the larger diameter line pipe

(...Continued)

From the Republic of Turkey: Final Affirmative Countervailing Duty Determination, 80 Fed. Reg. 61371 (Oct. 13, 2015) (“Final CVD Determination”).

¹⁴ Although the scope of the investigations does not take into account wall thickness, the API 5L specification have thickness requirements. CR at I-17 n.20, PR at I-15 n.20.

¹⁵ CR at I-17, PR at I-15.

¹⁶ CR at I-20, PR at I-17.

¹⁷ CR at I-15, PR at I-13 to I-14.

¹⁸ *Certain Welded Line Pipe from Korea and Turkey*, Inv. Nos. 701-TA-524-525 and 731-TA-1260-1261 (Preliminary), USITC Pub. 4505 (Dec. 2014), at 12-13.

being sold to distributors. Smaller and larger diameter line pipes, however, did not appear to be interchangeable because the size of pipe used depended on the end-use requirements. The Commission also found that the record information on producer and customer perceptions of the interchangeability of smaller and larger diameter line pipes was mixed. Finally, it found that the smaller and larger diameter line pipes had similar unit values (on a per-ton basis) for much of the period of investigation. While the evidence in the preliminary phase of these investigations concerning the like product factors overall was mixed, the Commission determined that the similarities between smaller and larger diameter line pipes outweighed the differences.¹⁹ It consequently defined a single domestic like product, consisting of all certain welded line pipe, that was coextensive with Commerce's scope definition.²⁰

The record in the final phase of these investigations does not contain new information concerning the domestic like product factors.²¹ No party has argued that the Commission should adopt a definition of the domestic like product that is different from that in the preliminary determinations.²² Therefore, for the reasons set forth in the preliminary determinations, we define a single domestic like product consisting of certain welded line pipe, coextensive with the scope of the investigations.

III. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."²³ 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.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.²⁴ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.²⁵

¹⁹ USITC Pub. 4505 at 12-13.

²⁰ USITC Pub. 4505 at 13.

²¹ See *generally*, CR at I-15 to I-29, PR at I-13 to I-24.

²² TEAP notes that, while it believes that there are two like products in these investigations, it does not contest the Commission's finding of one like product. See TEAP Prehearing Brief at 10.

²³ 19 U.S.C. § 1677(4)(A).

²⁴ See *Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

²⁵ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:
(Continued...)

There is one related party issue in these investigations.²⁶ Tex-Tube is a related party because it shares common ownership with ***.²⁷ *** accounted for *** percent of total subject imports in 2014.²⁸ *** imports of subject merchandise were *** than Tex-Tube's production in *** of the January 2012-June 2015 period of investigation ("POI").²⁹ Tex-Tube, which accounted for *** percent of domestic certain welded line pipe production in 2014, supports the petition.³⁰ Because Tex-Tube's principal interest is in domestic production, we find that appropriate circumstances do not exist to exclude Tex-Tube from the domestic industry.

In light of the foregoing, we define the domestic industry to include all U.S. producers of certain welded line pipe.

(...Continued)

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the importing producer; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzou Trina Solar Energy Co. v. USITC*, Slip. Op. 15-84 at 23 (Ct. Int'l. Trade Aug. 7, 2015); see also *Torrington Co.*, 790 F. Supp. at 1168.

²⁶ None of the parties addressed this issue in their briefs for the final phase of these investigations.

²⁷ CR at III-15, PR at III-8, and CR/PR at Table III-8. Tex-Tube *** import subject merchandise. CR/PR at Tables III-8 and IV-1.

²⁸ CR/PR at Table IV-1.

²⁹ Compare *** with Tex-Tube's U.S. Producers' Questionnaire Response at Question II-3a.

³⁰ CR/PR at Table III-1. Tex-Tube's financial performance was *** than the industry average over the POI. CR/PR at Table VI-2. The only period in the POI when Tex-Tube's financial performance was ***. *Id.*

IV. Cumulation³¹

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

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.³²

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.³³ Only a “reasonable overlap” of competition is required.³⁴

³¹ Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)). Negligibility is not an issue in these investigations because subject imports from Korea and Turkey each exceeded the requisite statutory negligibility threshold for the most recent 12-month period preceding the filing of the petition. From October 2013 to September 2014, U.S. imports from Korea accounted for 57.2 percent of total imports of certain welded line pipe and U.S. imports from Turkey accounted for 5.6 percent. CR at IV-11, PR at IV-10 and CR/PR at Table IV-4.

³² *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

³³ *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

³⁴ The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that “the new section will not affect current Commission practice under which the (Continued...)

The threshold requirement for cumulation is satisfied in these investigations because the petitioners filed the antidumping and countervailing duty petitions with respect to imports from Korea and Turkey on the same day, October 16, 2014.³⁵ As discussed below, we find there to be a reasonable overlap of competition between subject imports from Korea and Turkey and between subject imports from each subject country and the domestic like product.^{36 37}

Fungibility. Certain welded line pipe, regardless of source, is generally produced in accordance with standards set by API.³⁸ The majority of responding domestic producers, importers, and purchasers reported that subject imports from Korea and Turkey are “always” or “frequently” used interchangeably with each other and with the domestic like product. Almost all of the remaining domestic producers, importers, and purchasers indicated that subject imports from Korea and Turkey are “sometimes” used interchangeably with each other and with the domestic like product.³⁹ Only one importer reported that subject imports from Korea are “never” used interchangeably with the domestic like product, and only one purchaser reported that subject imports from Turkey are “never” used interchangeably with the domestic like product.⁴⁰

When asked whether differences other than price are ever significant in purchasers’ choices between line pipe from different sources, all domestic producers responded “sometimes” or “never.”⁴¹ Importers and purchasers were more divided on this question, but a majority of importers also answered “sometimes” or “never.”⁴²

(...Continued)

statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Rep. No. 103-316, Vol. I at 848 (1994) (citing *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902; see *Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); *Wieland Werke, AG*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”)).

³⁵ None of the statutory exceptions to cumulation applies.

³⁶ Petitioners argue that the Commission should cumulate subject imports from Korea and Turkey. Petitioners Prehearing Brief at 3-4 and Maverick Posthearing Brief at 2-3. TEAP argues that the Commission should not cumulate subject imports from Korea and Turkey because there is not a reasonable overlap of competition between the subject imports from Turkey and the domestic like product. See TEAP Prehearing Brief at 36-37.

³⁷ For purposes of the determination in the countervailing duty investigation concerning certain welded line pipe from Turkey, we are cumulating dumped and subsidized imports from Turkey with dumped imports from Korea. See generally *Certain Crystalline Silicon Photovoltaic Products from China and Taiwan*, Inv. Nos. 701-TA-511 and 731-TA-1246-1247 (Final), USITC Pub. 4519 at 24 n.124 (Feb. 2015) (discussing cross-cumulation of dumped and subsidized imports). No party in the final phase of these investigations has challenged cross-cumulation.

³⁸ CR at I-21, PR at I-18.

³⁹ CR/PR at Table II-10.

⁴⁰ CR/PR at Table II-10.

⁴¹ CR/PR at Table II-12.

⁴² CR/PR at Table II-12.

Purchasers were asked to compare the domestic like product and imports from each subject country with respect to 18 factors. A majority of purchasers found that the domestic like product and subject imports from Korea were comparable with respect to 14 of the 18 factors.⁴³ Majorities or pluralities found the domestic like product to be superior to subject imports from Turkey with respect to 11 factors (including “supplier on approved manufacturer list”), comparable in six (including “product range”), and inferior in one (price).⁴⁴ Majorities or pluralities found that subject imports from Korea and Turkey were comparable with respect to 11 factors and that subject imports from Korea were superior to subject imports from Turkey in six factors, and were evenly divided whether the imports were comparable or whether subject imports from Korea were superior with respect to one factor.⁴⁵

Fungibility may be affected by purchasers’ use of Approved Manufacturers Lists (“AMLs”). Most purchasers, including some distributors, reported maintaining an AML for certain welded line pipe. These firms generally reported that producers in the United States, Korea, Japan, and “all other” countries were on these lists but that producers in Turkey and Mexico generally were not. Five of 16 responding purchasers reported that they purchased certain welded line pipe up to 16 inches OD from a manufacturer not on the AML and two of 15 reported doing so for larger diameter pipe.⁴⁶

Among end users, all but one of the seven firms responding to the purchaser questionnaire reported maintaining an AML for purchases of certain welded line pipe. These firms reported that they only purchase from suppliers on the AML. Three end users reported that U.S. producers, and producers in Korea, Japan, and other countries were on their AMLs. One end user reported that producers from all countries were on its AML. One end user reported that U.S. producers and producers in Japan and other countries were on its AML. One end user reported that U.S. producers and producers in Mexico were on its AML.⁴⁷

The record indicates that there may be distinctions between subject imports from Turkey, on the one hand, and subject imports from Korea and the domestic like product, on the other, particularly concerning presence on AMLs, that may affect the ability of subject imports from Turkey to compete for certain purchasers’ accounts.⁴⁸ The record, however, also indicates that some purchasers that use AMLs do not limit their suppliers to those on the AML, and the general perceptions of market participants suggesting interchangeability, as well as the limited importance of non-price factors in purchasing decisions, support a finding of fungibility.

With respect to product range, the record indicates that the majority of U.S. shipments of the domestic like product had an OD of 16 inches or less. A large majority of commercial U.S. shipments of subject imports from both Korea and Turkey had an OD of less than 16 inches.

⁴³ A majority of purchasers found the domestic like product to be inferior on price. Pluralities found the domestic like product to be superior with respect to delivery time, presence of suppliers on approved manufacturer list, and U.S. transportation costs. CR/PR at Table II-9.

⁴⁴ CR/PR at Table II-9.

⁴⁵ CR/PR at Table II-9.

⁴⁶ CR at II-32, PR at II-24.

⁴⁷ CR at II-33, PR at II-24.

⁴⁸ See TEAP Prehearing Brief at 37.

There were commercial U.S. shipments of subject imports from Korea, but not of subject imports from Turkey, of OD greater than 16 inches up to 24 inches.⁴⁹ TEAP has argued that there is limited fungibility between subject imports from Turkey and Korea because subject imports from Turkey during the POI were limited to certain welded line pipe of 16" or less OD.⁵⁰ TEAP, however, has not identified any discrete market segment that subject imports from Turkey serve that is distinct from those in which the domestic like product and subject imports from Korea participate. To the contrary, the record indicates that the product that TEAP's members supply to the U.S. market – product of 16" OD or less – is also the principal product supplied by both domestic and Korean sources.⁵¹ Moreover, five of six purchasers that purchased subject imports from Turkey also purchased the domestic like product and subject imports from Korea during the POI.⁵² In our view, the record as a whole indicates a substantial degree of competition between and among subject imports from each source and the domestic like product, notwithstanding any factors that may limit fungibility.

Channels of Distribution. Most subject imports from Korea and *** subject imports from Turkey were sold to distributors, as was the majority of U.S. producers' shipments. Consequently, the record does not support TEAP's allegation that subject imports from Turkey have distinct channels of distribution.⁵³

Geographic Overlap. The record indicates the majority of subject imports from both Korea and Turkey were concentrated in the Central Southwest.⁵⁴ The Pacific Coast and Southeast received the second greatest coverage by subject imports.⁵⁵ All responding U.S. producers reported making sales to the Central Southwest, 12 of 13 reported making sales in the Southeast, and 10 of 13 reported making sales to the Pacific Coast region.⁵⁶ Consequently, we find a geographic overlap between and among the subject imports and the domestic like product.

Simultaneous Presence in Market. Subject imports from Korea were present in all 44 months during January 2012-August 2015, and subject imports from Turkey were present in 41 months of this period. Thus, we find that there is sufficient simultaneous presence in the market.⁵⁷

Conclusion. The record indicates that there is a reasonable overlap of competition between and among the subject imports from Korea and Turkey and the domestic like product.

⁴⁹ CR/PR at Table IV-5.

⁵⁰ TEAP Prehearing Brief at 38.

⁵¹ See CR/PR at Tables IV-3 and IV-5.

⁵² See Purchaser Questionnaire Responses of ***.

⁵³ CR at II-3, PR at II-2. Compare TEAP Prehearing Brief at 38.

⁵⁴ CR at II-7, PR at II-6, and CR/PR at Table II-2.

⁵⁵ CR/PR at Table II-2.

⁵⁶ CR/PR at Table II-2.

⁵⁷ CR at IV-14 to IV-15, PR at IV-13, and CR/PR at Table IV-6. TEAP's argument that there is not a simultaneous presence is premised on asserted distinctions in the channels of distribution or a lack of geographic overlap that we have previously found are unsupported by the record. See TEAP Prehearing Brief at 38.

We accordingly cumulate subject imports from Korea and Turkey for our analysis of material injury by reason of subject imports.

V. Material Injury by Reason of Subject Imports

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁵⁸ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁵⁹ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁶⁰ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁶¹ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁶²

Although the statute requires the Commission to determine whether the domestic industry is “materially injured or threatened with material injury by reason of” unfairly traded imports,⁶³ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁶⁴ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports

⁵⁸ 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provision of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments in these investigations.

⁵⁹ 19 U.S.C. § 1677(7)(B). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁶⁰ 19 U.S.C. § 1677(7)(A).

⁶¹ 19 U.S.C. § 1677(7)(C)(iii).

⁶² 19 U.S.C. § 1677(7)(C)(iii).

⁶³ 19 U.S.C. §§ 1671d(a), 1673d(a).

⁶⁴ *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), *aff’g*, 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁶⁵

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁶⁶ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁶⁷ Nor does the

⁶⁵ The Federal Circuit, in addressing the causation standard of the statute, observed that “[a]s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also *Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass’n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

⁶⁶ SAA at 851-52 (“[T]he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord *Mittal Steel*, 542 F.3d at 877.

⁶⁷ SAA at 851-52 (“[T]he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); *Taiwan Semiconductor Industry Ass’n*, 266 F.3d at 1345 (“[T]he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“[t]he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also *Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “[i]f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), citing *Gerald Metals*, 132 F.3d at 722 (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some (Continued...)

“by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.⁶⁸ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁶⁹

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”^{70 71} Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁷²

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases where the relevant “other factor” was the presence in the market of significant volumes

(...Continued)

tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁶⁸ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁶⁹ See *Nippon Steel Corp.*, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁷⁰ *Mittal Steel*, 542 F.3d at 877-78; see also *id.* at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing *United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comporting with the Court’s guidance in *Mittal*.

⁷¹ Vice Chairman Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of non-subject imports, albeit without reliance upon presumptions or rigid formulas. *Mittal Steel* explains as follows:

What *Bratsk* held is that “where commodity products are at issue and fairly traded, price competitive, non-subject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, *Bratsk* requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

⁷² *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also *Mittal Steel*, 542 F.3d at 879 (“*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.⁷³ The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.⁷⁴ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.⁷⁵

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.⁷⁶ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁷⁷

⁷³ *Mittal Steel*, 542 F.3d at 875-79.

⁷⁴ *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

⁷⁵ To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in the final phase of investigations in which there are substantial levels of nonsubject imports.

⁷⁶ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁷⁷ *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp.*, 458 F.3d at 1350, citing *U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

B. Conditions of Competition and the Business Cycle

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

1. Demand Considerations

Demand for certain welded line pipe depends on demand for energy products, such as oil and natural gas, which require pipe capable of gathering, transmitting, and distributing these products under pressure. Factors related to demand for certain welded line pipe include overall economic growth, oil and natural gas prices, oil and gas production and rig counts, and the number of projects for new construction and repair of pipelines.⁷⁸

Rig count and oil and gas production are considered important indicators of oil and gas sector activity and demand trends for certain welded line pipe.⁷⁹ The rig count for oil production in the United States increased from 1,191 rigs in the first week of January 2012 to over 1,600 rigs in the latter part of 2014 before declining to 628 rigs in the last week of June 2015.⁸⁰ The rig count for gas production declined from 811 rigs to 228 rigs from January 2012 to June 2015.⁸¹ We have also examined data concerning oil and gas production. Production of oil and gas increased during January 2012-June 2015, with crude oil production increasing by 52 percent and natural gas production increasing by 14 percent.⁸²

Most U.S. producers and purchasers indicated in their questionnaire responses that U.S. demand has either decreased or fluctuated since 2012.⁸³ Responses by importers were mixed on how U.S. demand has changed since 2012.⁸⁴ Apparent U.S. consumption of certain welded line pipe was 3.3 million short tons in 2012, and was 2.5 million short tons in 2013 and 2014.

⁷⁸ CR at II-15 to II-16, PR at II-11.

⁷⁹ According to Petitioners, rig count is not the best measure of oil and gas production because the correlation between rig count and line pipe demand has declined due to increased efficiencies in oil and gas drilling. Hearing Transcript at 60-61 (Barnes) and 69-70 (Schagrin). They also claim there can be a large time gap between the drilling of a well and construction of a pipeline. *Id.* TEAP stated that rig counts lag energy price changes by three to four months. TEAP Posthearing Brief, Attachment at 2. See *also* CR at II-17, PR at II-12, and CR/PR at Figures II-2a and II-2b.

⁸⁰ CR/PR at Figures II-4a and II-4b.

⁸¹ CR/PR at Figures II-4a and II-4b.

⁸² CR/PR at Figures II-3a and II-3b. In 2015, oil production declined slightly while natural gas production continued to increase. Oil production is projected to continue to trend downward through mid-2016, although natural gas production is projected to continue to increase gradually. CR at II-17 and n.18, PR at II-12 and n.18.

⁸³ CR at II-24, PR at II-18, and CR/PR at Table II-4.

⁸⁴ CR at II-25, PR at II-18, and CR/PR at Table II-4. Importers were almost evenly divided, with seven reporting an increase, five reporting a decrease, and ten reporting fluctuation or no change. *Id.* and n.22.

Apparent U.S. consumption was virtually flat between the interim periods, only decreasing from 1.20 million short tons in January-June 2014 to 1.19 million short tons in January-June 2015.⁸⁵

2. Supply Considerations

The three sources of certain welded line pipe supply in the U.S. market are domestic production, subject imports, and nonsubject imports.

The 13 domestic producers that responded to the Commission's U.S. producers' questionnaires are believed to have accounted for the vast majority of certain welded line pipe in the United States during the POI.⁸⁶ Their capacity was 2.3 million short tons in 2012, 2.2 million short tons in 2013, and 2.3 million short tons in 2014, and remained below apparent U.S. consumption throughout the period.⁸⁷

Although capacity fluctuated within a fairly narrow range, individual producers variously expanded or reduced capacity. *** reported that its *** during the POI and that it had *** facility. *** reported that in August 2014 it had indefinitely idled its *** facility, which *** and curtailed operations at its *** facility beginning in the fourth quarter of 2014.⁸⁸ A number of domestic producers also increased capacity during the period. *** added production capacity collectively amounting to *** short tons during the POI.⁸⁹

The domestic industry was the largest source of supply to the U.S. market through 2014. Its share of apparent U.S. consumption increased from 47.8 percent in 2012 to 48.5 percent in 2013, then decreased to 48.1 percent in 2014. It was 49.9 percent in January-June 2014 and 34.8 percent in January-June 2015.⁹⁰

Cumulated subject imports were the next largest supplier to the U.S. market in 2013 and 2014, and were the largest supplier in January-June 2015. Subject imports' market share increased from 24.8 percent in 2012 to 31.2 percent in 2013 and 33.7 percent in 2014. It was 32.2 percent in January-June 2014 and 44.6 percent in January-June 2015.⁹¹

Nonsubject imports also had a substantial presence in the U.S. market throughout the POI. Their market share decreased from 27.4 percent in 2012 to 20.3 percent in 2013 and 18.2

⁸⁵ CR/PR at Table IV-7. TEAP contends that demand declined significantly over the POI and into January-June 2015. See TEAP Prehearing Brief at 15-17, 29-32, and Posthearing Brief at 1-5. Additional information in the record, however, indicates that apparent U.S. consumption increased in 2012, as apparent U.S. consumption was 2.5 million short tons in 2011. INV-MM-121 at Table IV-6. Therefore, although the record indicates a decrease in apparent U.S. consumption over the POI, the data also show that the trend over the POI does not definitively indicate a long-term decline in U.S. demand for certain welded line pipe as TEAP suggests.

⁸⁶ CR at III-1 to III-2, PR at III-1. Boomerang provided a domestic producer questionnaire response, ***. CR at III-2 n.3, PR at III-1 n.3.

⁸⁷ The domestic industry's production capacity was 1.2 million short tons in January-June 2014 and 1.1 million short tons in January-June 2015. CR/PR at Table III-5.

⁸⁸ CR at III-11 to III-12, PR at III-7, and CR/PR at Table III-3.

⁸⁹ CR at III-12 to III-13, PR at III-7, and CR/PR at Table III-3. During the POI, *** short tons. *Id.*

⁹⁰ CR/PR at Table IV-8.

⁹¹ CR/PR at Table IV-8.

percent in 2014, and was 18.0 percent in January-June 2014 and 20.5 percent in January-June 2015.⁹² Mexico, Japan, Germany, the United Kingdom, and Greece were the largest suppliers of nonsubject imports during the period.⁹³

3. Substitutability and Other Conditions

Certain welded line pipe from all sources is normally produced to the API 5L specification, which provides standards for the product's suitability for use in conveying gas, water, and oil.⁹⁴ All domestic producers and a majority of purchasers and importers reported that subject imports and the domestic like product are "always" or "frequently" interchangeable, as discussed above.

TEAP maintains that a number of factors may limit the substitutability of subject imports from Turkey with the domestic like product. It argues that none of the subject imports from Turkey are larger than 16 inches OD and, therefore, do not compete with the wider range of line pipe covered by the scope and offered by the domestic industry and subject imports from Korea.⁹⁵ Although none of the reported imports from Turkey were in the 16 to 24 inches OD range during the POI, the majority of commercial shipments made by the domestic industry, subject imports from Korea, and subject imports from Turkey over the period were 16 inches OD or less.⁹⁶ Therefore, subject imports from both Korea and Turkey and the domestic like product all compete in the predominant portion of the U.S. market for certain welded line pipe.

TEAP argues that the use of AMLs by end users prevents subject imports from Turkey from being substitutable with the domestic like product because the AMLs provide the U.S. purchasers with security that they are purchasing line pipe from a known entity with reliable quality.⁹⁷ As discussed above, however, the record indicates that not all purchasers use AMLs and that some of the purchasers using AMLs do not limit their suppliers only to those producers on the AMLs.⁹⁸ Moreover, purchasers are more inclined to use the AMLs to limit suppliers for purchases of large diameter pipe (over 16 inches OD), rather than the small diameter pipe (16 inches OD or less) in which the subject imports are concentrated.⁹⁹ Therefore, the use of AMLs does not appreciably limit the substitutability of subject imports with the domestic like product.

TEAP also argues that competition between the domestic like product and subject imports from Turkey is limited by customer preferences or other requirements and, therefore,

⁹² CR/PR at Table IV-8.

⁹³ CR at II-13 to II-14, PR at II-10. Nonsubject imports from these countries accounted for 65.7 percent of certain welded line pipe imports from nonsubject sources and 23.0 percent of total imports in 2014. *Id.*

⁹⁴ CR at I-20 to I-21, PR at I-20.

⁹⁵ TEAP Prehearing Brief at 10-11.

⁹⁶ CR/PR at Table IV-5.

⁹⁷ TEAP Prehearing Brief at 8-9.

⁹⁸ See CR at II-32 to II-33, PR at II-24; see also MTC Posthearing Brief, Exhibit 2 (three AMLs containing domestic producers, Korean producers, and Turkish producers of certain welded line pipe).

⁹⁹ CR at II-32, PR at II-24.

subject imports from Turkey and the domestic like product are not readily substitutable.¹⁰⁰ Although customer preferences for the domestic like product affect substitutability in some market segments, such preferences are not a factor in a majority of the U.S. market.¹⁰¹

Based on the record, we find that certain welded line pipe from different sources is moderately to highly substitutable and that price is an important factor in purchasing decisions.¹⁰²

Hot-rolled steel is the primary raw material used in the production of certain welded line pipe, and raw material costs accounted for an average 78.2 percent of domestic producers' total cost of goods sold ("COGS") during the POI. The domestic industry's average raw material costs declined by 6.2 percent from 2012 to 2014 and were lower in January-June 2015 than in January-June 2014.¹⁰³

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."¹⁰⁴

Cumulated subject imports had a significant and increasing presence in the U.S. market throughout the POI. The volume of cumulated subject imports increased from 2012 to 2014 and was higher in January-June 2015 compared to January-June 2014. Subject import volume decreased from 815,007 short tons in 2012 to 788,827 short tons in 2013, and then increased to 851,997 short tons in 2014. Subject imports reached 530,358 short tons in January-June 2015 compared to 385,675 short tons in January-June 2014.¹⁰⁵

Because the volume of the cumulated subject imports increased as apparent U.S. consumption decreased from 2012 to 2014, their market share rose. The share of apparent U.S. consumption, by quantity, held by cumulated subject imports increased from 24.8 percent in 2012 to 31.2 percent in 2013 and 33.7 percent in 2014, and was 32.2 percent in January-June 2014 and 44.6 percent in January-June 2015.¹⁰⁶

The ratio of the volume of cumulated subject imports to domestic production was substantial and increased throughout the POI. It was 50.2 percent in 2012, 60.3 percent in

¹⁰⁰ TEAP Prehearing Brief at 10.

¹⁰¹ Thirteen of 24 responding purchasers reported that they required domestically produced certain welded line pipe for approximately 30 percent of their purchases. They reported that five percent of purchases were required by law, 20 percent by customer requirements, and five percent were limited to the domestic like product for other reasons. See CR at II-34 to II-35 and n.39, PR at II-25 and n.39.

¹⁰² See CR at II-35 to II-43, PR at II-25 to II-31.

¹⁰³ Average raw material costs, per short ton, were \$848 in 2012, \$794 in 2013, and \$795 in 2014, and were \$798 in January-June 2014 and \$783 in January-June 2015. CR/PR at Table VI-1.

¹⁰⁴ 19 U.S.C. § 1677(7)(C)(i).

¹⁰⁵ CR/PR at Table IV-2.

¹⁰⁶ CR/PR at Table IV-8.

2013, and 65.8 percent in 2014, and was 56.5 percent in January-June 2014 and 112.0 percent in January-June 2015.¹⁰⁷

TEAP argues that the increase in subject imports is not significant because the level of cumulated subject imports remained relatively flat and market share gains were not significant because subject imports simply replaced imports from nonsubject sources.¹⁰⁸ While cumulated subject imports increased market share at the expense of both the domestic industry and nonsubject imports, important distinctions exist. From 2012 to 2014, when the cumulated subject imports gained 8.9 percentage points of market share, the domestic industry's share showed little change, increasing by only 0.3 percentage points, and nonsubject imports lost 9.2 percentage points.¹⁰⁹ However, there were differences in size range between the nonsubject imports, whose presence in the market declined from 2012 to 2014, and the subject imports, whose presence in the market increased during that same period. The largest decrease in the volume of nonsubject imports from 2012 to 2014 was in the larger diameter ranges (greater than 16 to 24 inches OD) in which nonsubject imports were concentrated during the POI. By contrast, the growth in market share by subject imports during this period was fueled by the smaller diameter range (16 inches OD or less), in which there were commercial shipments of both the domestic product and the cumulated subject imports.¹¹⁰ Therefore, the record does

¹⁰⁷ CR/PR at Table IV-2.

¹⁰⁸ TEAP Prehearing Brief at 21; TEAP Posthearing Brief at 10-11. As indicated below, this argument is incorrect as a factual matter, particularly when the entire POI, including the portion in 2015, is considered. We note that, when assessing the significance of the volume of subject imports, the statute requires us to assess "the volume of imports of the subject merchandise," rather than total imports. 19 U.S.C. § 1677(7)(B)(i)(I).

¹⁰⁹ CR/PR at Table C-1.

¹¹⁰ CR/PR at Tables IV-3 and IV-5. The share of reported commercial U.S. shipments of small diameter certain welded line pipe, by quantity, held by domestic producers decreased from 52.3 percent in 2012 to 47.5 percent in 2013, before increasing to 49.1 percent in 2014, and was 54.9 percent in January-June 2014 and 33.8 percent in January-June 2015. The share of reported commercial U.S. shipments of small diameter certain welded line pipe, by quantity, held by cumulated subject imports increased from 30.5 percent in 2012 to 40.9 percent in 2013, before decreasing to 38.2 percent in 2014, and was 34.9 percent in January-June 2014 and 55.1 percent in January-June 2015. The share of reported commercial U.S. shipments of small diameter certain welded line pipe, by quantity, held by nonsubject imports decreased from 17.2 percent in 2012 to 11.6 percent in 2013, before increasing to 12.7 percent in 2014, and was 10.3 percent in January-June 2014 and 11.1 percent in January-June 2015. Calculated from CR/PR at Table V-5.

The share of reported commercial U.S. shipments of large diameter certain welded line pipe, by quantity, held by domestic producers increased from 49.5 percent in 2012 to 63.2 percent in 2013, before decreasing to 52.9 percent in 2014, and was 55.8 percent in January-June 2014 and 42.6 percent in January-June 2015. The share of reported commercial U.S. shipments of large diameter certain welded line pipe, by quantity, held by cumulated subject imports increased from 11.8 percent in 2012 to 16.1 percent in 2013, and to 23.3 percent in 2014, and was 26.4 percent in January-June 2014 and 19.6 percent in January-June 2015. The share of reported commercial U.S. shipments of large diameter certain welded line pipe, by quantity, held by nonsubject imports decreased from 38.7 percent in 2012
(Continued...)

not indicate that subject imports simply replaced nonsubject imports on a one-to-one basis from 2012 to 2014.

Furthermore, cumulated subject imports took substantial market share from the domestic industry between January-June 2014 and January-June 2015. As discussed above, subject imports' share of apparent U.S. consumption increased from 32.2 percent to 44.6 percent from January-June 2014 to January-June 2015, while the domestic industry's share decreased from 49.9 percent to 34.8 percent over the same period.¹¹¹

We find the volume of cumulated subject imports to be significant both absolutely and relative to production and consumption in the United States. We further find the increase in cumulated subject import volume to be significant relative to production and consumption in the United States.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that in evaluating the price effects of the subject imports, the Commission shall consider whether

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹¹²

As we found above, the record in these investigations shows that the subject imports and the domestic like product are manufactured to the API 5L specification and are moderately-to-highly substitutable and that price is an important consideration in purchasing decisions.

In the final phase of these investigations, the Commission collected pricing data for four products.¹¹³ Thirteen U.S. producers, 11 importers of subject merchandise from Korea, and two

(...Continued)

to 20.7 percent in 2013, before increasing to 23.8 percent in 2014, and was 17.9 percent in January-June 2014 and 37.8 percent in January-June 2015. *Id.*

¹¹¹ CR/PR at Table IV-8. Nonsubject imports' share of domestic U.S. consumption increased from 18.0 percent to 20.5 percent from January-June 2014 to January-June 2015. *Id.*

¹¹² 19 U.S.C. § 1677(7)(C)(ii).

¹¹³ CR at V-5, PR at V-3. Pricing Product 1 is API 5L Grade B/X42 welded pipe, 6-inches nominal size (6.625" OD), plain end, with a wall thickness of 0.280 inch. Pricing Product 2 is API 5L Grade B/X42 welded pipe, 8-inches nominal size (8.625" OD), plain end, with wall thickness of 0.322 inch. Pricing Product 3 is API 5L Grade B/X42 welded pipe, 12-inches nominal size (12.75" OD), plain end, with a wall thickness of 0.375 inch. Pricing Product 4 is API 5L Grade B/X60 welded pipe or API 5L Grade X60, 24-inches nominal size (24" OD), plain end, with a wall thickness of 0.375 inch. *Id.*

importers of subject merchandise from Turkey provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹¹⁴ The pricing data show that cumulated subject imports undersold the domestic like product in 63 of 65 quarterly price comparisons.¹¹⁵ The margins of underselling ranged from *** percent to 37.3 percent, and the average margin of underselling was 22.3 percent.¹¹⁶ There were *** short tons of cumulated subject imports in underselling observations, and only *** short tons in overselling observations.¹¹⁷ Given the frequency and substantial margins of underselling and the fact that price is an important consideration in purchasing decisions, we find the underselling to be significant.¹¹⁸

The underselling allowed subject imports to increase their market share at the expense of the domestic industry in two respects. First, three of the four pricing products were smaller diameter line pipe products where competition between the domestic like product and the cumulated subject imports was concentrated; as previously discussed, the domestic like product lost market share to the subject imports with respect to these products from 2012 to 2014. There was pervasive underselling in the three smaller diameter line pipe products during this period.¹¹⁹ Second, as also previously discussed, the cumulated subject imports gained 11.7 percentage points of market share entirely at the expense of the domestic industry between January-June 2014 and January-June 2015. There was also pervasive underselling during this period.¹²⁰

¹¹⁴ CR at V-5 to V-6, PR at V-4. Pricing data reported for these firms accounted for 6.7 percent of U.S. producer's commercial shipments of certain welded line pipe, 9.7 percent of U.S. commercial shipments of subject imports from Korea, and 3.1 percent of U.S. commercial shipments of subject imports from Turkey during January 2012-June 2015. *Id.*

¹¹⁵ CR at V-16, PR at V-9, and CR/PR at Table V-7. Contrary to TEAP's arguments, *see* TEAP Prehearing Brief at 25, the record shows predominant underselling by subject imports from Turkey, which undersold the domestic like product in 8 of 10 quarters where comparisons were possible, at margins of underselling from *** percent to *** percent. *Id.* Additional data on subject imports from Turkey were not available in part because Turkish importer *** and its consignee, *** did not respond to the Commission's requests for pricing data. CR at V-6 n.8, PR at V-4 n.8.

¹¹⁶ CR/PR at Table V-7.

¹¹⁷ CR/PR at Table V-6.

¹¹⁸ There were a number of confirmed instances in which the domestic industry lost sales and revenues due to competition from cumulated subject imports. The domestic industry made 63 lost sales allegations totaling \$*** and *** short tons of product and one lost revenue allegation totaling \$*** and *** short tons of product. CR at V-16 to V-17, PR at V-9. The Commission confirmed 11 lost sale allegations totaling \$*** and *** short tons and *** lost revenue allegation totaling \$*** and *** short tons. Calculated from CR/PR at Tables V-8 and V-9. Moreover, four of 11 responding purchasers reported that they had shifted purchases of certain welded line pipe from the domestic industry to subject imports since January 2011. These purchasers reported that they had shifted to subject imports because of price. Also, all four responding purchasers reported that the domestic industry reduced its prices in order to compete with subject imports. CR at V-17, PR at V-10, and CR/PR at Table V-10.

¹¹⁹ CR/PR at Tables V-3 to V-5.

¹²⁰ CR/PR at Tables V-3 to V-6.

We also find that subject imports had significant price-depressing effects. We acknowledge that the decrease in apparent consumption and raw material costs that occurred during 2012-2013 and, to a lesser extent, between January-June 2014 and January-June 2015 may have contributed to a decline in domestic prices. Nevertheless, we would expect the decrease in demand and raw material costs to have had a similar effect on the prices of both subject imports and the domestic like product. Prices for the domestic like product, however, decreased more rapidly than the lower priced subject imports during both of these periods, indicating that factors other than demand and input costs, most notably the increasing volume of lower-priced subject imports, contributed significantly to the decline in domestic prices. We observe that prices for the domestic like product for all four pricing products decreased more rapidly than did subject imports in 2012 and early 2013 when demand was declining.¹²¹ Prices for the domestic like product then leveled off in 2013 and early 2014,¹²² and then decreased sharply again in late 2014 and in January-June 2015, by a much greater extent than declines in raw materials costs, in response to the even lower and declining prices of subject imports.¹²³ Therefore, we find that the effect of subject imports was to depress domestic prices to a significant degree.

For the foregoing reasons, we find that the cumulated subject imports had significant effects on prices of the domestic like product.

¹²¹ See CR/PR at Tables V-3 to V-6. For pricing product 1, prices for the domestic like product declined *** percent from January 2012 to March 2013, while prices for subject imports declined *** percent. For pricing product 2, prices for the domestic like product declined *** percent from January 2012 to March 2013, while prices for subject imports declined *** percent. For pricing product 3, prices for the domestic like product declined *** percent from January 2012 to March 2013, while prices for subject imports declined *** percent. For pricing product 4, prices for the domestic like product declined *** percent from January 2012 to March 2013, while prices for subject imports declined *** percent. Calculated from CR/PR at Tables V-3 to V-6. By contrast, apparent U.S. consumption was only 0.9 percent lower in January-June 2015 than in January-June 2014.

¹²² CR/PR at Tables IV-7, V-3 to V-6.

¹²³ CR/PR at Tables V-3 to V-6, VI-1. For the last four quarters of the period examined, for pricing product 1, prices for the domestic like product declined *** percent from July 2014 to June 2015, while prices for subject imports declined *** percent. For pricing product 2, prices for the domestic like product declined *** percent from July 2014 to June 2015, while prices for subject imports declined *** percent. For pricing product 3, prices for the domestic like product declined *** percent from July 2014 to June 2015, while prices for subject imports declined *** percent. For pricing product 4, prices for the domestic like product declined *** percent from July 2014 to June 2015, while prices for subject imports declined *** percent. Calculated from CR/PR at Tables V-3 to V-6. The domestic industry's unit cost of goods sold was 0.9 percent higher in January-June 2015 than in January-June 2014. CR/PR at Table C-1.

E. Impact of the Subject Imports¹²⁴

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission “shall evaluate all relevant economic factors which have a bearing on the state of the industry.” These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹²⁵

During the POI, domestic industry performance deteriorated in several respects. As discussed below, the industry’s capacity utilization, U.S. shipments, and employment all declined, and its financial performance was poor and deteriorating.

Capacity showed minor fluctuations over the POI.¹²⁶ By contrast, production and capacity utilization decreased sharply over the period.¹²⁷ The domestic industry’s U.S.

¹²⁴ The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination with respect to subject imports from Korea, Commerce found antidumping duty margins of 6.19 percent for Hyundai HYSCO; 2.53 percent for SeAH Steel Corporation; and 4.36 percent for All Others. *Welded Line Pipe From the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 61366, 61367 (Oct. 13, 2015).

In its final determination with respect to subject imports from Turkey, Commerce found antidumping duty margins of 22.95 percent for Borusan Istikbal Ticaret, Borusan Mannesmann Boru Sanayi ve Ticaret A.S., Borusan Mannesmann Boru Sanayi ve Ticaret A.S./Yıcel Boru İthalat-İhracat ve Pazarlama A.S.; 6.66 percent for TosHelik Profil ve Sac Endustrisi A.S./Tosyali Dis Ticaret A.S.; and 7.10 for All Others. *Welded Line Pipe From Turkey: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 61362, 61364 (October 13, 2015).

Additionally, in its final countervailing duty determination regarding imports from Turkey, Commerce identified more than 16 countervailable subsidy programs in Turkey which were available to Turkish producers of certain welded line pipe. These programs included income tax and tax exemption programs, pre-export credit programs, and export insurance programs. Commerce assigned subsidy rates from 1.31 percent to 152.20 percent for individually investigated companies and 1.31 percent for All Others. *Welded Line Pipe from the Republic of Turkey: Final Affirmative Countervailing Duty Determination*, 80 Fed. Reg. 61371, 61372 (Oct. 13, 2015) and accompanying Issues and decision Memorandum.

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

¹²⁶ The domestic industry’s production capacity was 2.3 million short tons in 2012, 2.2 million short tons in 2013, and 2.3 million short tons in 2014, and was 1.2 million short tons in January-June 2014 and 1.1 million short tons in January-June 2015. CR/PR at Table III-5. As discussed above, individual producers expanded or shuttered facilities during the POI.

¹²⁷ Production declined from 1.62 million short tons in 2012 to 1.31 million short tons in 2013 and 1.30 million short tons in 2014. It was 682,584 short tons in January-June 2014 and 473,677 short tons in January-June 2015. Capacity utilization declined from 70.9 percent in 2012 to 58.3 percent in (Continued...)

shipments decreased from 1.57 million short tons in 2012 to 1.23 million short tons in 2013 and 1.22 million short tons in 2014, and were 598,201 short tons in January-June 2014 and 414,043 short tons in January-June 2015.¹²⁸ Inventories increased throughout the POI.¹²⁹

As previously discussed, the domestic industry's market share decreased sharply during the latter portion of the POI. Its share of apparent U.S. consumption increased from 47.8 percent in 2012 to 48.5 percent in 2013, and then declined to 48.1 percent in 2014. Its 34.8 percent share in January-June 2015 was much lower than its 49.9 percent share in January-June 2014.¹³⁰

There were declines in employment-related indicators. The number of production and related workers ("PRWs") declined from 2,319 in 2012 to 2,010 in 2013, and then increased slightly to 2,038 in 2014. There were considerably fewer PRWs in January-June 2015 (1,629) than in January-June 2014 (2,160).¹³¹ Hours worked, wages paid, hourly wages, and productivity each declined from 2012 to 2014 and were lower in January-June 2015 than in January-June 2014.¹³²

Net sales revenues declined from \$1.6 billion in 2012 to \$1.31 billion in 2013 and \$1.29 billion in 2014, and were lower in January-June 2015 (\$453.9 million) than in January-June 2014 (\$674.2 million). All measures of profitability declined.¹³³ Operating income declined sharply from \$299 million in 2012 to \$26.1 million in 2013 and \$317,000 in 2014.¹³⁴ The industry sustained operating losses of \$5.2 million in January-June 2014 and \$14.4 million in January-

(...Continued)

2013 and 57.4 percent in 2014. It was 58.3 percent in January-June 2014 and 41.7 percent in January-June 2015. CR/PR at Table III-5.

¹²⁸ CR/PR at Table III-6.

¹²⁹ The domestic industry's end-of-period inventories increased from 102,614 short tons in 2012, 109,636 short tons in 2013 and 111,303 short tons in 2014. They were 156,977 short tons in January-June 2014 and 157,206 short tons in January-June 2015. CR/PR at Table III-7.

¹³⁰ CR/PR at Table IV-8.

¹³¹ CR/PR at Table III-9. TEAP argues that the reduction in the domestic industry's PRWs was most severe between January-June 2014 and January-June 2015 and was primarily due to ***. TEAP Prehearing Brief at 35. The record shows, however, that the domestic industry's PRWs declined over the POI even if *** is excluded from the analysis. See CR/PR at Table III-9.

¹³² Hours worked were 4.9 million in 2012, 4.0 million in 2013 and 2014, 2.1 million in January-June 2014 and 1.6 million in January-June 2015. Wages paid were \$130.1 million in 2012, \$109.7 million in 2013, \$103.8 million in 2014, \$57.7 million in January-June 2014 and \$42.1 million in January-June 2015. Hourly wages were \$26.69 in 2012, \$27.62 in 2013, \$26.24 in 2014, \$27.07 in January-June 2014 and \$26.21 in January-June 2015. Productivity in short tons per 1,000 hours was 333.1 in 2012, 329.4 in 2013, 327.4 in 2014, 320.2 in January-June 2014, and 294.8 in January-June 2015. CR/PR at Table III-9.

¹³³ The domestic industry's gross profits were \$392.5 million in 2012, \$121.9 million in 2013, and \$88.1 million in 2014. They were \$37.1 million in January-June 2014 and \$26.0 million in January-June 2015. Net income was \$277.3 million in 2012, \$8.3 million in 2013, and a loss of \$14.7 million in 2014. It was a loss of \$14.1 million in January-June 2014 and \$20.4 million in January-June 2015. CR/PR Table VI-1.

¹³⁴ CR/PR at Table VI-1.

June 2015.¹³⁵ The domestic industry's operating income margin declined from 14.0 percent in 2012 to 1.8 percent in 2013 and 0.02 percent in 2014. It was negative 0.8 percent in January-June 2014 and negative 3.2 percent in January-June 2015.¹³⁶ The industry's capital expenditures and research and development expenses generally showed downward trends.¹³⁷

The domestic industry, by cutting prices, moderated market share losses to some extent during the early portion of the POI in the smaller diameter products where competition with the subject imports was concentrated and maintained a largely stable market share overall. As previously stated, prices for the domestic like product declined far more sharply for the three smaller diameter pricing products than for the subject imports during the early portions of the period. These price declines, however, reduced the domestic industry's sales revenues, which declined throughout the POI, from what they would have been otherwise and led to deteriorating financial performance. During the latter portion of the POI, cumulated subject import volume increased sharply, the subject imports continued to undersell the domestic like product, and notwithstanding continued price declines, the domestic industry lost market share to the subject imports. As a result, output and employment fell, sales revenue continued to decline, and the domestic industry's financial performance declined sharply.¹³⁸

We accordingly find that the significant volume of subject imports, which depressed prices of the domestic industry to a significant degree through significant underselling, leading to serious declines in financial performance for the domestic industry, had a significant impact on the domestic industry.

TEAP argues that the surge of subject imports that occurred at the end of the POI was anomalous.¹³⁹ It claims that the observed increase in subject import volume in January-June 2015 was attributable to a three-to-five month lead time window of orders that would have been placed prior to a decline in demand that began in November 2014.¹⁴⁰ These arguments tend to reinforce, rather than rebut, our conclusion that an increased supply of cumulated subject imports during the latter portion of the POI – which TEAP does not dispute – displaced the domestic like product from the U.S. market and had significant price effects. The fact that subject imports that were ultimately sold in the United States for low prices may have been in production or in transit to the United States prior to changes in the conditions of competition does not indicate that there is a cause other than subject imports that is responsible for the difficulties the domestic industry experienced during the latter portion of the POI.

TEAP also observes that *** reported operating losses during the POI that were *** than those of other reporting firms. It claims that *** losses were attributable to *** and that *** was a start-up operation. TEAP argues that these two firms disproportionately contributed

¹³⁵ CR/PR at Table VI-1.

¹³⁶ CR/PR at Table VI-1.

¹³⁷ The domestic industry's capital expenditures declined from \$*** in 2012 to \$*** in 2013 and \$*** in 2014. They were \$*** in January-June 2014 and \$*** in January-June 2015. CR/PR at Table VI-4. The domestic industry's research and development expenditures decreased from \$*** in 2012 and 2013 to \$*** in 2014. They were \$*** in January-June 2014 and \$*** in January-June 2015. *Id.*

¹³⁸ See CR/PR at Table C-1.

¹³⁹ TEAP Prehearing Brief at 16-17.

¹⁴⁰ TEAP Prehearing Brief at 17.

to the domestic industry's poor performance and that, if these two producers were disregarded, the industry's performance would have been substantially better. Thus, TEAP argues that the observed decline in the domestic industry financial condition cannot be attributed to the effect of subject imports.¹⁴¹

The data show, however, that the domestic industry's financial performance declined over the POI even when *** are excluded from the analysis.¹⁴² Moreover, our finding of significant impact is predicated not on the absolute level of the domestic industry's profitability, but on the subject imports' role in depriving the domestic industry of revenues it otherwise would have received. Consequently, the injury we have attributed to the subject imports is distinguishable from any effects on domestic industry profitability caused by the transition of individual producers into and out of the industry.

TEAP further claims that the significant declines in raw material costs over the POI were not reflected fully in domestic prices and that the overall decline in the domestic industry's financial condition was caused primarily by decreasing demand and not subject imports.¹⁴³ Petitioners argued that one-to-one transmission of input costs is not required since differing trends for hot-rolled steel prices and raw materials costs could be explained by the domestic industry producing a greater proportion of higher grade material or the time lag between hot-rolled steel purchases and manufacturing the pipe.¹⁴⁴ Nevertheless, the price effects of the subject imports were most keenly experienced by the domestic industry through decreases in the domestic industry's revenue, as discussed above. The domestic industry reduced prices at the beginning of the POI in response to low priced subject imports but, while maintaining market share, suffered declining profitability. Subsequently, even when apparent U.S. consumption stabilized, large volumes of low-priced subject imports depressed domestic prices and caused the domestic industry's losses in market share and shipments, particularly during January-June 2015, that would not have otherwise occurred. Therefore, the material injury experienced by the domestic industry during the POI is distinguishable from any declines in its operating performance that may be attributable to inflated raw material costs or declines in demand.

We have considered whether there are other factors that may have had an adverse impact on the domestic industry to ensure that we are not attributing injury from such other factors to the subject imports. We have considered the role of nonsubject imports in these investigations. As previously noted, the largest suppliers of nonsubject imports during the POI were Mexico, Japan, Germany, the United Kingdom, Greece, and Canada.¹⁴⁵ The Commission

¹⁴¹ TEAP Prehearing Brief at 27-28.

¹⁴² Memorandum INV-NN-080 at Table VI-1C. The domestic industry's ratio of operating income to net sales (excluding ***) declined from *** percent in 2012 to *** percent in 2013 and *** percent in 2014, and was *** percent in January-June 2014 and *** percent in January-June 2015. *Id.*

¹⁴³ TEAP Prehearing Brief at 24-26, 33-34, and Posthearing Brief at 10-12.

¹⁴⁴ Maverick Final Comments at 10.

¹⁴⁵ CR at II-13 to II-14, PR at II-10.

obtained very limited quarterly pricing data for nonsubject imports from Japan and Mexico.¹⁴⁶ The prices for nonsubject imports from Japan and Mexico were lower than the prices for the domestic like product in five comparisons and higher in two comparisons. They were higher than prices for subject imports in six comparisons and lower in three comparisons.¹⁴⁷ Moreover, the average unit values (“AUVs”) of nonsubject imports were significantly higher than those of subject imports for all parts of the POI.¹⁴⁸ In light of the information available concerning the pricing of nonsubject imports, we find that the nonsubject imports are not responsible for the adverse price effects that we have attributed to the subject imports.

We accordingly find that the cumulated subject imports had a significant impact on the domestic industry.

VI. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of certain welded line pipe from Korea and Turkey that are sold in the United States at less than fair value and are subsidized by the government of Turkey.

¹⁴⁶ Price data for nonsubject imports accounted for only 0.5 percent of nonsubject imports from Japan and 0.1 percent of subject imports from Mexico from January 2012-June 2015. Two quarters of pricing data for one pricing product were provided for imports from Japan. CR/PR at E-3.

¹⁴⁷ CR/PR at E-3 and at Tables E-1 to E-3.

¹⁴⁸ CR/PR at Table IV-2. We note that comparisons based on AUVs should be used with caution because differences in AUVs may reflect differences in product mix rather than differences in price.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by American Cast Iron Pipe Company (“ACIPCO”), Birmingham, Alabama; EnergeX, a division of JMC Steel Group, Chicago, Illinois; Maverick Tube Corporation (“Maverick”), Houston, Texas; Northwest Pipe Company (“Northwest Pipe”), Vancouver, Washington; Stupp Corporation (“Stupp”), Baton Rouge, Louisiana; Tex-Tube Company (“Tex-Tube”), Houston, Texas; TMK IPSCO, Houston, Texas; and Welspun Tubular LLC USA (“Welspun”), Little Rock, Arkansas, on October 16, 2014, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized¹ and less-than-fair-value (“LTFV”) imports of welded API line pipe (“certain welded line pipe”)² from Korea and Turkey. The following tabulation provides information relating to the background of these investigations.^{3 4}

¹ Effective October 13, 2015 the Commission terminated its countervailing duty investigation on certain welded line pipe from Korea pursuant to Commerce’s final negative countervailing duty determination. *Certain Welded Line Pipe From Korea; Termination of Investigation*, 80 FR 63833, October 21, 2015.

² See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject to these investigations.

³ Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission’s website (www.usitc.gov).

⁴ Appendix B lists the witnesses appearing at the Commission’s hearing.

Effective date	Action
October 16, 2014	Petition filed with Commerce and the Commission; institution of the Commission's investigations
November 13, 2014	Commerce's notice of initiation of countervailing duty investigations (79 FR 67419)
November 14, 2014	Commerce's notice of initiation of antidumping duty investigations (79 FR 68213)
December 2, 2014	Commission's preliminary determinations (79 FR 72202, December 5, 2014)
March 20, 2015	Commerce's preliminary countervailing duty determinations (80 FR 14907, 14943)
May 22, 2015	Commerce's preliminary antidumping duty determinations (80 FR 29620, 29617); scheduling of final phase of Commission's investigations (80 FR 33554, June 12, 2015)
October 6, 2015	Commission's hearing
October 13, 2015	Commerce's final affirmative antidumping duty determination (Korea) (80 FR 61366); Commerce's final affirmative antidumping duty determination (Turkey) (80 FR 61362)
October 13, 2015	Commerce's final negative countervailing duty determination (Korea) (80 FR 61365); Commerce's final affirmative countervailing duty determination (Turkey) (80 FR 61371)
October 13, 2015	Commission's termination of countervailing duty investigation (Korea) (80 FR 63833, October 21, 2015)
November 6, 2015	Commission's vote
November 20, 2015	Commission's views

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission-- *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the*

determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--⁵
In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant. . . In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—⁶

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

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

⁶ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

Organization of report

Part I of this report presents information on the subject merchandise, dumping margins and subsidies,⁷ and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Certain welded line pipe includes welded line pipe used in pipelines for the gathering, transmission, and distribution of oil and gas. The leading U.S. producers of certain welded line pipe are ACIPCO, California Steel Industries ("CSI"), and Stupp. The leading producers of certain welded line pipe in subject countries include Hyundai Steel Company ("Hyundai Steel") and SeAH Steel Corp. ("SeAH") in Korea and Borusan Mannesmann Boru Sanayi Ve Ticaret ("Borusan Mannesmann") and Toscelik Profil ve Sac Endustrisi A.S. ("Toscelik") in Turkey. Leading countries producing welded tubes outside the United States include China, Japan, Korea, Russia, and Turkey.⁸ The leading U.S. importers of certain welded line pipe from Korea are ***, while the leading importer of certain welded line pipe from Turkey is **. Leading importers of certain welded line pipe from nonsubject countries since 2012 (primarily Germany, Japan, and Mexico) include **. The largest responding purchasers of certain welded line pipe were distributors *** and end user **.

Apparent U.S. consumption of certain welded line pipe totaled approximately 2.5 million short tons (\$2.4 billion) in 2014. Twelve firms are known to produce certain welded line pipe in the United States.⁹ U.S. producers' U.S. shipments of certain welded line pipe totaled 1.2 million short tons (\$1.3 billion) in 2014, and accounted for 48.1 percent of apparent U.S. consumption by quantity and 54.5 percent by value. U.S. imports from subject sources totaled nearly 852,000 short tons (approximately \$669 million) in 2014 and accounted for 33.7 percent of apparent U.S. consumption by quantity and 28.0 percent by value. U.S. imports from nonsubject sources totaled approximately 460,000 short tons (approximately \$417 million) in

⁷ Commerce determined that de minimis countervailable subsidies are being provided to producers and exporters of welded line pipe from Korea. *Welded Line Pipe From the Republic of Korea: Final Negative Countervailing Duty Determination*, 80 FR 61365, October 13, 2015.

⁸ World Steel Association, *Steel Statistical Yearbook, 2014*; the product category, welded tubes, includes all types of welded pipe and tubes and is broader than Commerce's scope.

⁹ The Commission received thirteen U.S. producer questionnaire responses. ** is not included as a current U.S. producer because it reportedly exited the line pipe business in 2014.

2014 and accounted for 18.2 percent of apparent U.S. consumption by quantity and 17.5 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C. Except as noted, U.S. industry data are based on questionnaire responses of 13 firms that accounted for a vast majority of U.S. production of certain welded line pipe during 2014. U.S. imports are based on official import statistics for the following seven statistical reporting numbers from the Harmonized Tariff Schedule of the United States (“HTSUS”): 7305.11.1030, 7305.12.1030, 7305.19.1030, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150.¹⁰

PREVIOUS AND RELATED INVESTIGATIONS

The Commission has conducted several previous import relief investigations on line pipe. Table I-1 presents information on investigations for line pipe not exceeding 16 inches in outside diameter (for purposes of this table, referred to as “small diameter”). Table I-2 presents information on investigations that have included imports of welded line pipe not exceeding 16 inches in outside diameter, in whole or in part. Table I-3 presents information on investigations for welded line pipe exceeding 16 inches in outside diameter (for purposes of this table, referred to as “large diameter”).

¹⁰ The scope of these investigations identifies 12 HTSUS subheadings or statistical reporting numbers under which subject merchandise may be imported. Three HTS subheadings (7305.11.5000, 7305.12.5000, and 7305.19.5000) cover alloy steel pipe with no outside diameter size restriction. Import questionnaire responses, staff interviews, and analysis of confidential import statistics show that there were few entries of in-scope merchandise under these three subheadings (see EDIS document no. 545605). Accordingly, the official import statistics presented in this report do not include data for these three statistical subheadings. Counsel for petitioners and respondents agree with excluding these data from the import statistics. Conference transcript, p. 48 (Schagrin); postconference brief of petitioner Maverick, Exh. 1, p. 1; and conference transcript, p. 127 (Cameron, Simon, and Nolan). Furthermore, the scope states that the subject merchandise may also enter in HTSUS statistical reporting numbers 7305.11.1060 and 7305.12.1060. These HTSUS statistical reporting numbers are for LSAW line pipe or other longitudinally welded pipe of iron or steel with an external diameter exceeding 609.6 mm (24 inches). Staff notes that the scope defines certain welded line pipe as not being more than 24 inches in nominal outside diameter. Accordingly, these two statistical reporting numbers are also excluded from the import data presented in this report.

Table I-1

Certain welded line pipe: Previous small diameter line pipe Title VII and safeguard investigations

Investigations		Dates		Outcome
Number	Product / Country	Begin	End	
701-TA-165, 168	Welded Carbon Steel Pipes and Tubes from Brazil and Korea	05/07/1982	12/27/1982	Brazil - terminated after Commission preliminary affirmative determination
			02/08/1983	Korea - Commission final affirmative determination; ¹ order revoked by Commerce effective October 1, 1984
731-TA-212	Welded Carbon Steel Pipes and Tubes from Venezuela	12/18/1984	02/01/1985	Commission preliminary negative determination ²
701-TA-242 & 731-TA-253	Welded Carbon Steel Pipes and Tubes from Venezuela	02/28/1985	12/05/1985	Terminated by Commerce following Commission preliminary affirmative determination ²
701-TA-252-253 & 731-TA-272-274	Welded Carbon Steel Pipes and Tubes from Taiwan, Turkey, and Yugoslavia	07/16/1985	01/08/1986	Taiwan and Yugoslavia - terminated by Commerce following Commission preliminary affirmative determinations
			02/21/1986	Turkey - Commission final affirmative determination; ² countervailing duty order revoked by Commerce effective January 1, 2000
731-TA-375	Certain Line Pipes and Tubes from Canada	02/11/1987	03/30/1987	Commission preliminary negative determination ³
TA-201-70	Circular Welded Carbon Quality Line Pipe	06/30/1999	12/22/1999	Commission affirmative determination with respect to all countries except Mexico and Canada; ⁴ relief ended effective March 1, 2003.
731-TA-1073-1075	Circular Welded Carbon Quality Line Pipe from China, Korea, Mexico	10/06/2004	12/14/2004	China - terminated by Commerce following Commission preliminary affirmative determination
			02/17/2005	Korea and Mexico terminated after petition withdrawn ⁵

Notes continued on next page.

Table I-1-- Continued

Certain welded line pipe: Previous small diameter line pipe Title VII and safeguard investigations

Investigations		Dates		Outcome
Number	Product / Country	Begin	End	
731-TA-1150	Circular Welded Carbon Quality Steel Line Pipe from Korea	04/03/2008	11/25/2008	Terminated after petition withdrawn
701-TA-455	Circular Welded Carbon Quality Steel Line Pipe from China	04/03/2008	01/07/2009	Commission affirmative determination ⁶
731-TA-1149	Circular Welded Carbon Quality Steel Line Pipe from China	04/03/2008	05/06/2009	Commission affirmative determination ⁶
701-TA-455 and 731-TA-1149 (Review)	Circular Welded Carbon Quality Steel Line Pipe from China	12/02/2013	05/02/2014	Commission affirmative determination

¹ The Commission found small (16 inches or less) diameter welded carbon steel standard, line, and structural pipes and tubes to constitute a single like product.

² The Commission found separate like products consisting of welded standard pipe and welded line pipe.

³ The Commission found that the product “like” welded line pipe from Canada was welded line pipe. Commissioner Brunsdale concurred with reservations, writing that “...while I do not do so here, it appears appropriate to find that the like product consists of both standard and line pipe.”

⁴ The Commission found that the domestic product “like or directly competitive” with line pipe (including multiple-stenciled line pipe) was line pipe. Commissioner Crawford concluded that the record would justify defining the like or directly competitive product as both line pipe and standard pipe, although she declined to do so.

⁵ The Commission found small (16 inches or less) diameter welded line pipe to constitute a single like product but in the final phase sought data on both welded standard pipe and welded line pipe.

⁶ The Commission found small (16 inches or less) diameter circular welded carbon quality steel line pipe to constitute a single like product, noting that it had found in a previous investigation that large diameter line pipe is a distinct like product from line pipe 16 inches and under in diameter.

Source: Various Commission publications and Federal Register notices.

Table I-2
Certain welded line pipe: Related Commission investigations

Investigations		Dates		Outcome
Number	Product / Country	Begin	End	
TA-201-51	Carbon and Certain Alloy Tool Steel Products	01/24/1984	07/24/1984	Commission negative determination ¹
731-TA-732-733	Circular Welded Nonalloy Steel Pipe from Romania and South Africa	04/26/1995	06/27/1996	Commission final negative determination ²
731-TA-943-947	Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa	05/24/2001	07/16/2001	Indonesia, Malaysia, Romania, and South Africa - Commission preliminary negative determination
			07/02/2002	China - Commission final negative determination ³
TA-421-06	Circular Welded Non-Alloy Steel Pipe from China	08/02/2005	10/21/2005	Commission affirmative ⁴ followed by a Presidential determination that import relief was not in the national interest
701-TA-447 & 731-TA-1116	Circular Welded Carbon Quality Steel Pipe from China	06/07/2007	07/02/2008	Commission affirmative final determinations ⁵
701-TA-447 & 731-TA-1116 (Review)	Circular Welded Carbon Quality Steel Pipe from China	06/03/2013	11/18/2013	Commission affirmative determination ⁵

¹ The Commission found that the like or directly competitive product was all welded and seamless pipe.

² In the final phase of the investigations, the Commission found that the domestic product “like” subject imports of standard pipe (including multiple-stenciled pipe used in standard pipe applications) included all multiple-stenciled pipe. Commissioners Crawford and Watson concluded that the record would justify defining the domestic like product to include all (welded) line pipe, although they declined to do so.

³ In the final phase of the investigation, the Commission found that the domestic product “like” subject imports of standard pipe (including multiple-stenciled pipe used in standard pipe applications) was standard pipe (including multiple-stenciled pipe used in standard pipe applications), “absent argument and information to the contrary.”

⁴ The Commission found that the domestic product “like or directly competitive” subject imports of standard pipe (including multiple-stenciled pipe used in standard pipe applications) was standard pipe (including multiple-stenciled pipe used in standard pipe applications).

⁵ The Commission defined the domestic like product as coterminous with Commerce’s scope. Commerce’s scope includes multiple-stenciled line pipe when it meets the physical description (in the scope) and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish.

Source: Various Commission publications and Federal Register notices.

Table I-3

Certain welded line pipe: Related Commission investigations, large diameter line pipe

Investigations		Dates		Outcome
Number	Product / Country	Begin	End	
731-TA-183	Large Diameter Carbon Steel Welded Pipes from Brazil	March 1984	March 1985	Commission termination of investigation following withdrawal of petition
731-TA-919	Certain Welded Large Diameter Line Pipe from Japan and Mexico	January 2001	October 2001	Japan-Commission affirmative determination ¹
			February 2002	Mexico-Commission affirmative determination
TA-201-73	Certain Steel Products	June 2001	December 2001	Commission affirmative determination, relief ended effective December 4, 2003 ²
731-TA-919 (Review)	Certain Welded Large Diameter Line Pipe from Japan and Mexico	November 2006	October 2007	Commission affirmative determination (Japan) and negative determination (Mexico)
731-TA-919 (Second Review)	Certain Welded Large Diameter Line Pipe from Japan	October 2012	September 2013	Commission affirmative continuation of the order

¹ The Commission found that the domestic like product as welded carbon and alloy line pipe with an outside diameter greater than 16 inches but less than 64 inches.

² The Commission majority found that the domestic like product was welded pipe other than OCTG. The like or directly competitive product did not include welded line pipe with an outside diameter that does not exceed 16 inches (the excluded welded line pipe 16 inches or less in diameter was covered by the section 201 relief request on line pipe, TA-201-70, which is discussed above).

Source: Various Commission publications and Federal Register notices.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On October 13, 2015, Commerce published a notice in the *Federal Register* of its final determinations of countervailable subsidies for producers and exporters of certain welded line pipe from Korea.¹¹ Commerce examined the following government programs in Korea:

- R&D Grants under ITIPA
- Sharing of Working Opportunities/Employment Creating Incentives
- RSTA Article 26: GOK Facilities Investment Support
- RSTA Article 10(1)(3): Tax Reduction for Research and Human Resources Development

¹¹ Commerce determined that de minimis countervailable subsidies are being provided to producers and exporters of welded line pipe from Korea. *Welded Line Pipe From the Republic of Korea: Final Negative Countervailing Duty Determination*, 80 FR 61365, October 13, 2015.

- RSTA Article 120: Exemption of the Acquisition Tax
- Restriction of Special Local Taxation Act (RSLTA) Article 78: Reduction and Exemption for Industrial Complexes
- Korea Electric Power Corporation (KEPCO's) Provision of Electricity for LTAR

Table I-4 presents Commerce's findings of de minimis subsidization of certain welded line pipe in Korea.

Table I-4
Certain welded line pipe: Commerce's preliminary and final subsidy determination with respect to imports from Korea

Entity	Preliminary countervailable subsidy margin (percent)	Final countervailable subsidy margin (percent)
SeAH Steel Corporation	0.52 (de minimis)	0.44 (de minimis)
Nexteel Co., Ltd.	0.47 (de minimis)	0.28 (de minimis)

Source: 80 FR 14908, March 20, 2015 and 80 FR 61365, October 13, 2015.

On October 13, 2015, Commerce published a notice in the *Federal Register* of its final determinations of countervailable subsidies for producers and exporters of certain welded line pipe from Turkey.¹² Commerce examined the following government programs in Turkey:

- Provision of Hot-Rolled Steel (HRS) for Less than Adequate Remuneration (LTAR)
- Provision of Land for LTAR
- Law 5084: Energy Support
- Deductions from Taxable Income for Export Revenue
- Export Financing
- Rediscount Program
- Post-Shipment Rediscount Credit Program
- Investment Encouragement Program (IEP): Customs Duty and VAT Exemptions
- Exemption from Property Tax
- Law 6486: Social Security Premium Incentive

¹² *Welded Line Pipe From the Republic of Turkey: Final Affirmative Countervailing Duty Determination*, 80 FR 61371, October 13, 2015.

Table I-5 presents Commerce’s findings of subsidization of certain welded line pipe in Turkey.

Table I-5
Certain welded line pipe: Commerce’s preliminary and final subsidy determination with respect to imports from Turkey

Entity	Preliminary countervailable subsidy margin (percent)	Final countervailable subsidy margin (percent)
Borusan Istikbal Ticaret, Borusan Mannesmann Boru Sanayi ve Ticaret A.S., Borusan Mannesmann Boru Yatirim Holding A.S., and Borusan Holding A.S.	8.85	152.20
Toscelik Profil ve Sac Endustrisi A.S., Tosyali Demir Celik Sanayi A.S., Tosyali Dis Ticaret A.S., Tosyali Elektrik Enerjisi Toptan Satis Ith. Ihr. A.S., and Tosyali Holding A.S.	3.76	1.31
All others	4.36	1.31

Source: 80 FR 14943, March 20, 2015 and 80 FR 61371, October 13, 2015.

Sales at LTFV

On October 13, 2015, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from Korea¹³ and Turkey.¹⁴ Tables I-6 and I-7 present Commerce’s dumping margins with respect to imports of certain welded line pipe from Korea and Turkey, respectively.

¹³ *Welded Line Pipe From the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 80 FR 61366, October 13, 2015.

¹⁴ *Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362, October 13, 2015.

Table I-6

Certain welded line pipe: Commerce's preliminary and final weighted-average LTFV margins with respect to imports from Korea

Exporter/manufacturer	Preliminary dumping margin (percent)	Final dumping margin (percent)
Hyundai HYSCO	2.52	6.19
SeAH Steel Corporation	2.67	2.53
All others	2.60	4.36

Source: 80 FR 29620, May 22, 2015 and 80 FR 61366, October 13, 2015.

Table I-7

Certain welded line pipe: Commerce's preliminary and final weighted-average LTFV margins with respect to imports from Turkey

Exporter/manufacturer	Preliminary dumping margin (percent)	Final dumping margin (percent)
Borusan Istikbal Ticaret	9.85	22.95
Borusan Mannesmann Boru Sanayi ve Ticaret A.S.	9.85	22.95
Cayirova Boru Sanayi ve Ticaret A.S./Yucel Boru Ithalat-Ihracat ve Pazarlama A.S.	9.71	22.95
Toscelik Profil ve Sac Endustrisi A.S./Tosyali Dis Ticaret A.S.	3.11	6.66
All others	3.29	7.10

Source: 80 FR 29617, May 22, 2015 and 80 FR 61362, October 13, 2015.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of these investigations as follows:

Certain welded line pipe is circular welded carbon and alloy steel (other than stainless steel) pipe of a kind used for oil or gas pipelines (welded line pipe), not more than 24 inches in nominal outside diameter, regardless of wall thickness, length, surface finish, end finish, or stenciling. Welded line pipe is normally produced to the American Petroleum Institute (API) specification 5L, but can be produced to comparable foreign specifications, to proprietary grades, or can be non-graded material. All pipe meeting the physical description set forth above, including multiple-stenciled pipe with an API or comparable foreign specification line pipe stencil is covered by the scope of this investigation.

The welded line pipe that is subject to this investigation is currently classifiable in the Harmonized Tariff Schedule of the United States

(HTSUS) under subheadings 7305.11.1030, 7305.11.5000, 7305.12.1030, 7305.12.5000, 7305.19.1030, 7305.19.5000, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150. The subject merchandise may also enter in HTSUS 7305.11.1060 and 7305.12.1060. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.¹⁵

Tariff treatment

Based upon the scope set forth by the Department of Commerce, the merchandise subject to these investigations are imported under statistical reporting numbers 7305.11.1030, 7305.11.5000, 7305.12.1030, 7305.12.5000, 7305.19.1030, 7305.19.5000, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150 of the Harmonized Tariff Schedule of the United States (“HTS”).¹⁶ ¹⁷ The general rate of duty for products imported under each of these provisions is free.

THE PRODUCT

Description and applications

Line pipe¹⁸ is classified as a long-rolled steel pipe product that can be either welded or seamless, and produced in sizes from 1/8 inches to over 80 inches in outside diameter. The

¹⁵ *Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362, October 13, 2015.

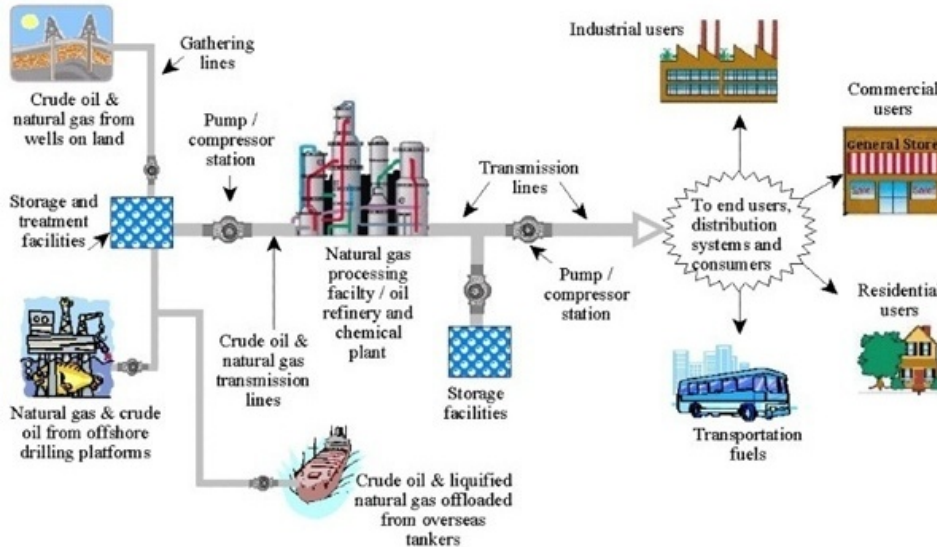
¹⁶ The scope of these investigations includes seven HTS 8-digit statistical reporting numbers under which subject line pipe is primarily reported on importation into the United States (7305.11.1030, 7305.12.1030, 7305.19.1030, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150). Data collected under these seven HTS 10-digit statistical reporting numbers are presented in this report. The scope also includes three HTS subheadings (7305.11.50, 7305.12.50, and 7305.19.50), which cover alloy steel pipe of named materials with no outside diameter size restriction and thus cover goods with larger diameter along with subject goods. Separate data for subject merchandise classified in those subheadings are not available, but based on staff research, entries of subject merchandise are believed to be limited. Finally, the scope references two additional HTSUS statistical reporting numbers (7305.11.1060 and 7305.12.1060), covering LSAW line pipe or other longitudinally welded pipe of iron or steel exceeding 24 inches (609.6 mm) in outside diameter.

¹⁷ Decisions on the tariff classification and treatment of imported goods are solely within the authority of U.S. Customs and Border Protection.

¹⁸ The terms “pipes” and “tubes” are interchangeable in common usage and are not separately provided for in the HTS. However, tubular product manufacturers typically categorize “pipes” as having a circular cross-section in a few standard sizes, whereas “tubes” may have any cross-sections (circular, square, rectangular or others). Steel pipes can be manufactured in either a welded or seamless process. Steel pipes can be further subdivided according to the grades of steel (carbon, alloy and stainless) used in steel production. Moreover, the American Iron and Steel Institute (AISI) further categorizes steel pipes
(continued...)

most common application for line pipe is the gathering, transmission, and distribution of oil and gas, generally in a pipeline or utility distribution system (figure I-1). Line pipe can be produced with plain ends, threaded, beveled, grooved, flanged or expanded, depending on the requirements.¹⁹ Figure I-2 is a visual depiction of welded line pipe.

Figure I-1:
Example of an oil and natural gas pipeline system



Source: U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, <http://primis.phmsa.dot.gov>.

Figure I-2:
Certain welded line pipe: Welded API line pipe



Source: <http://www.apisteel.com/api-5l-x42-steel-line-pipe-813/>

(...continued)

and tubes by six-end uses: line pipe, standard pipe, structural pipe and tubing, mechanical tubing, pressure tubing and oil country tubular goods. Seamless pipe and stainless steel pipe are outside the scope of these investigations.

¹⁹ Mohinder L. Nayyar, "Piping Handbook," Seventh Edition, 2000, pp. C-238-230.

The line pipe subject to these investigations is a welded circular pipe product, not more than 24 inches (609.6 millimeters) in outside diameter, regardless of wall thickness, length, surface finish, or end finish.²⁰ Line pipe can be produced from carbon or alloy steel. Carbon steel contains controlled amounts of carbon and manganese. Alloy steels, which provide physical properties not achievable to the same degree with carbon steels, contain controlled amounts of alloying elements—usually, nickel, chromium and molybdenum.²¹ Line pipe is generally produced in the United States in lengths of 40 feet or greater,²² and with either a bare finish or a black (lacquered) finish to protect the pipe from rust, which is especially important for storage in humid climates or for waterborne transportation. End finishes typically include square cut or beveled for welding in the field.²³

The subject product includes welded line pipe used in oil and gas pipelines for the gathering, transmission, and distribution of oil and gas. Gathering²⁴ is an upstream application in which welded line pipe is used to move the natural gas out of the fields and into the processing plant, or gather crude oil for further processing in oil refineries.²⁵ Smaller diameter line pipe ranging from 2 to 8 inches²⁶ in outside diameter traditionally has been used in standard gathering applications for the oil and gas industries;²⁷ however the diameter sizes of

²⁰ Although the scope of the investigation does not take into account wall thickness, API 5L specifications have thickness requirements.

²¹ The distinguishing characteristics of alloy steel pipe are its physical properties, which make the alloy steel pipe suitable for application in high temperature or low temperature service. *Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Japan and Romania, Investigation No. 731-TA-847 and 849 (Second Review)*, USITC Publication 4262, September 2011, pp. I-9-10.

²² Nominal 40-45 foot lengths are referred to by the industry as “double random lengths” or “DRL.”

²³ *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2009, p.6.

²⁴ Gathering applications for natural gas consist of individual gas wells connected to field gas treatment facilities and processing facilities, or to branches of a larger gathering system. Natural gas is processed at the treatment facility to remove impurities before entering the transmission pipeline. Gathering applications for oil include pumping crude oil from the ground where it travels through a pipeline to tank batteries, where the oil, gas and water are separated. After the crude oil is separated, the processed oil is kept in storage tanks until moved into the transmission pipelines. The Interstate Natural Gas Association of America, “America’s Natural Gas Pipeline Network: Delivering Clean Energy for the Future,” 2009, pp. 106-107.

²⁵ Havard Devold, “Oil and gas production handbook: An introduction to oil and gas production, transport, refining and petrochemical industry,” 2013, p. 59.

²⁶ Before the increased drilling activity in shale gas regions, line pipe used for gathering applications in the natural gas industry was generally smaller in diameter than those used in the oil industry. Association of Oil Pipelines, Pipelines 101, *How Do Pipelines Work?*, <http://www.pipeline101.com/how-do-pipelines-work>, retrieved on September 2, 2015.

²⁷ In the past, line gathering pipelines were built in minimally populated areas and used smaller-diameter line pipe that operated at lower pressures. U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, *Gathering Pipelines: Frequently Asked Questions*, <http://phmsa.dot.gov/portal/site/PHMSA>, retrieved on August 28, 2015.

line pipe for gathering applications have been increasing in recent years due to extensive shale gas development.²⁸ Welded line pipe in diameter sizes up to 24 inches²⁹ has become more common in gathering applications for pad drilling³⁰ in shale gas regions.³¹

Transmission³² of oil and gas is considered a midstream application in which welded line pipe is used to move oil and gas to any type of collection or distribution point, often over long distances.³³ Line pipe used in transmission applications have larger diameter sizes than line pipe used in gathering applications because refined oil or natural gas may have to move across national or international boundaries in order to reach distribution channels. Line pipe diameter sizes used in the transmission of oil and gas can vary greatly, although line pipe used in

²⁸ Paul W. Parfomak, "Shale Gas Gathering Pipelines: Safety Issues," August 1, 2014, <http://fas.org/sgp/crs/misc/IN10123.pdf>, retrieved on September 2, 2015; and staff telephone interview with ***.

²⁹ Conference transcript, pp. 53-54 (Barnes); hearing transcript, pp. 53-54 (Barnes); *Metal Bulletin*, Welded Linepipe and OCTG Market Tracker, "Linepipe market activity continues to expand: Americas Market Analysis," October 2014, www.metalbulletin.com, retrieved on September 2, 2015; *Metal Bulletin*, Welded Linepipe and OCTG Market Tracker, "Supply weighs on US ERW linepipe prices, despite demand outlook: Latest Analysis," April 2014, www.metalbulletin.com, retrieved on September 2, 2015; and staff telephone interview with ***.

³⁰ Pad drilling is the practice of drilling multiple entry points into oil wells from a single surface location, as opposed to drilling a single well. U.S. Energy Information Administration, "Pad drilling and rig mobility lead to more efficient drilling," September 11, 2012, <http://www.eia.gov/todayinenergy/detail.cfm?id=7910>, retrieved on August 31, 2015.

³¹ Line pipe used in the various shale plays like Marcellus, Utica, Barnett, and Bakken is generally of much larger diameter than traditional gas gathering pipelines. U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, *Gathering Pipelines: Frequently Asked Questions*, <http://phmsa.dot.gov/portal/site/PHMSA>, retrieved on August 28, 2015; and staff telephone interview with ***.

³² Transmission lines are also known as "trunk lines." Transmission of natural gas occurs from the principal supply areas to distribution centers, large volume customers or other transmission lines. The transmission pipelines for the oil consists of two types of transmission lines: 1) crude oil transmission lines, which travel long-distance from crude oil storage and treatment tanks to oil refineries, and 2) refined products transmission lines, which refined oil to a distribution center after impurities are removed in the oil refineries. The Interstate Natural Gas Association of America, *America's Natural Gas Pipeline Network: Delivering Clean Energy for the Future*, 2009, pp. 128; American Petroleum Institute, *Pipelines*, <http://www.api.org/oil-and-natural-gas-overview/transporting-oil-and-natural-gas/pipeline>, retrieved on September 2, 2015; and U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, *Petroleum Pipeline Systems*, <https://primis.phmsa.dot.gov/comm/PetroleumPipelineSystems.htm>, retrieved on August 28, 2015.

³³ *Certain Welded Large Diameter Line Pipe from Japan, Investigation No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. 24; and U.S. Steel Tubular Products' website, *Standard and Line Steel Pipe*, <http://usstubular.com/standard-and-line-steel-pipe>, retrieved on September 2, 2015.

transmission applications for natural gas is traditionally larger than those used for oil.³⁴ Responding U.S. purchasers reported that they purchased line pipe between 8 to 48 inches in outside diameter for transmission applications in the oil and gas industries.³⁵

Distributing³⁶ oil and gas is a downstream application in which welded line pipe is used to move the oil and gas from the transmission pipeline to the end-use customer. Line pipe used for distributing oil and gas to end users is generally smaller diameter sizes than those used in transmission applications,³⁷ and commonly ranges between 0.5 to 6 inches in outside diameter.³⁸

Subject line pipe is normally produced in conformance with the American Petroleum Institute's API 5L specifications, which provides standards for "pipe suitable for use in conveying gas, water, and oil in both the oil and gas industries."³⁹ The subject product generally bears an API line pipe stencil.⁴⁰ The API 5L specification for line pipe indicates the marking and class (e.g.

³⁴ Line pipe used in transmission applications for crude oil typically varies between 8 to 24 inches in outside diameter for standard oil applications. The Trans-Alaska Pipeline System is unique because it uses 48-inch diameter line pipe, which is the largest diameter line pipe used in the United States for transmission of oil. Line pipe used in standard transmission applications for natural gas typically varies between and 30 and 36 inches in outside diameter. U.S. Department of Energy, Argonne National Laboratory, *Natural Gas Pipeline Technology Overview*, http://corridoreis.anl.gov/documents/docs/technical/apt_61034_evs_tm_08_5.pdf, retrieved on September 2, 2015; U.S. Department of Energy, Argonne National Laboratory, *Overview of the Design, Construction and Operation of Interstate Liquid Petroleum Pipelines*, http://corridoreis.anl.gov/documents/docs/technical/apt_60928_evs_tm_08_1.pdf, retrieved on September 2, 2015; and staff telephone interview with ***.

³⁵ Compiled from U.S. purchaser questionnaires, Question III-4(b).

³⁶ Distribution of natural gas occurs through a valve and metering station, where natural gas is delivered to local distribution companies through small-diameter line pipe (also known as main and service lines) with lower pressure than transmission lines. DNL GV website, *Gas and Liquid Transmission Pipelines*, http://www.dnvusa.com/Binaries/gasliquid_tcm153-378807.pdf, retrieved on September 2, 2015.

³⁷ U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, *The State of the National Pipeline Infrastructure*, https://opsweb.phmsa.dot.gov/pipelineforum/docs/Secretarys%20Infrastructure%20Report_Revised%20Oper%20PHC_103111.pdf, retrieved on August 31, 2015.

³⁸ Canada Energy Pipeline Association, *Types of Pipelines*, <http://www.cepa.com/about-pipelines/types-of-pipelines>, retrieved on August 31, 2015.

³⁹ The API 5L specification covers both seamless and welded steel line pipe. Although seamless pipe is covered by the API 5L specification, it is outside the scope of these investigations. American Petroleum Institute, *API Specification 5L*, 45th Edition, December 2012.

⁴⁰ A "stencil" is information marked by the manufacturer with paint stenciled on the outside of the pipe indicating the specification in conformance with which it has been manufactured. However, the purchaser and manufacturer can agree to put all or part of the markings on the inside of the pipe. Pipe that is 1-1/2 inches and smaller has identification markings die-stamped on a metal tag fixed to the bundle or printed on the straps or binding clips used to tie the bundle.

A-25, A, B, and X-42 through X-80), process of manufacture (seamless pipe, electric resistance welded pipe,⁴¹ or continuous welded pipe⁴²), product specification levels (PSL 1 and PSL 2), heat treatment and test pressure. The API 5L grades define the strength level of the pipe and of the steel used to make the pipe. For grade A25 and X42 to X80, the last two digits reflect the yield strength of the steel.⁴³ Lower grades of line pipe, namely A25, grades A and B, have lower strength but have other desirable properties. For example, grade A line pipe is more malleable and more readily weldable than pipes of higher grade.

The API 5L specification also suggests that “products in compliance with multiple compatible standards may be marked with the name of each standard.” Thus, line pipe can bear multiple stencils, signifying compliance with one or more certifications (such as grade B/ X-42), as well as standard pipe,⁴⁴ piling,⁴⁵ or structural⁴⁶ pipe certifications.

⁴¹ An electric resistance weld is a process where the strip edges are mechanically pressed together and welded. The heat for welding is generated by resistance of the steel to the flow of an electric current. In one process, a low frequency (typically 60 to 360 hertz) is conducted to the strip edges by a pair of copper alloy discs which rotate as the pipe is propelled under them. A second variation uses high frequency (in the range of 400 to 500 kilohertz) which enters the tubing through shoes which act as sliding contacts. An induction coil can also be used with the high frequency current to induce current in the edges of the steel. No direct contact between the induction coil and tubing is required. American Petroleum Institute, *API Specification 5L*, 44th Edition, October 2008.

⁴² The continuous weld process can be used to produce line pipe up to 4.5 inches in diameter. A continuous weld process is a process that forms a seam by heating steel in a furnace and mechanically pressing the formed edges together as it passes through a series of round welding rolls. Successive coils are joined together to provide a continuous flow of steel to the welding mill. This process is also known as continuous butt welding. American Petroleum Institute, *API Specification 5L*, 44th Edition, October 2008.

⁴³ Tensile strength is measured in thousands of pounds per square inch (psi). Grades A and B require yield strength of 30,000 and 35,000 psi, respectively.

⁴⁴ Because welded line pipe for use in oil and gas pipelines requires higher hydrostatic test pressures and more restrictive weight tolerances than standard pipe, pipe that is in conformance with API Specification 5L Grade B is automatically in conformance with the less restrictive standard pipe specification of the American Society for Testing Materials, ASTM A-53, Grade B. ASTM A-53, Grade B covers both welded and seamless pipe with a minimum tensile strength of 60,000 psi and minimum yield strength of 35,000 psi. The weld seam for ERW line pipe meeting ASTM A-53, Grade B specifications must be heat-treated after welding. *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2009, p. 2.

⁴⁵ ASTM A-252, Grade 3 covers welded and seamless steel pipe for piling application or permanent load carrying member with minimum yield strength of 45,000 psi. *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2009, pp. 149-150.

⁴⁶ ASTM A-500, Grade C covers cold-formed welded and seamless carbon round, square, rectangular, or special shape structural tubing for general structural with a minimum yield strength of 50,000 psi. *Annual Book of ASTM Standards*, Section One, Iron and Steel Products, Volume 01.01, 2009, p. 355.

The API 5L specification establishes product specification levels which define two different levels of standard technical requirements, PSL 1 and PSL 2.⁴⁷ PSL 1 line pipe is a standard quality level, while PSL 2 contains additional testing requirements, including additional nondestructive testing conditions, and stricter chemical and mechanical properties.⁴⁸ PSL 2 line pipe is mostly used for natural gas or crude oil pipelines where there are higher requirements for pipe pressure, corrosion ability and mechanical strength. PSL 1 line pipe is most used to distribute oil and gas due to its less stringent chemical and mechanical requirements.⁴⁹

Manufacturing processes

Welded line pipe is most commonly manufactured by the electric resistance weld (“ERW”) process or the submerged arc welding process (“SAW”). SAW encompasses both helical (spiral) welding (“HSAW”) and longitudinal welding (“LSAW”). The API 5L specification permits both ERW and SAW processes in all grades and classes of line pipe.⁵⁰ The ERW manufacturing process is the least expensive production method, and the LSAW manufacturing process is the most expensive manufacturing method for producing line pipe.⁵¹ Line pipe produced by LSAW is used for transporting oil and gas, either onshore or offshore, while ERW- and HSAW-produced line pipe are used for transporting oil and gas onshore. The ERW method cannot produce welded line pipe with a very heavy wall thickness, and therefore is not favored for offshore or deep-water applications where a heavier internal pressure is needed to move crude oil or gas through a pipeline.⁵²

Line pipe manufactured using the HSAW and ERW methods are produced from steel sheet in coils in a continuous forming process.⁵³ By contrast, LSAW pipe requires piece-by-piece production from thicker steel plates, and is used in more demanding applications.⁵⁴ Unlike the ERW and LSAW methods, HSAW-produced line pipe has the advantage of producing pipe with

⁴⁷ PSL 1 line pipe can be supplied in Grades A25 to X70, whereas PSL 2 line pipe can be supplied in Grades B through X80. American Petroleum Institute, *API Specification 5L*, 45th Edition, December 2012.

⁴⁸ R. Winston Levie, *Oil and Gas Pipelines: Integrity and Safety Handbook*, 2015.

⁴⁹ American Petroleum Institute, *API Specification 5L*, 45th Edition, December 2012; and Hysteel Pipe website, *API 5L Specification Line Pipe (2) – PSL 1 and PSL 2 Product Specification Levels*, <http://www.hysteelpipe.com/pipe-standards/api-5l-specification-line-pipe-2-psl1-psl2-product-specification-levels/>, retrieved on September 2, 2015.

⁵⁰ American Petroleum Institute, *API Specification 5L*, 45th Edition, December 2012.

⁵¹ *Certain Welded Large Diameter Line Pipe from Japan, Investigation No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. I-18.

⁵² Conference transcript, p. 81 (Fisher, Clark).

⁵³ A continuous forming process is completed in one step versus the multi-step, piece-by-piece production of LSAW.

⁵⁴ Seamless line pipe is primarily used for high pressure applications, including offshore use. Staff conference transcript, p. 80-82; and TMK IPSCO website, *Line Pipe*, https://tmk-ipSCO.tmk-group.com/tmk_ipSCO_line_pipe, retrieved on September 9, 2015.

diameters larger than the width of the coiled steel input because of its helical wrap during the forming process of the cylindrical hollow body. The ERW process is limited by the width of the available steel coils and suitable for thinner-walled and small diameter pipes, and is used to produce pipe with a maximum outside diameter of 26 inches, maximum length of 80 feet, and a maximum pipe wall thickness of 0.75 inches. The LSAW method of production can produce line pipe with a maximum outside diameter of 84 inches, and maximum length of 40 feet, and a maximum pipe wall thickness of 1.5 inches.⁵⁵ According to U.S. producer questionnaire responses and conference testimony, subject line pipe 24 inches or less in outside diameter is manufactured using the ERW or the LSAW methods in the United States.⁵⁶ Responding U.S. producers reported that 99 percent of subject line pipe 24 inches or less in outside diameter is manufactured using the ERW method in the United States.⁵⁷ Line pipe 24 inches or less in outside diameter can be manufactured either by LSAW or HSAW methods, but tend to be cost-prohibitive.⁵⁸ Petitioners noted that HSAW and LSAW manufacturing methods are more common for welded API line pipe above 24 inches, up to 48 inches, in diameter in the United States.⁵⁹ Moreover, the same equipment and workers can be used to produce standard pipe as well as other tubular products, most commonly oil tubular goods (“OCTG”).⁶⁰

ERW manufacturing method

ERW is the dominant manufacturing method for producing welded line pipe up to 24 inches; and virtually all U.S. producers manufacturing line pipe up to 24 inches in outside diameter use the ERW method.⁶¹ The ERW manufacturing process begins with coils of hot-rolled sheet steel, which are cut by a slitting machine into strips of the precise width needed to produce a desired diameter of pipe.⁶² The slit coils are fed into tube mills, which cold-form the flat ribbon of steel into a tubular cylinder by a series of tapered forming rolls. The product is then welded along the joint axis by heat obtained from the pipe’s resistance to the flow of electric current. The welded tube next passes under a tool that removes the outside flash (the metal extruded by the weld process) resulting from pressure during the welding. Inside flash is likewise removed by cutting tools. The tube is then subjected to such post-weld heat treatment

⁵⁵ Mohinder L. Nayyar, “Piping Handbook,” Seventh Edition, 2000, pp. C-218.

⁵⁶ Compiled from U.S. producer questionnaire responses, Question II-3a.

⁵⁷ According to U.S. producer responses, only 1 percent of subject line pipe 24 inches or less in outside diameter is produced using the LSAW method in the United States. The HSAW method is not used to manufacture subject line pipe 24 inches or less in outside diameter in the United States. Compiled from U.S. producer questionnaire responses, Question II-3a.

⁵⁸ Conference transcript, pp. 59-60 (Noland).

⁵⁹ Conference transcript, p. 61 (Fisher).

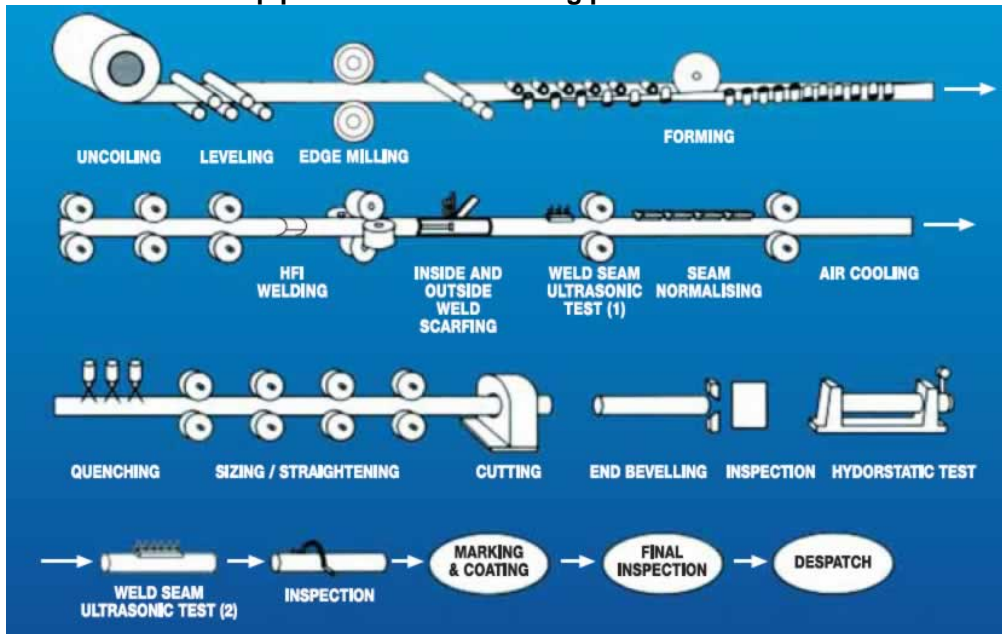
⁶⁰ *Circular Welded Carbon Quality Steel Line Pipe from China and Korea, Inv. Nos. 701-TA-455 and 731-TA-1149-1150*, USITC Publication 4003, May 2008, p. 32.

⁶¹ Compiled from data submitted in response to Commission’s questionnaire responses.

⁶² The required diameter and wall thickness of a pipe are a function of the intended volume and pressure of material that is to flow through the pipe.

as is required, and may involve heat treatment of the welded seam only or treatment of the full cross-section of the pipe. After heat treatment, sizing rolls shape the tube to specific diameter tolerances. The product is then cooled and cut to length at the end of the tube mill (figure I-3).

Figure I-3:
Certain welded line pipe: ERW manufacturing process



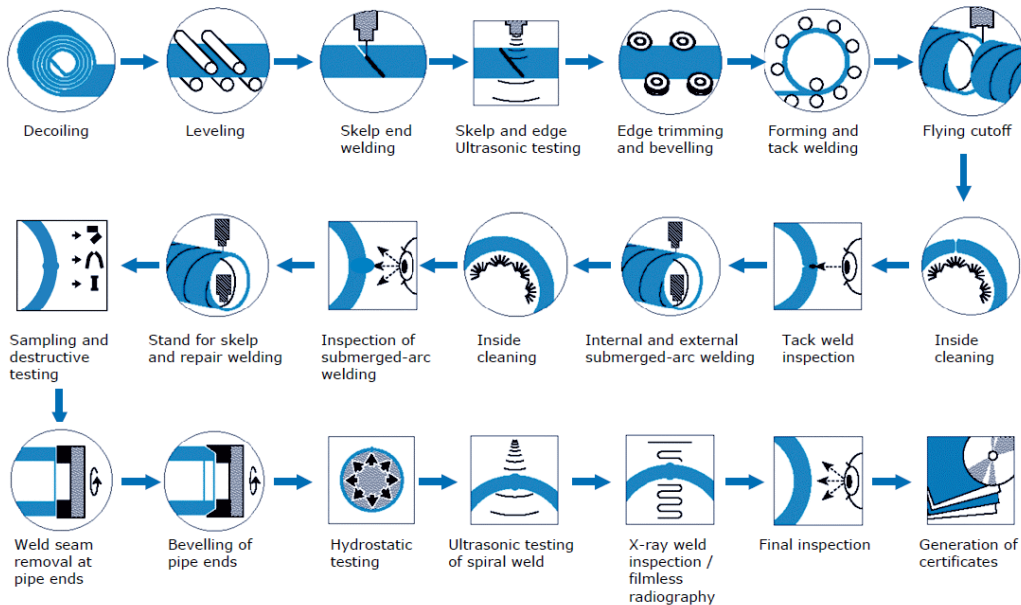
Source: Sunny Steel Enterprise Ltd., *ERW Manufacturing Process*, <http://www.sunnysteel.com/erw-pipe-processes.php#.VE5ySk10yic>

HSAW manufacturing method

Like ERW, the HSAW manufacturing method uses coiled hot-rolled steel strip as the starting material for formation of pipes. The coiled steel strip is loaded on a decoiler and the strip is straightened and edges are milled to the desired joint configuration. The steel strip is guided into a forming station where it produces a cylinder hollowed body which is then welded spirally, like a helix, so that the coil strip assumes the shape of the pipe at a predetermined forming angle. Inside and outside welding is performed by an automatic submerged arc process. HSAW line pipe is not limited by coil width because of the helical wrap of the steel, and is generally used for larger diameter pipe projects in the United States. The HSAW method of production can produce line pipe with a maximum outside diameter of 64 inches, a maximum length of 80 feet, and a maximum pipe wall thickness of 1.03 inches.⁶³ Figure I-4 depicts the HSAW manufacturing process for welded line pipes.

⁶³ *Certain Welded Large Diameter Line Pipe from Japan, Investigation No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. I-18.

**Figure I-4:
Certain welded line pipe: HSAW manufacturing process**



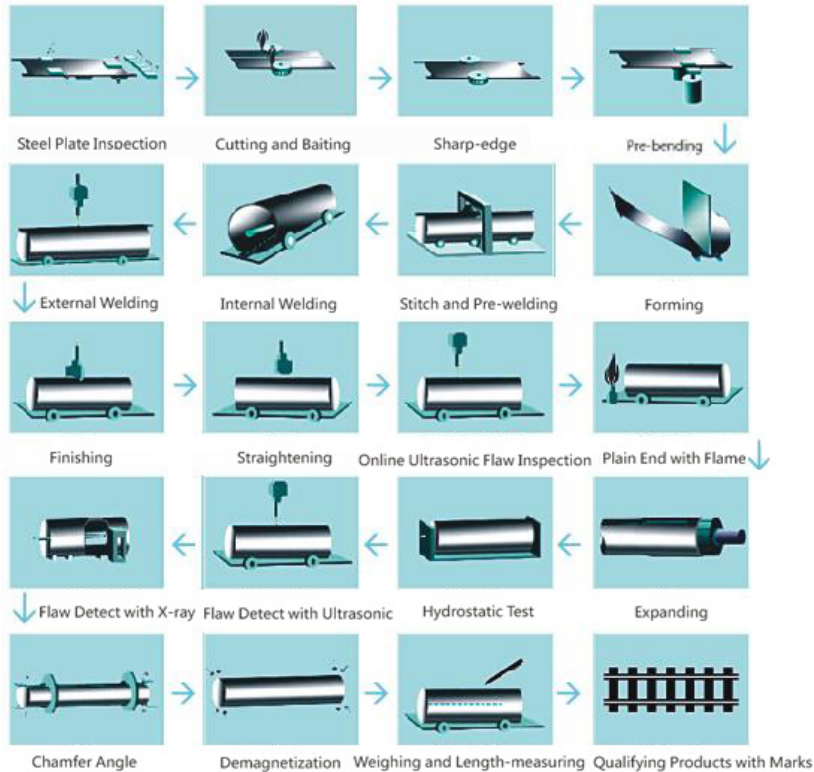
Source: Berg Spiral Pipe, *Stages of HSAW Pipe Production*, <http://www.bergpipe.com/126-1-HSAW-Pipe-Production.html>.

LSAW manufacturing method

Unlike the ERW and HSAW manufacturing methods, which begin with steel coils, the LSAW method produces line pipe from cut-to-length steel plates. Each individual plate proceeds through various steps including (a) shearing and edge planing to ensure that the plate is flat and aligned so that the two edges of the steel plate are parallel and square with the ends and (b) crimping or bending of the plate edges in order to avoid a flat surface along the seam of the pipe and (c) bending the plate to the desired form. The two primary methods of shaping line pipe in the LSAW process are the pyramid rolling⁶⁴ and the U-O-E methods.⁶⁵ Figure I-5 visually depicts the LSAW manufacturing process for welded line pipes.

⁶⁴ The pyramid rolling machine consists of an elongated three-roll bending apparatus with the two bottom rolls fixed and the top roll movable along a vertical plane. The steel plate moves into position beneath the top roll and, through the proper combination of force and counter pressure, is shaped into a cylinder around the top roll. The edges of the pipe are formed by a continuous crimping machine, which prepares the edges for welding. When this is accomplished, the pipe is welded along the joint axis. Finally, the pipe is sized to ensure that it meets specifications on roundness and diameter at the ends. The sizing machine consists of a top and bottom roll shaped to the desired configuration of the pipe. Pressure is applied on the top roll to exert a force on the pipe as it passes between the rolls. *Certain Welded Large Diameter Line Pipe from Japan, Investigation No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, pp. I-17-20.

**Figure I-5:
Certain welded line pipe: LSAW manufacturing process**



Source: Sunny Steel Enterprise Ltd., *LSAW Manufacturing Process*, <http://www.sunnysteel.com/law-flow.php#.VgACuU2FOic>.

(...continued)

⁶⁵ In the U-O-E method, the plate is crimped by bending the edges upward; it then enters the U-press, where a die bends it into a “U” shape. Next, the “U” enters the O-press, where the walls of the “U” are forced together, resulting in an “O” shaped pipe. The pipe is then welded along the joint axis. In order to round the pipe and to ensure proper yield strength (which may be reduced in the O-press), two methods of expansion can be used, mechanical or hydraulic. In the mechanical expander, the pipe is moved over a head mechanism with symmetrical segments that can exert force on the inside of the pipe, thereby causing it to expand. In the hydraulic expander, the pipe is closed at both ends, filled with water and then pressurized. Under high pressure, the pipe expands to fill outside dies of the desired size. The pipe is then tested and inspected. LSAW pipe is welded with an electric arc that heats the metal edges and a consumable electrode or electrodes which provide the filler metal. The weld is blanketed by a shield of granular, fusible flux to protect the hot weld from chemically reacting with the surrounding air. Pipes usually are welded on both the outside and the inside of the same seam. Following the welding process, the scaly deposit left from the flux must be scraped away and the pipe cleaned. The weld is then inspected to correct any defects. Specific heat treatments can be performed to achieve the desired physical properties for the weld section. *Certain Welded Large Diameter Line Pipe from Japan, Investigation No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, pp. I-17-20.

Testing and finishing stage

The sizing, testing and finishing stage is similar in the ERW, LSAW, and HSAW manufacturing methods. Line pipe may be subject to various tests including hydrostatic testing and X-ray examination of the weld in order to detect any defects, and if necessary, would undergo finishing of the pipe ends including beveling.⁶⁶

DOMESTIC LIKE PRODUCT ISSUES

During the preliminary phase investigations, Petitioners argued that the Commission should find a single domestic like product, coextensive with the scope of Commerce's investigations.⁶⁷ Alternatively, Korean Respondents argued that there were two domestic like products: (1) line pipe equal to or less than 16 inches OD, and (2) line pipe made by the ERW method that is greater than 16 inches OD.⁶⁸ Ultimately, the Commission defined a single domestic like product consisting of certain welded line pipe coextensive with the scope of these investigations.⁶⁹ No new issues with respect to the domestic like product have been raised in the final phase of these investigations, and no party requested additional size-specific information or data collection in the Commission's questionnaires.^{70 71 72}

⁶⁶ *Certain Welded Large Diameter Line Pipe from Japan, Investigation No. 731-TA-919 (Second Review)*, USITC Publication 4427, September 2013, p. 1-20.

⁶⁷ Postconference brief of petitioner Maverick, pp. 5-9; postconference brief of petitioners ACIPCO et al., pp. 3-4, 7-10.

⁶⁸ Korean respondents' postconference brief, pp. 7-9.

⁶⁹ *Certain Welded Line Pipe from Korea and Turkey, Invs. Nos. 701-TA-524-525 and 731-TA-1260-1261 (Preliminary)*, USITC Publication 4505, December 2014, p. 9.

⁷⁰ Petitioners ACIPCO et al.'s comments on the draft questionnaires, June 19, 2015. No other party submitted comments on the draft questionnaires.

⁷¹ Turkish respondents stated that they believe there are two like products, one consisting of pipe that is equal to or less than 16 inches, and the other welded pipe greater than 16 inches. They also stated that they understood that the Commission declined to pursue two like product analyses. Prehearing brief of Turkish respondents, p. 10.

⁷² Petitioners ACIPCO et al. stated that there is a single domestic like product. Prehearing brief of petitioners ACIPCO et al., p. 2.

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

U.S. MARKET CHARACTERISTICS

Certain welded line pipe is used to gather, transmit, and distribute oil and gas: gathering at the production source, transmission across regions, and distribution to consumers. Mills produce certain welded line pipe in compliance with the American Petroleum Institute's (API) 5L standard as well as additional end-user requirements.^{1 2}

Demand for certain welded line pipe depends on various factors, including oil and natural gas production and project-specific factors based on whether the volume of oil or natural gas produced warrants the construction of a pipeline. Apparent U.S. consumption of certain welded line pipe decreased by 23.1 percent from 2012 to 2013, and then increased by 0.1 percent from 2013 to 2014. Apparent U.S. consumption was 0.9 percent lower in the first half of 2015 than it was in the first half of 2014.

There were at least 13 U.S. producers active between January 2012 and June 2015, including the 8 petitioning firms. During this period, U.S. producers supplied slightly less than half of the U.S. market for certain welded line pipe. The other half of the U.S. market was supplied by imports; Korea was by far the largest source of imports in 2014 (58.9 percent of imports by quantity), followed by Mexico (9.5 percent), Germany (7.6 percent), Turkey (6.0 percent), and Japan (2.8 percent).³

U.S. PURCHASERS

The Commission received 25 questionnaire responses from firms that have purchased certain welded line pipe since 2012.^{4 5} Seventeen responding purchasers are distributors, 7 are end users, and 1 is a trader. Sixteen of the responding U.S. purchasers have locations in Texas, three in California, two in Oklahoma, and four in other States. The largest responding purchasers, in 2014, of certain welded line pipe were three distributors ***, and an end user ***.⁶

¹ The standard was revised in July 2013. Conference transcript, p. 57 (Fisher and Dubreuil). Also, see API 5L 45th Edition Memorandum certifying the July 1, 2013 effective date, <http://www.api.org/certification-programs/api-monogram-program-and-apiqr/~media/Files/Certification/Monogram-APIQR/program-updates/API%20Spec%205L%2045th%20Ed%20Notification.pdf>, November 20, 2014.

² Conference transcript, pp. 55-58 (Barnes, Clark, Fisher, Dubreuil).

³ Japan was the second-largest source of U.S. imports of certain welded line pipe in January-June 2015, accounting for 6.4 percent of total U.S. imports. Imports from Korea accounted for 64.9 percent.

⁴ Of the 25 responding purchasers, 21 purchased the domestic product, 18 purchased imports from Korea, 6 purchased imports from Turkey, and 20 purchased imports from other sources.

⁵ ***.

⁶ *** was the largest purchaser in 2012 but its purchases declined as its project activity has slowed.

CHANNELS OF DISTRIBUTION

U.S. producers sold the majority of their certain welded line pipe shipments to distributors but also sold to end users (table II-1a). Importers from subject countries sold mainly to distributors, with *** shipments from Turkey going to distributors. The majority of sales of imports from nonsubject countries were to distributors in 2013 and 2014, but were to end users in 2012 and interim 2015.

Pipe of 16 inches or smaller is more commonly sold through distributors, while pipe greater than 16 to 24-inch tends to be sold directly to end users (tables II-1b and II-1c). U.S. producers reported that 77 percent of their commercial shipments of the smaller diameter pipe went to distributors during January 2012-June 2015 whereas only 34 percent of the larger pipe went to distributors. For imports from Korea, 94 percent of smaller pipe went to distributors and 77 percent of larger pipe went to distributors. All imports from Turkey were size 16 inches or less in diameter, and *** went to distributors. For nonsubject imports, the percentages going to distributors of smaller and larger pipe were 69 percent and 34 percent, respectively.

GEOGRAPHIC DISTRIBUTION

Seven of the 13 responding U.S. producers reported selling certain welded line pipe to all regions in the contiguous United States; and each region in the contiguous United States had at least 10 producers reporting sales in that region (table II-2). Importers reported selling primarily to the Central Southwest region, followed by the Pacific Coast and Southeast. Only one importer of Korean product and no importers of Turkish product reported serving the entire contiguous United States. No importers of product from Turkey reported serving the Northwest, Midwest, or Mountains regions.

For U.S. producers, 14 percent of sales were within 100 miles of their production facility, 61 percent were between 101 and 1,000 miles, and 25 percent were over 1,000 miles. The vast majority of subject import shipments were within 100 miles of the point of importation. For Korea, 92 percent of U.S. shipments were within 100 miles of their U.S. point of importation and for Turkey, *** percent of U.S. shipments were within 100 miles.

Table II-1a

Certain welded line pipe: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. producers' U.S. commercial shipments to: Distributors	923,605	725,885	826,982	395,079	242,856
End users	647,631	499,167	387,126	201,867	171,064
U.S. importers' U.S. commercial shipments of imports from Korea to: Distributors	584,315	605,914	693,874	282,221	443,169
End users	67,885	89,883	63,599	37,257	24,932
U.S. importers' U.S. commercial shipments of imports from Turkey to: Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of imports from all other sources to: Distributors	334,933	218,916	212,151	88,639	106,151
End users	474,457	121,729	176,902	49,930	125,702
	Share of quantity (percent)				
U.S. producers' U.S. commercial shipments to: Distributors	58.8	59.3	68.1	66.2	58.7
End users	41.2	40.7	31.9	33.8	41.3
U.S. importers' U.S. commercial shipments of imports from Korea to: Distributors	89.6	87.1	91.6	88.3	94.7
End users	10.4	12.9	8.4	11.7	5.3
U.S. importers' U.S. commercial shipments of imports from Turkey to: Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of imports from all other sources to: Distributors	41.4	64.3	54.5	64.0	45.8
End users	58.6	35.7	45.5	36.0	54.2

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

Table II-1b

Certain welded line pipe less than or equal to 16 inches in outside diameter: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. producers' U.S. commercial shipments to: Distributors	732,059	609,128	641,199	340,067	184,126
End users	287,386	228,491	92,205	55,193	35,311
U.S. importers' U.S. commercial shipments of imports from Korea to: Distributors	465,818	521,099	565,823	211,728	364,377
End users	31,853	47,158	21,266	12,352	24,844
U.S. importers' U.S. commercial shipments of imports from Turkey to: Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of imports from all other sources to: Distributors	201,562	128,251	149,460	62,092	52,755
End users	101,337	48,714	65,181	11,883	27,037
	Share of quantity (percent)				
U.S. producers' U.S. commercial shipments to: Distributors	71.8	72.7	87.4	86.0	83.9
End users	28.2	27.3	12.6	14.0	16.1
U.S. importers' U.S. commercial shipments of imports from Korea to: Distributors	93.6	91.7	96.4	94.5	93.6
End users	6.4	8.3	3.6	5.5	6.4
U.S. importers' U.S. commercial shipments of imports from Turkey to: Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. commercial shipments of imports from all other sources to: Distributors	66.5	72.5	69.6	83.9	66.1
End users	33.5	27.5	30.4	16.1	33.9

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

Table II-1c
Certain welded line pipe greater than 16 inches in outside diameter: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. producers' U.S. commercial shipments to: Distributors	191,546	116,757	185,783	55,012	58,730
End users	360,245	270,676	294,921	146,674	135,753
U.S. importers' U.S. commercial shipments of imports from Korea to: Distributors	118,497	84,815	128,051	70,493	78,792
End users	36,032	42,725	42,333	24,905	88
U.S. importers' U.S. commercial shipments of imports from Turkey to: Distributors	0	0	0	0	0
End users	0	0	0	0	0
U.S. importers' U.S. commercial shipments of imports from all other sources to: Distributors	133,371	90,665	62,691	26,547	53,396
End users	373,120	73,015	111,721	38,047	98,665
	Share of quantity (percent)				
U.S. producers' U.S. commercial shipments to: Distributors	34.7	30.1	38.6	27.3	30.2
End users	65.3	69.9	61.4	72.7	69.8
U.S. importers' U.S. commercial shipments of imports from Korea to: Distributors	76.7	66.5	75.2	73.9	99.9
End users	23.3	33.5	24.8	26.1	0.1
U.S. importers' U.S. commercial shipments of imports from Turkey to: Distributors	--	--	--	--	--
End users	--	--	--	--	--
U.S. importers' U.S. commercial shipments of imports from all other sources to: Distributors	26.3	55.4	35.9	41.1	35.1
End users	73.7	44.6	64.1	58.9	64.9

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

Table II-2

Certain welded line pipe: Geographic market areas in the United States served by U.S. producers and importers, by number of responding firms

Region	U.S. producers	Importers	
		Korea	Turkey
Northeast	11	4	0
Midwest	11	3	0
Southeast	12	7	1
Central Southwest	13	11	3
Mountains	12	2	0
Pacific Coast	10	9	1
Other ¹	2	0	0
All regions (except Other)	7	1	0
Reporting firms	13	12	3

¹ All other U.S. markets, including AK, HI, PR, and VI.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of certain welded line pipe have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced certain welded line pipe to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and the ability to switch production among alternate products.

Industry capacity

Domestic capacity utilization decreased from 70.9 percent in 2012 to 57.4 percent in 2014 and was 41.7 percent in January-June 2015, compared to 58.3 percent in January-June 2014. U.S. production of certain welded line pipe decreased from 1.6 million short tons in 2012 to 1.3 million short tons in 2014 while capacity decreased slightly from 2.29 million short tons in 2012 to 2.26 million short tons in 2014. This relatively low level of capacity utilization suggests that U.S. producers may have a substantial ability to increase production of certain welded line pipe in response to an increase in prices.

Alternative markets

U.S. producers' exports, as a ratio to total shipments, increased from 2.4 percent in 2012 to 5.6 percent in 2014, and were 5.6 percent during January-June 2014 and 2.3 percent

during January-June 2015. This proportion of exports to total shipments indicates that U.S. producers may have a limited ability to shift shipments between the U.S. market and other markets in response to price changes. Canada is the major export market for U.S. producers. Nine U.S. producers reported exporting certain welded line pipe to Canada, while one reported exporting to Colombia, and one reported exporting to Mexico.

Inventory levels

U.S. producers' inventories, as a ratio to total shipments, increased from 6.4 percent in 2012 to 8.6 percent in 2014 and were 12.4 percent during January-June 2014 and 18.5 percent during January-June 2015.⁷ These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Ten of the 13 responding U.S. producers reported producing other products on the same equipment used to produce certain welded line pipe. More than half of overall U.S. production was dedicated to other products over the period. Other products manufactured by U.S. producers on the same equipment as certain welded line pipe are oil country tubular good (OCTG), welded standard pipe, welded structural pipe, water transmission pipe, mining pipe, conduit pipe, and piling (construction) pipe.

Supply constraints

Ten of the thirteen responding U.S. producers reported no constraints on their ability to supply certain welded line pipe since January 1, 2012. However, three firms reported some supply constraints. ***. *** reported that it had ample capacity to satisfy all orders fully but was forced to decline certain sales because it could not meet customer demands for prices as low as those of subject imports. ***.

Subject imports from Korea⁸

Based on available information, producers of certain welded line pipe from Korea have the ability to respond to changes in demand with moderate changes in the quantity of shipments of certain welded line pipe to the U.S. market. The main contributing factors to this

⁷ Inventories tend to be lower at the end of the year than mid-year. Hearing transcript, p. 52 (Barnes).

⁸ The Commission received six useable questionnaire responses from Korean producers. These firms' reported exports to the United States were equivalent to *** percent of U.S. imports of certain welded line pipe from Korea in 2014.

degree of responsiveness of supply are some unused capacity, some ability to shift shipments to alternate markets, limited inventories, and the ability to produce alternate products.

Industry capacity

Korean capacity utilization decreased from 84.3 percent in 2012 to 81.5 percent in 2013 and increased to 88.8 percent in 2014. This capacity utilization reflects an increase in capacity from 2012 to 2014 but a larger increase in production in 2014. The level of capacity utilization suggests that Korean producers may have some ability to increase production of certain welded line pipe in response to an increase in prices.

Alternative markets

Korean producers' exports represented most (***) of their total shipments in each full year and interim period. Korean producers' export shipments to non-U.S. markets increased from *** percent of total shipments in 2012 and 2013 to *** percent in 2014 and were *** percent and *** percent, respectively, in the January-June periods of 2014 and 2015. Projections indicate a decline in sales to markets other than the United States in 2015 and then an increase in 2016. *** responding Korean producers reported that principal other markets were Asia (including Southeast Asia, and specifically, Thailand and Vietnam).⁹ *** Korean producers reported also shipping to Canada, and *** reported shipping to the Middle East. The availability of export markets suggests that Korean producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

Korean producers' inventories, as a ratio to total shipments, increased from *** percent in 2012 to *** percent in 2014. These inventory levels suggest that Korean producers may have a limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

*** responding Korean producers reported producing other products on the same equipment used to produce certain welded line pipe. About two-thirds of overall Korean production was dedicated to other products over the period. Other products manufactured by Korean producers are OCTG, standard pipe, structural pipe, processing pipe, and boiler tube.

⁹ ***.

Subject imports from Turkey¹⁰

Based on available information, producers of certain welded line pipe from Turkey have the ability to respond to changes in demand with large changes in the quantity of shipments of certain welded line pipe to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, inventories, and the ability to produce alternate products.

Industry capacity

Turkish capacity utilization decreased irregularly from 39.3 percent in 2012 to 34.9 percent in 2014 and was 27.0 percent during January-June 2015 compared to 29.3 percent during January-June 2014. This relatively low level of capacity utilization suggests that producers in Turkey may have a large ability to increase production in response to an increase in prices.

Alternative markets

Turkish producers' exports, as a ratio to total shipments, represented about 50 to 60 percent of their total shipments during the period. Turkish producers' export shipments to non-U.S. markets declined from *** percent in 2012 to *** percent in 2014 and were *** percent and *** percent, respectively, in the January-June periods of 2014 and 2015. Projections indicate expansion of sales to markets other than the United States. Turkish producers identified the following principal non-U.S. export markets: ***. Therefore, Turkish producers may have a moderate ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

Turkish producers' inventories, as a ratio to total shipments, decreased from *** percent in 2012 to *** percent in 2014. These inventory levels suggest that Turkish producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

*** responding Turkish producers reported producing other products on the same equipment used to produce certain welded line pipe. Over *** percent of overall Turkish

¹⁰ The Commission received four questionnaire responses from Turkish producers. These firms' exports to the United States were equivalent to *** percent of U.S. imports of certain welded line pipe from Turkey in 2014.

production was dedicated to other products over the period. Other products manufactured by Turkish producers are OCTG, hollow section pipe, water pipe, piling pipe, structural pipe, scaffolding pipe, and galvanized pipe.

Nonsubject imports

Based on official import statistics, the largest sources of nonsubject imports during 2012-14, in descending order by volume, were Mexico, Japan, Germany, the United Kingdom, and Greece.¹¹ Combined, these countries accounted for 65.7 percent of imports from nonsubject sources and 23.0 percent of total imports in 2014.¹²

Supply constraints reported by purchasers

Only five of the 25 responding purchasers reported that any firm had refused, declined, or been unable to supply certain welded pipe since January 1, 2012. Two of the four purchasers that provided an explanation referenced suppliers of product from nonsubject countries, one purchaser (***) reported that domestic DSAW (double-seamed LSAW) mills were booked out for large projects, and one purchaser (***) reported that one domestic producer decided not to keep the purchaser as a distributor.

New suppliers

Ten of 25 purchasers indicated that new suppliers had entered the U.S. market since January 1, 2012. Purchasers cited U.S. producers Boomerang, CSI's new large diameter line (up to 24"), EnergeX, and Welspun, and import sources Vietnam and Malaysia.¹³ Purchasers also

¹¹ Official statistics based on HTS statistical reporting numbers 7305.11.1030, 7305.12.1030, 7305.19.1030, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150.

¹² There are existing antidumping and countervailing duty orders on line pipe no larger than 16 inches from China and an existing antidumping duty order on line pipe larger than 16 inches from Japan. *Circular Welded Carbon Quality Steel Line Pipe From the People's Republic of China: Continuation of Antidumping and Countervailing Duty Orders*, 79 FR 28894, May 20, 2014, and *Welded Large Diameter Line Pipe From Japan: Continuation of Antidumping Duty Order*, 78 FR 64477, October 29, 2013.

¹³ Purchasers also identified Axis (a division of The Prolamsa Group), OMK (produces more OCTG than line pipe), and TPCO (does not produce in scope product) as new suppliers. Staff believes that Axis is testing its production lines and might not be up to full production for certain welded line pipe. Staff left messages for Axis and did not receive return telephone calls. In one instance, Staff asked to speak with the mill manager and was referred to a recruiter. Staff telephone messages, ***; PR Newswire webpage, <http://www.prnewswire.com/news-releases/axis-pipe-and-tube-a-division-of-the-prolamsa-group-breaks-ground-for-new-pipe-and-tubular-products-facility-220699141.html>, retrieved September 8, 2015; American Metal Market, Metal Market Bulletin, *Houston facility improves efficiency product flow*, August/September 2013; TPCO webpage, <http://www.tpcoamerica.com/about.cfm> and <http://www.tpcoamerica.com/products.cfm>, retrieved September 10, 2015.

cited Turkish producer Borusan, which opened an OCTG and ERW line pipe plant in Houston in 2014.¹⁴

U.S. demand

Based on available information, the overall demand for certain welded line pipe is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors are the lack of substitute products and the moderate cost share of certain welded line pipe in pipeline projects.

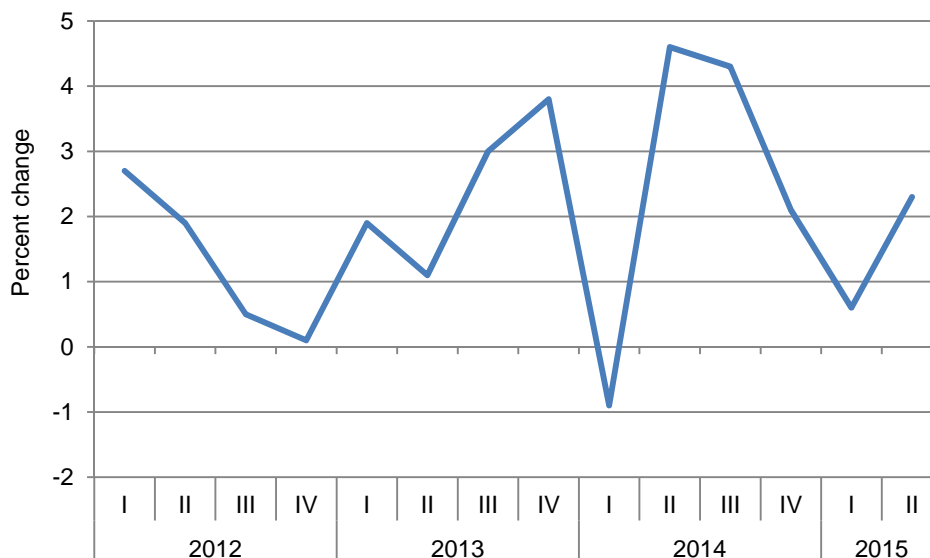
U.S. demand for certain welded line pipe depends on the demand for energy products, such as oil and natural gas, which require pipe capable of transporting these products under pressure from gathering to transmission to distribution. Factors related to demand for certain welded line pipe include overall economic growth; oil and natural gas prices, production and rig counts; and pipeline projects. According to petitioners, factors driving demand for certain welded line pipe include the replacement of pipelines, the switch from coal plants to natural gas plants, and drilling efficiencies. In addition, they stated that oil producers that had been moving oil by truck and rail when oil prices were very high have started looking at building pipelines to move oil more efficiently.¹⁵

Overall economic growth broadly drives oil and gas demand and, therefore, demand for certain welded line pipe. The aggregate U.S. economy, as measured by percentage changes in the gross domestic product, fluctuated from 2012 to 2013, declined steeply during the first quarter of 2014, rebounded in the second quarter of 2014, slowed through the first quarter of 2015 and then showed stronger growth in the second quarter of 2015 (figure II-1).

¹⁴ Borusan Mannesmann website, <http://www.borusanmannesmann.com/en/corporate/production-facilities/default.aspx>. As noted in Part III of this report, Borusan's Houston facility ***. Borusan recently started shipping 80-foot-long coated pipe, 30 inches in outside diameter, from its parent company's mill in Turkey to a pipeline project in Texas. American Metal Market, *Borusan shipping 80-foot coated pipe to Texas project*, October 20, 2015.

¹⁵ Hearing transcript, pp. 71-74 (Barnes, Clark, Cura).

Figure II-1
Real U.S. GDP growth: Percentage change from the previous quarter, quarterly, January 2012- June 2015



Source: National Income and Product Accounts-Table 1.1.1, *Percent Change from Preceding Period in Real Gross Domestic Product*, Bureau of Economic Analysis, http://www.bea.gov/iTable/index_nipa.cfm, retrieved September 18, 2015.

Spot prices for oil and natural gas fluctuated between January 2012 and June 2015, with both showing a substantial decline in 2014, and prices have remained at much lower levels in 2015 than in 2013 and 2014 (figures II-2a and II-2b). Domestic crude oil prices began the period at \$100 per barrel, and fluctuated within about a \$20 range until mid-2014 when prices dropped substantially, reaching a low of \$47 per barrel in January 2015.¹⁶ Natural gas prices began the period at \$2.67 per million btu, declined to \$1.95 per million btu in April 2012, then gradually increased until a sharp peak at \$6.00 per million btu in February 2014, then declined to a low of \$2.61 per million btu in April 2015.¹⁷

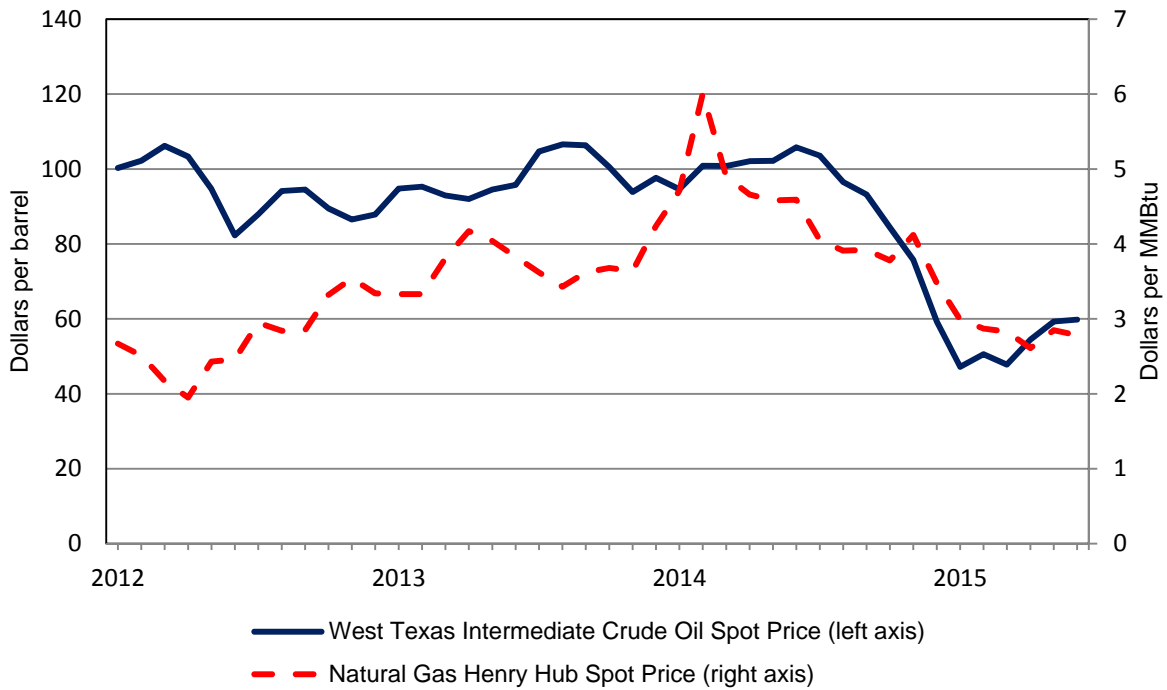
Despite the large fluctuations in oil and gas prices, production of oil and gas increased during January 2012-June 2015, with crude oil production increasing by 52 percent and natural gas production increasing by 14 percent (figures II-3a and II-3b). In 2015, oil production declined slightly while natural gas production continued to increase.¹⁸

¹⁶ Oil prices reached a low of \$43 per barrel in August 2015, then increased slightly in September and October, and are projected to continue to increase in 2016, but with prices well below prices from 2011 to mid-2014.

¹⁷ Natural gas prices have since increased slightly and are projected to continue to increase slightly in 2016, but remain at levels well below the peak in 2014.

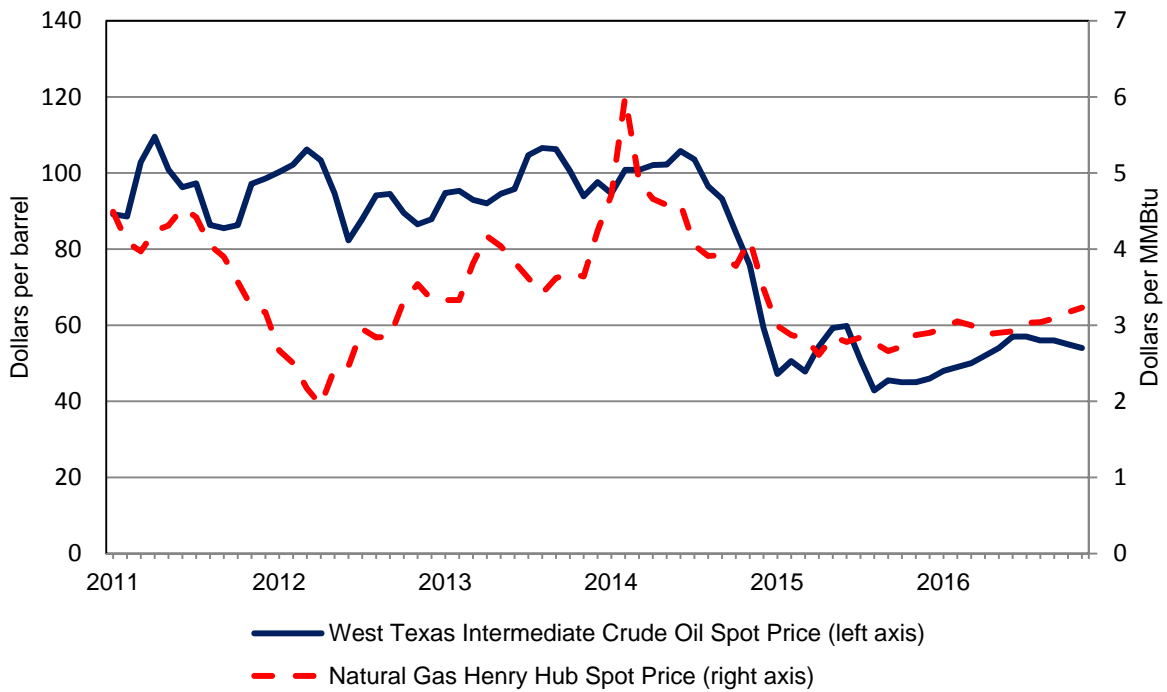
¹⁸ Oil production is projected to continue to trend downward through mid-2016, while natural gas production is projected to continue to increase gradually.

Figure II-2a
Crude oil (WTI) and natural gas (Henry Hub spot) prices, monthly, January 2012-June 2015



Source: Energy Information Administration.

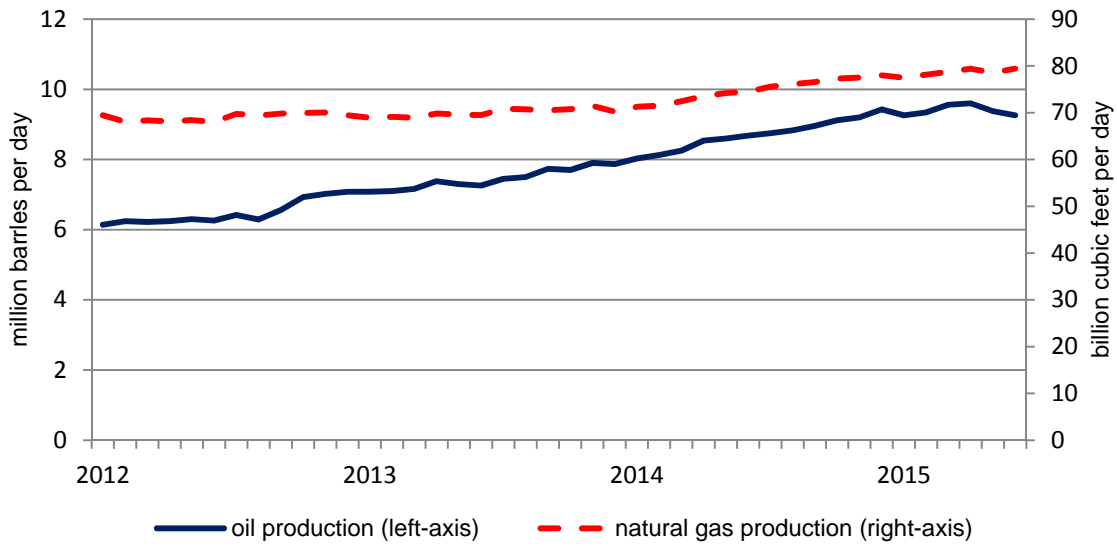
Figure II-2b
Crude oil (WTI) and natural gas (Henry Hub spot) prices, monthly, January 2011-November 2016



Note.--October 2015-November 2016 data are projections.

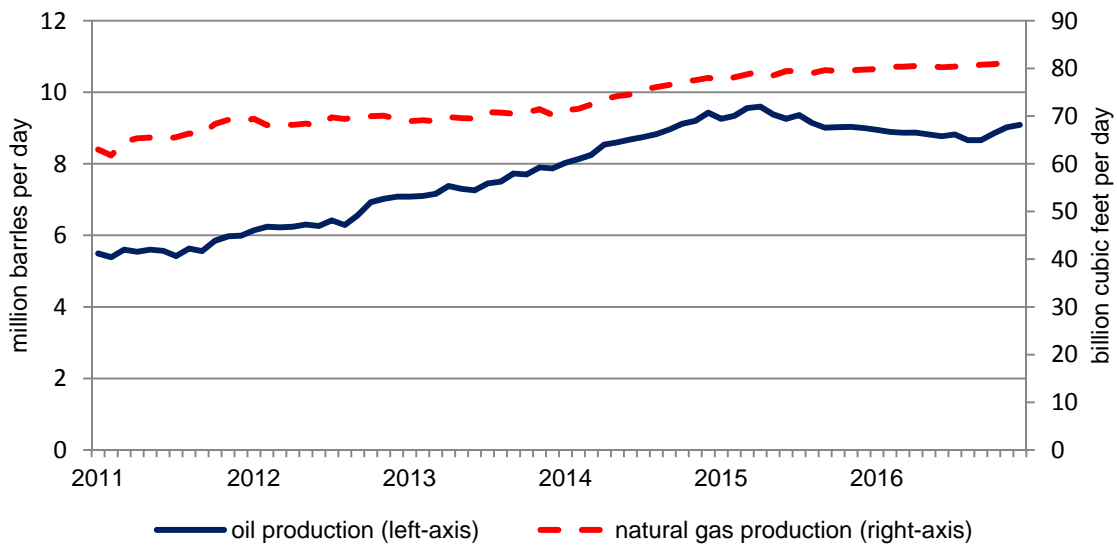
Source: Energy Information Administration.

Figure II-3a
U.S. crude oil and natural gas production, monthly, January 2012-June 2015



Source: Energy Information Administration, retrieved October 7, 2015.

Figure II-3b
U.S. crude oil and natural gas production, monthly, January 2011-November 2016

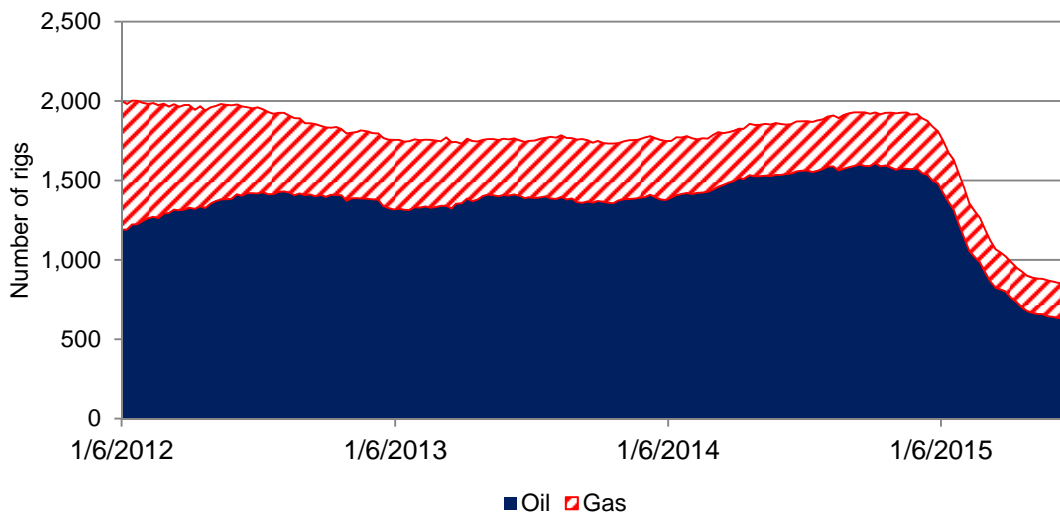


Note.--October 2015-November 2016 data are projections.

Source: Energy Information Administration, retrieved October 7, 2015.

Rig count is a leading indicator of oil and gas sector activity. The rig count for oil production in the United States increased from 1,191 rigs in the first week of January 2012 to over 1,600 rigs in the latter part of 2014 before declining to 628 rigs in the last week of June 2015 (figures II-4a and II-4b). The rig count for gas production declined from 811 rigs to 228 rigs over the same period. According to petitioners, rig count is not the best measure of oil and gas production. They note that the correlation between rig count and line pipe demand has declined because of increased efficiencies in drilling, and there can be a large time gap between the drilling of a well and construction of a pipeline.¹⁹ Turkish respondents stated that rig counts lag energy price changes by 3 to 4 months.²⁰

Figure II-4a
Baker-Hughes U.S. oil and gas rig count, weekly, January 2012-June 2015

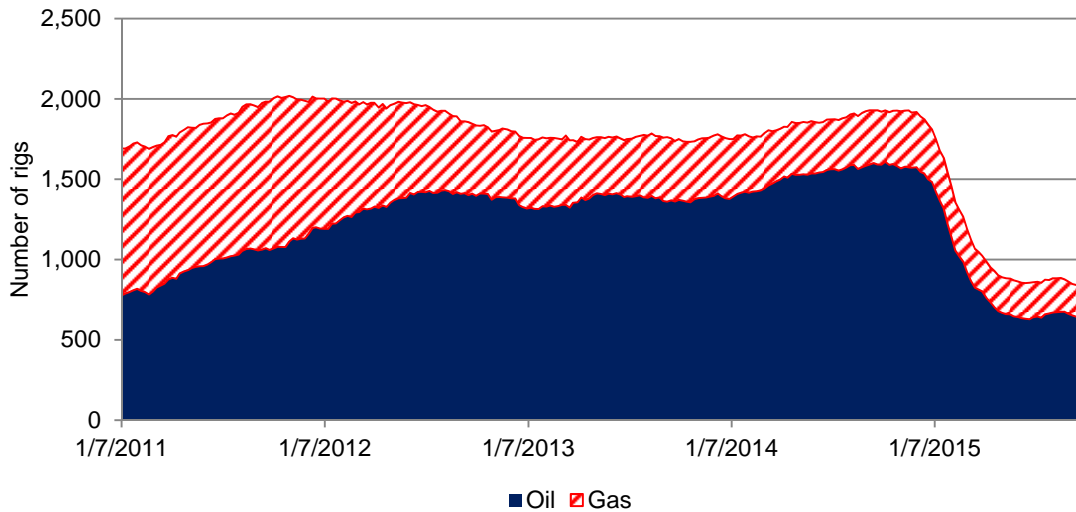


Source: Baker Hughes North America Rotary Rig Count, October 7, 2015.

¹⁹ Hearing transcript, pp. 60-62 (Barnes). Posthearing brief of ACIPCO et al, p. 5.

²⁰ Hearing transcript, p. 167 (Nolan).

Figure II-4b
Baker-Hughes U.S. oil and gas rig count, weekly, January 2011-October 2015



Source: Baker Hughes North America Rotary Rig Count, October 7, 2015.

End uses

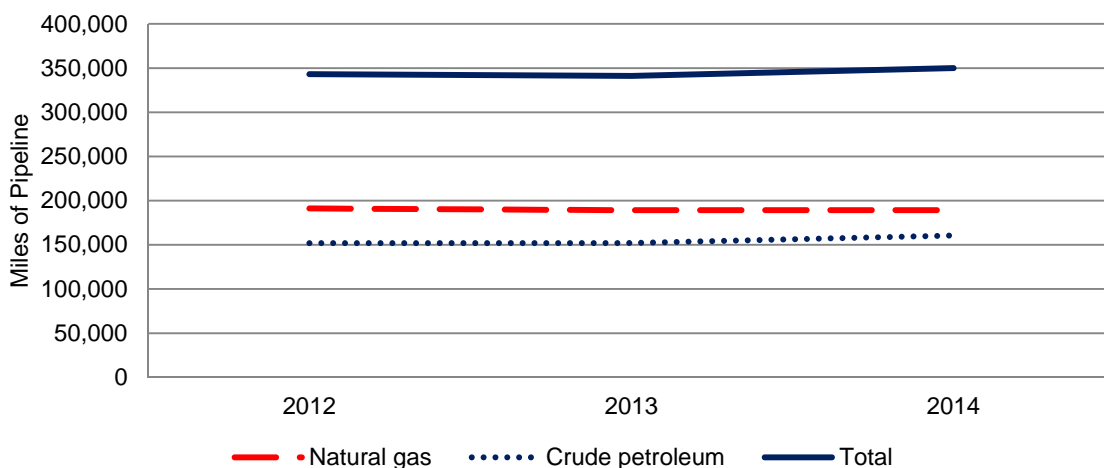
Certain welded line pipe is an intermediate good that is integrated in large pipeline infrastructure projects at various stages of transportation of oil and natural gas (e.g., gathering, transmission, and distribution).

U.S. interstate pipeline miles for natural gas and crude petroleum declined slightly, by 0.6 percent, from 2012 to 2013, and then increased by 2.6 percent from 2013 to 2014 (figure II-5). Natural gas pipeline miles declined slightly from 2012 to 2014 while crude petroleum pipeline miles increased. These data, which reflect the stock of pipeline in use, include substantial quantities of larger-diameter pipes (more than 24 inches in outside diameter). Table II-3 shows a summary of new natural gas pipeline projects involving 24-inch and under line pipe, and appendix D shows the list of projects.²¹

²¹ The pipeline project data are not directly comparable year to year since the project data are incomplete and also include some pipelines over 24 inches in diameter. Data are incomplete since EIA does not survey pipeline companies, but rather compiles the list of projects from various sources. In addition, a large number of projects listed in EIA's dataset do not show the pipeline diameters and were not included in table II-3 or appendix D.

Figure II-5

U.S. interstate crude petroleum and natural gas pipelines, 2012-14



Note.—Data are for existing pipelines and include pipelines of diameters larger than 24 inches.

Source: Derived from official statistics of the U.S. Federal Energy Regulatory Commission (FERC), annual reports.

Table II-3

Natural gas pipeline projects: New and expansion transmission line projects including pipeline up to 24 inches in diameter

Year in service	Number of projects	Pipeline miles
2012	13	329
2013	11	306
2014	10	278
2015	8	149
2016	12	513
2017	8	739
2018	1	550
no date	5	744

Note.--Gathering and distribution lines are not included. The projects include various stages from project announcements to completed projects. Pipeline miles include some over 24-inch pipe (for example, 2012 data include Dominion Transmission's 110 mile pipeline with pipeline diameters of 20 inches up to 30 inches). Projects for which pipeline diameters were not available are not shown. Data are from EIA project listings compiled from FERC, industry sources, and trade press on planned pipe construction.

Source: Compiled from Energy Information Administration pipeline project listings including pipelines up to 24 inches in diameter shown in appendix D of this report.

Business cycles

Four of six U.S. producers, 9 of 21 importers, and 6 of 22 purchasers indicated that the market was subject to business cycles. Nine of 11 U.S. producers, 4 of 16 importers, and 5 of 21 purchasers indicated that the market was subject to other conditions of competition.

Firms noted that demand for certain welded line pipe is affected by the level of oil and gas exploration and production, which depends on commodity prices. U.S. producer *** reported that increased regulation can delay pipeline projects. U.S. producer *** reported that greater productivity from existing natural gas wells has driven demand lower. Importer *** reported that demand for its dual stenciled pipe is affected by demand in the industrial sector unlike demand for API 5L line pipe which is affected by the natural gas market. Several firms indicated that demand was seasonal with reduced demand for construction in winter and increased demand during April-September.

Nine of 14 purchasers indicated changes in the conditions of competition since 2012, mostly noting that the collapse in oil prices has greatly affected line pipe demand as projects have been put on hold or canceled. Purchaser *** reported that due to availability, the Korean product has become more acceptable to some customers that formerly were domestic only, and purchaser *** noted the use of fiberglass and aluminum pipe as a substitute. Purchaser *** reported that technological improvements in gas exploration have resulted in permanently reduced demand for pipe.

Demand trends

Most responding U.S. producers (11 of 13) and purchasers (17 of 23) reported either decreasing or fluctuating U.S. demand for certain welded line pipe since 2012 (table II-4). Importer responses were more mixed, with 7 reporting an increase,²² 5 a decrease, and 10 reporting fluctuation or no change.

²² The importers reporting an increase cited increased investment in U.S. oil and gas production (although this firm noted that the recent decline in oil prices has reduced demand in 2015), customers using larger diameter line pipe, more line projects, and the need to replace aging pipelines.

Table II-4
Certain welded line pipe: Firms' responses regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States:				
U.S. producers	3	0	6	5
Importers	7	3	5	7
Purchasers	4	2	11	6
Demand outside the United States:				
U.S. producers	1	1	2	3
Importers	3	2	2	7
Purchasers	0	2	3	6
Demand for purchasers' final products:				
Purchasers	0	1	4	3

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

Petitioner Maverick describes the years 2012-14 as a period of historically strong U.S. demand for certain welded line pipe, although it noted that demand softened in 2015.²³ Petitioners ACIPCO et al. describe demand as stable since 2013.²⁴ Petitioners project stable to growing demand for certain welded line pipe citing increased U.S. manufacturing of fertilizer and petrochemicals due to low natural gas prices, replacement and upgrading of pipelines due to aging infrastructure, and increasing population density.²⁵ Turkish respondents contend that U.S. demand for certain welded line pipe began declining in 2012 and sharpened into a deep decline in late 2014.²⁶

Substitute products

Substitutes are limited and can include seamless pipe, high density polyethylene pipe (HDPE), or plastic PVC pipe, depending on the application. Most U.S. producers (7 of 11) and importers (15 of 21) reported that there were no substitutes for certain welded line pipe. Nearly half of the responding purchasers (8 of 17) reported that there were substitutes for certain welded line pipe. Five of these purchasers listed seamless line pipe; other substitutes listed include pipe made from alternate materials (e.g., HDPE, fiberglass pipe, nonmetallic pipe), or steel pipe conforming to different specifications (e.g. ERW standard pipe and corrosion resistant alloy pipe). Some firms that referenced seamless pipe as a substitute also noted its higher price relative to welded line pipe. Purchaser *** reported that non-metallic pipe is more

²³ Prehearing brief of petitioner Maverick, pp. 4-6.

²⁴ Posthearing brief of petitioner ACIPCO et al, p. 1.

²⁵ Hearing transcript, pp. 73-74 (Barnes).

²⁶ Prehearing brief of Turkish respondents, p. 1. They contend that Preston Pipe & Tube data indicate that the market peak for line pipe may have occurred in mid-2012. Prehearing brief of Turkish respondents, p. 20.

expensive than welded line pipe, and usage is constrained due to temperature and pressure requirements, but total costs are lower due to lower expected installation and maintenance costs. Purchaser *** reported that HDPE is becoming standard for gas distribution to homes. U.S. producer *** listed alternative forms of transport of oil and gas, such as rail, truck, and barge as substitutes.

Cost share

Certain welded line pipe accounts for a moderate-to-large share of the cost of the end-use products in which it is used. U.S. producers generally reported cost shares for certain welded line pipe ranging from 25 percent to 30 percent.²⁷ Among purchasers, *** reported that certain welded line pipe is 20 percent of the cost of a transmission line and 60 percent of the cost of a gathering line. *** reported 20 percent of the cost of natural gas transportation. *** reported cost shares of 20 percent for both oil and gas projects. *** reported cost shares of 16 percent of midstream transportation for pipeline and 5 percent for gas processing plants.

SUBSTITUTABILITY ISSUES

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

Lead times

Certain welded line pipe is primarily manufactured on a produced-to-order basis. U.S. producers reported that 85.3 percent of their 2014 commercial shipments were produced to order, with lead times ranging from 10 to 150 days, with most reporting in the 30-90 day range.²⁸ The remaining 14.7 percent of their commercial shipments came from inventories, with lead times ranging from 5 to 60 days.²⁹ Importers reported that 99.3 percent of 2014 U.S. commercial shipments from Korea were produced-to-order, with lead times ranging from 90 to

²⁷ Two producers reported costs as high as 75 or 90 percent.

²⁸ Eight of eleven responding U.S. producers reported lead times in this range, two reported 90 to 120 days, and one reported 60 to 150 days.

²⁹ Seven U.S. producers, ***, reported lead times from inventory in the 1-14 day range. Four U.S. producers, *** reported that lead times from inventory can be as long as 20 to 60 days.

150 days, and *** percent of U.S. commercial shipments from Turkey were produced-to-order, with lead times of *** days.³⁰

Knowledge of country sources

Twenty of the 25 responding purchasers indicated they had marketing/pricing knowledge of domestic product, 19 of Korean product, 8 of Turkish product, and 17 of nonsubject country product (most frequently listed were China, Germany, Greece, Japan, Mexico, and the United Kingdom).

As shown in table II-5, most purchasers and their customers always or usually make purchasing decisions based on the producer or country of origin. The purchasers that reported that they always make decisions based on the manufacturer generally cited that manufacturers must be on approved customer lists and that the products must meet technical and quality requirements. Distributor *** noted that its decision is driven by its largest customers' approved manufacturers' list (AML). According to Korean respondents, and as discussed in greater detail below, many end users have AMLs for producers that have been qualified after inspection of the manufacturing facility and meeting other requirements of the end user.³¹

Table II-5

Certain welded line pipe: Purchasing decisions based on producer and country of origin

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	12	7	3	3
Purchaser's customers make decision based on producer	4	7	6	4
Purchaser makes decision based on country	6	8	6	5
Purchaser's customers make decision based on country	3	6	8	4

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for certain welded line pipe were price (22 firms), quality (18 firms), and availability (10 firms) as shown in table II-6. Quality was the most frequently cited first-most important factor (cited by 13 firms), followed by price (6 firms); price was the most frequently reported second-most important factor (10 firms) and also the most frequently reported third-most important factor (6 firms). Specific quality characteristics noted by purchasers included: meeting and/or exceeding API specifications, surface condition, compliance with end-user specifications, steel coil chemistry, cleanliness, stenciling, and yield and tensile strength. About half of responding

³⁰ Two importers of Korean product, ***, reported lead times from U.S. inventory of 45 and 150 days, respectively. One importer of Turkish product, ***, reported that it shipped solely from U.S. inventory in 2014, and that lead times were 2 to 5 days.

³¹ Korean producers' postconference brief, pp. 13-14.

purchasers (13 of 25) reported that they “usually” purchase the lowest-priced product and 10 purchasers reported that they “sometimes” purchase the lowest-priced product.

Table II-6
Certain welded line pipe: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Price/cost	6	10	6	22
Quality	13	3	2	18
Availability	1	4	5	10
Delivery/shipping time	0	3	2	5
Approved supplier	3	0	0	3
Product range	0	0	3	3
Other ¹	2	3	6	11

¹ Other factors include traditional supplier with affordable extension of credit and market acceptability for first factor; service, traditional supplier, and product acceptance for customers for second factor; and contracts, company reputation, service, logistical costs, terms, and brand recognition as third factor. Additional factors reported by companies but not listed in the top three were price, customer service, product range, steel supplier, production space availability, approved manufacturer, delivery, past claim experience, and availability.

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

When asked if they purchased certain welded line pipe from one source although a comparable product was available at a lower price from another source, 13 purchasers reported reasons including mills on end-user AMLs/customer acceptance, minimum order quantities, delivery times, ability to meet specifications, domestic product requirements, long-term relationships, and quality. *** reported that product from Mexico and Turkey is not on many AMLs and may not meet specifications, and that product from Japan and Korea has long delivery times.

Only 5 of 25 purchasers reported that certain types of product were only available from a single source. *** reported that certain heavy-walled products are only available from nonsubject mills in Japan and the United Kingdom, and *** reported that only mills in Korea, Japan, and Greece produce some particular specifications (i.e., welded line pipe meeting Annex H of API 5L).

Importance of specified purchase factors

Purchasers were asked to rate the importance of 18 factors in their purchasing decisions (table II-7). The factors rated as “very important” by more than half of responding purchasers were product consistency (all 25 firms), price (22 firms), delivery time and quality meets industry standards (21 firms each), availability (20 firms), reliability of supply (19 firms), supplier on approved manufacturer list (17 firms), delivery terms (16 firms), and availability of size greater than 16” to 24” OD and quality exceeds industry standards (14 firms each).

Table II-7
Certain welded line pipe: Importance of purchase factors, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	20	5	0
Availability of size up to 16" OD	13	10	2
Availability of size greater than 16" to 24" OD	14	9	2
Delivery terms	16	9	0
Delivery time	21	4	0
Discounts offered	8	12	5
Extension of credit	7	15	3
Minimum quantity requirements	6	11	8
Packaging	6	14	5
Price	22	3	0
Product consistency	25	0	0
Product range	10	15	0
Quality exceeds industry standards	14	11	0
Quality meets industry standards	21	4	0
Reliability of supply	19	6	0
Supplier on approved manufacturer list	17	3	5
Technical support/service	12	11	2
U.S. transportation costs	8	14	2

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

Supplier certification

Fifteen of the 25 responding purchasers require their suppliers to become certified or qualified to sell certain welded line pipe to their firm.³² Seven purchasers reported that the time to qualify a new supplier ranged from 1 to 4 months while four purchasers reported one week or less.³³ Only 3 of 25 purchasers reported that a domestic or foreign supplier had failed in its attempt to qualify product, or had lost its approved status since January 1, 2012.³⁴ Eleven of 25 responding purchasers reported additional product requirements beyond mill test certificates showing that the certain welded line pipe meets the API specifications or

³² Most responding end users (6 of 7) and half of responding distributors reported that they require their suppliers to become certified or qualified.

³³ In addition, one firm reported one week to 3 months and one firm reported 6 months.

³⁴ Purchaser *** reported that a Korean mill had cold weld issues and that U.S. producer *** had cold weld issues and dents on pipe ends, and purchaser *** reported that U.S. producer *** supplied products outside of the purchaser's specifications.

proprietary specifications for their desired purchase. Some end users have specifications above API 5L for mechanical properties, external coating, and hardness limitations.

Most purchasers, including some distributors, reported maintaining an AML for certain welded line pipe. These firms generally reported that producers in the United States, Korea, Japan, and “all other” countries were on these lists but that producers in Turkey and Mexico generally were not. Only five of 16 responding purchasers reported that they purchased certain welded line pipe up to 16-inch from a manufacturer not on the AML and only two of 15 reported doing so for larger diameter pipe.

Among end users, all but one of the seven firms responding to the purchaser questionnaire reported maintaining an AML for purchases of certain welded line pipe.³⁵ These firms reported that they do not purchase from suppliers not on the AML.³⁶ Three end users *** reported that U.S. producers, and producers in Korea, Japan, and other countries were on their AMLs. One end user reported that all countries were on its AML. One end user reported that U.S. producers, and producers in Japan and other countries were on its AML. One end user reported that U.S. producers and producers in Mexico were on its AML.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since January 1, 2012 (table II-8); reasons reported for changes in sourcing included end-user preferences, product availability, market conditions, and price. Seven purchasers reported decreased purchases of domestically-produced certain welded line pipe. Four of these seven purchasers cited market conditions/reduced demand as the reason, one cited price, and one did not state a reason. A plurality of purchasers reported increased purchases of Korean product, citing customer acceptance, shift in end user preferences, product availability, market conditions, and prices as the reasons.³⁷ Most responding purchasers reported that they did not purchase Turkish product.

³⁵ Purchaser *** answered “no” since it reported that it purchased certain welded line pipe for a single project and is not currently purchasing the product.

³⁶ One of these purchasers indicated that it “rarely” has purchased from a non-AML supplier for its purchases of line pipe 16 inches or less in outside diameter.

³⁷ ***.

Table II-8

Certain welded line pipe: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	4	7	0	5	8
Korea	7	5	9	2	2
Turkey	19	2	1	0	2
Other	3	5	4	4	8

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

Less than one-third of purchasers (7 of 25) reported that they had changed suppliers since January 1, 2012. *** dropped Northwest Pipe because of quality issues and increased purchases from foreign mills due to pricing. *** dropped ACIPCO at the mill's request³⁸ and added Pytco, Maruichi, and Axis. *** added Maruichi and Welspun. *** dropped its "tier 3" suppliers (China, Southeast Asia, Eastern Europe, Russia, and Middle East), and continued to purchase from domestic sources and its "tier 1" import suppliers (Canada, UK, Japan, Europe) and "tier 2" import suppliers (Korea and Mexico).

Importance of purchasing domestic product

Thirteen of 24 responding purchasers reported that they require U.S.-produced product for some of their purchases. Purchasers reported that about 30 percent of their purchases required domestic product.³⁹ Ten of these 13 purchasers reported that domestic product was required by law (for 1 to 10 percent of their purchases), 9 reported it was required by their customers (for 2 to 80 percent of their purchases), and 5 reported other preferences for domestic product (for 5 to 25 percent of their purchases). Reasons cited for preferring domestic product included shorter delivery time, favorable logistics cost due to proximity to project, AML, and customer preference.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing certain welded line pipe produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 18 factors (table II-9) for which they were asked to rate the importance.

³⁸ The purchaser did not explain why the mill made the request.

³⁹ Calculation based on purchasers' reported 2014 purchases. Specifically, for 5 percent of purchases domestic product was required by law, for 20 percent of their purchases their customers required domestic product, and for about 5 percent, purchases of domestic product were required for other reasons.

Table II-9
Certain welded line pipe: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting								
	U.S. vs. Korea			U.S. vs. Turkey			Korea vs. Turkey		
	S	C	I	S	C	I	S	C	I
Availability	6	14	1	9	5	0	10	3	0
Availability of size up to 16" OD	4	16	1	7	6	1	8	4	0
Availability of size greater than 16" to 24" OD	3	11	7	7	5	1	10	3	0
Delivery terms	9	11	0	9	4	0	5	7	0
Delivery time	14	7	0	11	3	0	4	8	0
Discounts offered	4	14	1	3	9	1	2	9	0
Extension of credit	1	18	2	3	10	0	3	9	0
Minimum quantity requirements	4	14	3	1	10	2	2	10	0
Packaging	3	15	3	3	8	2	3	10	0
Price	1	4	16	1	3	9	4	6	3
Product consistency	5	13	2	7	6	0	5	6	1
Product range	2	16	3	6	7	0	5	7	0
Quality exceeds industry standards	5	12	3	8	4	1	6	6	0
Quality meets industry standards	4	16	0	7	5	1	5	7	0
Reliability of supply	7	12	0	8	3	0	6	4	0
Supplier on approved manufacturer list	10	9	2	11	3	0	11	1	1
Technical support/service	8	12	0	5	6	1	5	4	2
U.S. transportation costs	9	8	4	7	5	2	5	8	0
Factor	U.S. vs. Other			Korea vs. Other			Turkey vs. Other		
	S	C	I	S	C	I	S	C	I
Availability	6	12	0	4	9	0	1	7	0
Availability of size up to 16" OD	5	13	0	4	9	0	2	6	0
Availability of size greater than 16" to 24" OD	6	10	1	4	9	0	1	6	1
Delivery terms	4	13	0	2	10	0	0	7	0
Delivery time	13	5	0	3	10	0	0	8	0
Discounts offered	3	13	2	1	12	0	0	8	0
Extension of credit	3	14	0	2	10	0	0	8	0
Minimum quantity requirements	6	10	2	2	11	0	0	8	0
Packaging	1	15	2	2	11	0	0	8	0
Price	0	8	10	4	8	2	3	5	0
Product consistency	4	12	2	5	8	0	0	8	0
Product range	3	13	2	4	9	0	1	7	0
Quality exceeds industry standards	3	13	1	3	10	0	0	7	0
Quality meets industry standards	4	14	0	2	11	0	0	8	0
Reliability of supply	7	10	1	4	9	0	1	7	0
Supplier on approved manufacturer list	11	6	1	5	6	2	2	4	2
Technical support/service	6	10	1	3	10	0	1	7	0
U.S. transportation costs	9	7	2	1	12	0	0	8	0

Notes.--S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior. For price/U.S. transportation costs, a rating of superior means that price/U.S. transportation costs is generally lower (e.g. if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product).

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

Most purchasers indicated that U.S. and Korean product were comparable on all but 4 of the 18 factors: the majority of firms rated that the U.S. product as superior on delivery time, being listed on AMLs, and U.S. transportation costs, and the Korean product as superior (i.e., lower) on price. On the other hand, the majority of purchasers reported that the product from Turkey was comparable with U.S. product on only six factors: discounts, extension of credit, minimum quantity requirements, packaging, product range, and technical support.⁴⁰ On 11 factors, a majority or plurality of purchasers reported that the U.S. product was superior, and on one factor, price, most purchasers reported that product from Turkey was superior (i.e., lower). Most purchasers reported that U.S. and nonsubject product were comparable on all factors except delivery time, being listed on AMLs, and U.S. transportation costs (for which the U.S. product was superior) and price (for which the nonsubject product was superior).

Thirteen purchasers compared product from Korea with that from Turkey; a majority or plurality reported that these sources were comparable on 11 of the factors; that Korean product was superior on six factors including availability (including availability of sizes up to 16 inches, and sizes greater than 16 inches), reliability of supply, being listed on AMLs, and technical support/service. On one factor, product exceeds industry standards, half of the purchasers reported that the Korean product was superior to the product from Turkey, and half reported that the products were comparable.

Comparison of U.S.-produced and imported certain welded line pipe

To determine whether U.S.-produced certain welded line pipe can generally be used in the same applications as imports from Korea and Turkey, U.S. producers, importers, and purchasers were asked whether the products can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. As shown in table II-10, most U.S. producers reported that domestically produced welded line pipe and imported welded line pipe were “always” interchangeable. Importer responses were mixed; most importers (10 of 18 importers comparing the United States and Korea and 8 of 12 comparing the United States and Turkey) reported that domestic and subject imported welded line pipe were either “always” or “frequently” interchangeable. Among purchasers, 20 of 22 purchasers indicated that domestic and Korean product was “always” or “frequently” interchangeable and 10 of 15 purchasers indicated that domestic and Turkish product was “always” or “frequently” interchangeable.

Purchasers that indicated limited interchangeability reported that customer acceptance and whether the supplier was on the customer’s AML were the main reasons. *** reported that pipe from Turkey is only sometimes accepted by end users. *** reported that product from Turkey was never interchangeable with domestic or Japanese product, and is considered as “tier 3.”

⁴⁰ Five of these factors (discounts, extension of credit, minimum quantity requirements, packaging, and product range) were rated as “somewhat important” by a majority or plurality of purchasers (see table II-7). Technical support was rated as “very important” by a plurality of purchasers.

Table II-10
Certain welded line pipe: Interchangeability between certain welded line pipe produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting				
	A	F	S	N	A	F	S	N	A	F	S	N	
U.S. vs. subject countries:													
U.S. vs. Korea	11	1	1	0	6	4	7	1	10	10	2	0	
U.S. vs. Turkey	11	1	1	0	6	2	4	0	9	1	4	1	
Subject countries comparisons:													
Korea vs. Turkey	11	0	0	0	6	2	3	0	6	2	5	0	
Nonsubject countries comparisons:													
U.S. vs. Japan	11	2	0	0	6	4	2	0	11	6	3	0	
U.S. vs. Mexico	11	1	0	0	6	1	5	0	9	3	6	0	
U.S. vs. Other	9	2	0	0	5	2	5	1	10	4	4	0	
Korea vs. Japan	11	0	0	0	6	3	1	0	10	5	3	0	
Korea vs. Mexico	11	0	0	0	7	2	1	0	8	4	4	0	
Korea vs. Other	9	1	0	0	5	2	3	0	8	4	4	0	
Turkey vs. Japan	11	0	0	0	6	1	2	0	7	2	4	1	
Turkey vs. Mexico	11	0	0	0	7	1	1	0	8	2	4	0	
Turkey vs. Other	10	1	0	0	6	2	0	0	8	1	3	0	
Japan vs. Mexico	10	0	0	0	6	1	2	0	7	3	5	0	
Japan vs. Other	9	1	0	0	5	1	3	0	8	3	5	0	
Mexico vs. Other	8	1	0	0	6	1	1	0	7	2	5	0	

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

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

Petitioners assert that some nonsubject imports compete in different markets than the domestic product and subject imports. They argue that Japanese imports likely consist of very thick-walled, high grade products, and that imports from Germany and the United Kingdom are also likely specialized products, given the high average unit values.⁴¹

Most responding purchasers reported that certain welded line pipe produced in the United States and in Korea “always” met minimum quality specifications. A plurality of responding purchasers reported that product from Turkey “usually” met minimum quality specifications, although nearly half of purchasers did not know whether the Turkish product met minimum quality specifications (table II-11).

⁴¹ Petitioners note that Japanese product above 16” is subject to an antidumping duty order but that the order excludes very thick-walled pipe used for deep water and Arctic environments. Prehearing brief of ACIPCO et al., pp. 8-9. Petitioners stated that there were 300,000 tons of imports from Japan and Germany in 2012 that did not compete with domestic or subject imports because the product went into deep offshore wells with heavy walls. Conference transcript, p. 158 (Schagrin).

Table II-11**Certain welded line pipe: Ability to meet minimum quality specifications, by source¹**

Source	Always	Usually	Sometimes	Rarely or never	Don't know
United States	14	8	0	1	1
Korea	15	5	1	0	4
Turkey	4	6	2	0	10
Other countries	6	9	1	0	4

¹ Purchasers were asked how often domestically produced or imported certain welded line pipe meets minimum quality specifications for their own or their customers' uses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of certain welded line pipe from the United States, subject, or nonsubject countries. As seen in table II-12, most U.S. producers reported that there are no significant differences other than price between certain welded line pipe produced in the United States and in other countries. Importer and purchaser responses were mixed; most importers (11 of 18 importers and 12 of 21 purchasers comparing the United States and Korea and 9 of 12 importers and 4 of 13 purchasers comparing the United States and Turkey) reported that there are "sometimes" or "never" significant differences other than price between certain welded line pipe produced in the United States and in Korea or Turkey. In comparing certain welded line pipe from Korea and Turkey, 6 of 11 responding purchasers reported that non-price differences were "always" or "frequently" significant. *** indicated that Turkish product was not as prevalent as Korean product, and that suppliers of Turkish product provide less support and tend not to participate in more complex specifications or projects. General comments by purchasers regarding non-price differences among different sources include lead times; customer acceptance of mill, quality, reliability of delivery; only mills in Greece, Japan, and Korea can produce products to meet annex H of the API 5L specification; many customers only qualify Japanese and European manufacturers; and that domestic sources generally have the best quality, customer service, technical support, delivery, and documentation.

Table II-12

Certain welded line pipe: Significance of differences other than price between certain welded line pipe produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting					
	A	F	S	N	A	F	S	N	A	F	S	N		
U.S. vs. subject countries:														
U.S. vs. Korea	0	0	2	10	3	4	6	5	7	2	8	4		
U.S. vs. Turkey	0	0	2	10	0	3	5	4	7	2	2	2		
Subject countries comparisons:														
Korea vs. Turkey	0	0	0	10	0	0	5	4	3	3	4	1		
Nonsubject countries comparisons:														
U.S. vs. Japan	0	0	2	10	0	1	8	3	6	1	8	3		
U.S. vs. Mexico	0	0	2	10	2	2	4	4	7	2	7	2		
U.S. vs. Other	0	0	3	8	2	3	4	4	7	1	8	2		
Korea vs. Japan	0	0	0	10	0	0	6	3	5	0	8	3		
Korea vs. Mexico	0	0	0	10	0	0	4	5	4	2	8	1		
Korea vs. Other	0	0	2	7	0	0	3	5	4	1	9	2		
Turkey vs. Japan	0	0	0	10	0	1	6	3	4	2	4	2		
Turkey vs. Mexico	0	0	0	10	0	0	6	5	5	0	7	2		
Turkey vs. Other	0	0	2	7	0	0	4	5	5	0	6	1		
Japan vs. Mexico	0	0	0	10	0	0	5	4	4	2	6	1		
Japan vs. Other	0	0	2	7	0	1	4	3	4	2	7	2		
Mexico vs. Other	0	0	2	7	0	0	3	5	4	1	7	1		

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties did not comment on these estimates.

U.S. supply elasticity

The domestic supply elasticity⁴² for certain welded line pipe measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of certain welded line pipe. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced certain welded line pipe. Analysis of these factors earlier indicates that the U.S. industry has the ability to greatly increase or decrease shipments to the U.S. market; an estimate in the range of 5 to 10 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for certain welded line pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of certain welded line pipe. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the certain welded line pipe in the production of downstream products. Based on the available information, the aggregate demand for certain welded line pipe is likely to be inelastic; a range of -0.25 to -0.50 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.⁴³ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced certain welded line pipe and imported certain welded line pipe is likely to be in the range of 3 to 5. Imports from Korea are likely at the higher end of the range. Imports from Turkey are likely at the lower end of the range because of the limited sizes (i.e. no imports of sizes greater than 16-inch) and because Turkish manufacturers are less likely to be on end users' AMLs than are domestic and Korean producers.

⁴² A supply function is not defined in the case of a non-competitive market.

⁴³ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND

EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of 13 firms that accounted for the vast majority of U.S. production of certain welded line pipe during 2014.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 17 firms based on information contained in the petition. Two firms reported that they do not produce certain welded line pipe,¹ two firms did not respond to the Commission's request,² and 13 firms³ provided useable data on their productive operations. Staff believes that these responses represent the vast majority of U.S. production of certain welded line pipe.^{4 5}

¹ ***. In 2012, it produced *** short tons and in 2013, it produced *** short tons. Effective *** United Spiral sold all of its equipment used to produce certain welded line pipe to Evraz NA. Over the next two years Evraz NA will install a new two-step large diameter line pipe mill in Canada. Evraz NA webpage, http://www.evrazna.com/Portals/0/documents/PR_EVRAZ_200MillionInvestment.pdf, retrieved September 14, 2015.

² *** did not respond to the Commission's request. Both of these firms responded to the five-year review on certain welded large diameter line pipe from Japan, which was completed in September 2013. *** reported that it produced *** short tons of ***. U.S. producers' questionnaire responses from Investigation No. 731-TA-919 (Second Review): *Welded Large Diameter Line Pipe from Japan* (***).

³ Boomerang provided a questionnaire response, ***.

⁴ Purchasers identified Axis (a division of The Prolamsa Group), OMK (produces more OCTG than line pipe), and TPCO (does not produce in scope product) as new suppliers. Staff believes that Axis is testing its production lines and might not be up to full production for certain welded line pipe. Staff left messages for Axis and did not receive return telephone calls. In one instance, Staff asked to speak with the mill manager and was referred to a recruiter. Staff telephone messages, ***; PR Newswire webpage, <http://www.prnewswire.com/news-releases/axis-pipe-and-tube-a-division-of-the-prolamsa-group-breaks-ground-for-new-pipe-and-tubular-products-facility-220699141.html>, retrieved September 8, 2015; American Metal Market, Metal Market Bulletin, *Houston facility improves efficiency product flow*, August/September 2013; TPCO webpage, <http://www.tpcoamerica.com/about.cfm> and <http://www.tpcoamerica.com/products.cfm>, retrieved September 10, 2015.

⁵ During the hearing, there was discussion of Borusan's U.S. facility. According to testimony Borusan's facility has a six month backlog for OCTG orders. Hearing transcript, pp. 191-192 (Nolan). Borusan reported that its ***. Email from ***, October 9, 2015. Borusan recently started shipping 80-foot-long

(continued...)

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

Table III-1
Certain welded line pipe: U.S. producers of certain welded line pipe, their positions on the petition, production locations, and shares of reported production, 2014

Firm	Position on petition	Production location(s)	Share of production (percent)
ACIPCO	Support	Birmingham, AL	***
Berg ¹	***	Panama City, FL	***
Boomerang ²	***	Liberty, TX	***
CSI ³	Support	Fontana, CA	***
EnergeX ⁴	Support	Wheatland, PA; Warren, OH	***
Maverick ⁵	Support	Hickman, AR	***
Northwest Pipe	Support	Atchison, KS; Bozier City, LA	***
Paragon ⁶	***	Sapulpa, OK; Muskogee, OK	***
Stupp ⁷	Support	Baton Rouge, LA	***
Tex-Tube ⁸	Support	Houston, TX	***
TMK IPSCO ⁹	Support	Blytheville, AR; Camanche, IA; Wilder, KY	***
US Steel ¹⁰	Support	McKeesport, PA; Lone Star, TX	***
Welspun ¹¹	Support	Little Rock, AR	***
Total			***

¹ Berg is *** and is related to ***.

² Boomerang is ***. Boomerang reported it ***.

³ CSI is ***.

⁴ EnergeX is ***.

⁵ Maverick is ***.

⁶ Paragon is ***.

⁷ Stupp is ***.

⁸ Tex-Tube is ***.

⁹ TMK IPSCO is ***.

¹⁰ U.S. Steel ***. ***.

¹¹ Welspun is ***.

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

(...continued)

coated pipe, 30 inches in outside diameter, from its parent company's mill in Turkey to a pipeline project in Texas. American Metal Market, *Borusan shipping 80-foot coated pipe to Texas project*, October 20, 2015.

As indicated in table III-1, no U.S. producer is related to a Korean or Turkish producer of the subject merchandise. ***. One U.S. producer ****'s sister company *** directly imports certain welded line pipe from Turkey. One U.S. producer *** directly imports certain welded line pipe from a nonsubject source. *** imports certain welded line pipe from its ****. No U.S. producer purchases the subject merchandise from U.S. importers.

Table III-2 summarizes industry events since 2012.

Table III-2
Certain welded line pipe: Important industry events, since 2012

Date	Company	Event
2012 May	JMC Steel	Operational changes: JMC Steel acquired Lakeside Steel in a \$58 million purchase. Lakeside Steel facilities were combined with JMC Steel tubular assets and renamed EnergieX.
2012 November	Welspun	Capacity expansion: Welspun announced production at its Little Rock, AR facility that has an annual capacity between 175,000-225,000 short tons per year. The facility will produce ERW line pipe between 6 -20 inches OD in grades up to X80.
2013 May	Prolamsa	Capacity expansion: Prolamsa stated that it will build a pipe and tube facility at Bryan, TX with an annual capacity of 300,000 short tons to produce ERW pipe and tube products up to 16 inches OD at API and ASTM specifications.
2013 October	American Steel Pipe (ACIPCO)	Capacity expansion: American Steel Pipe announced an expansion of its North and South mills by an annual capacity of 350,000 short tons. The South mill produces line pipe up to 20 inches OD while the North mill produces up to 24 inches OD.
2014 March	Northwest	Sale of facility: Northwest sold its assets (***) in Bossier City, LA to SB International.
2014 April	EnergieX	Capacity expansion: ***.
2014 June-August	U.S. Steel	Closure: U.S. Steel closed its Bellville, TX (100,000 short tons annual capacity) and McKeesport, PA (315,000 short tons annual capacity) facilities that produced line pipe and OCTG products.
2014 September	California Steel Industries	Capacity expansion: California Steel Industries produced its first pipe at its pipe mill near Fontana, CA. The mill will produce line pipe up to 24 inches OD at an annual capacity of 400,000 short tons.

Table continued on next page.

Table III-2--Continued
Certain welded line pipe: Important industry events, since 2012

Date	Company	Event
2015 February	U.S. Steel	Reduced operating levels: U.S. Steel announced a reduction in operating levels at its Lone Star, TX facility that produces welded line pipe up to 16 inches OD. The company announced plans to reduce the number of employees at the facility.
2015 March	TMK IPSCO	Reduced operating levels: TMK IPSCO announced temporary cuts to 88 jobs at its Camanche, IA facility that produces line pipe.
2015 March	Prolamsa	Capacity expansion: Prolamsa's Axis Pipe and Tube, Inc. confirmed that production has started at the Bryan, TX facility. The facility has a capacity of 300,000 short tons per year, and can produce ERW API line up to 16 inches in OD.
2015 April	Northwest Pipe	Reduced operating levels: Northwest Pipe announced a curtailment in production at its Atchison, KS welded pipe mill. According to Northwest, production during curtailment is ongoing but limited. The company announced plans to reduce employees at the facility.
2015 April	TMK IPSCO	Reduced operating levels: TMK IPSCO announced a reduction in operating hours by 30 percent across its Blytheville, AR; Camanche, IA and Wilder, KY plants.
2015 June	Boomerang	Bankruptcy: Boomerang filed for Chapter 11 Bankruptcy
2015 July	American Steel Pipe (ACIPCO)	Capacity expansion: American Steel Pipe confirmed completion of its \$70 million line pipe facility in Birmingham, AL. The pipe facility increases American Steel Pipe's annual capacity to 770,000 short tons per year, and included upgrades to the company's ability to produce 24 inch OD line pipe.

Note.—Borusan's U.S. facility commenced operation in 2014. As stated above, ***. Email from ***, October 9, 2015.

Source: American Metal Market, Metal Market Bulletin, Preston Pipe & Tube Report, company websites and news articles.

Capacity expansions have been a prevailing trend in the welded line pipe industry. Companies that announced plans to add capacity for line pipe production in the United States include: ACIPCO, CSI, EnergeX, Northwest Pipe, Prolamsa, and Welspun.⁶ In addition, certain firms expanded their ability to produce larger outside diameters of line pipe at U.S. locations.

In 2012, JMC Steel acquired Lake Steel which led to the subsequent formation of EnergeX. Later, in 2014, U.S. Steel closed two line pipe facilities in Bellville, Texas and McKeesport, Pennsylvania. The McKeesport facility produced line pipe up to 20 inches in outside diameter, while the Bellville facility produced high-strength line pipe and OCTG.⁷ Table III-3 presents information on U.S. producers' changes in operations.

⁶ As stated above, ***. Email from ***, October 9, 2015.

⁷ *Preston Pipe and Tube Report*, "Domestic Mill Activity," June 2014, p. 18. The Bellville, Texas facility ***. Staff telephone interview with ***.

Table III-3
Certain welded line pipe: U.S. producers' changes in operations, since 2012

* * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 presents U.S. producers' overall welded pipe production, capacity, and capacity utilization, by type of production process. As discussed in Part I, there are three different production processes for producing welded line pipe. Three producers provided capacity and production data for their HSAW mills.⁸ No responding producer reported using the HSAW process to produce certain welded line pipe. Much of what is produced using the HSAW process is for welded line pipe greater than 24 inches in outside diameter. One firm, Berg, reported having LSAW capacity. Berg produced *** of certain welded line pipe using the LSAW production process. *** of Berg's LSAW production is welded line pipe greater than 24 inches in outside diameter.⁹ The ERW production process accounts for virtually all production of certain welded line pipe. ERW mills, however, produce a greater volume of other products (including OCTG) than they do of certain welded line pipe.^{10 11 12}

⁸ These firms are Berg, Stupp, and Welspun.

⁹ Berg reported ***. Berg ***.

¹⁰ Other products include OCTG, bomb casing, standard pipe, structural pipe, and piling pipe.

¹¹ The following firms reported producing OCTG on the same equipment for each year of the period: ***. These firms accounted for *** percent of total U.S. production in 2014.

¹² The following firms reported producing certain welded line pipe but not OCTG on the same equipment and machinery: ***. These firms accounted for *** percent of the total U.S. production of subject line pipe in 2014. See also, posthearing brief of ACIPCO et al., p. 10.

Table III-4
Certain welded line pipe: Overall U.S. producers' welded pipe production, capacity, and capacity utilization, 2012-14, January-June 2014, and January-June 2015

* * * * *

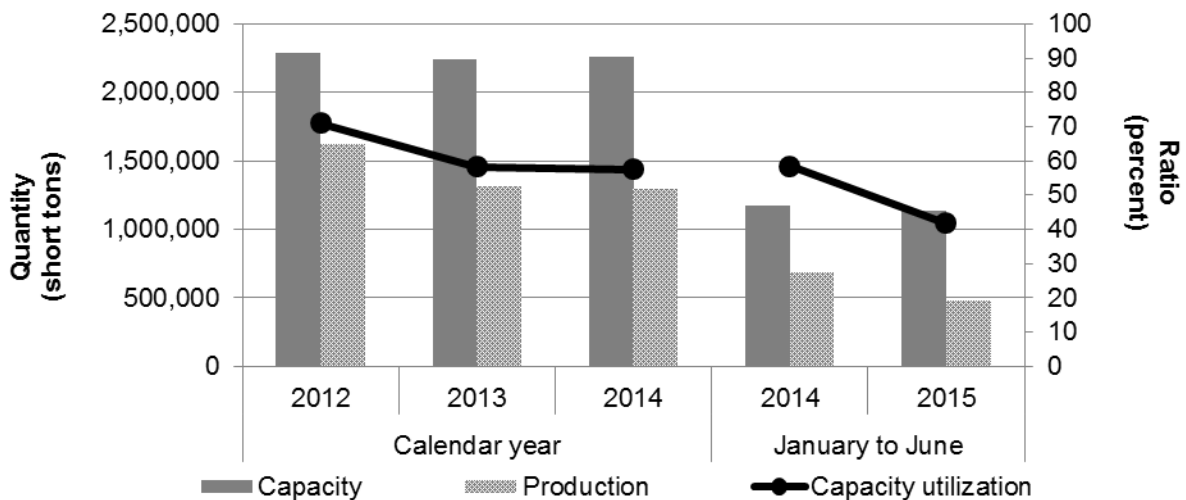
Table III-5 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. U.S. capacity of certain welded line pipe decreased by 1.5 percent (approximately 34,000 short tons) from 2012 to 2014. Capacity was 2.9 percent (approximately 34,000 short tons) less in January-June 2015 than in January-June 2014.

Table III-5
Certain welded line pipe: U.S. producers' production, capacity, and capacity utilization, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
Quantity (short tons)					
Capacity	2,289,640	2,242,464	2,255,820	1,170,124	1,135,857
Production	1,623,657	1,307,979	1,295,467	682,584	473,677
Ratio (percent)					
Capacity utilization	70.9	58.3	57.4	58.3	41.7

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

Figure III-1
Certain welded line pipe: U.S. producers' production, capacity, and capacity utilization, 2012-14, January-June 2014, and January-June 2015



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

The decrease in capacity is a result of ***. *** explained that ***. *** explained that ***. U.S. Steel reported that its ***. U.S. Steel's line pipe production volumes at its ***. The ***.¹³

While the capacity allocated to certain welded line pipe decreased overall, specific firms have added capacity from 2012 to 2014. The following firms increased capacity from 2012 to 2014: ***. The total increase from 2012 to 2014 was ***. Welspun's new ERW mill came online in 2013, along with *** investments in new capacity expanding equipment. Capacity utilization rates declined from January 2012 to June 2015 by 29.2 percentage points. The reduction in capacity utilization is a result of the decline in production of certain welded line pipe. Production declined by 20.2 percent from 2012 to 2014 and was 30.6 percent lower in January-June 2015 compared to January-June 2014. The firms reporting the largest declines in production volume from 2012 to 2014 were ***.

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

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments.¹⁴ The quantity of U.S. producers' U.S. shipments decreased from 2012 to 2014 by 22.6 percent. U.S. producers' U.S. shipments were 30.8 percent lower in January-June 2015 compared to January-June 2014. U.S. producers' export shipments nearly doubled during 2012-14; however U.S. producers' export shipments were more than two-thirds lower in January-June 2015 than in January-June 2014. Overall, exports accounted for 2.3 to 5.6 percent of total shipments. The average unit values of U.S. producers' U.S. shipments decreased from 2012 to 2014 by 19.3 percent, but were higher in January-June 2015 compared to January-June 2014 by 0.5 percent.

¹³ Posthearing brief of U.S. Steel, pp. 5-6.

¹⁴ *** reported that a small quantity of its certain welded line pipe was transferred to a related firm in 2014 (***) short tons, January-June 2014 (***) short tons, and January-June 2015 (***) short tons. The certain welded line pipe was transferred to its ***.

Table III-6
Certain welded line pipe: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
Quantity (short tons)					
U.S. shipments	1,571,236	1,225,052	1,215,711	598,201	414,043
Export shipments	38,089	69,232	72,074	35,649	9,888
Total shipments	1,609,325	1,294,284	1,287,785	633,850	423,931
Value (1,000 dollars)					
U.S. shipments	2,084,662	1,393,091	1,301,408	638,338	443,660
Export shipments	44,809	68,824	72,827	35,846	10,269
Total shipments	2,129,471	1,461,915	1,374,235	674,184	453,929
Unit value (dollars per short ton)					
U.S. shipments	1,327	1,137	1,070	1,067	1,072
Export shipments	1,176	994	1,010	1,006	1,039
Total shipments	1,323	1,130	1,067	1,064	1,071
Share of quantity (percent)					
U.S. shipments	97.6	94.7	94.4	94.4	97.7
Export shipments	2.4	5.3	5.6	5.6	2.3
Total shipments	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
U.S. shipments	97.9	95.3	94.7	94.7	97.7
Export shipments	2.1	4.7	5.3	5.3	2.3
Total shipments	100.0	100.0	100.0	100.0	100.0

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

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. U.S. producers' inventories are generally lower at the end of the year to reduce the amount of ad valorem tax.¹⁵

¹⁵ Hearing transcript, p. 52 (Barnes).

Table III-7**Certain welded line pipe: U.S. producers' inventories, 2012-14, January-June 2014, and January-June 2015**

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. producers' end-of-period inventories	102,614	109,636	111,303	156,977	157,206
	Ratio (percent)				
Ratio of inventories to.-- U.S. production	6.3	8.4	8.6	11.5	16.6
U.S. shipments	6.5	8.9	9.2	13.1	19.0
Total shipments	6.4	8.5	8.6	12.4	18.5

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

U.S. PRODUCER'S IMPORTS

No U.S. producer purchased subject imports from an importer. One U.S. producer *** reported that its sister company *** imported certain welded line pipe from subject countries. Table III-8 presents ***'s reported production and its sister company ***'s U.S. imports of certain welded line pipe.

Table III-8**Certain welded line pipe: U.S. producers' U.S. production and imports, 2012-14, January-June 2014, and January-June 2015**

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 presents U.S. producers' employment-related data. "From 2012 to the end of the first half of 2015, 690 workers, or 30 percent of the workforce in the line pipe industry lost their jobs. It has worsened in the third quarter."¹⁶ The number of production and related workers decreased by 13.3 percent from 2012 to 2013, but increased by 1.4 percent from 2013 to 2014, resulting in an overall decrease of 12.1 percent during 2012-14. The number of production and related workers was 24.6 percent lower in January-June 2015 compared to January-June 2014. The sharp decline in production related workers is a result of the idling of U.S. Steel's McKeesport facility in August 2014 as well as reductions at three of TMK-IPSCO's

¹⁶ Hearing transcript, p. 41 (Hart).

welded line pipe mills.^{17 18} Productivity declined during 2012-14 by 1.7 percent and was 7.9 percent lower in January-June 2015 compared to January-June 2014.

Table III-9

Certain welded line pipe: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
Production and related workers (PRWs) (number)	2,319	2,010	2,038	2,160	1,629
Total hours worked (1,000 hours)	4,875	3,971	3,957	2,132	1,607
Hours worked per PRW (hours)	2,102	1,976	1,942	987	986
Wages paid (\$1,000)	130,108	109,673	103,839	57,723	42,115
Hourly wages (dollars per hour)	\$26.69	\$27.62	\$26.24	\$27.07	\$26.21
Productivity (short tons per 1,000 hours)	333.1	329.4	327.4	320.2	294.8
Unit labor costs (dollars per short tons)	\$80.13	\$83.85	\$80.16	\$84.57	\$88.91

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

¹⁷ Hearing transcript, p. 41 (Hart), p. 49 (Johnson), and p. 37 (Barnes).

¹⁸ ***.

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 26 firms believed to be importers of certain welded line pipe, as well as to all U.S. producers of certain welded line pipe.¹ Usable questionnaire responses were received from 24 companies,² representing 98.9 percent of U.S. imports from Korea, 78.9 percent of imports from Turkey, and 62.2 percent of imports from all other sources in 2014.³ Table IV-1 lists all responding U.S. importers of certain welded line pipe from Korea, Turkey, and other sources, their locations, and their shares of U.S. imports, in 2014.

¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by ***, may have imported 3.0 percent or greater of total imports for certain welded line pipe under HTS provisions 7305.11.1030, 7305.12.1030, 7305.19.1030, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150 over the entire period.

² One firm, ***. One firm ***.

³ U.S. imports are based on official import statistics for the following seven HTS provisions: 7305.11.1030, 7305.12.1030, 7305.19.1030, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150. (See Part I for discussion of the use of these HTS provisions).

Table IV-1
Certain welded line pipe: U.S. importers by source, 2014

Firm	Headquarters	Share of imports by source (percent)		
		Korea	Turkey	All other sources
Bechtel	Houston, TX	***	***	***
Borusan Mannesmann Pipe U.S.	Houston, TX	***	***	***
C&F International	Houston, TX	***	***	***
CMC	Irving, TX	***	***	***
CPW America	Houston, TX	***	***	***
Daewoo	Teaneck, NJ	***	***	***
Dongbu USA	Torrance, CA	***	***	***
Evrz	Chicago, IL	***	***	***
Husteel USA	Houston, TX	***	***	***
Hyundai Corp.	Torrance, CA	***	***	***
Hyundai Steel USA, Inc.	Houston, TX	***	***	***
Kurt Orban	Burlingame, CA	***	***	***
Marubeni-Itochu	Houston, TX	***	***	***
MC Tubular	Houston, TX	***	***	***
Pytco S.A. de C.V.	Cd. Frontera, Mexico	***	***	***
Salzgitter Mannesmann	Houston, TX	***	***	***
SeAH Steel America	Santa Fe Springs, CA	***	***	***
Sumitomo	Houston, TX	***	***	***
Tata International	Schaumburg, IL	***	***	***
Tata Steel International	Schaumburg, IL	***	***	***
Ternium	Houston, TX	***	***	***
TMK-IPSCO	Houston, TX	***	***	***
Tosyali	Hatay, Turkey	***	***	***
Toyota Tsusho	Georgetown, KY	***	***	***
Total		***	***	***

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

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of certain welded line pipe from Korea, Turkey, and major nonsubject sources. Table IV-2 also presents data for the ratio of imports to U.S. production. U.S. imports from Korea decreased by 3.4 percent from 2012 to 2013, but increased by 7.0 percent from 2013 to 2014. U.S. imports from Korea were 41.2 percent higher in January-June 2015 than in January-June 2014. U.S. imports from Turkey decreased by 0.7 percent from 2012 to 2013, but increased by 19.0 percent from 2013 to 2014. U.S. imports from Turkey were 6.4 percent lower in January-June 2015 than in January-June 2014. Overall U.S. imports from subject sources increased by 4.5 percent from 2012 to 2014. Overall U.S.

imports from subject sources were 37.5 percent higher in January-June 2015 than in January-June 2014.

Imports from nonsubject sources decreased by 48.9 percent from 2012 to 2014. U.S. imports from nonsubject sources were 13.3 percent higher in January-June 2015 than in January-June 2014. However, the absolute increase in subject imports was higher (144,683 short tons) than the increase in imports from nonsubject sources (28,589 short tons) in January-June 2015. The average unit value of imports from nonsubject sources was greater than the average unit value of imports from subject sources in each full and partial year period, by between \$110 per short ton to \$285 per short ton.

Table IV-2
Certain welded line pipe: U.S. imports by source, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. imports from.--					
Korea	748,536	722,802	773,432	355,827	502,414
Turkey	66,472	66,025	78,565	29,848	27,944
Subject sources	815,007	788,827	851,997	385,675	530,358
Canada	38,732	46,791	19,114	18,558	16,468
Germany	138,439	32,448	99,805	42,144	30,414
Greece	116,718	51,098	24,807	5,064	11,000
Japan	209,002	92,515	36,515	20,041	49,380
Mexico	115,958	121,067	124,667	62,179	37,645
United Kingdom	145,100	57,307	16,705	5,245	12,016
All other sources	137,193	111,472	138,858	62,132	87,029
Nonsubject sources	901,143	512,698	460,471	215,364	243,953
Total U.S. imports	1,716,150	1,301,525	1,312,468	601,039	774,312
	Value (1,000 dollars)				
U.S. imports from.--					
Korea	711,071	602,512	596,491	271,974	387,052
Turkey	57,744	51,901	72,289	31,238	28,986
Subject sources	768,815	654,413	668,779	303,212	416,038
Canada	52,048	46,230	19,766	19,397	18,341
Germany	170,555	38,666	94,824	37,086	33,459
Greece	143,774	57,530	25,978	5,595	11,124
Japan	258,730	106,504	38,427	22,050	48,218
Mexico	130,139	118,495	118,282	57,578	37,103
United Kingdom	228,941	89,985	14,008	3,973	11,208
All other sources	122,980	94,167	105,457	47,377	63,559
Nonsubject sources	1,107,167	551,577	416,742	193,055	223,013
Total U.S. imports	1,875,982	1,205,990	1,085,521	496,267	639,051

Table continued on next page.

Table IV-2—Continued

Certain welded line pipe: U.S. imports by source, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Unit value (dollars per short ton)				
U.S. imports from.--					
Korea	950	834	771	764	770
Turkey	869	786	920	1,047	1,037
Subject sources	943	830	785	786	784
Canada	1,344	988	1,034	1,045	1,114
Germany	1,232	1,192	950	880	1,100
Greece	1,232	1,126	1,047	1,105	1,011
Japan	1,238	1,151	1,052	1,100	976
Mexico	1,122	979	949	926	986
United Kingdom	1,578	1,570	839	757	933
All other sources	896	845	759	763	730
Nonsubject sources	1,229	1,076	905	896	914
Total U.S. imports	1,093	927	827	826	825
	Share of quantity (percent)				
U.S. imports from.--					
Korea	43.6	55.5	58.9	59.2	64.9
Turkey	3.9	5.1	6.0	5.0	3.6
Subject sources	47.5	60.6	64.9	64.2	68.5
Canada	2.3	3.6	1.5	3.1	2.1
Germany	8.1	2.5	7.6	7.0	3.9
Greece	6.8	3.9	1.9	0.8	1.4
Japan	12.2	7.1	2.8	3.3	6.4
Mexico	6.8	9.3	9.5	10.3	4.9
United Kingdom	8.5	4.4	1.3	0.9	1.6
All other sources	8.0	8.6	10.6	10.3	11.2
Nonsubject sources	52.5	39.4	35.1	35.8	31.5
Total U.S. imports	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-2—Continued

Certain welded line pipe: U.S. imports by source, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Share of value (percent)				
U.S. imports from.--					
Korea	37.9	50.0	54.9	54.8	60.6
Turkey	3.1	4.3	6.7	6.3	4.5
Subject sources	41.0	54.3	61.6	61.1	65.1
Canada	2.8	3.8	1.8	3.9	2.9
Germany	9.1	3.2	8.7	7.5	5.2
Greece	7.7	4.8	2.4	1.1	1.7
Japan	13.8	8.8	3.5	4.4	7.5
Mexico	6.9	9.8	10.9	11.6	5.8
United Kingdom	12.2	7.5	1.3	0.8	1.8
All other sources	6.6	7.8	9.7	9.5	9.9
Nonsubject sources	59.0	45.7	38.4	38.9	34.9
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production (percent)				
U.S. imports from.--					
Korea	46.1	55.3	59.7	52.1	106.1
Turkey	4.1	5.0	6.1	4.4	5.9
Subject sources	50.2	60.3	65.8	56.5	112.0
Canada	2.4	3.6	1.5	2.7	3.5
Germany	8.5	2.5	7.7	6.2	6.4
Greece	7.2	3.9	1.9	0.7	2.3
Japan	12.9	7.1	2.8	2.9	10.4
Mexico	7.1	9.3	9.6	9.1	7.9
United Kingdom	8.9	4.4	1.3	0.8	2.5
All other sources	8.4	8.5	10.7	9.1	18.4
Nonsubject sources	55.5	39.2	35.5	31.6	51.5
Total U.S. imports	105.7	99.5	101.3	88.1	163.5

Note.—The average unit values for Turkey are higher in 2014, January-June 2014, and January-June 2015. ***. According to ***. The ***. ***. Other firms ***.

Note.--Two of the nonsubject countries (China and Japan) in these investigations have outstanding orders. Line pipe not more than 16 inches in outside diameter from China is subject to antidumping and countervailing duty orders (*Circular Welded Carbon Quality Steel Line Pipe From the People's Republic of China: Continuation of Antidumping and Countervailing Duty Orders*, 79 FR 28894, May 20, 2014) and line pipe greater than 16 inches in outside diameter and less than or equal to 24 inches from Japan is subject to an antidumping duty order (*Welded Large Diameter Line Pipe From Japan: Continuation of Antidumping Duty Order*, 78 FR 64477, October 29, 2013).

Source: Compiled from official Commerce statistics.

Table IV-3 presents data for U.S. imports of certain welded line pipe from Korea, Turkey, and all other sources by HTS number.⁴ Most subject imports entered under HTS statistical reporting number 7306.19.1050 which covers imports of certain welded line pipe of non-alloy steel that are more than 4 ½ inches up to 16 inches in outside diameter. A substantial portion of nonsubject imports entered under HTS statistical reporting numbers 7305.11.1030 and 7305.12.1030 which cover imports of certain welded line pipe greater than 16 inches up to 24 inches in outside diameter.⁵ Subject imports entered under HTS statistical reporting number 7306.19.1050 remained relatively constant at approximately 550,000 short tons throughout the period. Nonsubject imports entered under HTS statistical reporting numbers 7305.11.1030 and 7305.12.1030 declined sharply by 94.1 percent and 59.2 percent (by quantity), respectively from 2012 to 2014.

⁴ The first three HTS provisions in table IV-3 are larger diameter line pipe (greater than 16 inches through 24 inches in diameter), produced using the LSAW, ERW, and HSAW production methods, respectively. The fourth and fifth HTS provisions are nonalloy (carbon) steel line pipe, 4-1/2 inches or less in diameter and greater than 4-1/2 inches through 16 inches in diameter, respectively. The sixth and seventh HTS provisions are alloy (other than stainless) steel line pipe, 4-1/2 inches or less in diameter and greater than 4-1/2 inches through 16 inches in diameter, respectively.

⁵ A substantial quantity of nonsubject imports also entered under HTS statistical reporting number 7306.19.1050 (as did subject imports as discussed above). Nonsubject imports entering under this HTS number declined by 26.0 percent.

Table IV-3

Certain welded line pipe: U.S. imports by HTS number, 2012-14, January-June 2014, and January-June 2015

Item	2012	2013	2014	2014	2015
Quantity (short tons)					
HTS number 7305111030					
Korea	33,637	26,650	26,986	15,090	28,538
Turkey	0	0	2	0	128
Subtotal, Subject	33,637	26,650	26,987	15,090	28,666
Nonsubject	197,820	103,521	11,574	6,528	21,918
Total	231,456	130,171	38,561	21,618	50,584
HTS number 7305121030					
Korea	113,443	117,439	92,292	58,750	43,494
Turkey	0	0	19	0	44
Subtotal, Subject	113,443	117,439	92,311	58,750	43,538
Nonsubject	249,447	108,554	101,859	50,868	35,394
Total	362,890	225,993	194,170	109,618	78,932
HTS number 7305191030					
Korea	4,586	7,927	21,582	4,838	22,182
Turkey	0	0	0	0	0
Subtotal, Subject	4,586	7,927	21,582	4,838	22,182
Nonsubject	7,142	3,542	8,346	2,279	4,055
Total	11,728	11,469	29,928	7,117	26,237
HTS number 7306191010					
Korea	90,236	77,784	116,890	47,936	70,993
Turkey	23,638	28,719	35,425	14,699	10,470
Subtotal, Subject	113,874	106,503	152,315	62,635	81,464
Nonsubject	73,217	64,731	71,127	32,676	34,435
Total	187,091	171,234	223,442	95,311	115,898
HTS number 7306191050					
Korea	506,154	492,487	512,018	229,072	337,055
Turkey	42,834	37,306	42,847	14,954	17,026
Subtotal, Subject	548,987	529,793	554,865	244,027	354,080
Nonsubject	337,120	219,570	249,417	105,765	128,800
Total	886,107	749,363	804,282	349,792	482,881
HTS number 7306195110					
Korea	457	511	3,087	138	153
Turkey	0	0	0	0	0
Subtotal, Subject	457	511	3,087	138	153
Nonsubject	138	743	384	229	564
Total	596	1,255	3,471	367	717
HTS number 7306195150					
Korea	24	4	577	0	0
Turkey	0	0	272	195	276
Subtotal, Subject	24	4	850	195	276
Nonsubject	36,258	12,037	17,764	17,016	18,788
Total	36,281	12,041	18,614	17,211	19,064
Total					
Korea	748,536	722,802	773,432	355,824	502,414
Turkey	66,472	66,025	78,565	29,848	27,944
Subtotal, Subject	815,007	788,827	851,997	385,671	530,358
Nonsubject	901,143	512,698	460,471	215,362	243,953
Total	1,716,150	1,301,525	1,312,468	601,033	774,312

Table continued on next page.

Table IV-3—Continued

Certain welded line pipe: U.S. imports by HTS number, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
Value (\$1,000)					
HTS number 7305111030					
Korea	40,224	24,901	23,898	14,219	23,019
Turkey	0	0	2	0	128
Subtotal, Subject	40,224	24,901	23,900	14,219	23,147
Nonsubject	305,616	149,523	17,374	8,986	23,815
Total	345,840	174,424	41,274	23,206	46,962
HTS number 7305121030					
Korea	108,813	104,680	74,688	47,584	32,272
Turkey	0	0	73	0	189
Subtotal, Subject	108,813	104,680	74,760	47,584	32,461
Nonsubject	300,315	116,858	94,726	44,172	32,522
Total	409,128	221,538	169,486	91,755	64,983
HTS number 7305191030					
Korea	4,586	7,927	21,582	4,838	22,182
Turkey	0	0	0	0	0
Subtotal, Subject	4,586	7,927	21,582	4,838	22,182
Nonsubject	8,025	2,964	5,673	1,546	2,922
Total	12,611	10,891	27,255	6,384	25,103
HTS number 7306191010					
Korea	84,575	62,627	87,893	35,112	54,782
Turkey	20,577	22,249	32,739	17,478	7,820
Subtotal, Subject	105,152	84,877	120,632	52,589	62,602
Nonsubject	75,908	60,947	66,125	30,407	31,017
Total	181,059	145,824	186,757	82,996	93,620
HTS number 7306191050					
Korea	472,600	402,999	389,159	171,067	259,395
Turkey	37,167	29,652	37,551	12,403	18,643
Subtotal, Subject	509,767	432,651	426,710	183,470	278,039
Nonsubject	369,342	204,037	211,681	89,110	110,371
Total	879,109	636,688	638,391	272,580	388,410
HTS number 7306195110					
Korea	809	890	2,648	316	342
Turkey	0	0	0	0	0
Subtotal, Subject	809	890	2,648	316	342
Nonsubject	224	2,112	426	273	499
Total	1,033	3,002	3,074	589	841
HTS number 7306195150					
Korea	39	13	784	0	0
Turkey	0	0	1,919	1,357	2,173
Subtotal, Subject	39	13	2,703	1,357	2,173
Nonsubject	47,737	15,135	20,737	18,560	21,867
Total	47,776	15,148	23,440	19,918	24,039
Total					
Korea	711,645	604,037	600,651	273,135	391,992
Turkey	57,744	51,901	72,284	31,238	28,954
Subtotal, Subject	769,389	655,938	672,935	304,373	420,945
Nonsubject	1,107,167	551,577	416,742	193,055	223,013
Total	1,876,556	1,207,515	1,089,677	497,428	643,958

Table continued on next page.

Table IV-3—Continued

Certain welded line pipe: U.S. imports by HTS number, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
Unit value (\$ per short ton)					
HTS number 7305111030					
Korea	1,196	934	886	942	807
Turkey	---	---	1,000	---	1,000
Subtotal, Subject	1,196	934	886	942	807
Nonsubject	1,545	1,444	1,501	1,377	1,087
Average	1,494	1,340	1,070	1,073	928
HTS number 7305121030					
Korea	959	891	809	810	742
Turkey	---	---	3,768	---	4,257
Subtotal, Subject	959	891	810	810	746
Nonsubject	1,204	1,076	930	868	919
Average	1,127	980	873	837	823
HTS number 7305191030					
Korea	1,000	1,000	1,000	1,000	1,000
Turkey	---	---	---	---	---
Subtotal, Subject	1,000	1,000	1,000	1,000	1,000
Nonsubject	1,124	837	680	679	720
Average	1,075	950	911	897	957
HTS number 7306191010					
Korea	937	805	752	732	772
Turkey	870	775	924	1,189	747
Subtotal, Subject	923	797	792	840	768
Nonsubject	1,037	942	930	931	901
Average	968	852	836	871	808
HTS number 7306191050					
Korea	934	818	760	747	770
Turkey	868	795	876	829	1,095
Subtotal, Subject	929	817	769	752	785
Nonsubject	1,096	929	849	843	857
Average	992	850	794	779	804
HTS number 7306195110					
Korea	1,768	1,740	858	2,287	2,242
Turkey	---	---	---	---	---
Subtotal, Subject	1,768	1,740	858	2,287	2,242
Nonsubject	1,616	2,841	1,109	1,192	884
Average	1,733	2,392	886	1,603	1,173
HTS number 7306195150					
Korea	1,645	3,532	1,358	---	---
Turkey	---	---	7,043	6,968	7,877
Subtotal, Subject	1,645	3,532	3,181	6,968	7,877
Nonsubject	1,317	1,257	1,167	1,091	1,164
Average	1,317	1,258	1,259	1,157	1,261
Total					
Korea	951	836	777	768	780
Turkey	869	786	920	1,047	1,036
Subtotal, Subject	944	832	790	789	794
Nonsubject	1,229	1,076	905	896	914
Average	1,093	928	830	828	832

Source: Compiled from official Commerce statistics.

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁶ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁷ Table IV-4 presents data for imports during October 2013-September 2014 for Korea and Turkey and their individual shares of total imports. Imports from Korea accounted for 57.2 percent of total imports of certain welded line pipe and imports from Turkey accounted for 5.6 percent.

⁶ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

⁷ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Table IV-4

Certain welded line pipe: U.S. imports by source and share of imports, October 2013-September 2014

Month	Quantity (short tons)		
	Korea	Turkey	All other sources
2013 -- October	46,030	2,657	34,254
November	24,826	8,517	28,052
December	39,667	5,959	42,715
2014-- January	66,931	7	28,296
February	47,228	11,433	35,347
March	32,820	535	44,913
April	65,506	4,911	51,360
May	84,881	9,914	36,073
June	58,456	3,048	19,373
July	58,147	8,638	48,751
August	99,810	709	29,240
September	51,167	9,765	39,985
Total	675,470	66,093	438,358
	Share of quantity (percent)		
Imports from October 2013 through September 2014	57.2	5.6	37.2

Source: Compiled from official Commerce statistics.

CUMULATION CONSIDERATIONS

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

Fungibility

Table IV-5 presents data for U.S. producers' U.S. shipments and importers' imports of certain welded line pipe by size ranges. U.S. producers and importers from Korea supplied certain welded line pipe in both size ranges. Importers from Turkey did not supply any certain welded line pipe greater than 16 inches in outside diameter.

Table IV-5
Certain welded line pipe: U.S. producers' commercial U.S. shipments by size and U.S. importers' commercial U.S. shipment of imports by size, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January-June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. producers' commercial U.S. shipments.-- ≤16 inches	923,605	725,885	826,982	395,079	242,856
> 16 inches ≤ 24 inches	647,631	499,167	387,126	201,867	171,064
Total	1,571,236	1,225,052	1,214,108	596,946	413,920
U.S. importers' commercial U.S. shipment of imports from Korea.-- ≤16 inches	497,671	568,257	587,089	224,080	389,221
> 16 inches ≤ 24 inches	154,529	127,540	170,384	95,398	78,880
Total	652,200	695,797	757,473	319,478	468,101
U.S. importers' commercial U.S. shipment of imports from Turkey.-- ≤16 inches	41,426	56,390	56,520	27,033	6,323
> 16 inches ≤ 24 inches	0	0	0	0	0
Total	41,426	56,390	56,520	27,033	6,323
U.S. importers' commercial U.S. shipment of imports from all other sources.-- ≤16 inches	302,899	176,965	214,641	73,975	79,792
> 16 inches ≤ 24 inches	506,491	163,680	174,412	64,594	152,061
Total	809,390	340,645	389,053	138,569	231,853

Table continued on next page.

Table IV-5--Continued

Certain welded line pipe: U.S. producers' commercial U.S. shipments by size and U.S. importers' commercial U.S. shipment of imports by size, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January-June	
	2012	2013	2014	2014	2015
	Share of quantity (percent)				
U.S. producers' commercial U.S. shipments.-- <=16 inches	58.8	59.3	68.1	66.2	58.7
> 16 inches <= 24 inches	41.2	40.7	31.9	33.8	41.3
Total	100.0	100.0	100.0	100.0	100.0
U.S. importers' commercial U.S. shipment of imports from Korea.-- <=16 inches	76.3	81.7	77.5	70.1	83.1
> 16 inches <= 24 inches	23.7	18.3	22.5	29.9	16.9
Total	100.0	100.0	100.0	100.0	100.0
U.S. importers' commercial U.S. shipment of imports from Turkey.-- <=16 inches	100.0	100.0	100.0	100.0	100.0
> 16 inches <= 24 inches	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0
U.S. importers' commercial U.S. shipment of imports from all other sources.-- <=16 inches	37.4	51.9	55.2	53.4	34.4
> 16 inches <= 24 inches	62.6	48.1	44.8	46.6	65.6
Total	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission.

Presence in the market

Official Commerce data for U.S. imports were used to evaluate subject import presence in the market. Table IV-6 presents monthly imports from Korea and Turkey from January 2012-August 2015. Imports of certain welded line pipe from Korea were present in all 44 months during January 2012-August 2015. April 2015 represented the largest quantity of imports from Korea entered during a single month, with 137,340 short tons.

Imports of certain welded line pipe from Turkey were present in 41 months during January 2012-August 2015 (11 months during 2012, 10 months during 2013, 12 months during 2014, and eight months during January-August 2015). October 2014 represented the largest quantity of imports from Turkey entered during a single month, with 15,858 short tons.

Imports of certain welded line pipe from all other sources were present in all 44 months during January 2012-August 2015. March 2012 represented the largest quantity of imports from all other sources entered during a single month, with 130,172 short tons.

Table IV-6
Certain welded line pipe: Monthly U.S. imports, by source, 2012-14, and January-August 2015

Month	Calendar year			
	2012	2013	2014	2015
	Quantity (short tons)			
U.S. imports from Korea.--				
January	79,476	78,728	66,932	116,428
February	40,176	49,178	47,228	69,229
March	66,466	80,155	32,821	89,171
April	68,121	63,622	65,507	137,340
May	70,849	58,135	84,882	37,979
June	42,374	90,164	58,457	52,262
July	82,363	55,717	58,147	39,005
August	61,617	66,019	99,811	24,417
September	47,198	70,561	51,167	
October	83,268	46,030	82,100	
November	68,913	24,826	96,275	
December	37,716	39,667	30,104	
Total	748,536	722,802	773,432	565,832
U.S. imports from Turkey.--				
January	0	526	7	11,442
February	6,782	14,342	11,433	8,730
March	8,424	1,256	535	3,737
April	90	2,073	4,911	1,842
May	5,976	4,458	9,914	748
June	202	14,070	3,048	1,446
July	5,817	12,167	8,638	311
August	11,313	0	709	162
September	518	0	9,765	
October	15,799	2,657	15,858	
November	11,243	8,517	13,192	
December	309	5,959	555	
Total	66,472	66,025	78,565	28,418

Table continued on the next page.

Table IV-6--Continued**Certain welded line pipe: Monthly U.S. imports, by source, 2012-14, and January-July 2015**

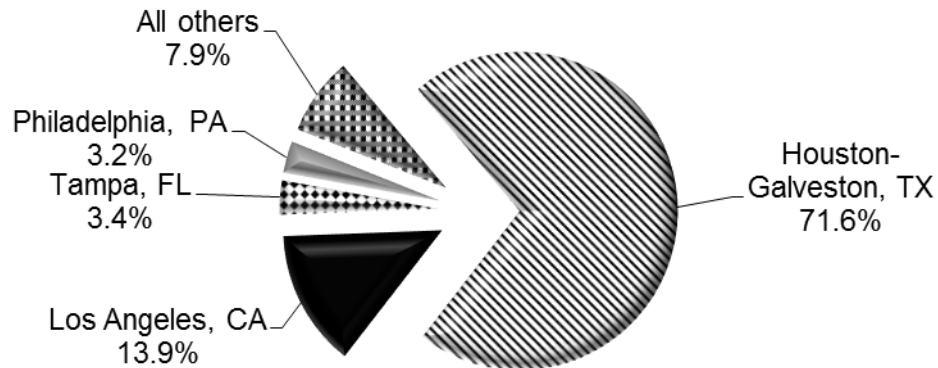
Month	Calendar year			
	2012	2013	2014	2015
	Quantity (short tons)			
U.S. imports from all other sources.--				
January	47,360	56,688	28,297	36,764
February	47,975	49,036	35,347	41,553
March	130,172	57,086	44,913	42,841
April	105,028	43,084	51,360	38,870
May	65,135	48,811	36,074	45,326
June	99,592	38,274	19,373	38,597
July	118,246	29,187	48,751	19,870
August	70,836	40,663	29,240	47,922
September	46,436	44,849	39,986	
October	62,569	34,254	52,137	
November	75,319	28,052	29,950	
December	32,475	42,715	45,043	
Total	901,143	512,698	460,471	311,743

Source: Compiled from official Commerce statistics.

Geographical markets

According to Commerce statistics, 71.6 percent of U.S. imports of certain welded line pipe from Korea entered the United States through the Houston-Galveston, Texas, customs district in 2014. The second largest point of entry for subject imports from Korea, representing 13.9 percent of imports, was the Los Angeles, California, customs district. No other customs district accounted for more than 3.4 percent of subject imports from Korea. Figure IV-1 presents data of imports of certain welded line pipe from Korea by customs districts.

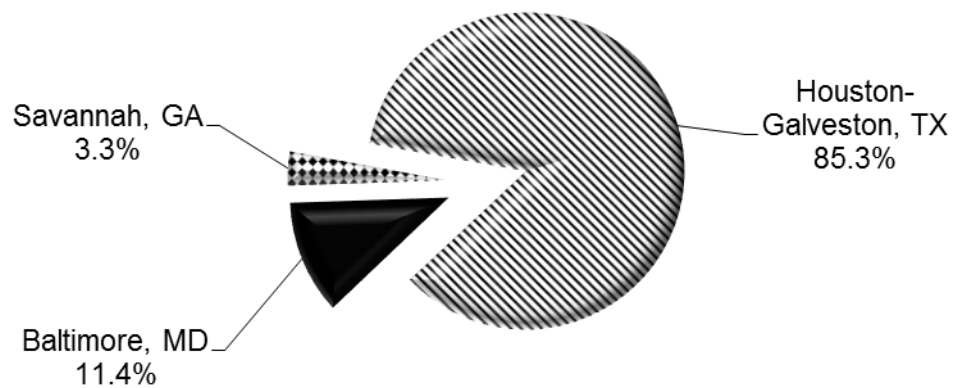
Figure IV-1
Certain welded line pipe: Customs districts for imports from Korea, 2014



Source: Compiled from official Commerce statistics.

Subject imports from Turkey were even more concentrated, with 85.3 percent entering through the Houston-Galveston, Texas, customs district in 2014. Figure IV-2 present data on imports of certain welded line pipe from Turkey by customs districts.

Figure IV-2
Certain welded line pipe: Customs districts for imports from Turkey, 2014

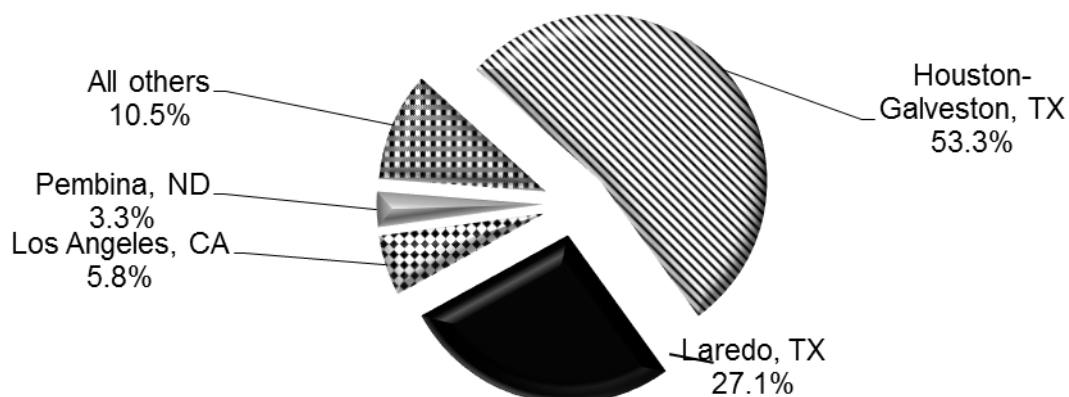


Source: Compiled from official Commerce statistics.

Entries of imports from all other sources were concentrated in two customs districts Houston-Galveston, Texas (53.3 percent) and Laredo, Texas (27.1 percent) in 2014. No other customs district accounted for more than 5.8 percent in 2014. Figure IV-3 presents data on imports of certain welded line from all other sources by customs districts.

Figure IV-3

Certain welded line pipe: Customs districts for imports from all other sources, 2014



Source: Compiled from official Commerce statistics.

APPARENT U.S. CONSUMPTION

Table IV-7 and figure IV-4 present data on apparent U.S. consumption for certain welded line pipe. From 2012 to 2014, the quantity of apparent U.S. consumption of certain welded line pipe decreased by 23.1 percent. The value of apparent U.S. consumption decreased even more than quantity, declining by 39.7 percent from 2012 to 2014. Both quantity and value of apparent U.S. consumption were lower in January-June 2015 than in January-June 2014. U.S. producers' U.S. shipments decreased from 2012 to 2014, while U.S. imports of certain welded line pipe from Korea and Turkey increased on a quantity basis. U.S. producers' U.S. shipments and U.S. imports from Turkey of certain welded line pipe were lower in January-June 2015 than in January-June 2014, while U.S. imports from Korea were higher during the same period based on quantity. Apparent U.S. consumption of certain welded line pipe exceeded U.S. production capacity in each year of the period.

Table IV-7

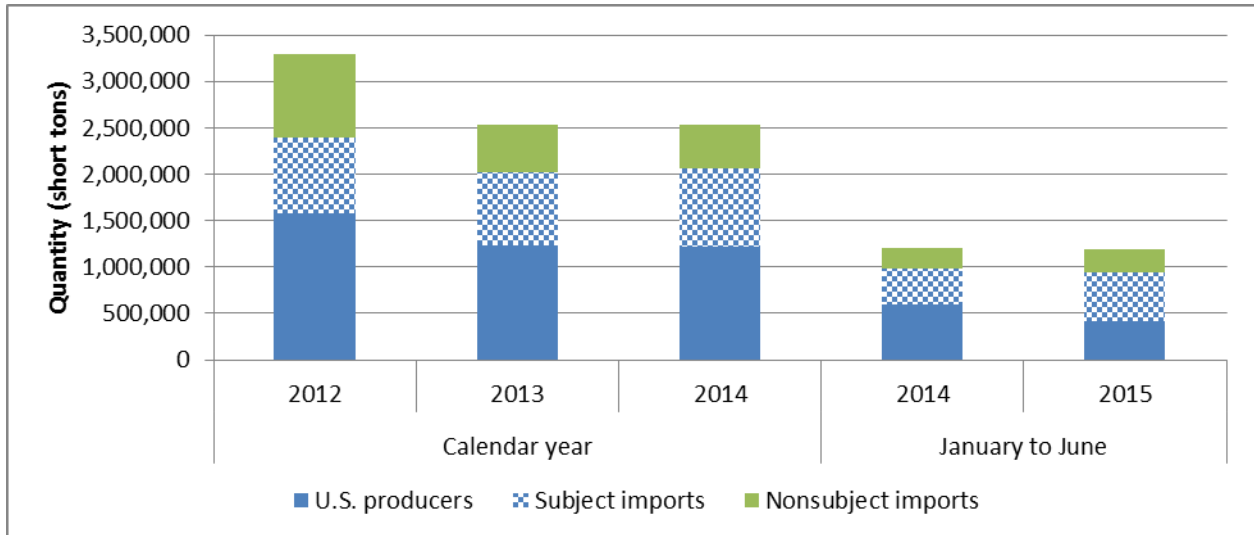
Certain welded line pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
U.S. producers' U.S. shipments	1,571,236	1,225,052	1,215,711	598,201	414,043
U.S. imports.--					
Korea	748,536	722,802	773,432	355,827	502,414
Turkey	66,472	66,025	78,565	29,848	27,944
Subject sources	815,007	788,827	851,997	385,675	530,358
Canada	38,732	46,791	19,114	18,558	16,468
Germany	138,439	32,448	99,805	42,144	30,414
Greece	116,718	51,098	24,807	5,064	11,000
Japan	209,002	92,515	36,515	20,041	49,380
Mexico	115,958	121,067	124,667	62,179	37,645
United Kingdom	145,100	57,307	16,705	5,245	12,016
All other sources	137,193	111,472	138,858	62,132	87,029
Nonsubject sources	901,143	512,698	460,471	215,364	243,953
Total U.S. imports	1,716,150	1,301,525	1,312,468	601,039	774,312
Apparent U.S. consumption	3,287,386	2,526,577	2,528,179	1,199,240	1,188,355
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	2,084,662	1,393,091	1,301,408	638,338	443,660
U.S. imports.--					
Korea	711,071	602,512	596,491	271,974	387,052
Turkey	57,744	51,901	72,289	31,238	28,986
Subject sources	768,815	654,413	668,779	303,212	416,038
Canada	52,048	46,230	19,766	19,397	18,341
Germany	170,555	38,666	94,824	37,086	33,459
Greece	143,774	57,530	25,978	5,595	11,124
Japan	258,730	106,504	38,427	22,050	48,218
Mexico	130,139	118,495	118,282	57,578	37,103
United Kingdom	228,941	89,985	14,008	3,973	11,208
All other sources	122,980	94,167	105,457	47,377	63,559
Nonsubject sources	1,107,167	551,577	416,742	193,055	223,013
Total U.S. imports	1,875,982	1,205,990	1,085,521	496,267	639,051
Apparent U.S. consumption	3,960,644	2,599,081	2,386,929	1,134,605	1,082,711

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

Figure IV-4

Certain welded line pipe: Apparent U.S. consumption, 2012-14, January-June 2014, and January-June 2015



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

U.S. MARKET SHARES

U.S. market share data are presented in table IV-8. From 2012 to 2014, U.S. producers' market share increased (0.3 percentage points based on quantity and 1.9 percentage points based on value). U.S. producers were able to maintain market share despite declining U.S. shipments and rising subject imports due to the larger decline in nonsubject imports. U.S. producers' market share was lower in January-June 2015 compared to January-June 2014 (15.0 percentage points based on quantity and 15.3 percentage points based on value). The market share held by U.S. imports from Korea has steadily increased from 2012 to 2014 (7.8 percentage points based on quantity and 7.0 percentage points based on value). Similarly, U.S. imports from Korea were higher in January-June 2015 compared to January-June 2014 (12.6 percentage points based on quantity and 11.8 percentage points based on value). The market share held by U.S. imports from Turkey also steadily increased, but to a lesser extent than Korea, from 2012 to 2014 (1.1 percentage points based on quantity and 1.6 percentage points based on value). However, market share held by U.S. imports from Turkey was lower in January-June 2015 compared to January-June 2014 (0.1 percentage points based on quantity and value). U.S. imports from nonsubject sources accounted for a declining share of apparent U.S. consumption from 2012 to 2014 (decreased by 9.2 percentage points based on quantity and 10.5 percentage points based on value). Conversely, market share held by nonsubject sources was higher in January-June 2015 compared to January-June 2014 (2.6 percentage points based on quantity and 3.6 percentage points based on value).

Table IV-8

Certain welded line pipe: U.S. consumption and market shares, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (short tons)				
Apparent U.S. consumption	3,287,386	2,526,577	2,528,179	1,199,240	1,188,355
	Share of quantity (percent)				
U.S. producers' U.S. shipments	47.8	48.5	48.1	49.9	34.8
U.S. imports.--					
Korea	22.8	28.6	30.6	29.7	42.3
Turkey	2.0	2.6	3.1	2.5	2.4
Subject sources	24.8	31.2	33.7	32.2	44.6
Canada	1.2	1.9	0.8	1.5	1.4
Germany	4.2	1.3	3.9	3.5	2.6
Greece	3.6	2.0	1.0	0.4	0.9
Japan	6.4	3.7	1.4	1.7	4.2
Mexico	3.5	4.8	4.9	5.2	3.2
United Kingdom	4.4	2.3	0.7	0.4	1.0
All other sources	4.2	4.4	5.5	5.2	7.3
Nonsubject sources	27.4	20.3	18.2	18.0	20.5
Total U.S. imports	52.2	51.5	51.9	50.1	65.2
	Quantity (short tons)				
Apparent U.S. consumption	3,960,644	2,599,081	2,386,929	1,134,605	1,082,711
	Share of value (percent)				
U.S. producers' U.S. shipments	52.6	53.6	54.5	56.3	41.0
U.S. imports.--					
Korea	18.0	23.2	25.0	24.0	35.7
Turkey	1.5	2.0	3.0	2.8	2.7
Subject sources	19.4	25.2	28.0	26.7	38.4
Canada	1.3	1.8	0.8	1.7	1.7
Germany	4.3	1.5	4.0	3.3	3.1
Greece	3.6	2.2	1.1	0.5	1.0
Japan	6.5	4.1	1.6	1.9	4.5
Mexico	3.3	4.6	5.0	5.1	3.4
United Kingdom	5.8	3.5	0.6	0.4	1.0
All other sources	3.1	3.6	4.4	4.2	5.9
Nonsubject sources	28.0	21.2	17.5	17.0	20.6
Total U.S. imports	47.4	46.4	45.5	43.7	59.0

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

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Hot-rolled steel is the primary material input for certain welded line pipe. U.S. producers' raw material costs were equivalent to 64.1 percent of U.S. producers' net sales in 2012, increased to 74.1 percent in 2014, and were 73.5 percent in January-June 2015. Between January 2012 and June 2015, prices of hot-rolled steel coil decreased by 37 percent (figure V-1). Hot-rolled coil prices declined in the first part of 2012, then fluctuated until early 2014, before declining steadily until May 2015. From May to August 2015, hot-rolled coil prices increased slightly but remained well below prices during 2012-14.

Figure V-1
Raw materials: Hot-rolled coil prices, USA Midwest, January 2012-August 2015, monthly

* * * * *

Certain welded line pipe is made to meet API-5L specifications and thus, requires specialized grades of hot-rolled steel for X grades (e.g., X-42, X-52, X-60, X-70, X-80). These specialized grades of hot-rolled steel reportedly sell at a premium to the standard grades of hot-rolled steel reported in price indices.¹ U.S. producer *** reported that it paid \$*** to \$*** extra for API-5L grade hot-rolled steel, depending on the specific grade.² U.S. producer *** reported that the added cost ranged from \$*** for grade X-42 and \$*** for grade X-70.³ Petitioners indicated that the price of line pipe is set by competitive pressures and is not necessarily reflective of changes in raw material costs.⁴ U.S. producer *** reported that another input cost, rail freight costs to transport hot-rolled coils, have increased substantially.

U.S. inland transportation costs

Ten of 12 responding U.S. producers and 7 of 17 responding importers reported that they typically arrange transportation to their customers.⁵ U.S. producers reported that their U.S. inland transportation costs ranged from 3 to 10 percent while importers reported costs of 5 to 10 percent for Korea and *** percent for Turkey.

¹ Conference transcript, p. 58 (DuBreuil). Hearing transcript, pp. 104-105 (Schagrin).

² ***.

³ Petitioner ACIPCO et al. posthearing brief, responses to Commission questions, p. 3.

⁴ Conference transcript, p. 75 (Schagrin); Petitioner ACIPCO et al. postconference brief, p. 28.

⁵ U.S. producer *** did not respond to the question.

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported using primarily transaction-by-transaction negotiations, although a few firms reported also using contracts (table V-1).

Table V-1

Certain welded line pipe: U.S. producer's and importer's reported price setting methods, by number of responding firms¹

Method	U.S. producers	U.S. importers
Transaction-by-transaction	13	22
Contract	1	3
Set price list	0	0
Other	1	0

¹ The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

U.S. producers reported selling most of their certain welded line pipe in the spot market while importers of Korean line pipe reported selling primarily under short-term contracts and importers of Turkish line pipe reported selling *** in the spot market (table V-2).

Table V-2

Certain welded line pipe: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2014

Type of sale	Share of commercial U.S. shipments (percent)		
	U.S. producers	U.S. importers	
		Korea	Turkey
Long-term contracts	0.0	0.0	***
Annual contracts	0.0	0.0	***
Short-term contracts	34.3	87.8	***
Spot sales	65.7	12.2	***

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

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

Four purchasers reported that they purchase product daily, 3 purchase weekly, 3 purchase monthly, 6 purchase quarterly, 3 purchase annually, and 6 purchase as needed. About one-third of purchasers (9 of 25) reported that their purchasing frequency had changed since 2012, with most of these reporting less frequent purchases as oil and gas demand has declined. Nine of 22 purchasers reported contacting up to 3 suppliers before making a purchase, 7 reported contacting up to 4 to 6 suppliers, and 6 reported contacting 8 to 12 suppliers.

Sales terms and discounts

U.S. producers and importers typically quote prices on an f.o.b. basis. Most U.S. producers (10 of 13) do not offer discounts. Three producers reported discounts: *** offers quantity and total volume discounts and two producers indicated other discount policies (setting prices based on offers from other suppliers and discounts on a project-by-project basis). Eight of thirteen responding producers reported sales terms of net 30 days, four reported sales terms of 2/10 net 30 days, and three reported other sales terms. Most importers reported that they did not offer discounts; *** offers a discount based on early payment, and *** offers a discount on a transaction-by-transaction basis. Most importers (13 of 14) reported sales terms of net 30 days, three reported sales terms of net 60 days, and four reported other sales terms (such as net 45 and net 90).

Price leadership

Purchasers reported that price leaders in the U.S. market were U.S. producers ACIPCO, Stupp, TMK IPSCO, and U.S. Steel, and importers Hyundai, Nexteel, SeAH, and Sumitomo. These importers source certain welded line pipe from Korea and from nonsubject countries.⁶

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following certain welded line pipe products shipped to unrelated U.S. customers from January 2012 to June 2015.

Product 1.-- API 5L Grade B/X42 welded pipe, 6-inch nominal size (6.625 inch O.D.), plain end, with a wall thickness of 0.280 inch.

Product 2.-- API 5L Grade B/X42 welded pipe, 8-inch nominal size (8.625 inch O.D.), plain end, with wall thickness of 0.322 inch.

Product 3.-- API 5L Grade B/X42 welded pipe, 12-inch nominal size (12.75 inch O.D.), plain end, with a wall thickness of 0.375 inch.

Product 4.-- API 5L Grade B/X60 welded pipe or API 5L Grade X60, 24-inch nominal size (24 inch O.D.), plain end, with a wall thickness of 0.375 inch.

⁶ ***.

Thirteen U.S. producers, 11 importers of Korean product, and 2 importers of Turkish product provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.⁷ Pricing data reported by these firms accounted for approximately 6.7 percent of U.S. producers' commercial shipments of product, 9.7 percent of U.S. commercial shipments of subject imports from Korea, and 3.1 percent of U.S. commercial shipments of subject imports from Turkey during January 2012-June 2015. U.S. producers and importers of Korean product reported price data for all four pricing products. Importers of Turkish product reported price data only for products 2 and 3.⁸

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-2 to V-5. Nonsubject country prices for Japan and Mexico are presented in Appendix E.

⁷ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

⁸ In the preliminary phase of these investigations, Turkish importer *** did not report pricing data as requested by staff; it reported importing certain *** from Turkish producer ***. Email from ***, counsel to ***, November 20, 2014. In this final phase of the investigations, counsel to *** reported that the firm imported pricing products 1 and 2, but later informed staff that although *** was the importer of record, ***. Staff requested that *** report pricing data for *** imports but did not receive a response.

Table V-3

Certain welded line pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarters, January 2012-June 2015

Period	United States		Korea		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2012:					
Jan.-Mar.	1,281	6,604	968	4,014	24.4
Apr.-Jun.	1,260	6,686	945	5,639	25.0
Jul.-Sep.	1,180	4,815	975	8,157	17.3
Oct.-Dec.	1,179	9,005	917	3,517	22.2
2013:					
Jan.-Mar.	1,042	4,141	888	4,168	14.7
Apr.-Jun.	973	7,718	853	4,583	12.3
Jul.-Sep.	1,001	5,319	820	4,291	18.1
Oct.-Dec.	955	4,878	773	1,915	19.1
2014:					
Jan.-Mar.	***	***	771	3,830	***
Apr.-Jun.	***	***	778	7,094	***
Jul.-Sep.	***	***	795	6,658	***
Oct.-Dec.	***	***	802	9,811	***
2015:					
Jan.-Mar.	***	***	808	8,556	***
Apr.-Jun.	***	***	764	4,967	***

¹ Product 1: API 5L Grade B/X42 welded pipe, 6-inch nominal size (6.625 inch O.D.), plain end, with a wall thickness of 0.280 inch.

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

Table V-4

Certain welded line pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 2¹ and margins of underselling/(overselling), by quarters, January 2012-June 2015

Period	United States		Korea			Turkey		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2012:								
Jan.-Mar.	1,316	7,713	910	4,711	30.9	***	***	***
Apr.-Jun.	1,301	11,323	924	5,220	29.0	***	***	***
Jul.-Sep.	1,248	8,217	916	5,425	26.6	***	***	***
Oct.-Dec.	1,126	3,939	920	3,652	18.3	***	***	***
2013:								
Jan.-Mar.	1,064	5,400	853	4,350	19.8	***	***	***
Apr.-Jun.	1,063	5,700	816	5,294	23.2	***	***	***
Jul.-Sep.	1,084	3,804	819	3,676	24.5	***	***	***
Oct.-Dec.	1,038	2,808	778	1,696	25.1	***	***	***
2014:								
Jan.-Mar.	1,028	3,371	780	3,951	24.1	***	***	***
Apr.-Jun.	978	3,394	777	6,950	20.6	***	***	***
Jul.-Sep.	***	***	785	6,976	***	***	***	***
Oct.-Dec.	997	3,752	805	4,056	19.2	***	***	***
2015:								
Jan.-Mar.	996	1,842	808	7,126	18.9	***	***	***
Apr.-Jun.	***	***	777	4,688	***	***	***	***

¹ Product 2: API 5L Grade B/X42 welded pipe, 8-inch nominal size (8.625 inch O.D.), plain end, with wall thickness of 0.322 inch.

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

Table V-5

Certain welded line pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3¹ and margins of underselling/(overselling), by quarters, January 2012-June 2015

Period	United States		Korea			Turkey		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2012:								
Jan.-Mar.	***	***	899	7,116	***	***	***	***
Apr.-Jun.	***	***	876	6,582	***	***	***	***
Jul.-Sep.	***	***	941	5,340	***	***	***	***
Oct.-Dec.	***	***	839	4,704	***	***	***	***
2013:								
Jan.-Mar.	***	***	877	3,472	***	***	***	***
Apr.-Jun.	***	***	839	4,661	***	***	***	***
Jul.-Sep.	***	***	781	3,961	***	***	***	***
Oct.-Dec.	***	***	803	1,254	***	***	***	***
2014:								
Jan.-Mar.	***	***	762	7,646	***	***	***	***
Apr.-Jun.	***	***	783	6,942	***	***	***	***
Jul.-Sep.	***	***	798	6,617	***	***	***	***
Oct.-Dec.	***	***	810	7,863	***	***	***	***
2015:								
Jan.-Mar.	***	***	799	5,714	***	***	***	***
Apr.-Jun.	***	***	768	4,105	***	***	***	***

¹ Product 3: API 5L Grade B/X42 welded pipe, 12-inch nominal size (12.75 inch O.D.), plain end, with a wall thickness of 0.375 inch.

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

Table V-6

Certain welded line pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2012-June 2015

* * * * *

Figure V-2

Certain welded line pipe: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2012-June 2015

* * * * *

Figure V-3

Certain welded line pipe: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2012-June 2015

* * * * *

Figure V-4

Certain welded line pipe: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2012-June 2015

* * * * *

Figure V-5

Certain welded line pipe: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2012-June 2015

* * * * *

Price trends

Prices generally decreased from 2012 through the first half of 2015. Table V-6 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases for products 1-4 ranged from *** to *** percent from the first quarter of 2012 to the second quarter of 2015. Korean import price decreases across all products ranged from 14.5 to *** percent. Due to limited data points and coverage, price trend data were unavailable for Turkey.

Table V-6

Certain welded line pipe: Summary of weighted-average f.o.b. prices for products 1-4 from the United States, Korea, and Turkey

Item	Number of quarters	Low price (per short ton)	High price (per short ton)	Change in price ¹ (percent)
Product 1:				
United States	14	***	1,281	***
Korea	14	764	975	(21.1)
Turkey	0	--	--	--
Product 2:				
United States	14	***	1,316	***
Korea	14	777	924	(14.6)
Turkey	7	***	***	--
Product 3:				
United States	14	***	***	***
Korea	14	762	941	(14.5)
Turkey	3	***	***	--
Product 4:				
United States	13	***	***	***
Korea	14	***	***	***
Turkey	0	--	--	--

¹ Percentage change from the first quarter in which data were available to the last quarter in which price data were available, based on rounded data.

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

Price comparisons

As shown in table V-7, prices for certain welded line pipe imported from Korea were below those for U.S.-produced product in all 55 instances; margins of underselling ranged from 10.3 to 37.3 percent. Prices for certain welded line pipe imported from Turkey were below those for U.S.-produced product in 8 of 10 instances; margins of underselling ranged from *** to *** percent.

Table V-7

Certain welded line pipe: Instances of underselling/overselling and the range and average of margins, by product, January 2012-June 2015

Source	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Korea	55	246,373	23.1	10.3	37.3
Turkey	8	***	16.4	***	***
Total	63	***	22.3	***	37.3
Source	(Overselling)				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Korea	0	0	---	---	---
Turkey	2	***	(7.4)	***	***
Total	2	***	(7.4)	***	***

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

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

LOST SALES AND LOST REVENUE

The Commission requested U.S. producers of certain welded line pipe to report any instances of lost sales or revenue they experienced due to competition from imports of certain welded line pipe from Korea or Turkey since January 1, 2011. All 13 responding U.S. producers reported that they had to either reduce prices or roll back announced price increases and that they had lost sales. Four producers provided 63 lost sales allegations which totaled \$278.9 million and involved 241,229 short tons of certain welded line pipe and one lost revenue allegation that totaled \$*** and involved *** short tons. Staff contacted 27 purchasers and a summary of the information obtained follows (tables V-8 and V-9).⁹ Purchasers agreed with 11 of the 63 lost sales allegations and *** lost revenue allegation. *** allegations involved Turkey;

⁹ In the final phase of these investigations, staff sent purchaser surveys for all new allegations as well as the allegations from the preliminary phase for which there was no response. Only two purchasers, **, responded to the survey in the final phase.

*** of these allegations were confirmed by purchasers. Of the *** allegations involving Korea, *** were confirmed by purchasers.

Purchasers responding to the lost sales allegations also were asked whether they shifted their purchases of certain welded line pipe from U.S. producers to suppliers from Korea or Turkey since 2011 (table V-10). In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of certain welded line pipe from Korea or Turkey. Four of the eleven responding purchasers reported that they had shifted purchases of certain welded line pipe from U.S. producers to subject imports; all four indicated that price was the reason for the shift. The same four purchasers reported that U.S. producers had reduced their prices in order to compete with the prices of subject imports.

Table V-8
Certain welded line pipe: U.S. producers' lost sales allegations

* * * * *

Table V-9
Certain welded line pipe: U.S. producers' lost revenue allegations

* * * * *

Table V-10
Certain welded line pipe: Purchasers' responses regarding shifting supply and price reductions

* * * * *

*** stated that “the primary reason for the rejection of the domestic offering was due to manufacturing process. We were offered two domestic offerings ***. Our Engineering rejected both processes for this project.” *** stated that “The line pipe sale was awarded to a distributor, *** and they quoted line pipe manufactured by ***. We did not go to any mills for quotes. Only distribution.”

*** stated that “we have a purchase activity during that period but bids were received from pipe distributors and I do not have any idea what mark-ups the distributors applied to quotes that they received from their perspective mills. Distributors could apply markups as high as 25%. Our purchase requirement involved pipe coating which could have impacted logistics costs on the overall pipe order.”

*** responded “No answer/don’t know” to the survey. However, a representative from *** stated that “the quantity says *** tons but only *** tons were from Korea” in a telephone interview with staff. In its purchaser questionnaire response, *** reported that it had decreased its purchases of U.S. product and increased its purchases of imports from *** because of a ***. Its purchases of U.S. produced product fell from *** short tons in 2012 to *** short tons in 2014, its purchases of Korean line pipe fell from *** short tons in 2012 to *** short tons in 2014, and its total purchases of line pipe fell from *** short tons in 2012 to *** short tons in 2014. ***.

*** responded “No answer/don’t know” to the majority of the survey. For two allegations, it responded, ***.

In the preliminary phase of the investigations, *** stated that U.S. producers “often reduce prices by *** percent.” Another *** representative stated that “U.S. producers reduced their prices often, sometimes by as much as *** %.” In the final phase of the investigations, *** responded to the survey that it did not switch purchases to subject imports and that U.S. producers did not reduce prices. *** reported in its purchaser questionnaire response that its purchases of domestic product decreased from *** short tons in 2012 to *** short tons in 2013 and then increased to *** short tons in 2014. Its purchases of Korean product increased greatly from 2012 to 2013, from *** short tons to *** short tons, and then increased to *** short tons in 2014. Its purchases from nonsubject countries also increased substantially from 2012 to 2013, from *** short tons to *** short tons, and then remained at nearly the same level in 2014.

*** did not respond to the lost sales allegation, however, in its purchaser questionnaire response, it reported purchasing certain welded line pipe produced in the United States and in ***, but no purchases of certain welded line pipe from subject countries.

An *** representative stated that “U.S. producers have been constantly chasing the Korean numbers that have ranged *** NT lower than domestics.” Another stated that “The pricing difference between Korean and domestic is \$***/NT depending on market conditions. The domestic mills haven't ever been able to match any Korean pricing.” In its purchaser questionnaire response, *** reported that its purchases from domestic producers decreased from *** short tons in 2012 to *** in 2014 and that its purchases of Korean product increased from *** short tons in 2012 to *** in 2014. It purchased a small amount of Turkish product, *** short tons, but reported that Turkish product is only sometimes accepted by end users. It also purchased product from nonsubject countries.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Thirteen U.S. producers (ACIPCO, Berg, Boomerang, CSI, EnergeX, Maverick, Northwest Pipe, Paragon, Stupp, Tex-Tube, TMK IPSCO, U.S. Steel, and Welspun) provided financial data on their operations on certain welded line pipe. These data are believed to account for nearly all U.S. production of certain welded line pipe in 2014. Only *** reported sales other than commercial sales. ***'s transfers to related firms *** accounted for less than *** percent of total net sales between January 2012 and June 2015, and are included but not shown separately in this section of the report. EnergeX and Welspun reported fiscal year ends of September 30 and March 31, respectively.¹ All other firms reported a fiscal year end of December 31.

As previously discussed in this report, some firms have made substantial capital investments related to the production of certain welded line pipe since 2012, including the new ERW pipe mill and onset of production by Welspun in 2013 and the new ERW pipe mill completed by CSI in October 2014. In addition, some firms reduced line pipe production; *** ceased production of line pipe in ***² and U.S. Steel indefinitely idled its McKeesport facility in August 2014.³

OPERATIONS ON CERTAIN WELDED LINE PIPE

Income-and-loss data for U.S. producers of certain welded line pipe are presented in table VI-1, while selected financial data, by firm, are presented in table VI-2. The reported profitability of the U.S. industry declined from 2012 to 2014. The reported aggregate net sales quantity declined by 19.7 percent from 2012 to 2014, while the aggregate net sales value declined by 35.0 percent during this time. Collectively, the aggregate cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses declined by 24.5 percent during this period. As a result of the larger decline in revenue as compared to operating costs and expenses, aggregate gross profit, operating income, and net income declined from 2012 to 2014. In 2014, operating income was essentially at the break even point, and a net loss occurred for the industry as a whole.

¹ EnergeX's data for fiscal year ("FY") 2014 reflect the 12 months ended September 30, 2014, and Welspun's data for FY 2014 reflect the 12 months ended March 31, 2015.

² ***. Email from ***, September 16, 2015.

³ See, e.g., hearing transcript, pp. 41-42 (Hart).

Table VI-1

Certain welded line pipe: Results of operations of U.S. producers, 2012-14, January-June 2014, and January-June 2015

Item	Fiscal year			January-June	
	2012	2013	2014	2014	2015
Quantity (short tons)					
Total net sales	1,610,012	1,308,425	1,293,531	633,851	423,930
Value (\$1,000)					
Total net sales	2,128,943	1,475,287	1,382,851	674,184	453,930
Cost of goods sold	1,736,440	1,353,421	1,294,717	637,095	427,954
Gross profit or (loss)	392,503	121,866	88,134	37,089	25,976
SG&A expense	93,547	95,811	87,817	42,273	40,419
Operating income or (loss)	298,956	26,055	317	(5,184)	(14,443)
Other income or (expense), net	(21,640)	(17,782)	(15,042)	(8,932)	(5,954)
Net income or (loss)	277,316	8,273	(14,725)	(14,116)	(20,397)
Depreciation	31,390	33,249	39,710	19,438	19,867
Cash flow	308,706	41,522	24,985	5,322	(530)
Ratio to net sales (percent)					
Cost of goods sold.--					
Raw materials	64.1	70.4	74.4	75.0	73.1
Direct labor	4.4	5.4	5.4	6.2	6.2
Other factory costs	13.0	15.9	13.9	13.3	15.0
Average COGS	81.6	91.7	93.6	94.5	94.3
Gross profit or (loss)	18.4	8.3	6.4	5.5	5.7
SG&A expense	4.4	6.5	6.4	6.3	8.9
Operating income or (loss)	14.0	1.8	0.02	(0.8)	(3.2)
Net income or (loss)	13.0	0.6	(1.1)	(2.1)	(4.5)
Unit value (dollars per short ton)					
Total net sales	1,322	1,128	1,069	1,064	1,071
Cost of goods sold.--					
Raw materials	848	794	795	798	783
Direct labor	58	61	58	66	66
Other factory costs	172	179	148	142	161
Average COGS	1,079	1,034	1,001	1,005	1,009
Gross profit or (loss)	244	93	68	59	61
SG&A expense	58	73	68	67	95
Operating income or (loss)	186	20	0.2	(8)	(34)
Net income or (loss)	172	6	(11)	(22)	(48)
Number of firms reporting					
Operating losses	0	6	7	6	7
Net losses	4	7	8	9	8
Data	12	13	13	13	12

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

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

* * * * *

Net sales and profitability were also lower in January-June 2015 as compared to January-June 2014. The reported aggregate net sales quantity and value were lower by 33.1 and 32.7 percent, respectively. Operating costs and expenses were 31.1 percent lower in interim 2015 as compared to interim 2014. As a result of the larger decline in revenue as compared to operating costs and expenses, aggregate gross profit, operating income, and net income were lower. Operating and net losses occurred in both interim periods.⁴

Per short ton revenue declined from 2012 to 2014, and was higher in interim 2015 as compared to interim 2014. On a per short ton basis, raw material costs decreased from 2012-14, and were also lower in interim 2015 as compared to interim 2014. Direct labor costs were fairly consistent from 2012 to 2014, as well as between the comparable interim periods. Other factory costs irregularly decreased from 2012 to 2014, and were higher in interim 2015 as compared to interim 2014. In combination, per short ton COGS declined from 2012 to 2014, and was higher in interim 2015 as compared to interim 2014. SG&A expenses irregularly increased from 2012 to 2014, and were higher in interim 2015 as compared to interim 2014.⁵

The aforementioned trends in per short ton revenue and costs resulted in declines in gross profit, operating income, and net income during the period for which data were requested; however, per short ton gross profit was slightly higher in interim 2015 than in interim 2014.

As a ratio to net sales, COGS and SG&A expense generally increased, while gross profit, operating income, and net income were lower; however, gross profit as a ratio to net sales slightly improved in interim 2015 as compared to interim 2014.

Raw material costs accounted for an average 78.2 percent of total COGS for the reporting period, and had a notable impact on the trends in COGS during this time. In this final phase of the investigations, U.S. producers were asked to describe the key factors affecting reported raw material costs for hot-rolled steel. Their responses are presented in Appendix F, and generally reflect cost elements such as surcharges for higher grades of steel, freight, and yield loss.^{6 7} At the hearing and in their posthearing briefs, the domestic industry focused on

⁴ Gross profit reflects revenue minus COGS, and is not impacted by SG&A expenses. Operating income reflects gross profit minus SG&A expenses. Net income reflects operating income minus “other income and expenses.” Other income and expenses, which consisted primarily of interest expense, declined by 30.5 percent from 2012 to 2014, and were 33.3 percent lower in January-June 2015 as compared to January-June 2014. Other income and expenses accounted for an average of 1.2 percent of all reported costs during January 2012 to June 2015.

⁵ In general, lower reported net sales volumes are a notable factor in the higher level of per short ton SG&A expenses in interim 2015 as compared to interim 2014. In addition, ***.

⁶ ***.

product mix changes which required X-70 grade steel versus X-42 grade steel as the primary reason for the apparent anomalous trends in reported per short ton raw material costs, as well as the lag between purchases of hot-rolled coil and the production/shipment of line pipe to customers.^{8 9 10}

Certain U.S. producers reported relatively greater profitability as compared to the average results for all firms, including ***. According to ***.¹¹ According to ***.¹² According to ***.^{13 14}

While the U.S. industry overall reported a decline in profitability, *** reported operating losses during the period were *** than other reporting firms. According to ***.^{15 16} According to ***.^{17 18 19}

(...continued)

⁷ ***. Northwest Pipe's most recent 10-K and 10-Q filings reveal that the firm's Tubular Products Group reported operating income margins of 10 percent (2012), 9 percent (2013), negative 10 percent (2014), 2 percent (January-June 2014) and negative 20 percent (January-June 2015). Northwest Pipe's 2014 Form 10-K, p. F-33 and June 30, 2015 Form 10-Q, p. 11. ***.

⁸ Hearing transcript, pp. 97-98 and pp. 104-105 (Schagrin); posthearing brief of Petitioners, Responses to Commission Questions, pp. 2-4; posthearing brief of Maverick, Exhibit 1, p. 21.

⁹ During these investigations, respondents have argued that U.S. producers' per-unit raw material costs are incongruous with publicly available price data for hot-rolled coil. Postconference brief of Korean producers, pp. 23-29, and prehearing brief of Turkish respondents, pp. 33-34.

¹⁰ ***.

¹¹ Emails from ***, November 3, 2014, and November 4, 2014.

¹² Email from ***, November 4, 2014. In its U.S. producer questionnaire response, ***. Email from ***, August 19, 2015.

¹³ Email from ***, August 19, 2015.

¹⁴ ***.

¹⁵ Emails from ***, November 4, 2014, and November 13, 2014. ***. Email from ***, August 28, 2015.

¹⁶ ***. Postconference brief of U.S. Steel, pp. 2-3. ***. Posthearing brief of U.S. Steel, pp. 4-6.

¹⁷ Emails from ***, November 14, 2014 and September 3, 2015.

¹⁸ ***. In July 2015, Northwest Pipe announced that it is in the process of exploring the sale of the Tubular Products Group in order to focus its efforts on the Water Transmission business. Northwest Pipe's June 30, 2015 Form 10-Q, p. 18.

¹⁹ The decline in profitability observed in the reported data is impacted by ***.

Variance analysis

The variance analysis presented in table VI-3 is based on the data in table VI-1.²⁰ The analysis shows that the decline in operating income from 2012 to 2014 is attributable to higher unfavorable price and volume variances despite a favorable net cost/expense variance (that is, prices and volume declined more than costs and expenses). The decline in operating income in January-June 2015 as compared to January-June 2014 is primarily attributable to a higher unfavorable net cost/expense variance despite a favorable price variance (that is, costs and expenses increased more than prices).

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

Item	Fiscal year			January-June
	2012-14	2012-13	2013-14	2014-15
Value (\$1,000)				
Total net sales:				
Price variance	(327,604)	(254,863)	(75,643)	3,025
Volume variance	(418,488)	(398,793)	(16,793)	(223,279)
Total net sales variance	(746,092)	(653,656)	(92,436)	(220,254)
Cost of sales:				
Cost variance	100,390	57,750	43,298	(1,854)
Volume variance	341,333	325,269	15,406	210,995
Total cost variance	441,723	383,019	58,704	209,141
Gross profit variance	(304,369)	(270,637)	(33,732)	(11,113)
SG&A expenses:				
Expense variance	(12,659)	(19,787)	6,903	(12,146)
Volume variance	18,389	17,523	1,091	14,000
Total SG&A variance	5,730	(2,264)	7,994	1,854
Operating income variance	(298,639)	(272,901)	(25,738)	(9,259)
Summarized as:				
Price variance	(327,604)	(254,863)	(75,643)	3,025
Net cost/expense variance	87,731	37,962	50,201	(14,000)
Net volume variance	(58,766)	(56,000)	(297)	1,717

Note.--Unfavorable variances are shown in parenthesis; all others are favorable.

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

²⁰ The Commission's variance analysis is calculated in three parts: sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances.

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

The responding firms' aggregate data on capital expenditures, research and development ("R&D") expenses, total assets, and return on assets ("ROA") are shown in table VI-4. Twelve firms reported capital expenditure data, and three firms reported research and development ("R&D") expenses. Aggregate capital expenditures declined from 2012 to 2014, with the majority of reported capital expenditures reflecting ***. Capital expenditures notably increased in January-June 2015 as compared to January-June 2014 due primarily to ***. The total assets utilized in the production, warehousing, and sale of certain welded line pipe decreased from \$1.9 billion in 2012 to \$1.5 billion in 2014, and the ROA declined from 15.5 percent in 2012 to 0.02 percent in 2014.²¹

Table VI-4

Certain welded line pipe: Capital expenditures, R&D expenses, total assets, and return on assets of U.S. producers, 2012-14, January-June 2014, and January-June 2015

Item	Fiscal year			January-June	
	2012	2013	2014	2014	2015
Value (\$1,000)					
Capital expenditures	***	***	***	***	***
R&D expenses	***	***	***	***	***
Total assets	1,923,733	1,727,109	1,523,847		
Percent					
ROA	15.5	1.5	0.02		

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

Capital and investment

The Commission requested U.S. producers of certain welded line pipe to describe any negative effects of imports of certain welded line pipe from the subject countries on their firms' return on investment or the scale of capital investments, as well as any negative effects on their firms' growth, ability to raise capital, or existing development and production efforts. A summary of U.S. producers' responses are shown in table VI-5. Firm-specific responses are provided in Appendix G.

²¹ The return on assets is calculated as operating income divided by total assets. With respect to a firm's overall operations, the total asset value reflects an aggregation of a number of assets which are generally not product specific. Thus, high-level allocations were generally required in order to report a total asset value for certain welded line pipe.

Table VI-5
Certain welded line pipe: Negative effects of imports as reported by U.S. producers, by factor

Factor	Firms reporting (number)
Actual negative effects of imports --	
Investment:	13
Cancellation, postponement, or rejection of expansion projects	4
Denial or rejection of investment proposal	1
Reduction in the size of capital investments	4
Return on specific investments negatively impacted	3
Other	6
Growth and development:	
Rejection of bank loans	0
Lowering of credit rating	1
Problem related to the issue of stocks or bonds	1
Ability to service debt	2
Other	8
Anticipated negative effects of imports:	13

Note—All firms reported that there were actual investment effects, and all firms *** reported actual effects on growth and development. All firms reported anticipated negative effects, and all firms *** reported that their responses to all factors did not differ by country.

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

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
- (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
- (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
- (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*

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

- (V) inventories of the subject merchandise,*
- (VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,*
- (VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),*
- (VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and*
- (IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²*

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

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

THE INDUSTRY IN KOREA

The petition in these investigations identified 13 producers and/or exporters of certain welded line pipe in Korea. The Commission issued foreign producers' or exporters' questionnaires to these firms and received a completed response from six producers: Dongbu, Husteel, Hyundai Steel, Nexteel, SeAH, and Steel Flower. A comparison of the responding firms' export data to official Commerce import statistics shows that in 2014 reported exports to the United States were equivalent to *** percent of U.S. imports from Korea.³ Table VII-1 presents data on Korean producers' production, share of production, exports to the United States, share of exports to the United States, total shipments, and share of total shipments exported to the United States. The leading Korean producer is SeAH followed by Hyundai Steel. For *** responding Korean producers except for ***, exports to the United States account for the majority of total shipments of certain welded line pipe.

Table VII-1
Certain welded line pipe: Summary data on firms in Korea, 2014

* * * * *

Table VII-2 presents information on Korean producers' changes in operation.

Table VII-2
Certain welded line pipe: Korean producers' reported changes in operation, since 2012

* * * * *

Overall capacity and production of welded tubular products

Table VII-3 presents information on the total welded tubular capacity and production of the six responding producers in Korea.

³ ***'s exports to the United States increased by *** percent from 2013 to 2014. The timing of these shipments contributed to the difference in import and export volumes in 2014.

Table VII-3
Certain welded line pipe: Overall Korean welded pipe capacity, production, and capacity utilization, by production process, 2012-14, January-June 2014, and January-June 2015

* * * * *

Operations on certain welded line pipe

Table VII-4 presents information on the certain welded line pipe operations of the six responding producers and exporters in Korea. Reported capacity increased from 2012 to 2014. Capacity is expected to decrease in 2015. The expected decrease is being driven by ***.^{4 5} Production increased by 27.6 percent from 2012 to 2014 but was 16.1 percent lower in January-June 2015 than in January-June 2014. Production is projected to decrease by 36.2 percent from 2014 to 2015. Capacity utilization decreased from 84.3 percent in 2012 to 81.5 percent in 2013 but increased to 88.8 percent in 2014.⁶ Capacity utilization was lower in January-June 2014 (78.8 percent) and even lower in January-June 2015 (71.6 percent). Exports to the United States increased from 2012 to 2014 by *** percent. Projected 2015 export shipments are expected to be *** short tons. The additional exports (***) in the second half of 2015 have been reported by ***.

⁴ Staff requested an explanation for the decrease. The only firm to respond to the request was *** which reported ***.

⁵ SeAH announced it started an additional production line at its Gunsan facility. The Gunsan facility produces all types of pipes, including API line pipe. The additional capacity added is equal to 275,000 short tons per year. *Preston Pipe & Tube Report*, "International Mill Activity," March 2015, 33(3), p. 32.

⁶ Husteel reported ***.

Table VII-4

Certain welded line pipe: Korean operations for certain welded line pipe, 2012-14, January-June 2014, January-June 2015, and projected 2015 and 2016

Item	Actual experience					Projections	
	Calendar year			January to June		Calendar year	
	2012	2013	2014	2014	2015	2015	2016
	Quantity (short tons)						
Capacity	1,022,804	1,029,422	1,239,986	591,493	546,496	1,092,992	1,094,992
Production	862,609	839,272	1,100,861	465,968	391,037	702,798	732,798
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	61,365	48,637	79,329	38,716	25,234	49,063	47,753
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	795,928	781,855	1,007,069	419,948	401,607	672,873	676,564
Total shipments	857,293	830,492	1,086,398	458,664	426,841	721,936	724,317
	Ratios and shares (percent)						
Capacity utilization	84.3	81.5	88.8	78.8	71.6	64.3	66.9
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	7.2	5.9	7.3	8.4	5.9	6.8	6.6
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	92.8	94.1	92.7	91.6	94.1	93.2	93.4
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Table VII-5 presents information on Korean exports of both small and large diameter line pipe (broader than the subject product) by destination market. Korea's leading export market is the United States which ranged from 61.0 percent to 70.1 percent of line pipe exports from 2012 to 2014.

Table VII-5

Certain welded line pipe: Korean exports of line pipe, by destination market, 2012-14

Item	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
Exports to the United States	739,503	755,993	955,158
Exports to top destinations.-- UAE	51,682	62,037	60,962
Indonesia	26,679	23,526	40,250
Vietnam	17,002	9,378	33,712
Australia	43,183	17,836	33,540
Thailand	21,110	28,333	31,529
Singapore	24,237	27,914	31,049
Canada	23,787	31,149	29,567
China	1,385	3,459	19,138
All other destinations	264,463	140,880	128,472
Overall Korean exports	1,213,030	1,100,506	1,363,376
	Value (\$1,000)		
Exports to the United States	628,602	576,275	686,777
Exports to top destinations.-- UAE	78,853	71,107	58,450
Indonesia	34,158	22,744	34,738
Vietnam	16,343	7,176	32,345
Australia	51,591	16,118	28,180
Thailand	20,707	21,721	26,640
Singapore	25,059	24,420	22,614
Canada	22,324	25,971	23,957
China	2,578	3,824	18,589
All other destinations	316,750	156,011	133,134
Overall Korean exports	1,196,965	925,367	1,065,423

Table continued on next page.

Table VII-5--Continued**Certain welded line pipe: Korean exports of line pipe, by destination market, 2012-14**

Item	Calendar year		
	2012	2013	2014
	Unit value (dollars per short ton)		
Exports to the United States	850	762	719
Exports to top destinations.-- UAE	1,526	1,146	959
Indonesia	1,280	967	863
Vietnam	961	765	959
Australia	1,195	904	840
Thailand	981	767	845
Singapore	1,034	875	728
Canada	938	834	810
China	1,862	1,105	971
All other destinations	1,198	1,107	1,036
Overall Korean exports	987	841	781
	Share of quantity (percent)		
Exports to the United States	61.0	68.7	70.1
Exports to top destinations.-- UAE	4.3	5.6	4.5
Indonesia	2.2	2.1	3.0
Vietnam	1.4	0.9	2.5
Australia	3.6	1.6	2.5
Thailand	1.7	2.6	2.3
Singapore	2.0	2.5	2.3
Canada	2.0	2.8	2.2
China	0.1	0.3	1.4
All other destinations	21.8	12.8	9.4
Overall Korean exports	100.0	100.0	100.0

Note.--Data include both large and small diameter line pipe and therefore these data measure a basket of merchandise that is broader than the merchandise actually subject to these proceedings.

Source: Official Korean export statistics under HS subheadings 7305.11, 7305.12, 7305.19 and 7306.19 as reported by Korea Customs and Trade Development Institution in the GTIS/GTA database, accessed July 27, 2015.

THE INDUSTRY IN TURKEY

The petition in these investigations identified 13 potential producers and/or exporters of certain welded line pipe in Turkey. The Commission issued foreign producers'/exporters' questionnaires to these firms and received a completed response from four producers: Borusan, Cayirova Boru Sanayi, Toscelik, and Umran. A comparison of the responding firms'

export data to official Commerce import statistics shows that in 2014 reported exports to the United States were equivalent to *** percent of U.S. imports from Turkey.⁷ Table VII-6 presents data on Turkish producers' production, share of production, exports to the United States, share of exports to the United States, total shipments, and share of total shipments exported to the United States. The leading Turkish producers are Borusan, Toscelik, and Umran. *** but *** export less than a quarter of their certain welded line pipe shipments to the United States.

Table VII-6
Certain welded line pipe: Summary data on firms in Turkey, 2014

* * * * *

Table VII-7 presents information on responding Turkish producers' changes in operations.

Table VII-7
Certain welded line pipe: Turkish producers reported changes in operations, since 2012

* * * * *

Overall capacity and production of welded tubular products

Table VII-8 presents information on the total welded tubular capacity and production of the four responding producers in Turkey.

Table VII-8
Certain welded line pipe: Overall Turkish welded pipe capacity, production, and capacity utilization, by production process, 2012-14, January-June 2014, and January-June 2015

* * * * *

⁷ Counsel for Respondent Turkish Exporters characterized questionnaire responses as accounting for the vast majority of the Turkish industry. Conference transcript, p. 128 (Nolan).

Operations on certain welded line pipe

Table VII-9 presents information on the certain welded line pipe operations of the four responding producers and exporters in Turkey. Reported capacity increased steadily during 2012-14, resulting in an overall increase of 5.9 percent from 2012 to 2014. Capacity is projected to be 0.4 percent lower in 2015 compared to 2014, and to remain unchanged from 2015 to 2016.⁸ Production decreased by 14.4 percent from 2012 to 2013 but increased by 9.9 percent from 2013 to 2014, resulting in an overall decrease of 6.0 percent from 2012 to 2014. Production was 13.2 percent lower in January-June 2015 than in January-June 2014. Production is projected to be 6.1 percent lower in 2015 compared to 2014, and is projected to be 6.2 percent lower in 2016 compared to 2014. Capacity utilization decreased by 4.4 percentage points from 2012 to 2014 (from 39.3 percent to 34.9 percent). Capacity utilization is projected to decrease further in 2015 and 2016, reaching 32.9 percent.⁹

⁸ Erbosan Erciyas Boru (“Erbosan”) announced it had upgraded its pipe production line and restarted operations. Erbosan did not submit a questionnaire response. Its announcement did not state whether the upgrade included increased capacity. *Preston Pipe & Tube Report*, “International Mill Activity,” August 2015, 33(8), p. 31.

⁹ The low capacity utilization rates reflect in large part ***’s allocated capacity of *** short tons annually, which resulted in utilization rates ranging from *** percent from 2012-14, January-June 2014, and January-June 2015. Capacity utilization rates for the same period excluding *** range from ***. Projected capacity utilization rates excluding *** are expected to remain at approximately *** percent.

Table VII-9
Certain welded line pipe: Turkish operations for certain welded line pipe, 2012-14, January-June 2014, January-June 2015, and projected 2015 and 2016

Item	Actual experience					Projections	
	Calendar year			January to June		Calendar year	
	2012	2013	2014	2014	2015	2015	2016
	Quantity (short tons)						
Capacity	550,986	565,065	583,526	293,274	276,200	581,000	581,000
Production	216,668	185,378	203,653	85,828	74,495	191,250	191,000
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	79,053	86,607	95,383	50,635	41,357	74,503	84,500
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	126,806	105,367	115,824	50,074	33,656	122,524	123,300
Total shipments	205,859	191,974	211,207	100,709	75,013	197,027	207,800
	Ratios and shares (percent)						
Capacity utilization	39.3	32.8	34.9	29.3	27.0	32.9	32.9
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	38.4	45.1	45.2	50.3	55.1	37.8	40.7
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	61.6	54.9	54.8	49.7	44.9	62.2	59.3
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Table VII-10 presents information on Turkish exports of both small and large diameter line pipe (broader than the subject product) by destination market. Turkey's leading export market was Algeria in 2012 and 2013, but in 2014 its leading export market was the United States.

Table VII-10

Certain welded line pipe: Turkish exports of line pipe, by destination market, 2012-14

Item	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
Exports to the United States	16,832	33,634	69,396
Exports to top destinations.--			
Algeria	172,654	194,313	53,822
Israel	7,306	10,934	41,325
Sweden	0	5,330	21,402
Lithuania	10,154	0	22,400
Iraq	78,693	72,980	17,772
South Africa	0	4,606	9,778
Nigeria	0	604	9,376
Georgia	15,130	10,980	10,598
All other destinations	259,580	191,156	108,765
Overall Turkish exports	560,350	524,537	364,635
	Value (\$1,000)		
Exports to the United States	16,708	28,679	57,060
Exports to top destinations.--			
Algeria	153,796	167,117	44,951
Israel	6,469	10,138	37,547
Sweden	0	4,589	17,964
Lithuania	9,168	0	16,941
Iraq	76,646	66,366	15,584
South Africa	0	6,644	9,789
Nigeria	0	420	8,705
Georgia	15,886	9,368	8,544
All other destinations	246,214	180,463	95,446
Overall Turkish exports	524,888	473,784	312,530

Table continued on next page.

Table VII-10—Continued

Certain welded line pipe: Turkish exports of line pipe, by destination market, 2012-14

Item	Calendar year		
	2012	2013	2014
	Unit value (dollars per short ton)		
Exports to the United States	993	853	822
Exports to top destinations.--			
Algeria	891	860	835
Israel	885	927	909
Sweden	---	861	839
Lithuania	903	---	756
Iraq	974	909	877
South Africa	---	1,442	1,001
Nigeria	---	696	928
Georgia	1,050	853	806
All other destinations	949	944	878
Overall Turkish exports	937	903	857
	Share of quantity (percent)		
Exports to the United States	3.0	6.4	19.0
Exports to top destinations.--			
Algeria	30.8	37.0	14.8
Israel	1.3	2.1	11.3
Sweden	0.0	1.0	5.9
Lithuania	1.8	0.0	6.1
Iraq	14.0	13.9	4.9
South Africa	0.0	0.9	2.7
Nigeria	0.0	0.1	2.6
Georgia	2.7	2.1	2.9
All other destinations	46.3	36.4	29.8
Overall Turkish exports	100.0	100.0	100.0

Note.--Data include both large and small diameter line pipe and therefore these data measure a basket of merchandise that is broader than the merchandise actually subject to these proceedings.

Source: Official Turkish export statistics under HS subheadings 7305.11, 7305.12, 7305.19 and 7306.19 as reported by Turkey's State Institute of Statistics in the GTIS/GTA database, accessed July 27, 2015.

SUBJECT COUNTRIES COMBINED

Table VII-11 presents information on the overall welded pipe operations of the responding producers and exporters in the subject countries.

Table VII-11

Certain welded line pipe: Overall subject producers' welded pipe capacity, production, and capacity utilization, by production process, 2012-14, January-June 2014, and January-June 2015

* * * * *

Table VII-12 presents information on certain welded line pipe operations of the reporting producers and exporters in the subject countries.

Table VII-12

Certain welded line pipe: Subject producers' operations for certain welded line pipe, 2012-14, January-June 2014, January-June 2015, and projected 2015 and 2016

Item	Actual experience					Projections	
	Calendar year			January to June		Calendar year	
	2012	2013	2014	2014	2015	2015	2016
	Quantity (short tons)						
Capacity	1,573,790	1,594,487	1,823,512	884,767	822,696	1,673,992	1,675,992
Production	1,079,277	1,024,650	1,304,514	551,796	465,532	894,048	923,798
End-of-period inventories	70,782	72,967	79,876	65,864	43,199	55,606	64,744
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	140,418	135,244	174,712	89,351	66,591	123,566	132,253
Export shipments to:							
United States	737,060	731,875	905,219	391,048	362,036	610,853	603,864
All other markets	185,674	155,347	217,674	78,974	73,227	184,544	196,000
Total exports	922,734	887,222	1,122,893	470,022	435,263	795,397	799,864
Total shipments	1,063,152	1,022,466	1,297,605	559,373	501,854	918,963	932,117
	Ratios and shares (percent)						
Capacity utilization	68.6	64.3	71.5	62.4	56.6	53.4	55.1
Inventories/production	6.6	7.1	6.1	6.0	4.6	6.2	7.0
Inventories/total shipments	6.7	7.1	6.2	5.9	4.3	6.1	6.9
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	13.2	13.2	13.5	16.0	13.3	13.4	14.2
Export shipments to:							
United States	69.3	71.6	69.8	69.9	72.1	66.5	64.8
All other markets	17.5	15.2	16.8	14.1	14.6	20.1	21.0
Total exports	86.8	86.8	86.5	84.0	86.7	86.6	85.8
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-13 presents data on U.S. importers' reported inventories of certain welded line pipe. U.S. importers' inventories of certain welded line pipe from Korea increased by *** short tons from 2012 to 2014 and were *** short tons higher in January-June 2015 compared to January-June 2014. U.S. importers' inventories of certain welded line pipe from Turkey increased by *** short tons from 2012 to 2014 and were *** short tons higher in January-June 2015 compared to January-June 2014. Subject importers' inventories increased by *** percent from 2012 to 2014 and were *** percent higher in January-June 2015 compared to January-June 2014. Nonsubject importers' inventories decreased by *** short tons from 2012 to 2014 but were *** short tons higher in January-June 2015 compared to January-June 2014. Nonsubject importers' inventories decreased by *** percent from 2012 to 2014 and were *** percent higher in January-June 2015 compared to January-June 2014.

Table VII-13

Certain welded line pipe: U.S. importers' inventories, 2012-14, January-June 2014, and January-June 2015

* * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of certain welded line pipe from Korea and Turkey after June 30, 2015. These data are presented in table VII-14.

Table VII-14

Certain welded line pipe: U.S. importers' arranged imports, July 2015-June 2016

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known trade remedy actions in third-country markets covering certain welded line pipe from Korea or Turkey.

INFORMATION ON NONSUBJECT COUNTRIES

Welded line pipe is produced in substantial quantities by pipe and tube producers throughout the world. The World Steel Association publishes data on the broader product grouping of all welded tubes. From 2009 to 2013, global welded tube production increased by 46 percent. In 2013, global welded tube production reached 87 million short tons produced. Most of the growth in welded tube production was attributed to China, which alone accounted for 63.5 percent of all global welded tube production in 2013.¹⁰

From January 2012-June 2015, official Commerce statistics indicate that Mexico was the second-largest source of U.S. imports of certain welded line pipe after Korea, and accounted for 9.5 percent of all such U.S. imports in 2014 by quantity (up slightly from 9.3 percent of all U.S. imports in 2013). From January 2012-June 2015, Japan was the third-largest source of U.S. imports of certain welded line pipe after Korea and Mexico. Imports of certain welded line pipe from Japan dropped from 7.1 percent of all U.S. imports in 2013 to 2.8 percent in 2014. From 2012 to 2014, certain welded line pipe imports from Mexico increased by 7.5 percent and imports from Japan decreased by 82.5 percent.

Mexico

Mexico's domestic oil and gas industry, as well as pipeline projects in the United States, drive demand for Mexican welded line pipe. Despite recent production declines, Mexico remains one of the world's top-ten largest crude petroleum producers. Further, substantial, new off-shore and on-shore crude petroleum discoveries have been reported, and Mexico is estimated to have one of the largest shale gas resource bases. However, extraction of these resources is developing slowly. In the meantime, Mexico expects to expand its natural gas pipeline from the United States to meet its domestic demand for energy. Mexico currently has 13 natural gas pipeline connections and plans to add two additional connections.¹¹ New pipeline investments were valued at an estimated \$10 billion as of 2015.¹²

According to the World Steel Association, Mexico was not a top-ten global producer of all welded tubes in 2012 and 2013. In 2013, Mexico's welded tube production was 628,000 short tons. However, according to Global Trade Atlas statistics, the United States was Mexico's largest export destination from 2012-2014, by quantity, accounting for 99 percent of Mexico's exports in 2014 (table VII-15). From 2012 to 2014, Mexico's global exports of welded line pipe decreased by 11.9 percent, but its exports to the United States increased by 16.8 percent.

¹⁰ World Steel Association, *Steel Statistical Yearbook*, November 6, 2014, table 28, p. 52.

¹¹ U.S. Energy Information Administration, Country Analysis, Mexico, last modified April 24, 2014 <http://www.eia.gov/beta/international/analysis.cfm?iso=MEX>, accessed August 21, 2015.

¹² Williams and Navarro, "Mexico's Pipeline Boom Fueled by Texas Drillers Moving Natural Gas," *Bloomberg*, August 3, 2015.

Table VII-15**Certain welded line pipe: Mexico's reported exports, 2012-14**

Country	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
United States	107,743	114,422	125,873
Canada	3	0	605
Guatemala	856	508	337
Colombia	172	0	186
Puerto Rico (U.S.)	0	0	25
Belize	2	71	18
El Salvador	60	10	13
Nicaragua	0	19	12
Italy	22	20	10
India	0	0	8
All others	35,490	20	0
World	144,351	115,069	127,089
	Value (\$1,000)		
United States	122,150	111,898	117,940
Canada	5	0	812
Guatemala	958	537	352
Colombia	196	0	320
Puerto Rico (U.S.)	0	0	32
Belize	2	73	18
El Salvador	76	10	19
Nicaragua	0	18	12
Italy	4	10	20
India	0	0	8
All others	7,060	242	1
World	130,452	112,789	119,533
	Unit value (\$ per short ton)		
United States	1,134	978	937
Canada	1,388	---	1,342
Guatemala	1,118	1,058	1,042
Colombia	1,140	---	1,720
Puerto Rico (U.S.)	---	---	1,268
Belize	1,114	1,040	1,016
El Salvador	1,283	961	1,460
Nicaragua	---	965	984
Italy	204	481	2,007
India	---	---	994
All others	199	12,216	---
World	904	980	941

Note.— Original data were published in metric tons, which were converted to short tons by multiplying by 1.102311. Because of rounding, figures may not add to the totals shown. The HS subheadings used to gather information on welded line pipe are broader than the HTS statistical reporting numbers in the scope of this investigation.

Source: Compiled from Global Trade Atlas, 2015 HS subheadings 7305.11, 7305.12, 7305.19 and 7306.19.

There are thirteen known Mexico-based welded line pipe producers that produce to API 5L standards: ArcelorMittal Productura Mexicana de Tuberia, Forza Steel, Procarsa, Pytco, Talleres Acerorey, Tenaris TAMSA, Ternium Hysla, Tubac, Tubacero, Tuberia Laguna (Tysla), Tubesa, Tumex, and Tuberia National (Villacero).¹³ In 2011, Carso Infraestructura y Construccion (CICSA) sold its carbon steel pipes subsidiary, Operadora CICSA, to Tubacero. The facility acquired from CICSA is located in Veracruz and produces welded line pipe to API 5L specifications.¹⁴ In 2013, Tubacero also completed the addition of 243,000 short tons of capacity to produce welded line pipe with outside diameters ranging from 6 inches to 96 inches at its Monterrey Interport facility (Salinas Victoria, Nuevo León).¹⁵ According to Simdex, Tubacero's Monterrey facility has the capacity to make 425,000 short tons of OCTG and welded line pipe with outside diameter ranges of 6.625 inches to 48 inches.¹⁶ In October 2014, Tenaris TAMSA announced that its Veracruz facility currently has an annual production capacity of 1.1 million short tons focused on seamless and welded line pipes for offshore and onshore oil and gas applications.¹⁷ In November 2014, Perfiles Tubulares del Norte broke ground on a new facility that will be able to produce welded carbon steel tubes or pipes.¹⁸ It is unclear from the current information available on the facility whether the facility will produce API 5L welded line pipe. Product from the facility is intended to be used in the oil and gas industries and the facility will have a capacity of about 8,500 million short tons per year.¹⁹

Japan

Since Japan's crude petroleum resources are very limited, it relies almost solely on imports to meet its petroleum consumption needs, making the country the world's third largest net oil importer. Japan is the world's largest liquefied natural gas (LNG) importer because it depends on LNG imports to meet virtually all of its natural gas consumption demand.

¹³ The Simdex Steel Tube Manufacturers Worldwide Guide, 2014.

¹⁴ CNNExpansion, "Slim Deja Negocio de Tubos de Acero", April 27, 2011; Grupo Carso, "Significant Events", Annual Report, 2012

¹⁵ Tubacero, "Investment in New Plant Located in Salinas Victoria", April 1, 2013

¹⁶ The Simdex Steel Tube Manufacturers Worldwide Guide, Tubacero, 2014.

¹⁷ *Preston Pipe and Tube Report*, October 2014, 19, and Tenaris, "Offshore and Onshore Pipeline Solutions," July 2012, accessed on November 20, 2014.

¹⁸ *Preston Pipe & Tube Report*, "International Mill Activity," November 2014, vol. 32 no. 11, p.23.

¹⁹ Gobierno de Coahuila, "Coloca Rubén Moreira primera piedra de la planta Perfiles Tubulares del Norte," Noticias, November 11, 2014,

<http://coahuila.gob.mx/agenda/evento/54662a7fb3ed871c68000005>

Due to lack of domestic oil and gas reserves, Japanese energy companies have actively pursued upstream oil and gas projects abroad, and provide construction for energy projects worldwide. Japan is a major exporter of energy-sector capital equipment.²⁰ The Japanese government has designated LNG as the preferred fuel source, following the March 2011 Fukushima nuclear disaster, and has also promoted its use over other fossil fuel sources.²¹

According to the World Steel Association, Japan was the world's fourth-largest producer of all welded tubes in 2013, after China, Russia, and Korea.²² Japan's welded tube production in 2013 was 5.9 million short tons in 2013. According to Global Trade Atlas, Malaysia was the leading market for Japan's exports of welded line pipe in 2014, accounting for approximately 35 percent of Japan's total exports of welded line pipe (table VII-16). From 2012 to 2014, Japan's total exports decreased slightly by 3.7 percent; while exports of welded line pipe to the United States decreased by 66 percent. The United States was the second-largest export destination for welded line pipe from Japan in 2012 and 2013, but the United Arab Emirates surpassed the United States as an export destination in 2014.

²⁰ U.S. Energy Information Administration, Japan, Country Analysis, last modified May 30, 2013. <http://www.eia.gov/countries/country-data.cfm?fips=ja> (accessed on November 4, 2014).

²¹ U.S. Energy Information Administration, Japan, Country Analysis, last modified January 30, 2015. <http://www.eia.gov/countries/country-data.cfm?fips=ja> (accessed on August 24, 2015).

²² World Steel Association, *Steel Statistical Yearbook*, 2014, table 28, p. 52.

Table VII-16

Certain welded line pipe: Japan's reported exports, 2012-14

Country	Calendar year		
	2012	2013	2014
	Quantity (short tons)		
Malaysia	355,289	474,569	462,755
United Arab Emirates	95,492	113,135	450,488
United States	242,190	155,473	82,391
Saudi Arabia	203,718	61,770	79,211
Singapore	109,847	65,295	62,824
Canada	72,508	41,112	57,932
Indonesia	133,093	60,173	35,052
Thailand	23,753	29,033	34,753
United Kingdom	8,952	15,343	16,506
Korea	5,040	6,477	6,410
All others	122,511	90,485	27,894
World	1,373,168	1,120,581	1,321,886
	Value (\$1,000)		
Malaysia	441,316	543,724	481,205
United Arab Emirates	291,971	108,768	463,641
United States	282,654	170,769	84,903
Saudi Arabia	365,478	115,028	150,311
Singapore	141,977	63,131	60,218
Canada	102,841	45,327	60,842
Indonesia	200,056	61,159	27,051
Thailand	31,482	28,501	30,515
United Kingdom	14,094	14,463	16,780
Korea	9,324	10,507	8,927
All others	177,560	148,161	52,787
World	2,058,753	1,309,538	1,437,179
	Unit value (\$ per short ton)		
Malaysia	1,242	1,146	1,040
United Arab Emirates	3,058	961	1,029
United States	1,167	1,098	1,030
Saudi Arabia	1,794	1,862	1,898
Singapore	1,292	967	959
Canada	1,418	1,103	1,050
Indonesia	1,503	1,016	772
Thailand	1,325	982	878
United Kingdom	1,574	943	1,017
Korea	1,850	1,622	1,393
All others	1,449	1,637	1,892
World	1,499	1,169	1,087

Note.— Original data were published in metric tons, which were converted to short tons by multiplying by 1.102311. Because of rounding, figures may not add to the totals shown. The HS subheadings used to gather information on welded line pipe are broader than the HTS statistical reporting numbers in the scope of this investigation.

Source: Compiled from Global Trade Atlas, 2015 HS subheadings 7305.11, 7305.12, 7305.19, and 7306.19.

The eight known Japanese welded line pipe producers that produce to the API 5L standards are JFE Steel Corporation (“JFE Steel”), Nippon Steel and Sumitomo Metal Corporation (“NSSMC”), Maruichi Steel Tube, Araya Industrial, Nishimura Koki, Osaka Tokushu Kokan, Toa Gaigyo, and Usui Kokosai Sangyo Kaisha.²³ In October 2012, NSSMC was created as a result of a merger between Nippon Steel Corporation and Sumitomo Metal Industries.²⁴ According to Simdex, the Nippon Steel facilities have the capacity to produce 4.3 million short tons of pipe annually and Sumitomo Metal Industries facilities have the capacity to make 3.3 million short tons of pipe annually. These companies focus their production on circular welded carbon or low alloy pipes. In December 2011, JFE Steel announced its intention to increase capacity of high grade pipe to 364,000 short tons per year as a result of welding and crane upgrades.²⁵ According to its website, JFE Steel has the ability to produce 1.5 million short tons annually of submerged arc welded pipe, 1.0 million short tons of high-frequency welded tubular products, and 397,000 short tons of butt-welded pipe.²⁶ In July 2015, JFE Steel announced that it successfully fulfilled a contract to Statoil Gullfaks Rimfaksdalen pipeline project in Norway, which used 2,673 short tons of line pipe.²⁷ The project connects a new natural gas field to the Gullfaks infrastructure near Bergen, Norway. Simdex states that Mariuchi Steel Tube Ltd. has the capacity to produce 1.3 million short tons of pipes and tubes annually.²⁸ On its website, Japanese welded line pipe producer, Nishimura Koki, states that it makes line pipe for oil and gas applications and produces 40,000 short tons annually.²⁹

²³ The Simdex Steel Tube Manufacturers Worldwide Guide, 2014.

²⁴ Nippon Steel and Sumitomo Metal website, *Who We Are*, <http://www.nssmc.com/en/company/whoweare/index.html> (accessed on November 10, 2014).

²⁵ *Preston Pipe and Tube Report*, December 2011, vol. 29 no. 12.

²⁶ JFE Steel Website, *JFE Line Pipe*, <http://www.jfe-steel.co.jp/en/products/pipes/linepipe/facts.html> (accessed on November 13, 2014).

²⁷ *Preston Pipe and Tube Report*, July 2015, vol. 33 no. 32.

²⁸ The Simdex Steel Tube Manufacturers Worldwide Guide, Maruichi Steel Tube Ltd., 2014.

²⁹ Nishimura Koki, *Profile*, <http://www.nishimura-koki.co.jp/en/profile/index.html> (accessed on November 10, 2014).

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
79 FR 63438, October 23, 2014	<i>Certain Welded Line Pipe From Korea and Turkey; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	http://www.gpo.gov/fdsys/pkg/FR-2014-10-23/pdf/2014-25156.pdf
79 FR 67419, November 13, 2014	<i>Welded Line Pipe From the Republic of Korea and the Republic of Turkey: Initiation of Countervailing Duty Investigations</i>	http://www.gpo.gov/fdsys/pkg/FR-2014-11-13/pdf/2014-26897.pdf
79 FR 68213, November 14, 2014	<i>Welded Line Pipe From the Republic of Korea and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations</i>	http://www.gpo.gov/fdsys/pkg/FR-2014-11-14/pdf/2014-26894.pdf
79 FR 72202 December 5, 2014	<i>Certain Welded Line Pipe from Korea and Turkey</i>	http://www.gpo.gov/fdsys/pkg/FR-2014-12-05/pdf/2014-28533.pdf
80 FR 14907 March 20, 2015	<i>Welded Line Pipe from Korea: Preliminary Negative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-03-20/pdf/2015-06483.pdf
80 FR 14943 March 20, 2015	<i>Welded Line Pipe From the Republic of Turkey: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-03-20/pdf/2015-06485.pdf
80 FR 29620 May 22, 2015	<i>Welded Line Pipe From the Republic of Korea: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-05-22/pdf/2015-12523.pdf
80 FR 29617 May 22, 2015	<i>Welded Line Pipe from the Republic of Turkey: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-05-22/pdf/2015-12519.pdf
80 FR 33554 June 12, 2015	<i>Certain Welded Line Pipe From Korea and Turkey; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-06-12/pdf/2015-14319.pdf

Citation	Title	Link
80 FR 63362, October 13, 2015	<i>Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-10-13/pdf/2015-25990.pdf
80 FR 61365, October 13, 2015	<i>Welded Line Pipe From the Republic of Korea: Final Negative Countervailing Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-10-13/pdf/2015-25967.pdf
80 FR 61366, October 13, 2015	<i>Welded Line Pipe From the Republic of Korea: Final Determination of Sales at Less Than Fair Value</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-10-13/pdf/2015-25980.pdf
80 FR 61371, October 13, 2015	<i>Welded Line Pipe From the Republic of Turkey: Final Affirmative Countervailing Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-10-13/pdf/2015-25983.pdf
80 FR 63833, October 21, 2015	<i>Certain Welded Line Pipe From Korea; Termination of Investigation</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-10-21/pdf/2015-26667.pdf

APPENDIX B
LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Certain Welded Line Pipe from Korea and Turkey
Inv. Nos.: 701-TA-524-525 and 731-TA-1260-1261 (Final)
Date and Time: October 6, 2015 - 9:30 am

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

CONGRESSIONAL APPEARANCES:

The Honorable Jeff Sessions, United States Senator, Alabama

The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

OPENING REMARKS:

Petitioners (**Paul W. Jameson**, Schagrin Associates)

Respondents (**Matthew M. Nolan**, Arent Fox, LLP)

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

Schagrin Associates
Washington, DC
on behalf of

American Cast Iron Pipe Company (“ACIPCO”)
California Steel Industries (“CSI”)
Energex, a division of JMC Steel Group
Northwest Pipe Company
Stupp Corporation, a division of Stupp Bros., Inc.
Tex-Tube Company
TMK IPSCO
Welspun Tubular LLC USA
United Steelworkers of America (“USW”)

Van Richey, President *and* Chief Executive Officer, ACIPCO

John Walburg, Manager, Marketing and Sales Administration, CSI

John Clark, Chief Commercial Officer, Stupp Corporation

Jim Cassada, Vice President of Sales, Tex-Tube Company

Scott Barnes, Senior Vice President *and* Chief Commercial
Officer, TMK IPSCO

Holly Hart, Legislative Director, USW

Roger B. Schagrin)
) – OF COUNSEL
Paul W. Jameson)

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, DC
on behalf of

United States Steel Corporation

Jeff Johnson, Director – Commercial, North American Line
and Standard Pipe, United States Steel Tubular Products

Robert Y. Kopf, General Manager – Revenue Management,
United States Steel Corporation

Stephen P. Vaughn) – OF COUNSEL

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Wiley Rein LLP
Washington, DC
on behalf of

Maverick Tube Corporation

German Cura, President, Tenaris North America

Brad Lowe, President, Tenaris Global Services (USA)

Alan H. Price)
) – OF COUNSEL
Robert E. DeFrancesco, III)

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

Arent Fox, LLP
Washington, DC
on behalf of

Turkish Exporters and Producers

Matthew M. Nolan) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates *and* **Alan Price**,
Wiley Rein LLP)
Respondents (**Matthew M. Nolan**, Arent Fox, LLP)

APPENDIX C
SUMMARY DATA

Table C-1

Line pipe: Summary data concerning the U.S. market, 2012-14, January to June 2014, and January to June 2015

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data					Period changes			
	Calendar year		January to June			Calendar year			Jan-Jun
	2012	2013	2014	2014	2015	2012-14	2012-13	2013-14	2014-15
U.S. consumption quantity:									
Amount.....	3,287,386	2,526,577	2,528,179	1,199,240	1,188,355	(23.1)	(23.1)	0.1	(0.9)
Producers' share (fn1).....	47.8	48.5	48.1	49.9	34.8	0.3	0.7	(0.4)	(15.0)
Importers' share (fn1):									
Korea.....	22.8	28.6	30.6	29.7	42.3	7.8	5.8	2.0	12.6
Turkey.....	2.0	2.6	3.1	2.5	2.4	1.1	0.6	0.5	(0.1)
Subject sources.....	24.8	31.2	33.7	32.2	44.6	8.9	6.4	2.5	12.5
All others sources.....	27.4	20.3	18.2	18.0	20.5	(9.2)	(7.1)	(2.1)	2.6
Total imports.....	52.2	51.5	51.9	50.1	65.2	(0.3)	(0.7)	0.4	15.0
U.S. consumption value:									
Amount.....	3,960,644	2,599,081	2,386,929	1,134,605	1,082,711	(39.7)	(34.4)	(8.2)	(4.6)
Producers' share (fn1).....	52.6	53.6	54.5	56.3	41.0	1.9	1.0	0.9	(15.3)
Importers' share (fn1):									
Korea.....	18.0	23.2	25.0	24.0	35.7	7.0	5.2	1.8	11.8
Turkey.....	1.5	2.0	3.0	2.8	2.7	1.6	0.5	1.0	(0.1)
Subject sources.....	19.4	25.2	28.0	26.7	38.4	8.6	5.8	2.8	11.7
All others sources.....	28.0	21.2	17.5	17.0	20.6	(10.5)	(6.7)	(3.8)	3.6
Total imports.....	47.4	46.4	45.5	43.7	59.0	(1.9)	(1.0)	(0.9)	15.3
U.S. imports from--									
Korea:									
Quantity.....	748,536	722,802	773,432	355,827	502,414	3.3	(3.4)	7.0	41.2
Value.....	711,071	602,512	596,491	271,974	387,052	(16.1)	(15.3)	(1.0)	42.3
Unit value.....	\$950	\$834	\$771	\$764	\$770	(18.8)	(12.3)	(7.5)	0.8
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Turkey:									
Quantity.....	66,472	66,025	78,565	29,848	27,944	18.2	(0.7)	19.0	(6.4)
Value.....	57,744	51,901	72,289	31,238	28,986	25.2	(10.1)	39.3	(7.2)
Unit value.....	\$869	\$786	\$920	\$1,047	\$1,037	5.9	(9.5)	17.1	(0.9)
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity.....	815,007	788,827	851,997	385,675	530,358	4.5	(3.2)	8.0	37.5
Value.....	768,815	654,413	668,779	303,212	416,038	(13.0)	(14.9)	2.2	37.2
Unit value.....	\$943	\$830	\$785	\$786	\$784	(16.8)	(12.1)	(5.4)	(0.2)
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity.....	901,143	512,698	460,471	215,364	243,953	(48.9)	(43.1)	(10.2)	13.3
Value.....	1,107,167	551,577	416,742	193,055	223,013	(62.4)	(50.2)	(24.4)	15.5
Unit value.....	\$1,229	\$1,076	\$905	\$896	\$914	(26.3)	(12.4)	(15.9)	2.0
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity.....	1,716,150	1,301,525	1,312,468	601,039	774,312	(23.5)	(24.2)	0.8	28.8
Value.....	1,875,982	1,205,990	1,085,521	496,267	639,051	(42.1)	(35.7)	(10.0)	28.8
Unit value.....	\$1,093	\$927	\$827	\$826	\$825	(24.3)	(15.2)	(10.7)	(0.0)
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity.....	2,289,640	2,242,464	2,255,820	1,170,124	1,135,857	(1.5)	(2.1)	0.6	(2.9)
Production quantity.....	1,623,657	1,307,979	1,295,467	682,584	473,677	(20.2)	(19.4)	(1.0)	(30.6)
Capacity utilization (fn1).....	70.9	58.3	57.4	58.3	41.7	(13.5)	(12.6)	(0.9)	(16.6)
U.S. shipments:									
Quantity.....	1,571,236	1,225,052	1,215,711	598,201	414,043	(22.6)	(22.0)	(0.8)	(30.8)
Value.....	2,084,662	1,393,091	1,301,408	638,338	443,660	(37.6)	(33.2)	(6.6)	(30.5)
Unit value.....	\$1,327	\$1,137	\$1,070	\$1,067	\$1,072	(19.3)	(14.3)	(5.9)	0.4
Export shipments:									
Quantity.....	38,089	69,232	72,074	35,649	9,888	89.2	81.8	4.1	(72.3)
Value.....	44,809	68,824	72,827	35,846	10,269	62.5	53.6	5.8	(71.4)
Unit value.....	\$1,176	\$994	\$1,010	\$1,006	\$1,039	(14.1)	(15.5)	1.6	3.3
Ending inventory quantity.....	102,614	109,636	111,303	156,977	157,206	8.5	6.8	1.5	0.1
Inventories/total shipments (fn1).....	6.4	8.5	8.6	12.4	18.5	2.3	2.1	0.2	6.2
Production workers.....	2,319	2,010	2,038	2,160	1,629	(12.1)	(13.3)	1.4	(24.6)
Hours worked (1,000s).....	4,875	3,971	3,957	2,132	1,607	(18.8)	(18.5)	(0.4)	(24.6)
Wages paid (\$1,000).....	130,108	109,673	103,839	57,723	42,115	(20.2)	(15.7)	(5.3)	(27.0)
Hourly wages (dollars).....	\$26.69	\$27.62	\$26.24	\$27.07	\$26.21	(1.7)	3.5	(5.0)	(3.2)
Productivity (short tons per hour).....	333.1	329.4	327.4	320.2	294.8	(1.7)	(1.1)	(0.6)	(7.9)
Unit labor costs.....	\$80.13	\$83.85	\$80.16	\$84.57	\$88.91	0.0	4.6	(4.4)	5.1
Net Sales:									
Quantity.....	1,610,012	1,308,425	1,293,531	633,851	423,930	(19.7)	(18.7)	(1.1)	(33.1)
Value.....	2,128,943	1,475,287	1,382,851	674,184	453,930	(35.0)	(30.7)	(6.3)	(32.7)
Unit value.....	\$1,322	\$1,128	\$1,069	\$1,064	\$1,071	(19.2)	(14.7)	(5.2)	0.7
Cost of goods sold (COGS).....	1,736,440	1,353,421	1,294,717	637,095	427,954	(25.4)	(22.1)	(4.3)	(32.8)
Gross profit or (loss).....	392,503	121,866	88,134	37,089	25,976	(77.5)	(69.0)	(27.7)	(30.0)
SG&A expenses.....	93,547	95,811	87,817	42,273	40,419	(6.1)	2.4	(8.3)	(4.4)
Operating income or (loss).....	298,956	26,055	317	(5,184)	(14,443)	fn2	(91.3)	fn2	178.6
Net income or (loss).....	277,316	8,273	(14,725)	(14,116)	(20,397)	fn2	(97.0)	fn2	44.5
Capital expenditures.....	***	***	***	***	***	***	***	***	***
Unit COGS.....	\$1,079	\$1,034	\$1,001	\$1,005	\$1,009	(7.2)	(4.1)	(3.2)	0.4
Unit SG&A expenses.....	\$58	\$73	\$68	\$67	\$95	16.8	26.0	(7.3)	43.0
Unit operating income or (loss).....	\$186	\$20	\$0	\$(8)	\$(34)	fn2	(89.3)	fn2	316.6
Unit net income or (loss).....	\$172	\$6	\$(11)	\$(22)	\$(48)	fn2	(96.3)	fn2	116.0
COGS/sales (fn1).....	81.6	91.7	93.6	94.5	94.3	12.1	10.2	1.9	(0.2)
Operating income or (loss)/sales (fn1).....	14.0	1.8	0.0	(0.8)	(3.2)	(14.0)	(12.3)	(1.7)	(2.4)
Net income or (loss)/sales (fn1).....	13.0	0.6	(1.1)	(2.1)	(4.5)	(14.1)	(12.5)	(1.6)	(2.4)

fn1.--Report data are in percent and period changes are in percentage points.

fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics (for details see part IV).

APPENDIX D

NATURAL GAS PIPELINE PROJECTS

Table D-1**Natural gas pipeline projects: New and expansion transmission line projects including pipeline up to 24 inches in diameter**

Year In Service Date	Pipeline Diameter (Inches)	Miles	Pipeline Operator Name	Project Type	Status	Completed Date
2012	24	42	EcoElectrica	Lateral	Completed	5/2/2012
2012	30,24	36.8	Mississippi Hub LLC	New Pipeline	Completed	8/9/2012
2012	10,6	21.7	Eastern Shore Natural Gas	Expansion	Completed	
2012	20	2	Puget Sound Energy	Lateral	Completed	11/1/2012
2012	24	4.85	National Fuel Gas Supply Corp	Expansion	Completed	10/31/2012
2012	30,24,20	110	Dominion Transmission	New Pipeline	Completed	9/4/2012
2012	24,20,16	50	Equitrans	New Pipeline	Completed	7/19/2012
2012	24,16	4	Merchant Energy Partners LLC	New Pipeline	Completed	3/30/2012
2012	8	9	Kern River Gas Transmission	Lateral	Completed	5/15/2012
2012	6	5	Eastern Shore Natural Gas	Expansion	Completed	
2012	20,14	6.24	Transcontinental Gas Pipeline	Lateral	Completed	4/4/2012
2012	12	0	Bluewater Gas Storage	Lateral	Completed	
2012	20	38	Piedmont Natural Gas	New Pipeline	Completed	6/1/2012
2013	24	40	Tennessee Gas Pipeline Co	Expansion	Completed	12/5/2013
2013	16	11	Eastern Shore Natural Gas Co	Expansion	Completed	11/1/2013
2013	24	15	Dominion Transmission	Expansion	Completed	10/3/2013
2013	24	4	Dominion Transmission	Expansion	Completed	11/1/2013
2013	24	2.5	Columbia Gas Transmission	Expansion	Completed	10/1/2013
2013	16	4	Puget Sound Energy	Lateral	Completed	9/26/2013
2013	16	15	Questar Pipeline	Expansion	Completed	9/5/2013
2013	24	105	NET Midstream LLC	Expansion	Completed	
2013	12	80	Alliance Pipeline LP	Lateral	Completed	9/1/2013
2013	24	19.7	Tres Palacios Gas Storage LLC	Lateral	Completed	5/23/2013
2013	16,24	9.9	Cadeville Gas Storage LLC	Lateral	Completed	4/3/2013
2014	24	34	XcelEnergy	Lateral	Completed	
2014	24,30	70	Gulf South Pipeline	Expansion	Completed	
2014	8	13	Columbia Gas Transmission	Expansion	Completed	9/24/2014
2014	24	14	Rockies Express Pipeline	Lateral	Completed	6/18/2014
2014	24	7.75	Colorado Interstate Gas	Lateral	Completed	3/11/2014
2014	16	9.8	East Tennessee Natural Gas	Lateral	Completed	
2014	24	100	Transcontinental Gas Pipeline	Expansion	Completed	
2014	16	17	Gulf Crossing	Lateral	Completed	5/30/2014
2014	20	7	Northern Natural Gas	Expansion	Completed	9/12/2014
2014	16	6	Eastern Shore Natural Gas	Lateral	Completed	9/30/2014

Table continued.

Table D-1--Continued

Natural gas pipeline projects: New and expansion transmission line projects including pipeline up to 24 inches in diameter

Year In Service Date	Pipeline Diameter (Inches)	Miles	Pipeline Operator Name	Project Type	Status	Completed Date
2015	12,16	17	Empire Pipeline	Lateral	Construction	
2015	24	23	Houston Pipe Line	Expansion	Completed	6/8/2015
2015	20	2	Transcontinental Gas Pipeline	Lateral	Completed	3/26/2015
2015	24	23	NiSource Gas Transmission & Storage	Expansion	Approved	
2015	30,12	20	Discovery Gas Transmission LLC	New Pipeline	Completed	2/7/2015
2015	10	16	Trailblazer Pipeline Co	Expansion	Applied	
2015	20	24.4	Gas Transmission Northwest LLC	Lateral	Construction	
2015	12	23	Clarksville Gas & Water Department	Lateral	Pre-filed	
2016	16	10	East Tennessee Natural Gas	Expansion	Approved	
2016	24	97	National Fuel Gas Supply Corp	Expansion	Approved	
2016	24	23	Texas Gas Transmission	Lateral	Approved	
2016	20	30	Texas Gas Transmission	Lateral	Filed	
2016	24	22.5	Texas Gas Transmission	Lateral	Filed	
2016	24,36	14	Perryville Gas Storage LLC	Lateral	Construction	
2016	24	98	Enterprise Natural Gas Pipeline	Expansion	Pre-filed	
2016	20	11	Transcontinental Gas Pipeline	Lateral	Construction	
2016	30,24	50	Equitrans	Expansion	Applied	
2016	24,36	13	Tennessee Gas Pipeline	Expansion	Announced	
2016	36,24	19	MoBay Storage Hub	Lateral	Approved	
2016	20	125	Great Basin Energy Development	Lateral	Announced	
2017	20	35	UGI Energy Services	Lateral	Filed	
2017	24	22	WBI Energy Transmission	Lateral	Announced	
2017	24	4	Transcontinental Gas Pipeline	Expansion	Approved	
2017	16	64	Northern Border Pipeline	Lateral	Announced	
2017	36,24	114	PennEast Pipeline Co	New Pipeline	Filed	
2017	16	1	Algonquin Gas Transmission	Lateral	Approved	
2017	16,30	111	Transcontinental Gas Pipeline	Expansion	Approved	
2017	24	375	MDU Resources Group	New Pipeline	Announced	
2017	20	13	Port Barre Investments LLC	Lateral	Construction	
2018	42,36,20	550	Atlantic Coast Pipeline	New Pipeline	Pre-filed	
na	30,24	13.9	Sawgrass Storage LLC	Lateral	Approved	
na	12	24	Prospector Pipeline	Lateral	Announced	
na	24	2	Columbia Gas Transmission	Lateral	Applied	
na	16,20	3.9		Lateral	Applied	
na	24,20	700	Enstar/ANGDA	New Pipeline	Announced	

Note: Gathering and distribution lines are not included. Projects for which pipeline diameters were not available are not shown. Data are from EIA project listings compiled from FERC, industry sources, and trade press on planned pipe construction.

Source: Energy Information Administration, October 5, 2015.

APPENDIX E

NONSUBJECT PRICE DATA (JAPAN AND MEXICO)

Three importers reported price data for nonsubject countries Japan and Mexico for products 1-4. Price data reported by these firms accounted for 0.5 percent of U.S. imports from Japan and 0.1 percent of U.S. imports from Mexico January 2012-June 2015. These price items and accompanying data are comparable to those presented Part V. Price and quantity data for Japan and Mexico are shown in tables E-1 to E-3 and in figures E-1 to E-3 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from Japan and Mexico were lower than prices for U.S.-produced product in 5 instances and higher in 2 instances. In comparing nonsubject country pricing data with subject country pricing data, prices for product imported Japan and Mexico were lower than prices for product imported from subject countries in 3 instances and higher in 6 instances. A summary of price differentials is presented in table E-4.

Only 2 quarters of pricing data were provided for Japan, all in product 3. Japan's prices were higher than U.S. prices and Korean prices in both quarters and also higher than Turkish prices in the single quarter in which there was a comparison. Five quarters of pricing data were provided for Mexico, all in products 1 and 2. Mexico's prices were lower than the U.S. prices in all 5 quarters, higher than Korean prices in 3 of 5 quarters, and lower than Turkish prices in 1 quarter (table E-4).

Table E-1
Certain welded line pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarters, January 2012-June 2015

* * * * *

Table E-2
Certain welded line pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters, January 2012-June 2015

* * * * *

Table E-3
Certain welded line pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarters, January 2012-June 2015

* * * * *

Figure E-1
Certain welded line pipe: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2012-June 2015

* * * * *

Figure E-2
Certain welded line pipe: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2012-June 2015

* * * * *

Figure E-3
Certain welded line pipe: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2012-June 2015

* * * * *

Table E-4
Certain welded line pipe: Summary of underselling/(overselling), by country, January 2012-June 2015

Source	Total number of comparisons	Underselling		Overselling	
		Number of quarters	Quantity (short tons)	Number of quarters	Quantity (short tons)
Nonsubject vs United States.--					
Japan vs. United States	2	0	0	2	***
Mexico vs. United States	5	5	***	0	0
Nonsubject vs Subject.--					
Japan vs. Korea	2	0	0	2	***
Japan vs. Turkey	1	0	0	1	***
Mexico vs. Korea	5	2	***	3	***
Mexico vs. Turkey	1	1	***	0	0

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

APPENDIX F

**QUESTIONNAIRE RESPONSES OF U.S. PRODUCERS REGARDING FACTORS
AFFECTING REPORTED RAW MATERIAL COSTS FOR HOT-ROLLED STEEL**

Appendix redacted in its entirety.

APPENDIX G

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

Appendix redacted in its entirety.

