

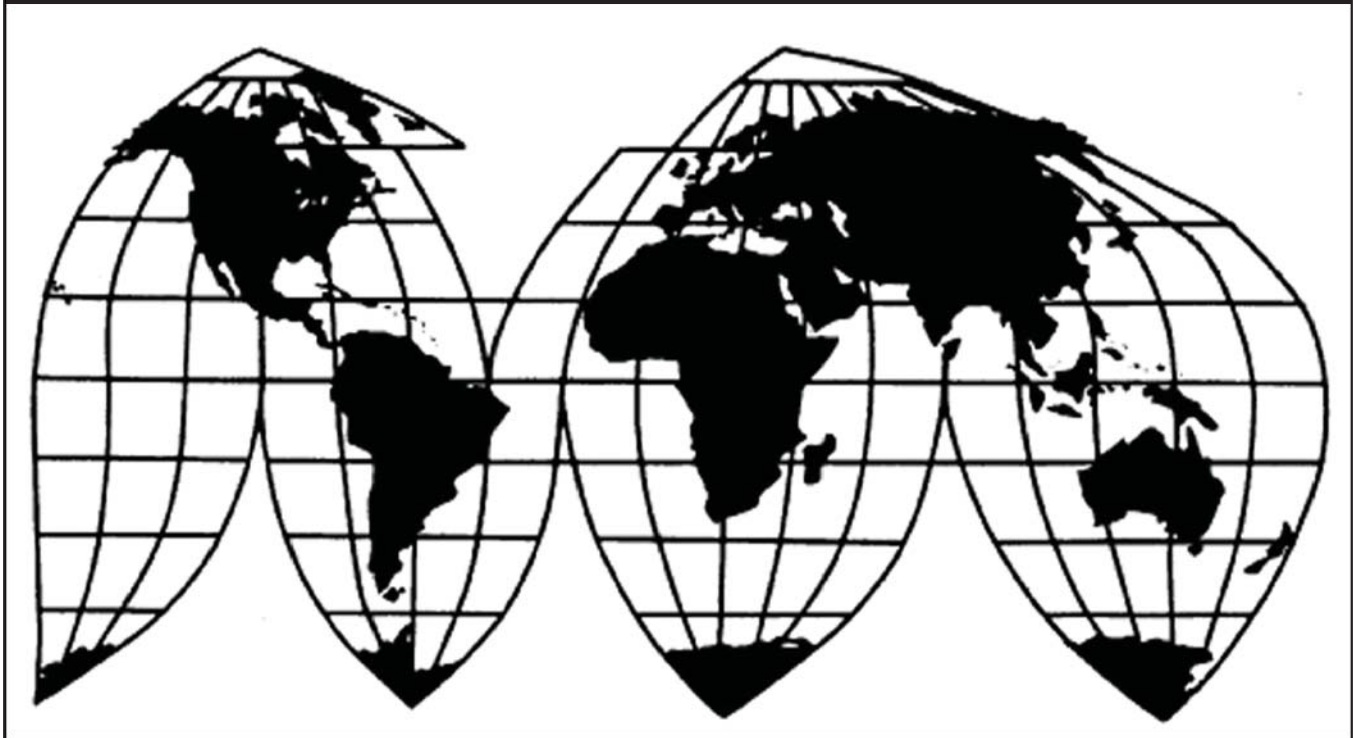
Cast Iron Soil Pipe from China

Investigation Nos. 701-TA-597 and 731-TA-1407 (Preliminary)

Publication 4769

March 2018

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-597 and 731-TA-1407 (Preliminary)

Cast Iron Soil Pipe from China

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 there is a reasonable indication that an industry in the United States is materially injured by reason of imports of cast iron soil pipe from China, provided for in subheading 7303.00.00 (statistical reporting number 7303.00.0030) of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (“LTFV”) and to be subsidized by the government of China.

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission’s rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission’s rules, upon notice from the U.S. Department of Commerce (“Commerce”) of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On January 26, 2018, the Cast Iron Soil Pipe Institute, Mundelein, Illinois, filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of cast iron soil pipe from China. Accordingly, effective January 26, 2018, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted

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 preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of cast iron soil pipe (“CISP”) from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.¹

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.² In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”³

II. Background

The Cast Iron Soil Pipe Institute (“CISPI”), an industry association of CISP foundries (collectively, the “domestic interested parties” or “Petitioners”),⁴ filed the petitions in these investigations on January 26, 2018. Petitioners appeared at the conference and submitted a postconference brief.

Two entities in opposition to the imposition of antidumping duties participated in these investigations: NewAge Casting, LP (“NewAge Casting”), an importer of subject merchandise, and HengTong Casting Co., Ltd. (“HengTong Casting”), an exporter of subject merchandise.

¹ Due to the Federal government weather-related closure on March 2, 2018, these investigations have been tolled by one day pursuant to 19 U.S.C. §§ 1671b(a)(2), 1673b(a)(2).

² 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States*, 20 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

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

⁴ The members of CISPI include the following firms: AB&I Foundry (“AB&I”), Tyler Pipe, and Charlotte Pipe & Foundry (“Charlotte Pipe”). AB&I and Tyler are commonly owned by McWane, Inc. (“McWane”). Confidential Report (“CR”) at I-4 n.6 & III-1; Public Report (“PR”) at I-3 n.6 & III-1.

Representatives of HengTong Casting and NewAge Casting appeared at the conference without counsel. Only HengTong Casting submitted a postconference brief.⁵

U.S. industry data are based on the questionnaire responses of two producers, accounting for 100 percent of U.S. production of CISP in 2017.⁶ U.S. import data are based on official Commerce import statistics⁷ and questionnaire responses from four U.S. importers, accounting for *** percent of total subject imports in 2017.⁸ The Commission received responses to its questionnaires from four foreign producers of subject merchandise, accounting for approximately *** percent of production of CISP in China in 2017, and whose exports accounted for approximately *** percent of subject imports of CISP in 2017.⁹

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”¹⁰ 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.”¹¹ 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.”¹²

The decision regarding the appropriate domestic like product(s) 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.¹³ No single factor is

⁵ HengTong Casting’s postconference brief largely addresses its claim of limited competition between subject imports and domestically-produced CISP. See HengTong Casting’s Postconference Br. at 1-2.

⁶ CR at I-5, PR at I-3; CR/PR at Table C-1. The domestic industry data is based on the questionnaire responses of (1) Charlotte Pipe and (2) McWane. As discussed above, McWane owns two subsidiaries producing CISP (AB&I and Tyler Pipe). CR at I-4 n.6, PR at I-3 n.6; CR/PR at Table III-1.

⁷ The official import statistics include U.S. import data under HTS statistical reporting number 7303.00.0030. CR at I-5, PR at I-3.

⁸ CR/PR at IV-1; CR at I-5, PR at I-3.

⁹ CR at I-5 & VII-3, PR at I-3 & VII-3.

¹⁰ 19 U.S.C. § 1677(4)(A).

¹¹ 19 U.S.C. § 1677(4)(A).

¹² 19 U.S.C. § 1677(10).

¹³ 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 (Continued...)

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹⁴ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁵ Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,¹⁶ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁷ The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.¹⁸

A. Scope Definition

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

The merchandise covered by this investigation is cast iron soil pipe, whether finished or unfinished, regardless of industry or proprietary specifications, and regardless of wall thickness, length, diameter, surface finish, end finish, or stenciling. The scope of this investigation includes, but is not limited to, both hubless and hub and spigot cast iron soil pipe. Cast iron soil pipe is nonmalleable iron pipe of various designs and sizes. Cast iron soil

(...Continued)

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).

¹⁴ *See, e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

¹⁵ *See, e.g.*, *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; *see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

¹⁶ *See, e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

¹⁷ *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

¹⁸ *See, e.g.*, *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington*, 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

pipe is generally distinguished from other types of nonmalleable cast iron pipe by the manner in which it is connected to cast iron soil pipe fittings.

Cast iron soil pipe is classified into two major types—hubless and hub and spigot. Hubless cast iron soil pipe is manufactured without a hub, generally in compliance with Cast Iron Soil Pipe Institute (CISPI) specification 301 and/or American Society for Testing and Materials (ASTM) specification A888, including any revisions to those specifications. Hub and spigot pipe has one or more hubs into which the spigot (plain end) of a fitting is inserted. All pipe meeting the physical description set forth above is covered by the scope of this investigation, whether or not produced according to a particular standard.

The subject imports are currently classified in subheading 7303.00.0030 of the Harmonized Tariff Schedule of the United States (HTSUS): Cast iron soil pipe. The HTSUS subheading and specifications are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.¹⁹

CISP is a non-malleable iron casting of a variety of sizes and used as a component for sanitary and storm drain, waste, and vent (“DWV”) piping.²⁰ CISP is used in residential, commercial, and industrial construction, as well as public buildings such as schools and hospitals.²¹ Additionally, CISP may be used for storm drainage from roofs, yards, areaways, courts, and in high-rise buildings.²² CISP is manufactured by melting scrap iron, steel scrap, and alloys in a cupola furnace and casting the metal into the desired shapes.²³

CISP is classified as hub and spigot pipe or hubless pipe.²⁴ Hub and spigot pipe has hubs into which the spigot (plain end) of another pipe or of a fitting is inserted.²⁵ The joint is sealed with a compression gasket or molten lead and oakum.²⁶ Hubless pipe is manufactured without

¹⁹ *Cast Iron Soil Pipe From the People’s Republic of China: Initiation of Less-Than-Fair Value Investigation*, 83 Fed. Reg. 8053, 8057-58 (Feb. 23, 2018); *Cast Iron Soil Pipe From the People’s Republic of China: Initiation of Countervailing Duty Investigation*, 83 Fed. Reg. 8047, 8051 (Feb. 23, 2018).

²⁰ CR/PR at II-1.

²¹ CR/PR at II-1.

²² CR/PR at II-1.

²³ CR at I-13, PR at I-9.

²⁴ CR at I-12, PR at I-8 to I-9.

²⁵ CR at I-12, PR at I-8 to I-9.

²⁶ CR at I-12, PR at I-8 to I-9.

a hub and is joined to a fitting or another pipe using a hubless coupling that fits over the ends of the pipe and fitting or of the pipes, and is tightened to seal the joint.²⁷

B. Arguments of the Parties

Petitioners argue that the Commission should define a single domestic like product consisting of all CISP corresponding to Commerce's scope.²⁸ While HengTong Casting and NewAge Casting argue that epoxy-coated CISP should be excluded from Commerce's scope, they do not contest the domestic like product definition proposed by Petitioners.²⁹

C. Analysis and Conclusion

Based on the record in these preliminary phase investigations, we define a single domestic like product consisting of all CISP. We discuss below whether the two major types of domestically produced CISP within the scope – hub and spigot and hubless – should be considered part of the same domestic like product.

Physical Characteristics and Uses. All CISP are nonmalleable iron castings that are used in conjunction with CISP fittings in the sanitary and storm drain, waste, and vent pipe of buildings.³⁰ CISP is manufactured in either hub and spigot or hubless forms.³¹ These two forms have the same end use but do not share the same connection mechanism.³² The two connection mechanisms are not designed to connect with each other, but there are special adapters that can connect the two.³³ Hubless CISP is produced to CISPI 301 and ASTM A888 standards and hub and spigot CISP is produced to ASTM A74 standard.³⁴ Hub and spigot CISP meets the CISPI 301 standard in all aspects other than product dimensions and shapes.³⁵

Manufacturing Facilities, Production Processes and Employees. All CISP are manufactured by melting raw materials in a furnace and casting the molten metal into a desired

²⁷ CR at I-12, PR at I-8 to I-9.

²⁸ Petitioners' Postconference Br. at 1-5.

²⁹ See, e.g., HengTong Casting's Postconference Br. at 2. To the extent that the argument by HengTong Casting and NewAge Casting may be construed as a request for a separate domestic like product for epoxy coated CISP, we find that it is without merit. Here, the parties agree that there is no domestic production of epoxy coated CISP. Conf. Tr. at 30 (Simmons), 31 (Lowe, Dowd), and 118 (Singh); HengTong Casting's Postconference Br. at 1-2. Under the statute, the Commission does not define a separate domestic like product that is not produced domestically. See, e.g., *Cold-Drawn Mechanical Tubing from China and India*, Inv. Nos. 701-TA-576-577 (Final), USITC Pub. 4755 at 13-15 (Jan. 2018); *Certain Aluminum Extrusions from China*, Inv. Nos. 701-TA-475 and 731-TA-1177 (Review), USITC. Pub. 4677 at 11-16 (Mar. 2017).

³⁰ CR/PR at II-1.

³¹ CR at I-12, PR at I-8 to I-9.

³² Petitioners' Postconference Br. at 3; Conference Tr. at 44 (Simmons).

³³ Conference Tr. at 44-45 (Simmons).

³⁴ CR at I-12, PR at I-8 to I-9.

³⁵ CR at I-12, PR at I-8 to I-9.

shape.³⁶ All domestically produced CISP within the scope is produced using the same equipment, process, and employees.³⁷

Channels of Distribution. Both hub and spigot and hubless forms of CISP are sold exclusively through distributors.³⁸

Interchangeability. Interchangeability between hub and spigot and hubless CISP is limited by their connection mechanism.³⁹ Hubless CISP may be used in conjunction with hub and spigot CISP only with an adaptor.⁴⁰

Producer and Customer Perceptions. According to Petitioners, hub and spigot CISP and hubless CISP are both viewed by domestic producers and customers as part of the same overall product category based on their shared function.⁴¹ For example, Charlotte Pipe markets both hubless and hub and spigot CISP as part of the cast iron DWV pipe and fittings system product category.⁴²

Price. Each of the four pricing products in these preliminary phase investigations is a type of hubless CISP.⁴³ In 2017, the average unit value for domestically produced hub and spigot CISP was slightly higher than that of hubless CISP.⁴⁴

Conclusion. The preliminary phase record indicates that hub and spigot and hubless CISP have the same physical characteristics other than product dimensions and shapes.⁴⁵ The record also indicates that hub and spigot and hubless CISP have the same end uses, production processes, channels of distribution, and customer and producer perceptions. Their principal distinction is their different connection mechanisms which allow them to be used together within the same drainage system only in conjunction with an adaptor. The record does not indicate, nor has any party suggested, that this distinction is tantamount to a clear dividing line. Instead, the similarities between hub and spigot and hubless CISP outweigh their distinctions. Consequently, we define a single domestic like product consisting of all CISP coextensive with the scope of the investigations.

IV. Domestic Industry

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁴⁶ In defining the domestic

³⁶ CR at I-13 to I-15, PR at I-9 to I-10.

³⁷ Petitioners’ Postconference Br. at 4.

³⁸ Petitioners’ Postconference Br. at 4.

³⁹ Petitioners’ Postconference Br. at 3-4.

⁴⁰ Petitioners’ Postconference Br. at 3; Conf. Tr. at 44 (Simmons).

⁴¹ Petitioners’ Postconference Br. at 4; Conference Tr. at 47 (Biggers).

⁴² *E.g.* Conference Tr. at 47 (Biggers).

⁴³ CR/PR at Tables V-3 to V-6, CR at V-8, PR at V-5.

⁴⁴ CR at Table IV-3. The unit values are \$*** per short ton for hub and spigot CISP and \$*** for hubless CISP. *Id.*

⁴⁵ *See e.g.*, Conf. Tr. at 92 (Simmons).

⁴⁶ 19 U.S.C. § 1677(4)(A).

industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. In light of our domestic like product definition, we define one domestic industry consisting of all domestic producers of CISP.⁴⁷

V. Reasonable Indication of Material Injury by Reason of Subject Imports⁴⁸

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁴⁹ 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.⁵⁰ The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."⁵¹ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁵² 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."⁵³

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,⁵⁴ it does not define the phrase "by reason of," indicating that this aspect of the

⁴⁷ There are no related parties issues in these investigations. ***. CR/PR at III-2.

⁴⁸ 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). Negligibility is not an issue in these investigations. Subject imports from China accounted for 96.0 percent of total U.S. imports of CISP in the 12-month period (January through December 2017) preceding the filing of these investigations. CR at IV-8, PR at IV-6; CR/PR at Table IV-5.

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

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

⁵¹ 19 U.S.C. § 1677(7)(A).

⁵² 19 U.S.C. § 1677(7)(C)(iii).

⁵³ 19 U.S.C. § 1677(7)(C)(iii).

⁵⁴ 19 U.S.C. §§ 1671b(a), 1673b(a).

injury analysis is left to the Commission's reasonable exercise of its discretion.⁵⁵ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁵⁶

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.⁵⁷ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁵⁸ Nor does

⁵⁵ *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("the statute does not 'compel the commissioners' to employ {a particular methodology}.",) *aff'g* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

⁵⁶ The Federal Circuit, in addressing the causation standard of the statute, has observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" See also *Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

⁵⁷ SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("the 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.

⁵⁸ SAA at 851-52 ("the 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. ("the 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 (Continued...)

the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.⁵⁹ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁶⁰

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.”⁶¹ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁶²

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases in which the relevant “other factor” was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.⁶³ The additional

(...Continued)

sources to the subject imports.” (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), *citing Gerald Metals*, 132 F.3d at 722 (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁵⁹ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁶⁰ *See Nippon*, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁶¹ *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*.

⁶² *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.”).

⁶³ *Mittal Steel*, 542 F.3d at 875-79.

“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.⁶⁴ 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.⁶⁵

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.⁶⁶ Congress has delegated this factual finding to the Commission because of the agency’s institutional expertise in resolving injury issues.⁶⁷

B. Conditions of Competition and the Business Cycle

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

⁶⁴ *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).

⁶⁵ 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.

⁶⁶ We provide in our respective discussions below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁶⁷ *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.”).

1. Demand Conditions

Since CISP is generally used in building construction, U.S. demand for CISP is a function of the demand for construction activity.⁶⁸ Construction value and spending in the United States both increased during the January 1, 2015 to December 31, 2017 period of investigation (“POI”).⁶⁹ The value of U.S. construction put in place increased by 5.5 percent for public construction, 17.3 percent for private non-residential construction, and 30.9 percent for private residential construction.⁷⁰ Construction spending increased by more than 6 percent from 2015 to 2016, and by more than 2 percent from 2016 to 2017.⁷¹

Both U.S. producers reported an increase in demand for CISP over the POI and importers provided a mixed response.⁷² While both U.S. producers and two of four importers indicated that the CISP market is not subject to business cycles, two importers stated that demand was seasonal, with demand highest in the summer period with peak construction activity and lowest in the winter.⁷³ Construction spending is highly seasonal, with spending lowest in each January and then generally increasing through the summer, and remaining at elevated levels through October before falling during the final months of the year.⁷⁴

Apparent U.S. consumption of CISP increased from *** short tons in 2015 to *** short tons in 2016, and then declined to *** short tons in 2017.⁷⁵ Notwithstanding fluctuations from year to year, apparent U.S. consumption of CISP increased overall by *** percent from 2015 to 2017.⁷⁶

2. Supply Conditions

Domestic shipments, subject imports, and imports from nonsubject sources all supplied the U.S. market during the POI.⁷⁷ The domestic industry was the largest source of supply. The domestic industry’s U.S. market share declined from *** percent in 2015 to *** percent in 2016, and then increased to *** percent in 2017.⁷⁸ Subject imports’ market share increased from *** percent in 2015 to *** percent in 2016, and then declined to *** percent in 2017.⁷⁹

⁶⁸ CR/PR at II-1. CISP is primarily used in high-rise building construction, although local building codes vary in terms of regulating the use of plastic pipe as a substitute for CISP in high-rise buildings. *See e.g.*, Petition at 7; Conference Tr. at 32-33 (Dowd).

⁶⁹ CR at II-9 to II-11, PR at II-5 to II-7; CR/PR at Figures II-1, II-2, and Table II-6.

⁷⁰ CR/PR at Figure II-1; CR at II-9, PR at II-5.

⁷¹ CR/PR at Table II-6.

⁷² CR/PR at Table II-5. Two importers reported an increase, one importer reported a decrease, and one importer reported fluctuations in demand. *Id.*

⁷³ CR at II-8, PR at II-4; CR/PR at Figure II-2.

⁷⁴ CR at II-10, PR at II-6; CR/PR at Figure II-2.

⁷⁵ CR/PR at Tables IV-6, C-1.

⁷⁶ CR/PR at Tables IV-6, C-1.

⁷⁷ CR/PR at Tables IV-7 and C-1.

⁷⁸ CR/PR at Tables IV-7 and C-1.

⁷⁹ CR/PR at Tables IV-7 and C-1.

Subject imports were by far the largest source of imports during the POI, accounting for 92.7 percent of all imports in 2015, 90.6 of all imports in 2016, and 96.0 percent of all imports in 2017.⁸⁰ The market share of imports from nonsubject sources was very modest throughout the POI: it was *** percent in 2015, *** percent in 2016, and *** percent in 2017.⁸¹

The domestic industry consists of two producers, one of which has two subsidiaries producing CISP.⁸² Its capacity *** and it had substantial unused capacity throughout the POI.⁸³ No U.S. producers indicated that they experienced supply constraints during the POI.⁸⁴

The domestic industry's production facilities and sales are geographically dispersed. One U.S. producer has a foundry located in North Carolina while the other producer has a foundry in California and another foundry in Texas.⁸⁵ The domestic industry reported that *** percent of its sales were within 100 miles of its production facilities, *** percent were between 101 and 1,000 miles, and *** percent were greater than 1,000 miles.⁸⁶ In comparison, most subject imports entered the United States through the port of New York, and importers sold *** percent of shipments of subject merchandise within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent greater than 1,000 miles.⁸⁷

3. Substitutability and Other Conditions

Both subject imports and domestically produced CISP must conform to the applicable ASTM standards.⁸⁸ Based on the record in the preliminary phase of these investigations, we find that subject imports and the domestic like product have a high degree of physical interchangeability but certain requirements or preferences for domestic product may limit the degree of substitutability.⁸⁹ Both U.S. producers and two of the four U.S. importers responding

⁸⁰ CR/PR at Table IV-2. The record in these preliminary phase investigations indicates that CISP imports from China have been in the U.S. market for more than a decade. CR/PR at Figure IV-2. Respondent NewAge Casting is the *** U.S. importer of CISP from China. CR/PR at Table IV-1.

⁸¹ CR/PR at Table IV-7 and C-1.

⁸² As discussed above, AB&I and Tyler Pipe are wholly owned subsidiaries of McWane. CR at I-4 n.6 & Table III-1. The share of U.S. production of CISP in 2017 were *** percent for Charlotte Pipe and *** percent for McWane. CR/PR at Table III-1.

⁸³ CR/PR at Table III-4.

⁸⁴ CR at II-6, PR at II-3. Petitioners assert that there were no supply constraints during the POI and that the domestic industry always had ample capacity to supply the U.S. market. Petitioners' Postconference Br. at 6-8.

⁸⁵ CR/PR at Table III-1.

⁸⁶ CR/PR at Table II-3.

⁸⁷ CR/PR at Table II-3.

⁸⁸ Conference Tr. at 14 (Dowd). Chinese subject producer HengTong Casting claims that its epoxy-coated CISP is qualitatively superior to the asphalt-coated and ecoated CISP offered by the domestic industry. HengTong Casting's Postconference Br. at 1-2.

⁸⁹ CR at II-12, PR at II-8.

to the Commission's questionnaire reported that subject imports are always interchangeable with the domestic like product.⁹⁰

Price appears to be a moderately important factor in purchasing decisions as purchaser responses to the preliminary phase lost sales/lost revenue survey identify several non-price considerations that are important to such decisions. The top three factors considered in the purchasing decisions of the six purchasers that responded to the survey were whether the product was domestically sourced (four purchasers), the product's quality (three purchasers), and the product's price (two purchasers).⁹¹ While *** producers indicated that differences other than price are sometimes or never significant to purchasing decisions, all three responding importers indicated that differences other than price are always significant.⁹²

The record indicates that CISP is sold by both domestic producers and U.S. importers *** to distributors which then sell to end users.⁹³ These distributors typically operate through branches and some have branches located throughout the United States.⁹⁴ The prices offered to these distributors are primarily set by a negotiable multiplier, which is a regional adjustment to the list price.⁹⁵ Domestic producers offer a variety of rebates and discounts through loyalty incentive programs, which contain terms that require the distributor to enter into exclusivity agreements for the entire calendar year.⁹⁶ These programs provide a strong incentive for each distributor to purchase CISP from only one producer.⁹⁷ The rebates and discounts are typically paid out annually and they can add up to over *** percent.⁹⁸ U.S. importer NewAge Castings also offers loyalty rebates to its distributors, but these rebates appear to be lower than those offered by the domestic industry.⁹⁹ U.S. producers and importers typically bundle CISP and CISP fittings in sales to distributors and discounts reflect the combined amount.¹⁰⁰

⁹⁰ CR/PR at Table II-7. Two importers reported that subject imports and the domestic like product were sometimes and/or never interchangeable. *Id.*

⁹¹ CR at II-13, PR at II-8. The record does not indicate whether or to what extent distributors or end users are required to use domestically produced CISP, or whether domestically produced CISP may simply be preferred by certain purchasers. In any final phase of these investigations, we intend to explore further the nature of the supplier-purchaser relationships, and the extent to which purchasers are inclined to switch suppliers over time. We also intend to explore how subject imports and the domestic like product compete with each other in the market and to what extent this competition is price-based.

⁹² CR/PR at Table II-8.

⁹³ CR/PR at Table II-1.

⁹⁴ *See, e.g.,* Petitioners' Postconference Br., Exhs. 10, 11.

⁹⁵ CR at V-4 to V-5, PR at V-3.

⁹⁶ CR at V-6 to V-7, PR at V-4 to V-5; Conference Tr. at 28-29 (Lowe); Petitioners' Postconference Br., Exh. 10, 11.

⁹⁷ Conference Tr. at 28-29.

⁹⁸ CR at V-6, PR at V-4.

⁹⁹ Conference Tr. at 159-160 (Singh).

¹⁰⁰ CR at V-7, PR at V-5. Both U.S. producers reported bundling *** percent of CISP sales with CISP fittings, that CISP and CISP fittings were invoiced together, and that they used the same multipliers for pricing both CISP and CISP fittings in a given territory. *Id.* One of the four responding U.S. importers (***) reported bundling CISP and CISP fittings. *** reported that all its sales of CISP were sold bundled (Continued...)

There have been certain allegations concerning anticompetitive conduct by the domestic industry. Notably, in 2013, the Federal Trade Commission (“FTC”) concluded an investigation into Charlotte Pipe’s 2010 acquisition of Star Pipe, an importer of CISP fittings from China.¹⁰¹ The investigation resulted in a consent decree that required Charlotte Pipe to report previously undisclosed acquisitions and to notify the FTC before making similar acquisitions in the United States.¹⁰² Also, in 2013, distributors of CISP and CISP fittings filed a class action antitrust lawsuit against the domestic producers of CISP and CISP fittings for price fixing and other anticompetitive behavior for over \$300 million, which resulted in a settlement in excess of \$30 million in 2017.¹⁰³

Domestic producers and producers from China use different types of raw material inputs. Domestic producers use mainly iron scrap and producers in China use pig iron.¹⁰⁴ The prices for these raw materials shared similar trends throughout the POI: they declined in 2015 and fluctuated but increased overall in 2016 and 2017.¹⁰⁵ The ratio of cost of raw materials to cost of goods sold (“COGS”) for the domestic industry decreased from *** percent in 2015 to *** percent in 2016, and then increased to *** percent in 2017.¹⁰⁶ “Other factory costs” constituted the largest share of domestic producers’ COGS; this share increased from *** percent in 2015 to *** percent in 2016, and then decreased to *** percent in 2017.¹⁰⁷

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.”¹⁰⁸

China was the only significant non-domestic source of CISP in the U.S. market.¹⁰⁹ The volume of subject imports increased overall from 2015 to 2017. Subject imports increased from 15,029 short tons in 2015 to 22,208 short tons in 2016, and then decreased to 17,301

(...Continued)

with other products including CISP fittings, couplings, gaskets, and brass plugs, and were invoiced together. *Id.* ***. *Id.*

¹⁰¹ CR at II-6, PR at II-4.

¹⁰² FTC Press Release, “Charlotte Pipe and Foundry Settles Charges That Its 2010 Purchase of Star Pipe’s Cast Iron Business Was Anticompetitive,” (Apr. 2, 2013) (EDIS Doc. No. 637220).

¹⁰³ CR at II-6, PR at II-4; *Cast Iron Soil Pipe Fittings from China*, Inv. No. 701-TA-583 and 731-TA-1381 (Preliminary), USITC Pub. 4722 at 16 (Sept. 2017); Order of U.S. Dist. Court for the Eastern District of Tennessee at 3 (May 26, 2017) (EDIS Doc. No. 637218).

¹⁰⁴ CR/PR at V-1.

¹⁰⁵ CR/PR at Figure V-1.

¹⁰⁶ CR/PR at Table VI-1.

¹⁰⁷ CR/PR at Table VI-1.

¹⁰⁸ 19 U.S.C. § 1677(7)(C)(i).

¹⁰⁹ CR/PR at Table IV-7.

short tons in 2017.¹¹⁰ As observed above, subject imports' market share increased from *** percent in 2015, to *** percent in 2016, and then decreased to *** percent in 2017.¹¹¹

In light of the foregoing, we find the volume of subject imports from China significant in both absolute terms and relative to U.S. consumption.

D. Price Effects of the Subject Imports

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

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

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

As observed above, the record indicates that there is a high degree of physical interchangeability between subject imports and the domestic like product. While price is a moderately important factor in purchasing decisions, quality and whether the product is domestically sourced are also considerations in purchasing decisions.

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value net of all rebates on four pricing products shipped to unrelated U.S. customers over the POI.¹¹³ Both U.S. producers and three importers provided usable pricing data for the requested products, but not all firms reported pricing for all products for all quarters.¹¹⁴ The pricing data account for approximately 78.7 percent of U.S. producers' shipments of CISP5 and 67.3 percent of U.S. shipments of subject imports in 2017.¹¹⁵

Subject imports undersold the domestic like product in all 48 quarterly comparisons, involving 20,267 short tons of subject imports, at underselling margins ranging from 8.0 percent to 38.6 percent, with an average margin of underselling of 24.0 percent.¹¹⁶ Given the high degree of physical interchangeability between the subject imports and the domestic like

¹¹⁰ CR/PR at Table IV-6.

¹¹¹ CR/PR at Table IV-7.

¹¹² 19 U.S.C. § 1677(7)(C)(ii).

¹¹³ CR at V-8, PR at V-5. All four pricing products are types of hubless CISP:

Product 1.-- 2" x 10' no hub CISP, other than epoxy coated

Product 2.-- 4" x 10' no hub CISP, other than epoxy coated

Product 3.-- 3" x 10' no hub CISP, other than epoxy coated

Product 4. -- 6" x 10' no hub CISP, other than epoxy coated

¹¹⁴ CR at V-8, PR at V-5.

¹¹⁵ CR at V-8, PR at V-6.

¹¹⁶ CR/PR at Table V-8.

product, and that price is a moderately important factor in purchasing decisions, we find this pervasive underselling to be significant for the purposes of these preliminary determinations.

Prices for the domestic like product and subject imports declined during the POI.¹¹⁷ From 2015 to 2017, domestic price declines ranged from *** percent to *** percent while subject import price declines ranged from *** percent to *** percent.¹¹⁸ Notably, domestic prices declined most sharply between 2016 and 2017 despite higher costs.¹¹⁹ During the POI, the domestic industry's COGS to net sales ratio increased irregularly by *** percentage points, declining from *** percent in 2015 to *** percent in 2016, and then increasing to *** percent in 2017.¹²⁰ Furthermore, four of six responding purchasers reported that U.S. producers reduced prices to compete with subject imports, with three reporting price reductions ranging from 10 percent to 20 percent.¹²¹ Additionally, Petitioners contend that Charlotte Pipe had announced a price increase in 2016 to be effective at the beginning of 2017, but the increase was never implemented due to subject import competition.¹²² On the basis of these considerations, we find on the record of these preliminary phase investigations that low-priced subject imports that consistently undersold the domestic like product had a significant role in the domestic industry's price declines and inability to recover costs, and consequently had significant price-depressing effects or prevented price increases that otherwise would have occurred.¹²³

E. Impact of the Subject Imports¹²⁴

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic

¹¹⁷ CR/PR at Table V-3 to V-7.

¹¹⁸ CR/PR Table V-7. We note, however, that subject import prices for Product 4 increased by *** percent during the POR. *Id.*

¹¹⁹ CR/PR at Tables V-3 to V-6 and VI-1. The domestic industry's unit COGS declined from \$*** per short ton in 2015 to \$*** per short ton in 2016, and then increased to \$*** per short ton in 2017. CR/PR at Table VI-1.

¹²⁰ CR/PR at Table VI-1.

¹²¹ CR/PR at Table V-11; CR at V-20, PR at V-9. In response to the lost sales/lost revenue survey in these preliminary phase investigations, no purchasers reported that they purchased subject imports during the POI. Rather, responding purchasers reported purchasing all their CISP from U.S. producers. CR/PR at V-19, PR at V-8.

¹²² Petitioners' Postconference Br. at 19 & Exh. 12; Conference Tr. at 15 (Dowd).

¹²³ In any final phase of these investigations, we intend to examine further how and whether price competition might occur between subject imports and the domestic like product, and whether other factors might be causing the price declines. In particular, we will examine whether there is increased intra-industry competition as a result of these other factors, including producer-distributor relationships or purchaser preferences for U.S.-produced CISP, during the POI that might have caused these price declines.

¹²⁴ In its notice initiating the antidumping duty investigation on CISP from China, Commerce reported an estimated dumping margin of 93.32 percent. *Cast Iron Soil Pipe From the People's Republic of China: Initiation of Less-Than-Fair Value Investigation*, 83 Fed. Reg. 8053, 8056 (Feb. 23, 2018).

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

From 2015 to 2017, the domestic industry’s production, capacity, and U.S. shipments increased by *** percent, *** percent, and *** percent, respectively.¹²⁶ Capacity utilization increased by *** percentage points from 2015 to 2017, increasing from *** percent in 2015 to *** percent in 2016, and then to *** percent in 2017.¹²⁷ As observed above, the domestic industry’s U.S. market share declined from *** percent in 2015 to *** percent in 2016, and then increased to *** percent in 2017, for an overall decline of *** percentage points.¹²⁸ End-of-period inventories increased from *** short tons in 2015 to *** short tons in 2016, and then to *** short tons in 2017.¹²⁹

Indicators of the domestic industry’s employment generally improved during the POI. The number of total hours worked, hours worked per production and related workers (“PRWs”), wages paid, hourly wages, and productivity all increased overall from 2015 to 2017.¹³⁰ By contrast, the number of PRWs and unit labor costs declined irregularly from 2015 to 2017.¹³¹

By virtually all measures, the domestic industry’s financial performance declined overall from 2015 to 2017. Operating income increased from \$*** in 2015 to \$*** in 2016, and then declined to \$*** in 2017, for an overall decline of *** percent.¹³² As a ratio to net sales, the domestic industry’s operating income increased from *** percent in 2015 to *** percent in

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

¹²⁶ Production increased from *** short tons in 2015 to *** short tons in 2016 and then to *** short tons in 2017. CR/PR at Table III-4. Capacity increased from *** short tons in 2015 to *** short tons in 2016, and then declined to *** short tons in 2017. *Id.* By quantity, U.S. producers’ U.S. shipments of CISP increased from *** short tons in 2015 to *** short tons in 2016 and then to *** short tons in 2017. CR/PR at Table IV-6.

¹²⁷ CR/PR at Table III-4.

¹²⁸ CR/PR at Table IV-7.

¹²⁹ CR/PR at Table III-7.

¹³⁰ CR/PR at Table III-8. Total hours worked increased from *** in 2015 to *** in 2016, and then to *** in 2017. Hours worked per PRW increased from *** in 2015 to *** in 2016, and then to *** in 2017. Wages paid increased from \$*** in 2015 to \$*** in 2016, and then to \$*** in 2017. Hourly wages increased from \$*** in 2015 to \$*** in 2016, and then increased to \$*** in 2017. Productivity, in short tons per thousand hours, increased from *** in 2015 to *** in 2016, and declined to *** in 2017. CR/PR at Table III-8.

¹³¹ Number of PRWs increased from *** in 2015 to *** in 2016, and then fell to *** in 2017. CR/PR at Table III-8. Unit labor costs per short ton decreased from \$*** in 2015 to \$*** in 2016, and then increased to \$*** in 2017. *Id.*

¹³² CR/PR at Table VI-1.

2016, and then declined to *** percent, for an overall decline of *** percentage points.¹³³ Net income declined by *** percent between 2015 and 2017, decreasing steadily from \$*** in 2015 to \$*** in 2016 and \$*** in 2017.¹³⁴ Gross profits increased from \$*** in 2015 to \$*** in 2016, and then declined to \$*** in 2017, for an overall decline of *** percent.¹³⁵ Net sales (by value) declined overall by *** percent from 2015 to 2017, increasing from \$*** in 2015 to \$*** in 2016, and then declining to \$*** in 2017.¹³⁶ The domestic industry's capital expenditures declined irregularly from 2015 to 2017, while its research and development expenses increased.¹³⁷

For the purpose of these preliminary determinations, we find some reasonable indication that subject imports from China had a significant impact on the domestic industry. From 2015 to 2016, U.S. producers' U.S. shipments did not increase commensurately with apparent U.S. consumption of CISP and increasing volumes of aggressively priced subject imports captured market share from the domestic industry.¹³⁸ Despite rising costs from 2016 to 2017, the domestic industry lowered prices to regain market share in light of the pervasive underselling of significant volumes of subject imports.¹³⁹ Consequently, the domestic industry's revenues and profitability were lower in 2017 than they would have been in the absence of subject imports.¹⁴⁰

We have also considered the role of other factors so as not to attribute injury from other factors to the subject imports. We observe that nonsubject imports' market share was minimal throughout the POI.¹⁴¹ Given the very limited nature of nonsubject import competition, the domestic industry's foregone revenues cannot be explained by nonsubject imports.

¹³³ CR/PR at Table VI-1.

¹³⁴ CR/PR at Table VI-1.

¹³⁵ CR/PR at Table VI-1.

¹³⁶ CR/PR at Table VI-1.

¹³⁷ Capital expenditures increased from \$*** in 2015 to \$*** in 2016 and then declined to \$*** in 2017. Research and development expenses increased from \$*** in 2015 to \$*** in 2016 and \$*** in 2017. CR/PR at Table VI-5.

¹³⁸ From 2015 to 2016, U.S. producers' U.S. shipments increased by *** percent while apparent U.S. consumption increased by *** percent. CR/PR at Table C-1. The domestic industry's market share declined by *** percentage points from 2015 to 2016, declining from *** percent in 2015 to *** percent in 2016. *Id.* This decline in the domestic industry's market share was largely captured by subject imports, which increased from *** percent in 2015 to *** percent in 2016. *Id.* Nonsubject imports' market share increased from *** percent in 2015 to *** percent in 2016. *Id.*

¹³⁹ See *e.g.*, Petitioners' Postconference Br. at 17-19. This conclusion is premised on our finding for purposes of the preliminary determinations that price plays a moderate role in purchasing decisions. As stated above, we intend in any final phase investigations to examine in more detail the nature of price competition between the domestic like product and the subject imports.

¹⁴⁰ CR/PR at Tables VI-1, VI-3, and C-1.

¹⁴¹ CR/PR at Table IV-7. Nonsubject imports' market share ranged from *** percent to *** percent from 2015 to 2017. *Id.*

VI. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of CISP from China that are allegedly subsidized and sold in the United States at less than fair value.

countervailing duty investigation No. 701-TA-597 and antidumping duty investigation No. 731-TA-1407 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of February 1, 2018 (83 FR 4684). The conference was held in Washington, DC, on February 16, 2018, and all persons who requested the opportunity were permitted to appear in person or by counsel.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by the Cast Iron Soil Pipe Institute, Mundelein, Illinois, on January 26, 2018, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of cast iron soil pipe (“CISP”)¹ from China. The following tabulation provides information relating to the background of these investigations.^{2 3}

Effective date	Action
January 26, 2018	Petitions filed with Commerce and the Commission; institution of Commission investigations (83 FR 4684, February 1, 2018)
February 15, 2018	Commerce’s notice of initiation (83 FR 8047, February 23, 2018; 83 FR 8053, February 23, 2018)
February 16, 2018	Commission’s conference
March 9, 2018	Commission’s vote
March 13, 2018	Commission’s determinations
March 20, 2018	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.

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

² Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission’s website (www.usitc.gov).

³ A list of witnesses appearing at the conference is presented in appendix B of this report.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--⁴
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—⁵

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

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on

⁴ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

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

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

CISP is generally used in building construction for sanitary and storm drain, waste, and vent (“DWV”) piping applications. The product is installed in residential construction, hospitals, schools, and in commercial and industrial structures. The U.S. producers of CISP are Charlotte Pipe and Tube (“Charlotte”), and McWane, Inc. (“McWane”),⁶ while leading producers of CISP outside the United States include Zezhou Golden Autumn Foundry Co., Ltd. (“Golden Autumn”), Shan Xi Xuanshi Industrial Group Co., Ltd (“Xuanshi”), and Yuncheng Jiangxian Economic Development Zone HengTong Casting Co., Ltd (“HengTong”) of China. The leading U.S. importers of CISP from China are New Age Casting LP (“New Age”), ***, and ***. There are no major importers of CISP from nonsubject countries. U.S. purchasers of CISP are distributors; leading purchasers include ***.

Apparent U.S. consumption of CISP totaled approximately *** short tons (\$****) in 2017. Charlotte and McWane are the only known producers of CISP in the United States. U.S. producers’ U.S. shipments of CISP totaled *** short tons (\$****) in 2017, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from China totaled 17,301 short tons (\$13.1 million) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled 726 short tons (\$757,000) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of two firms that accounted for 100 percent of U.S. production of CISP during 2017. Except as noted, U.S. imports are based on official U.S. import statistics of CISP under HTS statistical reporting number 7303.00.0030. Responding importers accounted for *** percent of imports of CISP in 2017. Responding foreign producers estimate they account for *** percent of imports from China and *** percent of exports to the United States in 2017.

⁶ McWane is the owner of AB&I Foundry based out of Oakland, California and Tyler Pipe and Tube based out of Tyler, Texas.

PREVIOUS AND RELATED INVESTIGATIONS

Cast iron soil pipe has been the subject of two prior antidumping duty investigations in the United States. The Commission reached a negative determination on imports of CISP from Australia in 1964 and an affirmative determination on imports of CISP from Poland in 1967.⁷ Cast iron soil pipe fittings from Poland⁸ were the subject of an investigation in 1972 when the Commission reached a negative determination. More recently, cast iron soil pipe fittings from China are the subject of current investigations but are not included in the scope of these investigations.⁹

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On February 23, 2018, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on CISP from China.¹⁰ Commerce identified the following government programs in China:

- Policy loans to the soil pipe industry
- Treasury bond loans
- Preferential loans for state-owned enterprises (“SOEs”)
- Preferential lending to soil pipe producers and exporters classified as “Honorable Enterprises”
- Loans and interest subsidies provide pursuant to the Northeast Revitalization Program
- Debt-to-equity swaps
- Exemptions for SOEs from distributing dividends
- Loan and/or interest forgiveness for SOEs
- Income tax programs under the GOC’s 2008 corporate income tax law
 - Preferential income tax reductions for high and new technology enterprises (“HNTEs”)
 - Preferential deduction of R&D expenses for HNTEs

⁷ *Cast Iron Soil Pipe from Australia*, Inv. AA 1921-35, Tariff Commission Publication 124, April 13, 1964; *Cast Iron Soil Pipe from Poland*, Inv. AA 1921-50, Tariff Commission Publication 214, September 1967.

⁸ *Cast Iron Soil Pipe Fittings from Poland*, Inv. AA 1921-100, Tariff Commission Publication 515, September 1972.

⁹ *Cast Iron Soil Pipe Fittings From the People’s Republic of China: Initiation of Countervailing Duty Investigation*, 82 FR 37048, August 8, 2017; *Cast Iron Soil Pipe Fittings From the People’s Republic of China: Initiation from the People’s Republic of China: Initiation of Less-Than-Fair Value Investigation*, 82 FR 37053, August 8, 2017.

¹⁰ *Cast Iron Soil Pipe From the People’s Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 8047, February 23, 2018.

- Other countervailable income tax programs
 - Income tax credits for domestically owned companies purchasing domestically produced equipment
 - Preferential income tax policy for enterprises in the Northeast region
 - Reduction in or exemption from fixed assets investment orientation regulatory tax
 - Income tax benefits for domestically owned enterprises engaging in R&D
- VAT and tariff exemptions for purchasers of fixed assets under the Foreign Trade Development Fund
- Import tariff and VAT exemptions for Foreign Invested Enterprises (“FIEs”) and certain domestic enterprises using imported equipment in encouraged industries
- Deed tax exemptions for SOEs undergoing mergers or restructuring
- Provision of land to SOEs for less than adequate remuneration (“LTAR”)
- Provision of pig iron for LTAR
- Provision of ferrous scrap for LTAR
- Provision of electricity for LTAR
- Provision of iron ore for LTAR
- Provision of metallurgical coke for LTAR through SOEs
- Provision of coking coal for LTAR
- State Key Technology Project Fund
- Foreign Trade Development Fund grants
- Grants to loss-making SOEs
- Export interest subsidies
- Grants for energy conservation and emission reduction
- Grants for the retirement of capacity
- Grants for relocating production facilities

Alleged sales at LTFV

On February 23, 2018, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on CISP from China.¹¹ Commerce has initiated antidumping duty investigations based on estimated dumping margins of 93.32 percent for product from China.

THE SUBJECT MERCHANDISE

Commerce’s scope

In the current proceeding, Commerce has defined the scope as follows:

¹¹ *Cast Iron Soil Pipe From the People’s Republic of China: Initiation of Less-Than-Fair Value Investigation*, 83 FR 8053, February 23, 2018.

The merchandise covered by this investigation is cast iron soil pipe, whether finished or unfinished, regardless of industry or proprietary specifications, and regardless of wall thickness, length, diameter, surface finish, end finish, or stenciling. The scope of this investigation includes, but is not limited to, both hubless and hub and spigot cast iron soil pipe. Cast iron soil pipe is nonmalleable iron pipe of various designs and sizes. Cast iron soil pipe is generally distinguished from other types of nonmalleable cast iron pipe by the manner in which it is connected to cast iron soil pipe fittings.

Cast iron soil pipe is classified into two major types—hubless and hub and spigot. Hubless cast iron soil pipe is manufactured without a hub, generally in compliance with Cast Iron Soil Pipe Institute (CISPI) specification 301 and/or American Society for Testing and Materials (ASTM) specification A888, including any revisions to those specifications. Hub and spigot pipe has one or more hubs into which the spigot (plain end) of a fitting is inserted. All pipe meeting the physical description set forth above is covered by the scope of this investigation, whether or not produced according to a particular standard.

The subject imports are currently classified in subheading 7303.00.0030 of the Harmonized Tariff Schedule of the United States (HTSUS): Cast iron soil pipe. The HTSUS subheading and specifications are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.¹²

Tariff treatment

Based on the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is classifiable in HTS heading 7303.00.00 and imported under statistical reporting number 7303.00.0030. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection. Imports classifiable in HTS heading 7303.00.00 are free of duty when they are the product of normal trade relations (NTR) countries, including China.

THE PRODUCT

Description and applications

¹² *Cast Iron Soil Pipe Fittings From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 82 FR 37048, August 8, 2017; *Cast Iron Soil Pipe Fittings From the People's Republic of China: Initiation from the People's Republic of China: Initiation of Less-Than-Fair Value Investigation*, 82 FR 37053, August 8, 2017.

CISP is used primarily in the sanitary systems and storm drain piping, waste piping, and vent piping of buildings¹³ and is intended for gravity flow non-pressure applications.¹⁴ The scope of this investigation includes nonmalleable finished and unfinished CISP, regardless of industry or proprietary specifications, and regardless of wall thickness, length, diameter, surface finish, end finish, or stenciling.¹⁵ See figure I-1 for images of subject CISP products. Finished CISP are coated, while unfinished CISP are uncoated.¹⁶ Domestic producers usually apply an asphaltic coating, but a small amount of pipe is finished using ecoating.¹⁷ One foreign producer reported production of epoxy coated CISP.¹⁸ The coatings provide a smooth, glossy, hard but not brittle finish that is free of blisters and blemishes.¹⁹

¹³ Petition, p. 6.

¹⁴ CISPI Designation: 301-12, Standard Specification for Hubless Cast Iron Soil Pipe and Fittings for Sanitary and Storm Drain, Waste, and Vent Piping Applications, p. 1.

¹⁵ Petition, p. 5.

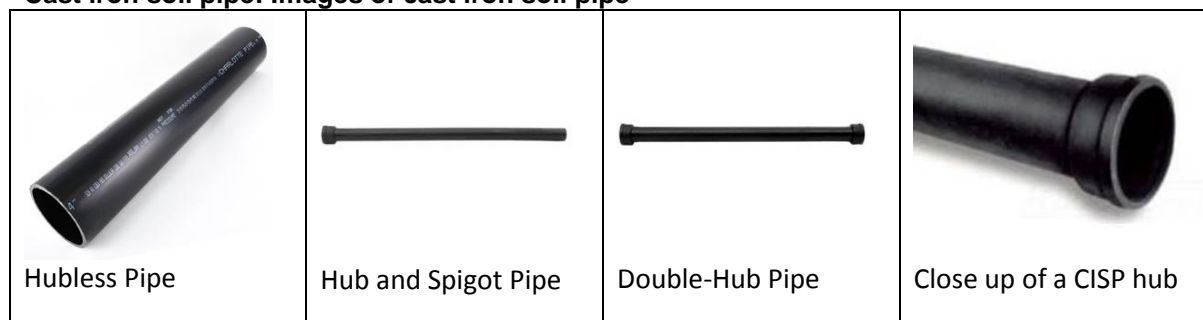
¹⁶ Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 24.

¹⁷ In the ecoating process, unfinished CISP is submerged in a bath of ground epoxy particles and water. An electrical charge is applied to the CISP which causes the epoxy particles to form a thin layer on the pipe. Ecoating is limited to certain five-foot pipe produced by Charlotte Pipe and accounts for a small percentage of the company's CISP production. Conference transcript, p. 96 (Simmons). In terms of the application of the coatings, ecoating bonds the epoxy directly to the cast iron while an epoxy coating is sprayed on or painted on. In terms of the physical characteristics of the coating after it has been applied to the CISP, an epoxy coating is thicker than a coating applied with ecoating and the epoxy coating is available in various colors while the ecoating is only available in black. The petitioner reported that other than these differences the final coatings are physically similar. The petitioner makes no claim that ecoated pipe offers advantages over CISP coated with an asphaltic coating. Petitioner's postconference brief, p. 10 and Exhibit 4. New Age claims that its epoxy-coated CISP has greater corrosion resistance and can resist pH levels of 2 to 12. Conference transcript, p. 121 (Singh). CISP with an asphaltic coating can resist pH levels of 4.3 or higher. However, the Cast Iron Soil Pipe Institute claims that 95 percent of the soils in the United States are non-corrosive to cast iron and that in soils which may cause corrosion, a loose wrap of polyethylene film can be used to protect CISP coated with the traditional asphaltic coating. Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 7.

¹⁸ One importer, New Age, was known to sell epoxy coated CISP imported from HengTong Casting, a Chinese foundry. Conference transcript, p. 117–118 (Singh).

¹⁹ Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 24.

Figure I-1
Cast iron soil pipe: Images of cast iron soil pipe



Source: Lowe's Companies, Inc., <https://www.lowes.com/pd/Charlotte-Pipe-4-in-x-2-ft-ABS-DWV-Pipe/3415778>, <https://www.lowes.com/pd/Charlotte-Pipe-4-in-dia-x-5-ft-Cast-Iron-Pipe/3407076>, <https://www.lowes.com/pd/Charlotte-Pipe-4-in-dia-x-5-ft-Cast-Iron-Pipe/3407078>, and https://www.plumbersstock.com/ridgid-34570-chain-extension-assembly-for-model-246.html?utm_source=google&utm_medium=cpc&adpos=3o10&scid=scplp112244&sc_intid=112244&qclid=EAAlaQobChMIolf2sN-52QIVj4jICh0VkwDSEAKYCiABEgIFh_D_BwE (Accessed February 13, 2018).

The material from which CISP is made, cast iron, is an alloy primarily composed of iron, carbon, and silicon. The carbon content of cast iron is greater than 2 percent while steel contains less than 2 percent carbon. In comparison with steel, the carbon and silicon content of cast iron gives it characteristics that are beneficial to casting, such as a lower melting temperature, more fluidity in a molten state, less reactivity with molding materials, and less change in volume during the conversion from a liquid to a solid.²⁰

Commerce's scope references only nonmalleable cast iron, which includes gray iron and ductile iron.²¹ Gray iron contains interconnected graphite flakes which form during solidification of the iron²² and ductile iron contains graphite that occurs as spheroids owing to the addition of a small amount of magnesium to the molten iron.²³ Malleable cast iron, which is not referenced in Commerce's scope, contains graphite which occurs as irregularly shaped nodules as a result of heat treatment after the castings are formed. The form in which the graphite occurs in the cast iron determines a range of properties in the cast iron.²⁴ Malleable cast iron is not used to produce CISP and does not meet CISPI or ASTM standards for CISP.²⁵

CISP is classified as hub and spigot pipe or hubless pipe.^{26 27} Hub and spigot pipe has hubs into which the spigot (plain end) of another pipe or of a fitting is inserted.²⁸ The joint is

²⁰ Atlas Foundry Company, *Understanding Cast Irons*.

²¹ Petition, p. 5.

²² Atlas Foundry Company, *Understanding Cast Irons - Gray Iron*.

²³ Atlas Foundry Company, *Understanding Cast Irons - Ductile Iron*.

²⁴ Atlas Foundry Company, *Understanding Cast Irons - Malleable Iron*.

²⁵ *Cast Iron Soil Pipe Fittings from China, Inv. Nos. 701-TA-583 and 731-TA-1381 (Preliminary)*, USITC Publication 4722, September 2017, p. I-9.

²⁶ Petition, p. 5.

sealed with a compression gasket²⁹ or molten lead and oakum.³⁰ Hubless pipe is manufactured without a hub and is joined to a fitting or another pipe using a hubless coupling that fits over the ends of the pipe and fitting or of the pipes, and is tightened to seal the joint.³¹ Hubless CISP is produced to CISPI 301 and ASTM A888 standards³² and hub and spigot CISP is produced to ASTM A74 standards.³³ ³⁴ Hub and spigot CISP meets the CISPI 301 standard in all aspects other than product dimensions and shapes.³⁵

Manufacturing processes³⁶

CISP is manufactured by melting scrap iron, steel scrap, and alloys in a cupola furnace³⁷ and casting³⁸ the metal into the desired shapes.³⁹ The first step in producing CISP is to screen all scrap metal for radiation and to remove any contaminated materials. The scrap metal is then transferred to a storage area until it is time to melt the metal in the cupola furnace.

In a vertically erected, cylindrical cupola furnace, an initial layer of coke is ignited and then the scrap and alloys, coke, and limestone (which helps remove coke ash and other impurities), are loaded in alternating layers. Generally the raw material inputs consist of eight to ten parts of metal by weight to one part of coke. Alloys added to the melt include ferrosilicon, silicon carbide, and other alloys, although alloys only account for around 1 percent

(...continued)

²⁷ Hub and spigot CISP is available in two classes or thicknesses, classified as Service and Extra Heavy. Hubless CISP is available in only one class of thickness. Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 8.

²⁸ Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 8.

²⁹ A compression gasket is made of rubber or another material and fits in between the inside of the hub and the outside of the spigot to create a seal. Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, pp. 8, 45–46.

³⁰ Oakum is made from vegetable fiber, cotton, or hemp, and is packed into the joint between the hub and spigot. Molten lead is then poured into the joint and allowed to solidify and the joint is caulked with a caulking iron to seal the joint. Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, pp. 8, 47–49.

³¹ Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 8.

³² Petition, p. 5.

³³ Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 8.

³⁴ One foreign producer, HengTong Casting, reported manufacturing CISP to European standard EN877. Conference transcript, p. 112 (Zhao).

³⁵ Conference transcript, p. 92 (Simmons).

³⁶ Unless otherwise stated, information in this section was taken from the Cast Iron Soil Pipe Institute's *Cast Iron Soil Pipe and Fittings Handbook*, 2006, pp. 12-24.

³⁷ Electric melting equipment can be used as well, but the cupola furnace is the primary production method.

³⁸ Casting is the process of pouring molten metal into a mold and allowing it to solidify. The casting of CISP uses the centrifugal pipe casting process.

³⁹ Chinese manufacturers reportedly use a high percentage of pig iron in the production of CISP. Conference transcript, p. 95 (Simmons).

or 2 percent of the total volume of metal.⁴⁰ Tuyeres⁴¹ inject combustion air or blast air heated up to 1,200 degrees Fahrenheit and as the initial inputs are reduced, additional scrap, coke, and limestone are added to the furnace, resulting in a melting process that is usually continuous. The molten metal is discharged through a taphole near the bottom of the furnace and is either stored in a holding furnace or is taken directly to the casting area in refractory lined ladles.

The molten metal from the cupola furnace is cast into CISP using centrifugal casting. In the centrifugal pipe casting process, molten metal transported from the cupola furnace is added to a sand-lined or water-cooled metal mold.⁴² The ends of the mold are sealed with either a sand core or a metal core.⁴³ The mold is rotated on a horizontal axis to create a centrifugal force while the molten metal is added to the mold. The centrifugal force causes the molten metal to spread uniformly on the mold's inner surface to the desired dimensions of the pipe. The molten iron is allowed to cool inside the rotating mold until the iron solidifies, at which point the pipe is removed from the mold and moved to the foundry's cleaning and finishing department. If sand cores have been used, once fully cool, the castings are still covered with a small amount of sand that must be removed. The sand from the used molds is recycled.

Cleaning the CISP after it is removed from the molds involves removing not only sand, but also burrs and sharp edges on the ends of the pipe.⁴⁴ After the CISP is cleaned, it is inspected and tested before it receives any finishing it might need. Domestic producers generally finish CISP with an asphaltic coating which is applied by dipping the pipe into a bath of coating material.⁴⁵ Alternatively, one domestic producer reported using ecoating to finish a small amount of its CISP production.⁴⁶ One foreign producer reported using epoxy finish which is sprayed on or painted on to the pipe.⁴⁷ The coatings provide a smooth, glossy, hard but not brittle finish that is free of blisters and blemishes.⁴⁸ The epoxy coating reportedly also provides extra protection against corrosion.⁴⁹

⁴⁰ *Cast Iron Soil Pipe Fittings from China, Inv. Nos. 701-TA-583 and 731-TA-1381 (Preliminary)*, USITC Publication 4722, September 2017, p. I-10.

⁴¹ Tuyeres are nozzels through which hot combustion air or blast air is directed into the furnace.

⁴² When a water-cooled metal mold is used, the inside of the mold may be coated with refractory materials in the form of a thin slurry to prevent the cast pipe from sticking to the mold. Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 18.

⁴³ Production of hub and spigot pipe requires a sand core on the end of the mold to form the hub end of the pipe. Hubless pipe production generally uses metal cores to close off both ends of the mold, but a sand core can also be used. Conference transcript, p. 99 (Simmons).

⁴⁴ Conference transcript, p. 29–30 (Simmons).

⁴⁵ Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 24.

⁴⁶ Conference transcript, p. 96 (Simmons).

⁴⁷ Conference transcript, p. 97 (Simmons).

⁴⁸ Cast Iron Soil Pipe Institute, *Cast Iron Soil Pipe and Fittings Handbook*, 2006, p. 24.

⁴⁹ Conference transcript, p. 121 (Singh).

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. The petitioner proposes a single domestic like product, co-extensive with the scope.⁵⁰ There are no respondents in this case, and none of the participants in the staff conference proposed an alternative domestic like product.⁵¹

⁵⁰ Petition, p. 13.

⁵¹ New Age, in opposition to imposition of an order, asserted there was an attenuated competition issue, as the product being produced by HengTong Casting and imported by New Age is substantively different than that being domestically produced. New Age and HengTong assert that because the CISP produced by HengTong and imported by New Age has an epoxy coating and meets the EN877 European standard the product is substantially different and therefore, does not compete with domestically produced CISP which does not have epoxy coating and does not meet the EN877 standard. Conference transcript, p. 132 (Corkran, Singh).

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

U.S. MARKET CHARACTERISTICS

CISP is a non-malleable iron casting available in a variety of sizes and used as a component for sanitary systems and storm drain, waste, and vent piping. CISP is used in residential, commercial, and industrial construction, as well as public buildings such as schools and hospitals. Additionally, CISP may be used for storm drainage from roofs, yards, areaways, courts, and in high-rise buildings. Consequently, demand for CISP is tied to building construction activity.¹

Apparent U.S. consumption of CISP fluctuated during 2015-17. Overall, apparent U.S. consumption in 2017 was *** percent higher than in 2015.

CHANNELS OF DISTRIBUTION

U.S. producers and importers sold to distributors, as shown in table II-1. Petitioners and respondents report that distributors stock a variety of plumbing supplies including both CISP and CISP fittings and that distributors purchase in bulk and break up this volume for sales to contractors.² Distributors typically sell CISP and CISP fitting from only one U.S. producer or purchase imported CISP and CISP fittings.³ Respondents also reported that distributors can provide contractors with extended payment terms.⁴

Table II-1

CISP: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2015-17

* * * * *

GEOGRAPHIC DISTRIBUTION

*** reported selling CISP to all regions in the contiguous United States (table II-2). Only one importer (***) reported selling CISP to all U.S. regions. All responding importers reported selling to the Northeast. Importer New Age stated that markets along the I-95 corridor, running from around Boston, Massachusetts, to around Richmond, Virginia, are the most extensively used commercial plumbing industry markets in the United States, with New York being the largest market in the world for CISP.⁵ McWane reported that in 2015 through 2017 it sold ***.⁶

¹ Relatively little volume is used for repair and replacement. Conference transcript, p. 70 (Hardison).

² Conference transcript, pp. 26, 29, 62, 157-158 (Lowe, Drake, Dowd, Singh).

³ Conference transcript, pp. 26, 28-29 (Lowe, Hardison). U.S. producers produce both CISP and fittings but not all Chinese foundries produce both. Conference transcript, p. 25 (Simons).

⁴ Conference transcript, pp. 158-159 (Singh).

⁵ *Cast Iron Soil Pipe Fittings from China, Invs. Nos. 701-TA-583 and 731-TA-1381 (Preliminary)*, USITC Publication 4722, September 2017, p. II-2

New Age reported differences by regions including Chicago requires CSIP at service weight *** but most areas in the United States have shifted to no-hub ***. New York underground uses extra heavy CSIP and fittings ***.⁷

Table II-2
CISP: Geographic market areas in the United States served by U.S. producers and importers, in 2017

Region	U.S. producers	Importers
Northeast	***	4
Midwest	***	1
Southeast	***	1
Central Southwest	***	1
Mountain	***	1
Pacific Coast	***	1
Other ¹	***	1
All regions (except Other)	***	1
Reporting firms	2	4

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

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

U.S. producers reported that most of their sales were between 101 and 1,000 miles of their production facilities (table II-3). Importers sold most of their product over 1,000 miles of their U.S. point of shipment.

Table II-3
CISP: U.S. producers and importers distance of shipments from facility or port, in 2017

* * * * *

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Two U.S. producers supply CISP to the U.S. market. A summary of supply factors for U.S. and Chinese producers is presented in table II-4.

Table II-4
CISP: Factors that affect ability to increase shipments to the U.S. market, by country

* * * * *

(...continued)

⁶ ***, email message to A. Preece, February 26, 2018. ***.

⁷ ***, email message to A. Preece, February 28, 2018.

Domestic production

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

U.S. producers' capacity was increased from 2015 to 2017. Capacity utilization was relatively low but increased from 2015 to 2017. *** reported exports during January 2015-December 2017 which were less than *** percent of shipments. Exports were reported to Canada,⁸ ***. *** stated that they could not switch production from CISP to other products.

Subject imports from China

Based on available information, Chinese producers of CISP have the ability to respond to changes in demand with moderate changes in the quantity of shipments of CISP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and ability to shift production. Factors mitigating responsiveness of supply include the limited ability to shift shipments from alternate market.

Chinese producers' capacity was unchanged from 2015 to 2017, and capacity utilization increased. Chinese home-market shipments increased as a share of total shipments from *** percent in 2015 to *** percent in 2017, while the share of shipments to export markets other than the United States decreased. One of the 10 responding Chinese producers reported that it produced other products on the same equipment as CISP (***) and none reported that they were able to produce other products on the equipment used to produce CISP.

Imports from nonsubject sources

Nonsubject imports accounted for 4.0 percent of total U.S. imports in 2017. Canada was the largest source of nonsubject imports during 2015-17, accounting for 99.9 percent of nonsubject imports in 2017. Bibby-Ste-Croix, a CISP producer in Canada, is part of the McWane family of companies.⁹

Supply constraints

No U.S. producers and one Chinese producer reported production constraints (***)

⁸ Conference transcript, p. 108 (Lowe).

⁹ Conference transcript, p. 108 (Lowe); Bibby-Ste-Croix webpage, <http://bibby-ste-croix.com/products/>, retrieved March 5, 2018.

Producers were asked about the effect on their firms and on the market of 1) the Federal Trade Commission's inquiry and 2013 consent order regarding Charlotte's 2010 acquisition of Star Pipe and 2) the litigation regarding alleged anti-competitive behavior filed in 2013 and settled in 2017. *** reported that there had been an effect. *** reported the effect of the FTC's inquiry and consent order 1) on the firm: ***." 2) on the market: ***." *** reported the effect of the litigation regarding alleged anti-competitive behavior files in 2013 and settled in 2017 1) on the firm: "****" 2) on the market: "****"¹⁰ *** , an importer, stated regarding the Federal Trade Commission's inquiry: "****." Regarding the anti-competitive allegation ***¹¹

U.S. demand

Based on available information, the overall demand for CISP is likely to experience small changes in response to changes in price. The main contributing factors are the limited substitute products in some end uses and the small cost share of CISP in the total construction cost of buildings.

End uses and cost share

U.S. demand for CISP depends on the demand for piping systems in residential, commercial, industrial, and public buildings (see part I). CISP account for a relatively large share of the cost of these piping systems, generally ranging from 60 to 80 percent of the cost,¹² but a small portion of the overall cost of the building/construction project estimated.¹³ CISP accounts for a small share of the cost of the end-use products in which it is used. ***.¹⁴

Business cycles

*** and two of the four responding importers indicated that the CISP market was not subject to business cycles. On the other hand, two importers stated that demand for CISP was seasonal, with demand highest during the summer during peak construction activity and lowest during the winter.

¹⁰ *** , email message to A. Preece, February 28, 2018. These questions had been included in the U.S. producer questionnaire but not in the importer questionnaire, so importers were asked to respond separately.

¹¹ *** , dropbox message, March 2, 2018.

¹² Petitioners estimated that fittings, couplings, and gaskets combined represented 25 percent of the cost of a CISP system in a typical building, and pipe represented the remaining 75 percent. Conference transcript, p. 61 (Lowe).

¹³ *Cast Iron Soil Pipe Fittings from China, Inv. Nos. 701-TA-583 and 731-TA-1381 (Preliminary)*, USITC Publication 4722, September 2017, p. II-7.

¹⁴ *** email message to A. Preece, February 26, 2018. ***.

One U.S. producer and one importer indicated that the CISP market is subject to distinct conditions of competition. U.S. producer *** stated that oversupply of domestic and imported CISP fittings was a distinct condition. Importer *** stated that conditions of competition include: (1) some jobs require U.S. product; (2) multiple revisions to the ASTM A888 standards over the years; (3) lack of availability of many types of Chinese fittings during April 2017; (4) the small number of U.S. manufacturers of fittings, the antitrust case, and the purchase of AB&I by the parent company of Tyler; (5) high shipping costs that make it prohibitive for Charlotte to compete with McWane in some regions; and (6) the availability of substitute products.¹⁵

Demand trends

*** and two of the four responding importers reported an increase in U.S. demand for CISP since January 1, 2015 (table II-5), citing increased commercial construction. Importer *** stated that overall demand increased for CISP as construction of commercial buildings and apartments has increased, but *** and one other importer (***) also stated that demand for CISP has been reduced by increasing use of plastic pipe.¹⁶

Table II-5

CISP: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	***	***	***	***
Importers	2	---	1	1
Demand outside the United States				
U.S. producers	***	***	***	***
Importers	---	---	1	---

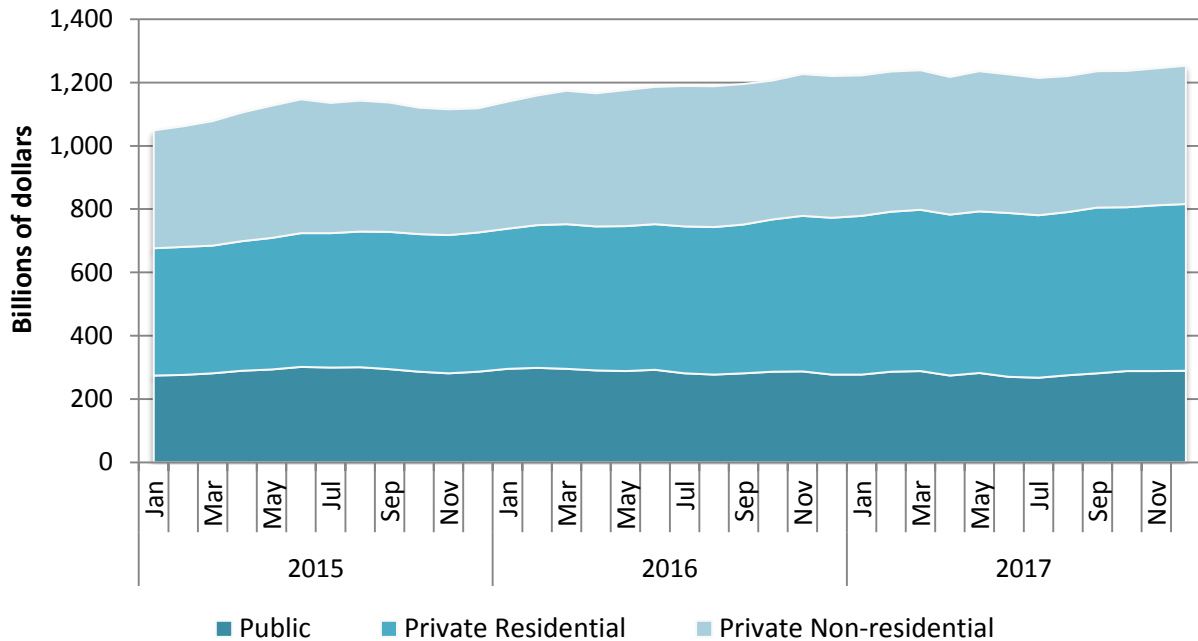
Source: Compiled from data submitted in response to Commission questionnaires.

As can be seen in figure II-1, the value of construction put in place in the United States grew from January 2015 to December 2017, on a seasonally adjusted basis. Overall, the value of public construction put in place increased by 5.5 percent between 2015 and 2017, while the value of private non-residential construction put in place increased by 17.3 percent and private residential construction put in place increased by 30.9 percent.

¹⁵ Importer *** also stated that CISPI has changed ASTM A888 standards frequently, allegedly in an attempt to differentiate domestic fittings from imported fittings. The current standard, ASTM A888–15, is the “Standard Specification for Hubless Cast Iron Soil Pipe and Fittings for Sanitary and Storm Drain, Waste, and Vent Piping Applications,” and can be found at <https://www.astm.org/Standards/A888.htm>. The number following A888 indicates the year of the latest revision to the standard. This site provides the active standard (2015), as well as prior versions (13, 13-A, 11, 09, 08, 08-A, 07, 07-A, 05, 04, 04-A, and 03).

¹⁶ The importer that reported demand fluctuations (***) did not explain its response.

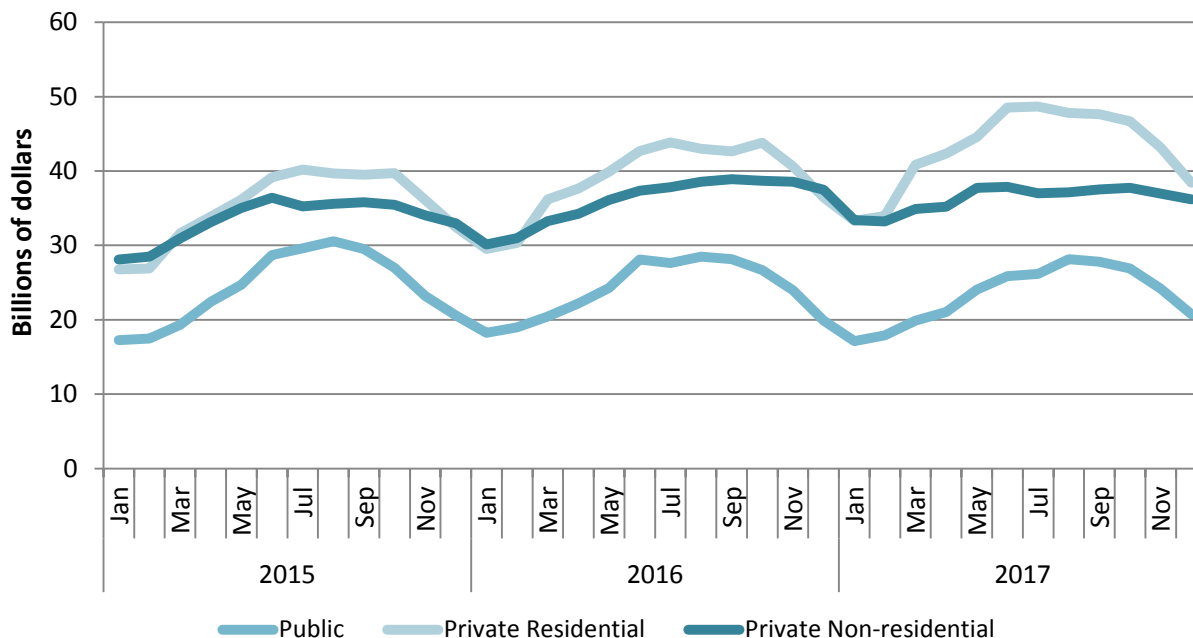
Figure II-1
Public, private residential, and private non-residential construction: Seasonally adjusted annual value of construction put in place, monthly, January 2015-December 2017



Source: https://www.census.gov/construction/c30/historical_data.html, retrieved August 15, 2017.

Construction spending is highly seasonal. As shown in figure II-2, non-seasonally adjusted construction spending was lowest in each January and then generally increased through the summer, and remained at elevated levels through October before falling for the final months of the year. Public construction spending was characterized by the greatest seasonal variation and private residential construction spending by the least seasonal variation. Construction spending increased from year to year, however its combined rate of growth declined from 15.6 percent in 2015, to 15.4 percent in 2016, and 11.5 percent in 2017. Similarly the growth of based on half-yearly data declined (table II-6).

Figure II-2
Public, private residential, and private non-residential construction: Non-seasonally adjusted construction spending, monthly, January 2015-December 2017



Source: https://www.census.gov/construction/c30/historical_data.html, retrieved August 15, 2017.

Table II-6
Construction spending: Year-over-year percentage increase in construction spending, half-yearly basis, first half 2015-second half 2017

Time period	2015-16	2016-17
	(percent)	
First half	6.6	5.7
Second half	6.4	2.1

Source: https://www.census.gov/construction/c30/historical_data.html, retrieved August 15, 2017.

Substitute products

Plastic pipe can be used in some of the same applications as CISP, although CISP tends to be used in commercial buildings while plastic pipe tends to be used in residential buildings.¹⁷ Petitioners observed that, in much of the United States, plastic pipe may be used in 35 to 40 story buildings but contend that the shift to the use of plastics in commercial construction is “mature”.¹⁸ New Age states that, in the United States, core commercial building construction uses CISP.¹⁹ Some localities’ plumbing codes mandate the use of cast iron pipe.²⁰

¹⁷ *Cast Iron Soil Pipe Fittings from China, Invs. Nos. 701-TA-583 and 731-TA-1381 (Preliminary)*, USITC Publication 4722, September 2017, p. II-10.

¹⁸ Conference transcript, p. 33 (Dowd).

¹⁹ Conference transcript, p. 154 (Singh).

*** and three of four responding importers indicated that plastic pipe was a substitute for CISP. Petitioners noted that CISP may be required by building code or may be preferred over plastic for sound attenuation and fire safety.²¹ One importer reported that plastic pipe is much less expensive, easier to handle, lighter weight, and faster to assemble, thus saving time as well as money. *** stated that changes in the prices of substitutes have not affected CISP prices whereas all three responding importers reported substitutes did influence the price of CISP.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported CISP depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that domestic and imported CISP may be physically highly interchangeable, though requirements or preferences for domestic product may limit the degree of substitutability.

Lead times

CISP is primarily sold from inventory. *** reported that in 2017, *** percent of their commercial shipments were sold from inventories, with lead times of *** days. Importers of CISP from China reported that *** percent of sales were from U.S. inventories; both responding importers reported their lead time of 1 day.²²

Factors affecting purchasing decisions

Purchaser responses

Purchasers responding to lost sales lost revenue allegations²³ were asked to identify the main purchasing factors their firm considered in their purchasing decisions for CISP. The major purchasing factors identified by firms include preference for domestic product (listed by 4 of the 6 responding purchasers), quality (listed by 3 purchasers), and price (listed by 2 purchasers). Other factors listed by one purchaser each were preferred vendor, customer request, availability, support, and market acceptance.

(...continued)

²⁰ Conference transcript, pp. 32-33 (Dowd).

²¹ Conference transcript, pp. 33-34 (Dowd). When burned, plastic pipe can give off deadly gasses. Conference transcript, p. 142 (Singh).

²² One importer (***) reported all its sales were produced to order with lead times of 75 days.

²³ This information is compiled from responses by purchasers identified by Petitioners to the lost sales lost revenue allegations. See Part V for additional information. All purchasers that responded purchased only U.S.-produced CISP.

CISPI certification and other source requirements

Petitioners claim that their price is the most important factor when competing with imported CISP.²⁴ New Age claims that roughly 85 to 90 percent of engineers' and architects' specifications for projects with CISP included the CISPI trademark which covers only U.S.-produced CISP.²⁵ According to respondents, much of the U.S. producers' sales and marketing effort is to increase and maintain the use of the CISPI trademark.²⁶ However, if a project has the CISPI trademark, contractors can "value engineer" changes to the specifications that will either reduce costs or improve the functioning of the building and this could result in the use of less expensive plastics, less expensive imported CISP, or more expensive imported CISP if these imports are accepted as being more appropriate for the project.²⁷ Respondents also state that the product source requires approval by an engineer. Once a source has been approved, it is the "contractor's duty" to use the approved supplier of CISP.²⁸

Comparison of U.S.-produced and imported CISP

In order to determine whether U.S.-produced CISP can generally be used in the same applications as imports from China, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-7, most producers and importers reported that U.S. and Chinese product was always interchangeable.

Table II-7
CISP: Interchangeability between CISP produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
United States vs. China	***	***	***	***	2	---	1	1
United States vs. Other	***	***	***	***	---	---	---	1
China vs. Other	---	---	---	---	---	---	---	---

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

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

Petitioners stated that "there are no instances" of "any sort of purchasing preferences."²⁹ Importers disagreed. One importer, ***, explained that U.S. producers' policies have led to a segmented market in which jobs can use either domestic pipe and fittings or imported pipe and fittings, but not both sources. It stated that the ASTM A888 standards for

²⁴ Conference transcript, pp. 65-66 (Dowd).

²⁵ Conference transcript, pp. 128-129, 149 (Singh).

²⁶ Conference transcript, p. 129 (Singh).

²⁷ Conference transcript, p. 154 (Singh).

²⁸ Conference transcript, pp. 132-133 (Singh).

²⁹ Conference transcript, p. 35 (Dowd).

CISP for the U.S. market are different than the standards for CISP from other countries. It also stated that U.S. producers' warranty policies do not allow their pipe and fittings to be used with pipe and fittings from other manufacturers, and that Charlotte will not sell cast iron pipe and fittings to wholesalers that also sell and stock imported cast iron pipe and fittings. Importer New Age reported that the CISPI-trademark CISP is frequently specified by architects and engineers, and once this is specified, domestic and imported cast iron pipe are not interchangeable, because the CISPI trademark is only available from U.S. producers.³⁰

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of CISP from the United States, China, or nonsubject countries. As seen in table II-8, U.S. producers reported that there were *** differences other than price between CISP from the United States and China, while all three responding importers reported that there were always differences other price between CISP from the United States and China.

Table II-8
CISP: Significance of differences other than price between CISP produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
United States vs. China	***	***	***	***	3	---	---	---
United States vs. Other	***	***	***	***	1	---	---	---
China vs. Other	---	---	---	---	---	---	---	---

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

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

One importer (***) reported imported pipe is not allowed in most big private jobs, government jobs, and all jobs with labor unions because these are protected by the CISPI trademark. *** reported that additional differences between U.S. and imported cast iron pipe include: limited import product range; import lead time of 90 to 150 days if not in stock; domestic product cannot be installed with imports due to U.S. producers' warranty restrictions and sales policies; CISPI advertising that imports are inferior; preference for local product based on ecological concerns; firms that sell imported cast iron pipe are unable to stock domestic product and U.S. producers do not allow their distributors to stock imports; and U.S. producers required their distributors to sell both pipe and fittings and, therefore, the firms stocking imports must have both pipe and fittings. New Age reported that U.S. and Chinese product differed by quality as a result of boring (cleaning) of the interior of the pipe, ***, and epoxy and zinc coating options.³¹

³⁰ Conference transcript, pp. 128-129 (Singh).

³¹ Conference transcript, pp. 112-115, 139-140 (Zhao, Singh) and questionnaire responses.

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 two firms that accounted for 100 percent of U.S. production of CISP during 2017.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to two firms based on information contained in the petition. Both Charlotte and McWane provided usable data on their production operations.¹ Staff believes that these responses represent all U.S. production of CISP.

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

Table III-1
CISP: U.S. producers of CISP, their positions on the petition, production locations, and shares of reported production, 2017

Firm	Position on petition	Production location(s)	Share of production (percent)
Charlotte Pipe	Petitioner	Charlotte, NC	***
McWane	Petitioner	Oakland, CA Tyler, TX	***
Total			***

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

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

Table III-2
CISP: U.S. producers' ownership, related and/or affiliated firms, 2017

Item / firm	Firm name	Affiliated/ownership
Related producers:		
***	***	***

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

¹ McWane is the sole owner of AB&I Foundry ("AB&I") and Tyler Pipe and Tube ("Tyler"), which produce CISP.

McWane owns Canadian CISP producer Bibby-Ste-Croix. No U.S. producers are related to U.S. importers of the subject merchandise. In addition, no U.S. producers directly import the subject merchandise and none purchase the subject merchandise from U.S. importers.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2015.

Table III-3
CISP: U.S. producers' reported changes in operations, since January 1, 2015

Item / Firm	Reported changes in operations
Other:	
***	***

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

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Capacity for McWane *** between 2015 and 2017, while capacity for Charlotte Pipe ***. Production for *** increased between 2015 and 2017 as did average capacity utilization. On balance, U.S. producers' capacity increased by *** percent, production grew by *** percent, and capacity utilization rose by *** percentage points between 2015 and 2017.

Table III-4
CISP: U.S. producers' production, capacity, and capacity utilization, 2015-17

* * * * *

Figure III-1
CISP: U.S. producers' production, capacity, and capacity utilization, 2015-17

* * * * *

Alternative products

As shown in table III-5, *** percent of the product produced during 2015 to 2017 by U.S. producers was CISP. Petitioning firms reported production machinery was *** to produce merchandise other than CISP.²

Table III-5
CISP: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2015-17

* * * * *

² Conference transcript, p. 37 (Lowe, Simmons).

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

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. U.S. shipments increased by ***. U.S. shipment values decreased by ***. Average unit values for U.S. shipments were \$*** in 2015, \$*** in 2016, and \$*** in 2017.

Throughout 2015-17, U.S. production remained focused on the domestic market, with export shipments consistently accounting for less than *** percent of total shipments between 2015 and 2017. During this period, U.S. producers' export shipments decreased by *** short tons, partially offsetting the increase in U.S. shipments of *** short tons.

Table III-6

CISP: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2015-17

* * * * *

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to total shipments. From 2015 to 2017, U.S. producers' inventories increased from *** short tons to *** short tons and the ratio of inventories to U.S. production and total shipments increased by *** and *** percentage points from 2015 to 2017. U.S. producers acknowledged the importance of maintaining "tremendous amounts of inventory" to ensure an item is in stock when an order is placed.³

Table III-7

CISP: U.S. producers' inventories, 2015-17

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

There were no reported U.S. producers' imports or purchases of CISP.

³ Conference transcript, p. 50 (Biggers, Lowe).

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-8 shows U.S. producers' employment-related data. U.S. CISP producers employed *** production related workers in 2015, *** in 2016, and *** in 2017. Between 2015 and 2017, total hours worked increased, both absolutely and per worker. Overall wages increased, both absolutely and per hour. Increased productivity offset higher wage rates, resulting in a net decline in unit labor costs.

Table III-8

CISP: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2015-17

* * * * *

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 47 firms believed to be importers of subject CISP, as well as to all U.S. producers of CISP.¹ Usable questionnaire responses were received from four companies, representing *** percent of U.S. imports from China in 2017 under HTS subheading 7303.00.0030. Table IV-1 lists all responding U.S. importers of CISP, their locations, and their shares of reported U.S. imports, in 2017.

Table IV-1
CISP: U.S. importers by source, 2017

Firm	Headquarters	Share of imports by source (percent)		
		China	Nonsubject sources	All import sources
LINO	Flushing, NY	***	***	***
Leo International	Brooklyn, NY	***	***	***
Max Supply	College Point, NY	***	***	***
New Age Casting	Sugar Land, TX	***	***	***
Total		***	***	***

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

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of CISP from China and all other sources. Subject imports from China increased from 15,029 short tons in 2015 to 22,208 short tons in 2016 before decreasing to 17,301 short tons in 2017. Import values followed the same trend as import quantities. Average unit values of CISP from China decreased from \$795 in 2015 to \$705 in 2016, then increased to \$757 in 2017. The vast majority of CISP imports from 2015 to 2017 were from China. U.S. imports from China accounted for between 90.6 and 96.0 percent of all CISP imports by quantity and between 74.4 and 94.5 percent of all CISP imports by value. The ratio to production of imports of CISP from China to U.S. production increased from *** percent in 2015 to *** percent in 2016 before returning to *** percent in 2017. U.S. imports from nonsubject sources followed a similar trend.

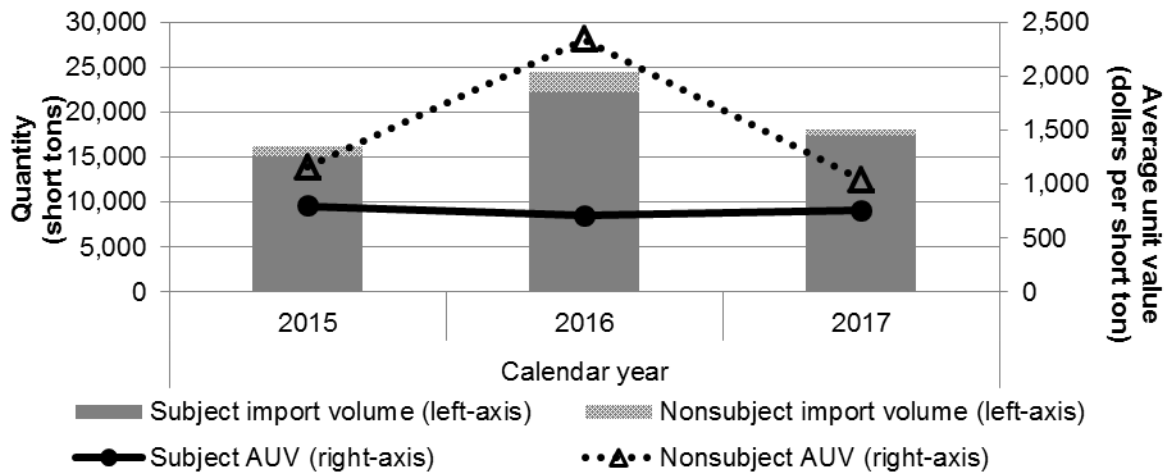
¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have accounted for more than one percent of total imports under HTS subheading 7303.00.0030 in 2017.

Table IV-2
CISP: U.S. imports by source, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (short tons)		
U.S. imports from.-- China	15,029	22,208	17,301
Nonsubject sources	1,186	2,303	726
All import sources	16,216	24,511	18,027
	Value (1,000 dollars)		
U.S. imports from.-- China	11,951	15,647	13,098
Nonsubject sources	1,372	5,382	757
All import sources	13,323	21,029	13,855
	Unit value (dollars per short ton)		
U.S. imports from.-- China	795	705	757
Nonsubject sources	1,156	2,337	1,042
All import sources	822	858	769
	Share of quantity (percent)		
U.S. imports from.-- China	92.7	90.6	96.0
Nonsubject sources	7.3	9.4	4.0
All import sources	100.0	100.0	100.0
	Share of value (percent)		
U.S. imports from.-- China	89.7	74.4	94.5
Nonsubject sources	10.3	25.6	5.5
All import sources	100.0	100.0	100.0
	Ratio to U.S. production		
U.S. imports from.-- China	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***

Source: Compiled from official U.S. import statistics for HTS statistical reporting number 7303.00.0030, accessed February 13, 2018.

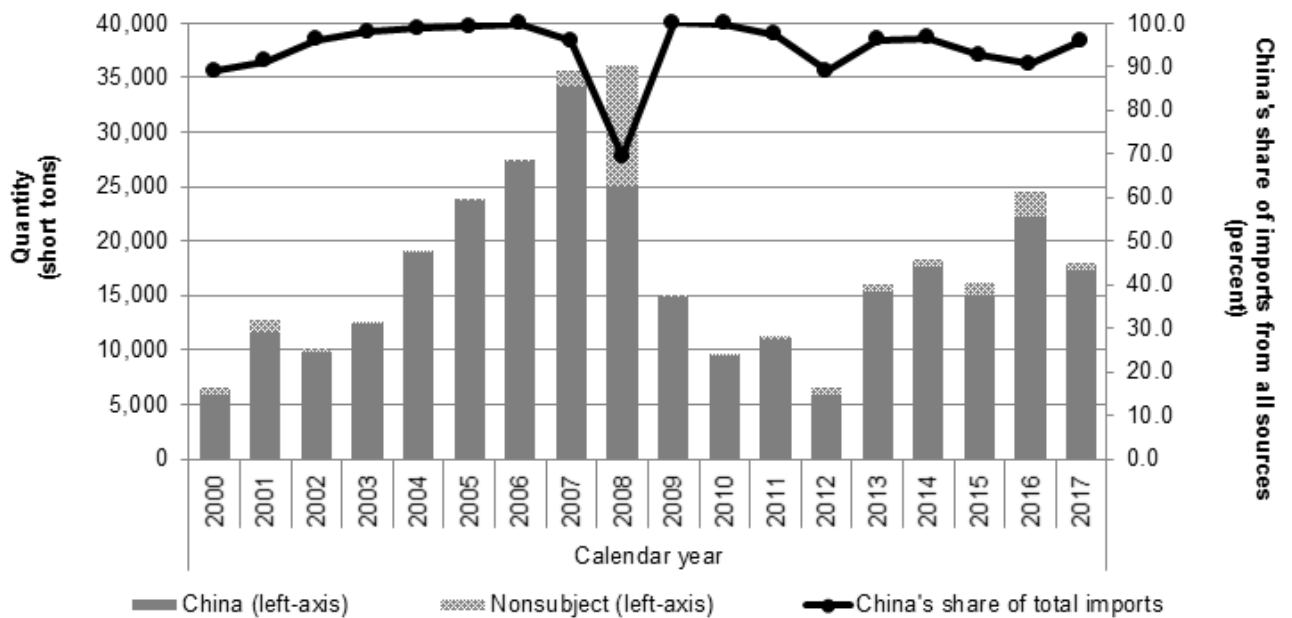
Figure IV-1
CISP: U.S. imports by source, 2015-17



Source: Compiled from official U.S. import statistics for HTS statistical reporting number 7303.00.0030, accessed February 13, 2018.

Figure IV-2 presents longer-term data on U.S. imports of CISP from China and other sources from 2000-17

Figure IV-2
CISP: U.S. imports by year and source, 2000-17



Source: Compiled from official U.S. import statistics for HTS statistical reporting number 7303.00.0030, accessed February 13, 2018.

Table IV-3 presents data on U.S. shipments of domestic and imported CISP by source and type in 2017. Non-epoxy coated soil pipe accounted for *** percent of total hubless pipe shipments and *** percent of total hub and spigot pipe shipments in 2017. U.S. producers reported no shipments of epoxy coated CISP.

Unit values for imported non-epoxy hubless pipe were \$*** lower than domestically produced hubless CISP while unit values for imported non-epoxy hub and spigot pipe were \$*** lower than domestically produced hub and spigot CISP. Average unit values for epoxy coated CISP from China were nearly \$*** per short ton higher than hubless imports without epoxy coating and nearly \$*** per short ton higher than hub and spigot imports without epoxy coating.

Table IV-3
CISP: U.S. producers' and U.S. importers' U.S. shipments by type, 2017

* * * * *

Table IV-4 presents data on U.S. imports by border of entry for 2017 and table IV-5 presents monthly data on U.S. imports from China and other sources from 2015 to 2017. U.S. imports of CISP primarily entered the United States through eastern, southern, and western ports, in descending order of magnitude. Imports of CISP from China entered the United States in all 36 months between 2015 and 2017, while imports from nonsubject sources entered in 34 months.

Table IV-4
CISP: U.S. imports by border of entry, 2017

Item	East	North	South	West	Total
Quantity (short tons)					
U.S. imports from.-- China	7,149	557	5,036	4,558	17,301
Nonsubject sources	726	0	0	0	726
All import sources	7,875	558	5,036	4,558	18,027
Share across (percent)					
U.S. imports from.-- China	41.3	3.2	29.1	26.3	100.0
Nonsubject sources	100.0	0.0	0.0	0.0	100.0
All import sources	43.7	3.1	27.9	25.3	100.0
Share down (percent)					
U.S. imports from.-- China	90.8	100.0	100.0	100.0	96.0
Nonsubject sources	9.2	0.0	0.0	0.0	4.0
All import sources	100.0	100.0	100.0	100.0	100.0

Note.-- East includes Baltimore, Maryland; Charlotte, North Carolina; New York, New York; Norfolk, Virginia; Ogdensburg, New York; Philadelphia, Pennsylvania; and St. Albans, Vermont. North includes Chicago, Illinois; Detroit, Michigan; and Minneapolis, Minnesota. South includes El Paso, Texas; Houston-Galveston, Texas; Miami, Florida; Mobile, Alabama; and New Orleans, Louisiana. West includes Los Angeles, California and San Francisco, California.

Source: Compiled from official U.S. import statistics for HTS statistical reporting number 7303.00.0030, accessed February 13, 2018.

Table IV-5
CISP: U.S. imports by source and month of entry, 2015-17

Month of entry	China	Nonsubject sources	Total U.S. imports
	Quantity (short tons)		
2015.--			
January	1,373	40	1,413
February	640	83	723
March	1,058	106	1,164
April	1,122	77	1,199
May	1,027	81	1,108
June	1,337	146	1,483
July	1,294	174	1,468
August	1,289	102	1,391
September	1,530	42	1,571
October	2,015	123	2,138
November	858	148	1,007
December	1,486	64	1,550
2016.--			
January	1,925	191	2,116
February	2,098	127	2,225
March	1,092	137	1,230
April	2,649	169	2,818
May	2,391	127	2,518
June	1,427	105	1,532
July	1,652	167	1,819
August	1,041	124	1,165
September	1,724	566	2,290
October	1,455	67	1,522
November	2,644	370	3,013
December	2,110	153	2,263
2017.--			
January	1,785	160	1,945
February	2,252	127	2,379
March	725	65	790
April	1,333	45	1,378
May	1,821	42	1,862
June	1,179	144	1,323
July	1,530	30	1,560
August	1,199	70	1,269
September	1,896	0	1,896
October	1,381	22	1,403
November	1,019	21	1,039
December	1,181	0	1,181

Source: Compiled from official U.S. import statistics for HTS statistical reporting number 7303.00.0030, accessed February 13, 2018.

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.² Negligible imports are generally defined in the Act, 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.³ Imports from China accounted for 96.0 percent of total imports of CISP by quantity during January to December 2017.

APPARENT U.S. CONSUMPTION

Table IV-6 and figure IV-3 present data on apparent U.S. consumption and U.S. market shares for CISP. Apparent U.S. consumption of CISP peaked in 2016, reflecting greater volumes of U.S. shipments by U.S. producers as well as higher levels of imports from both China and nonsubject sources. Although U.S. shipments by U.S. producers continued to rise in 2017, apparent U.S. consumption decreased, reflecting lower volumes of imports from both China and nonsubject sources. On balance, the quantity of apparent U.S. consumption increased by *** short tons between 2015 and 2017. U.S. producers' U.S. shipments accounted for *** short tons, or *** percent, of the increase, while U.S. imports accounted for the remainder.

² 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)).

³ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Table IV-6
CISP: Apparent U.S. consumption, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (short tons)		
U.S. producers' U.S. shipments	***	***	***
U.S. imports from.-- China	15,029	22,208	17,301
Nonsubject sources	1,186	2,303	726
All import sources	16,216	24,511	18,027
Apparent U.S. consumption	***	***	***
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.-- China	11,951	15,647	13,098
Nonsubject sources	1,372	5,382	757
All import sources	13,323	21,029	13,855
Apparent U.S. consumption	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics for HTS statistical reporting number 7303.00.0030, accessed February 13, 2018.

Figure IV-3
CISP: Apparent U.S. consumption, 2015-17

* * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table IV-7 and figure IV-4. On a quantity basis, U.S. producers' U.S. shipments accounted more than *** percent of the U.S. CISP market in 2015 and 2017, while U.S. imports from all sources combined accounted for less than *** percent. In the peak year of apparent U.S. consumption, 2016, U.S. producers' U.S. shipments accounted for *** percent of the U.S. market, imports from China accounted for *** percent, and imports from nonsubject sources accounted for *** percent. On a value basis, U.S. producers' U.S. shipments accounted more than *** percent of the U.S. CISP market, and imports from all sources combined for less than *** percent, in each year between 2015 and 2017.

Table IV-7
CISP: U.S. consumption and market shares, 2015-17

* * * * *

Figure IV-4
CISP: U.S. consumption and market shares, 2015-17

* * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

CISP primarily consists of cast iron molded into pipe. Raw material costs represent a moderate component of CISP costs. The share of raw materials of the costs of goods sold for CISP increased from *** percent in 2015 to *** percent of total revenue in 2017.

For domestic producers, the main two types of scrap iron used in producing CISP are cupola cast iron scrap and shredded iron scrap. In contrast, the main raw material used in China to manufacture CISP is pig iron.¹ Trends in relevant scrap iron prices are summarized in figure V-1. Although raw material prices fluctuated during 2015-17, overall prices decreased between *** and *** percent from January 2015 to December 2017. In general, all three raw material prices tracked each other with the greatest amount of divergence in the first four months of 2015 and the last six months of 2017.

Figure V-1

Raw material costs: Prices of cupola cast scrap, shredded auto scrap and average Chinese pig iron, monthly, January 2015-December 2017

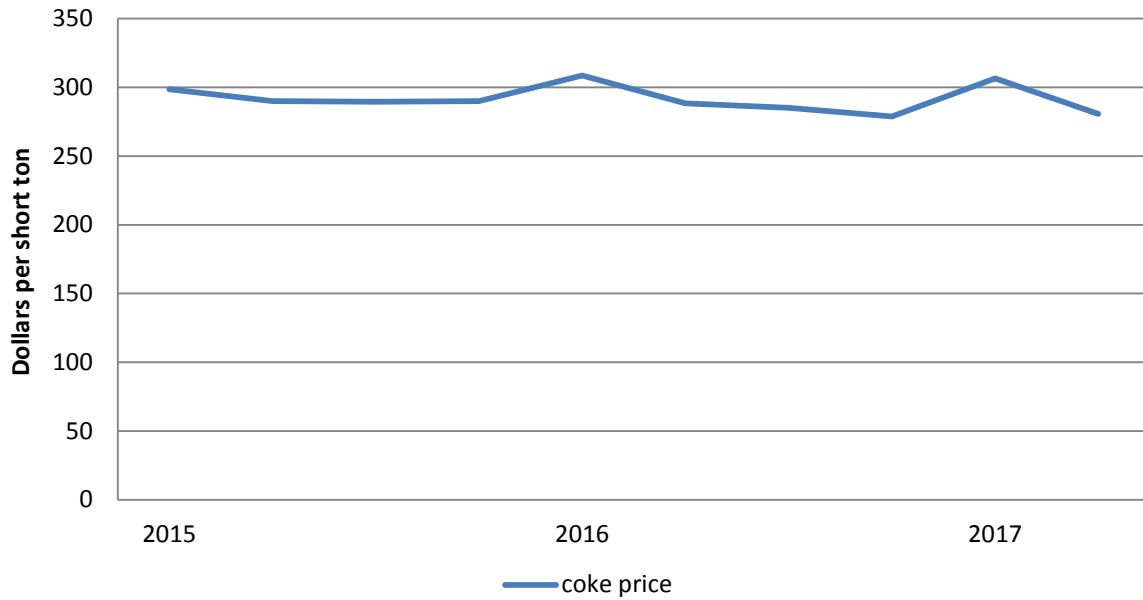
* * * * *

Energy is also a large input cost. Foundry coke is used to heat the furnaces, but electricity and natural gas are used as well. Since cupola furnaces need to remain burning, these costs can be high. Trends in energy costs are shown in figures V-2 and V-3. Coke prices declined by 6.4 percent between the first quarter of 2015 and the second quarter of 2017 (the last quarter for which these data are available), the price of electricity was relatively stable, increasing by 2 percent between January 2015 and November 2017, and natural gas prices decreased by 20 percent between January 2015 and November 2017. Petitioners also noted that environmental and safety costs are large.² “Other factory costs,” which includes energy, as a share of the cost of goods sold decreased from *** percent in 2015 to *** percent in 2017.

¹ *Cast Iron Soil Pipe Fittings from China, Invs. Nos. 701-TA-583 and 731-TA-1381 (Preliminary)*, USITC Publication 4722, September 2017, p. V-1.

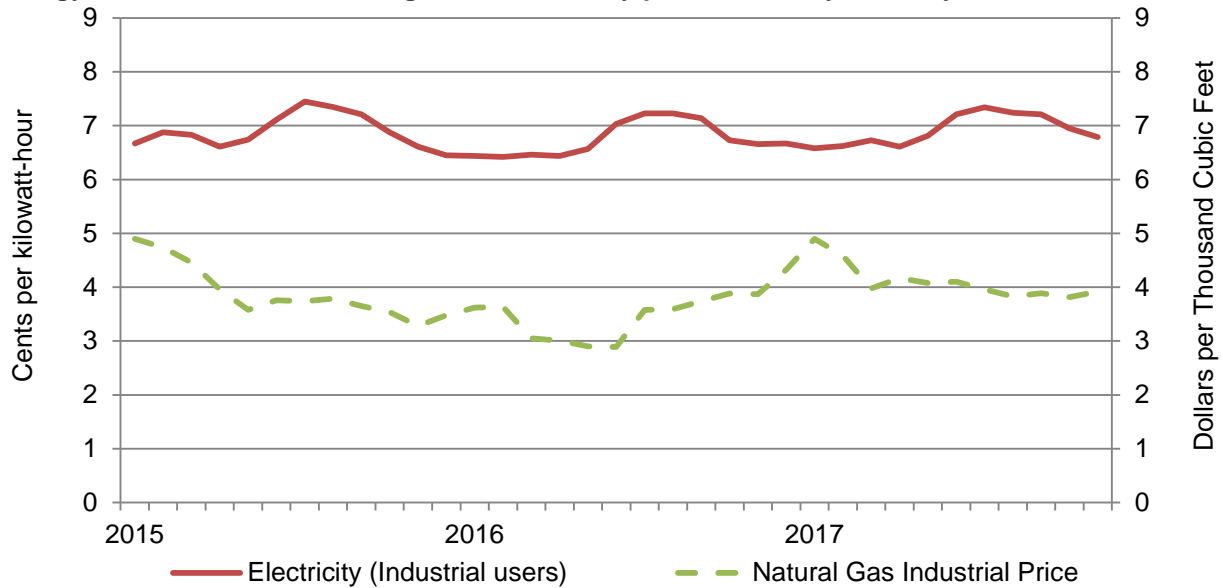
² *Cast Iron Soil Pipe Fittings from China, Invs. Nos. 701-TA-583 and 731-TA-1381 (Preliminary)*, USITC Publication 4722, September 2017, p. V-2.

Figure V-2
Energy costs: Foundry coke prices, quarterly, January 2015-June 2017



Source: Energy Information Administration, www.eia.gov/coal/production/quarterly/.

Figure V-3
Energy costs: Industrial natural gas and electricity prices, monthly, January 2015-November 2017



Source: Energy Information Administration, www.eia.gov, retrieved February 8, 2018.

Transportation costs to the U.S. market

Transportation costs to the U.S. market were 12.3 percent³ for CISP imported from China in 2017.

U.S. inland transportation costs

*** U.S. producers and three of four responding importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from *** to *** percent. Most importers reported higher transportation costs than the U.S. producers, these ranging from *** percent to *** percent.⁴

PRICING PRACTICES

Pricing methods

As presented in table V-1, ***.⁵ Two of the four responding importers sold CISP primarily using price lists.⁶ Petitioners report that “everybody” (McWane, Charlotte, and importers) sells using price lists with multiple credits or rebates that reduce the price.⁷

CISP is typically sold as part of a bundle of CISP products that contain CISP, fittings, couplings, and other pieces. CISP generally represents approximately 80 percent of the total weight of combined orders.⁸ The primary method of price setting in the CISP industry – for both pipe and fittings – is via a set price list adjusted by a multiplier that is set depending on the region in which the CISP is sold. These multipliers are also negotiable with purchasers.

³ Transportation costs were derived by comparing the 2017 c.i.f. value of imports to the customs value of imports for HTS code 7303.00.0030.

⁴ ***, reported that its U.S. inland transportation costs were *** percent.

⁵ ***. ***.

⁶ ***.

⁷ Conference transcript, pp. 63-64 (Biggers).

⁸ Conference transcript, p. 24 (Schagrin).

Table V-1

CISP: U.S. producers' and importers' reported price setting methods, by number of responding firms¹

Method	U.S. producers	Importers
Transaction-by-transaction	***	1
Contract	***	---
Set price list	***	2
Other	***	1
Responding firms	2	4

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.

As shown in table V-2, U.S. producers reported that *** of their sales were in the spot market in 2016, and *** were through annual contracts. ***. ***. The vast majority of importers' sales were on a spot basis, and the remainder were on a short-term contract basis.⁹ Purchasers responding to the LSLR survey stated that they generally issue purchase orders or make individual purchases.

Table V-2

CISP: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2017

* * * * *

Sales terms and discounts

Discounts

*** U.S. producers reported discounts on all or almost all their sales. ***. ***. One importer reported quantity discounts, one total volume discounts, one no discount policy, and two early payment discounts.¹⁰ The two importers that reported quantity and volume discounts reported these discounts covered all their sales. Only one importer (***) reported estimated average and highest discount values (***) and (***) percent, respectively).

U.S. producers reported using rebate and loyalty programs which "necessitate our customers (distributors) buying from us 100 percent."¹¹ Petitioners' loyalty incentive programs include rebates for loyalty, purchasing in full truckload or full crate quantities, and money for promotional activities, as well as monthly credits to compete with imports which are not part of

⁹ One importer, ***, reported selling under short-term contracts. These contracts averaged *** days, allow price renegotiations during the contract, and had no meet-or-release provision.

¹⁰ ***.

¹¹ Conference transcript, p. 28 (Lowe). Details of Charlotte's and McWane's loyalty programs are provided in petitioners' posthearing brief, Exhibits 9, 10, and 11.

the rebate program, but part of the pricing program to get to the final “net/net” price.¹² Rebates may also be given to relatively larger contractors. The discounts are for yearly periods and at the end of the year distributors sometimes switch sources.¹³ Importer ***.

Bundling

U.S. producers and importers typically combine CISP and the CISP fittings in sales to distributors and discounts reflect the combined amount. Both U.S. producers reported bundling *** percent of sales with fittings. *** U.S. producers reported that CISP and fittings were invoiced together and *** reported that CISP and the CISP fittings generally had the same multipliers (for a given territory), but other products did not share the same multipliers.

One of the four responding importers (***) reported bundling. ***.

Terms

Both U.S. producers reported sales terms of 3/10 net 30 days. Three of four responding importers reported sales terms of 2/10 net 30 days, with one requiring a deposit and cash on delivery.

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 CISP products shipped to unrelated U.S. customers during 2015-17.

Product 1.-- 2” x 10’ no hub CISP, other than epoxy coated

Product 2.-- 4” x 10’ no hub CISP, other than epoxy coated

Product 3.-- 3” x 10’ no hub CISP, other than epoxy coated

Product 4.— 6” x 10’ no hub CISP, other than epoxy coated

Two U.S. producers and three importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹⁴

¹² *Cast Iron Soil Pipe Fittings from China, Invs. Nos. 701-TA-583 and 731-TA-1381 (Preliminary)*, USITC Publication 4722, September 2017, p. V-4.

¹³ Conference transcript, p. 28 (Drake).

Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of product and *** percent of U.S. shipments of subject imports from China in 2017. Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-4 to V-7. Given the volume of imports from nonsubject sources, the Commission did not collect price data for imported CISP from countries other than China.

Table V-3
CISP: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarters, 2015-17

* * * * *

Table V-4
CISP: Weighted-average f.o.b. prices and quantities of domestic and imported product 2¹ and margins of underselling/(overselling), by quarters, 2015-17

* * * * *

Table V-5
CISP: Weighted-average f.o.b. prices and quantities of domestic and imported product 3¹ and margins of underselling/(overselling), by quarters, 2015-17

* * * * *

Table V-6
CISP: Weighted-average f.o.b. prices and quantities of domestic and imported product 4¹ and margins of underselling/(overselling), by quarters, 2015-17

* * * * *

Figure V-4
CISP: Weighted-average prices and quantities of domestic and imported product 1, by quarters, 2015-17

* * * * *

Figure V-5
CISP: Weighted-average prices and quantities of domestic and imported product 2, by quarters, 2015-17

* * * * *

(...continued)

¹⁴ 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.

Figure V-6
CISP: Weighted-average prices and quantities of domestic and imported product 3, by quarters, 2015-17

* * * * *

Figure V-7
CISP: Weighted-average prices and quantities of domestic and imported product 4, by quarters, 2015-17

* * * * *

Price trends

In general, prices decreased during 2015-17. As shown in table V-7, domestic price decreases ranged from *** to *** percent during 2015-17. Import prices for products 1 through 3 decreased by *** to *** percent, while the import price for product 4 increased by *** percent.

Table V-7
CISP: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China

Item	Number of quarters	Low price (per short ton)	High price (per short ton)	Change in price ¹ (percent)
Product 1				
United States	12	***	***	***
China	12	***	***	***
Product 2				
United States	12	***	***	***
China	12	***	***	***
Product 3				
United States	12	***	***	***
China	12	***	***	***
Product 4				
United States	12	***	***	***
China	12	***	***	***

¹ Percentage change from the first quarter of 2015 to the fourth quarter of 2017.

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

Price comparisons

As shown in table V-8, prices for product imported from China were below those for U.S.-produced product in all 48 instances (20,267 short tons); margins of underselling ranged from 8.0 to 38.6 percent. For all four products, the largest margins of underselling were in the second half to 2017.

Table V-8

CISP: Instances of underselling and the range and average of margins, 2015-17

Source	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	12	***	***	***	***
Product 2	12	***	***	***	***
Product 3	12	***	***	***	***
Product 4	12	***	***	***	***
Total	48	20,267	24.0	8.0	38.6

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

LOST SALES AND LOST REVENUE

The Commission requested that U.S. producers of CISP identify purchasers where they experienced instances of lost sales or revenue due to competition from imports of CISP from China during 2015-17. Both responding U.S. producers reported that they had to reduce prices and roll back announced price increases, and that they had lost sales. Both U.S. producers submitted lost sales and lost revenue allegations. The allegations were based on construction projects but the contacts provided were for the distributors to which the U.S. producers sold CISP, thus in some cases, there were a number of lost sales and/or lost revenue allegations per distributor. The two U.S. producers identified 27 distributors where they lost sales or revenue (17 consisting of lost sales allegations, 7 consisting of lost revenue allegations, and 3 consisting of both types of allegations).

Staff contacted 27 purchasers and received responses from 6 purchasers. Responding purchasers reported purchasing 310,648 short tons of CISP during 2015-17, exclusively from U.S. producers (table V-9).

Table V-9

CISP: Purchasers' responses to purchasing patterns

* * * * *

During 2015-17, responding purchasers reported purchasing all their CISP from U.S. producers. Five of the six responding purchasers reported that their purchases of U.S. product were unchanged. *** reported that its purchases of U.S. product decreased, ***.

Of the six responding purchasers, none reported that, since 2015, they had purchased imported CISP from China instead of U.S.-produced product. None of these purchasers compared subject import prices with U.S.-produced product (table V-10).

Table V-10

CISP: Purchasers' responses to purchasing subject imports instead of domestic product

Purchaser	Purchased imports instead of domestic (Y/N)	Imports priced lower	If purchased imports instead of domestic, was price a primary reason (Y/N)
***	No	No response	No response
***	No	No response	No response
***	No	No response	No response
***	No	No response	No response
***	No	No response	No response
***	No	No response	No response
Total	Yes--0; No--6	---	---

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

Of the six responding purchasers, four reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China (table V-11; two reported that they did not know). The reported estimated price reduction ranged from 10 to 20 percent. In describing the price reductions, one purchaser reported a price reduction of 10 percent, however, it also stated that price of CISP was unchanged, it explained that the price of CISP should have increased with the prices of other building products.

Table V-11

CISP: Purchasers' responses to U.S. producer price reductions

Purchaser	U.S. producers reduced priced to compete with subject imports (Y/N)	If U.S. producers reduced prices	
		Estimated U.S. price reduction (percent)	Additional information, if available
***	Don't Know	***	***
***	Yes	***	***
***	Yes	***	***
***	Yes	***	***
***	Yes	***	***
***	Don't Know	***	***
Total / average	Yes--4; No--0	***	NA

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

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Charlotte and McWane responded to the trade and financial sections of the Commission's U.S. producer questionnaire and provided usable data on their operations on cast iron soil pipe (CISP). *** accounted for *** percent of total net sales value in 2017.¹ Both U.S. producers reported a fiscal year end of December 31 and reported their financial data based on U.S. generally accepted accounting principles.

OPERATIONS ON CISP

Table VI-1 presents aggregated data on U.S. producers' operations in relation to CISP. Table VI-2 shows the changes in average unit values of select financial indicators. Table VI-3 presents selected company-specific financial data. Both firms reported only commercial sales.

Net sales

As shown in table VI-1, the quantity of net sales increased from 2015 to 2017. The net sales value increased from 2015 to 2016, but fell in 2017.² This was largely due to a *** in the average unit value of sales in 2016 from 2015 but a higher volume of sales in 2016, followed by a larger decrease in the average unit value of sales in 2017. As shown in table VI-3, ***.

Table VI-1
CISP: Results of operations of U.S. producers, 2015-17

* * * * *

Table VI-2
CISP: Changes in AUVs, between calendar years

* * * * *

¹ Charlotte reported data on CISP on behalf of itself. McWane was requested to combine data for its two CISP subsidiaries, AB&I (Oakland, California) and Tyler (Houston, Texas), and to report on a consolidated basis.

² According to petitioners, demand for CISP peaked in 2016 and commercial construction, which rose *** from 2015 to 2016, ***. Petitioners' postconference brief, answers to staff questions number 6, p. 6, citing ***.

Table VI-3

CISP: Selected results of operations of U.S. producers, by firm, 2015-17

* * * * *

Cost of goods sold and gross profit or (loss)

As shown in table VI-1, the ratio of COGS to net sales ratio fell from *** percent in 2015 to *** percent in 2016 before increasing to *** percent in 2017. On a company-specific basis, ***.

Total COGS consist of raw materials, direct labor, and other factory costs (“OFC”). OFC represented the largest component of COGS, accounting for between *** percent in 2017 and *** percent in 2016. On a per-short ton basis, OFC fell from \$*** per short ton in 2015 to \$*** per short ton in 2017. As shown in table VI-3, ***. Nonetheless, ***.³ Direct labor is the smallest of the three categories, averaging between ***. ***.⁴ As implied by testimony at the staff conference, these two categories of cost are considered fixed costs for the most part. A spokesman for Charlotte indicated that the effect on his company of a lower volume of production and sales would be higher per-unit fixed costs.

Raw material accounted for between *** percent in 2016 and *** percent in 2017 of sales and *** percent in 2016 and *** percent in 2017 of total COGS.⁵ As shown in table VI-1, the average unit raw material cost irregularly decreased from 2015 to 2017. ***.

The industry’s gross profit decreased by *** percent from \$*** in 2015 to \$*** in 2017 after an increase from 2015 to 2016 of ***. As depicted in table VI-2, the decrease in total net sales value was greater than the decrease in total COGS from 2015 to 2017, while per-unit sales declined less than did total COGS between 2015 and 2016. Gross profit was lower by *** percent from \$*** in 2016 to \$*** as per-unit sales fell more than per-unit COGS. On a company-specific basis, ***.⁶

SG&A expenses and operating income or (loss)

As shown in table VI-1, the industry’s SG&A expense ratio (i.e., total SG&A expenses divided by total net sales value) moved within a relatively narrow range from *** percent in 2015 to *** percent in 2017. As shown in table VI-3, per-unit SG&A expenses varied ***.

³ ***. Emails from ***.

⁴ ***.

⁵ According to petitioners, raw material costs were at a “historic low” level in 2016 but increased in 2017, as measured by the producer price index for cast iron scrap from the St. Louis Federal Reserve. Petitioners suggest that the ***. Petitioners postconference brief, answer to staff questions number 6, pp. 7-8 and exh. 7, 13, and 14.

⁶ See earlier discussion on changes in raw material costs.

The industry's operating income increased from \$*** in 2015 to \$*** in 2016 before falling to \$*** in 2017. On a company-specific basis, ***.

Other expenses and net income

Classified below the operating income levels are other expense and other income, which are usually allocated to the product line from high levels in the corporation. Other expenses increased from \$*** in 2015 to \$*** in 2016 and were \$*** in 2017. The increase in 2016 is mainly attributable to ***.^{7 8}

Other income fell from \$*** in 2015 to \$*** in 2017. The 2015 data are attributable to ***.⁹

By definition, items classified at this level in the income statement only affect net income or (loss). Net income was \$*** in 2015, \$*** in 2016, and \$*** in 2017. Cash flow, defined as net income plus depreciation, followed the same trend, falling from \$***.

Variance analysis

The variance analysis presented in table VI-4 is based on the data in table VI-1.¹⁰ The analysis shows that the operating income increased from 2015 to 2016 because ***. The analysis also indicates that operating income fell from 2016 to 2017 attributable to ***.

Table VI-4
CISP: Variance analysis for U.S. producers, between calendar years 2015-17

* * * * *

⁷ ***. These are related to a direct purchaser class action antitrust lawsuit against both firms that included both cast iron soil pipe and fittings. The settlement agreement approved by the court mandated a payment of \$30 million by October 29, 2016. See, Settlement Agreement In RE: Cast Iron Soil Pipe and Fittings Antitrust Litigation, U.S. District Court Eastern District of Tennessee at Chattanooga, No. 1:14-md-2508-HSM-CHS, Document 466-2 filed 10/21/16, retrieved February 6, 2018. Also, see Order and Final Judgment, document 504, filed 05/26/17, retrieved February 6, 2018.

⁸ ***.

⁹ U.S. producers' questionnaire response of ***, question III-10.

¹⁰ 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 expense 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 AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents capital expenditures and research and development (“R&D”) expenses by firm. Capital expenditures irregularly decreased from \$*** in 2015 to \$*** in 2017. As shown in table VI-5, ***.¹¹ ***.¹²

R&D expenses increased from 2015 to 2017. ***.¹³ ***.

Table VI-5
CISP: Capital expenditures and R&D expenses for U.S. producers, by firm, 2015-17

* * * * *

ASSETS AND RETURN ON ASSETS

Table VI-6 presents data on the U.S. producers’ total assets and their operating return on assets.¹⁴ Total assets increased irregularly from \$*** in 2015 to \$*** in 2017. The return on assets decreased irregularly from *** percent in 2015 to *** percent in 2017. ***.¹⁵ ***.¹⁶

Table VI-6
CISP: Value of assets used in production, warehousing, and sales, and return on assets for U.S. producers by firm, 2015-17

* * * * *

¹¹ U.S. producers’ questionnaire response of ***, section III-13. See Petitioners’ postconference brief, answers to staff questions number 4, p. 4 and exh. 15 (***) .

¹² U.S. producers’ questionnaire response of ***, section III-13.

¹³ U.S. producers’ questionnaire response of ***, section III-13.

¹⁴ With respect to a company’s overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company’s balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for CISP.

¹⁵ U.S. producers’ questionnaire response of ***, question III-12. According to information provided in a related investigation, *** Email from ***, August 5, 2017.

¹⁶ U.S. producers’ questionnaires response of ***, question III-12.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of CISP to describe actual or potential negative effects of imports of CISP from the subject countries on their firms' growth, investment, ability to raise capital, development and production efforts, or on the scale of capital investments. Table VI-7 presents U.S. producers' responses in a tabulated format and table VI-8 provides the narrative responses.

Table VI-7

CISP: Actual and anticipated negative effects of imports on investment and growth and development from imports from China since January 1, 2015

* * * * *

Table VI-8

CISP: Narratives relating to actual and anticipated negative effects of imports from China on investment and growth and development, since January 1, 2015

* * * * *

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,*
- (V) inventories of the subject merchandise,*

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

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

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

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

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 10 firms believed to produce and/or export CISP from China.³ Usable responses to the Commission's questionnaire were received from four firms: ***.⁴ These firms' exports to the United States accounted for approximately *** percent of U.S. imports of CISP from China in 2017. According to estimates requested of the four responding Chinese producers, the production of CISP in China reported in questionnaires accounts for approximately *** percent of overall production of CISP in China. Table VII- 1 presents information on the CISP operations of the responding producers and exporters in China.

Table VII-1
CISP: Summary data for producers in China, 2017

* * * * *

Changes in operations

Since January 1, 2015, producers in China of CISP reported that they had no reported operational or organizational changes.

Operations on CISP

Table VII-2 presents information on the CISP operations of the responding producers and exporters in China.

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

⁴ Responses were received from six additional firms. One of the firms (***) does not produce and solely exports CISP. Five other firms provided responses to the narrative questions but did not provide usable data.

Table VII-2
CISP: Data for producers in China, 2015-17, and projection 2018 and 2019

* * * * *

Alternative products

Table VII-3 shows responding Chinese firms’ production of other products on the same equipment and machinery used to produce CISP. While one firm reported producing *** on the same machinery, the majority (***) of 2017 production on the machinery was used to produce.

Table VII-3
CISP: China producers' overall capacity and production on the same equipment as subject production, 2015-17

* * * * *

Exports

According to Global Trade Atlas (“GTA”) data, the leading export markets for tubes, pipes, and hollow profiles of cast iron, including CISP, from China are Kuwait, Hong Kong, Vietnam, Angola, the United States, Bangladesh, Senegal, Australia, and Algeria (table IV-4).⁵ During 2017, the United States was the fifth largest export market for tubes, pipes, and hollow profiles of cast iron from China, accounting for 4.3 percent of the market. Kuwait was the top export market for tubes, pipes, and hollow profiles of cast iron from China, accounting for 8.7 percent, followed by Hong Kong, accounting for 6.4 percent. The third largest export market was Vietnam, accounting for 5.8 percent, and the fourth largest market was Angola, accounting for 5.7 percent.

⁵ Because GTA data only provides data to the six digit HTS level, it includes products outside of Commerce’s scope and may not be representative of subject CISP exports from China.

Table VII-4
Tubes, pipes and hollow profiles of cast iron: Exports from China, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Quantity (short tons)		
Exports from China to the United States	24,519	31,782	25,019
Exports from China to other major destination markets.-- Kuwait	905	35,515	50,997
Hong Kong	28,494	31,031	37,460
Vietnam	40,253	32,584	34,096
Angola	2,755	1,207	33,428
Bangladesh	23,375	26,791	24,944
Senegal	6,966	1,121	23,520
Australia	17,020	13,425	23,329
Algeria	28,439	42,820	22,349
All other destination markets	584,484	487,810	312,812
Total exports from China	757,210	704,086	587,953
	Value (1,000 dollars)		
Exports from China to the United States	18,472	19,252	17,602
Exports from China to other major destination markets.-- Kuwait	813	25,776	41,068
Hong Kong	24,754	23,661	29,885
Vietnam	23,684	16,091	17,570
Angola	2,069	638	19,822
Bangladesh	20,122	13,476	28,678
Senegal	5,311	944	14,910
Australia	10,873	7,741	15,503
Algeria	16,662	21,429	12,293
All other destination markets	446,321	294,524	205,581
Total exports from China	569,082	423,533	402,910

Table continued on next page.

**Table VII-4—Continued:
Tubes, pipes and hollow profiles of cast iron: Exports from China, 2015-17**

Destination market	Calendar year		
	2015	2016	2017
	Unit value (dollars per short ton)		
Exports from China to the United States	753	606	704
Exports from China to other major destination markets.-- Kuwait	898	726	805
Hong Kong	869	763	798
Vietnam	588	494	515
Angola	751	529	593
Bangladesh	861	503	1,150
Senegal	762	842	634
Australia	639	577	665
Algeria	586	500	550
All other destination markets	764	604	657
Total exports from China	752	602	685
	Share of quantity (percent)		
Exports from China to the United States	3.2	4.5	4.3
Exports from China to other major destination markets.-- Kuwait	0.1	5.0	8.7
Hong Kong	3.8	4.4	6.4
Vietnam	5.3	4.6	5.8
Angola	0.4	0.2	5.7
Bangladesh	3.1	3.8	4.2
Senegal	0.9	0.2	4.0
Australia	2.2	1.9	4.0
Algeria	3.8	6.1	3.8
All other destination markets	77.2	69.3	53.2
Total exports from China	100.0	100.0	100.0

Source: GTIS/GTA database.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-5 presents data on U.S. importers' reported inventories of CISP. Three of the four responding importers reported holding inventories of CISP. New Age testified holding six months' worth of inventory citing an inability to quickly procure CISP if needed. New Age also emphasized that because CISP is imported to fill inventory requirements, it does not directly equal their sales of CISP.⁶ Petitioners also testified that distributors typically hold inventories as well, stating that CISP is not a "made-to-order business; it's a make-for-industry business and supply the distribution process from inventory."⁷

⁶ Conference transcript, pp. 129-130 (Singh).

⁷ Conference transcript, pp. 51-52 (Schagrin).

Table VII-5
CISP: U.S. importers' inventories, 2015-17

* * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of CISP from China after December 31, 2017, as presented in Table VII-6. *** responding importers reported arranged imports for at least one quarter in 2018. *** reported arranged imports for only the first quarter in 2018, *** reported arranged imports for both the first and second quarter in 2018, and *** reported arranged imports for the first three quarters in 2018.

Table VII-6
CISP: Arranged imports, January 2018 through December 2018

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known trade remedy actions on CISP from China in third-country markets.

INFORMATION ON NONSUBJECT COUNTRIES

According to GTA data, in 2016, the five leading exporters of tubes, pipes, and hollow profiles of cast iron were China, the United Arab Emirates, Germany, India, and Japan. These five countries accounted for threequarters of total global exports of tubes, pipes, and hollow profiles of cast iron. Because GTA data only provides data to the six digit HTS level, it includes products outside of Commerce's scope and may not be representative of global CISP exports.

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
83 FR 4684 January 26, 2018	<i>Cast Iron Soil Pipe From China; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-02-01/pdf/2018-01965.pdf
83 FR 8047, February 23, 2018	<i>Cast Iron Soil Pipe From the People's Republic of China: Initiation of Countervailing Duty Investigation</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-02-23/pdf/2018-03746.pdf
83 FR 8053, February 23, 2018	<i>Cast Iron Soil Pipe From the People's Republic of China: Initiation of Less-Than-Fair Value Investigation</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-02-23/pdf/2018-03751.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appear as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Cast Iron Soil Pipe from China
Inv. Nos.: 701-TA-597 and 731-TA-1407 (Preliminary)
Date and Time: February 16, 2018 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

In Support of Imposition (**Elizabeth J. Drake**, Schagrin Associates)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Schagrin Associates
Washington, DC
on behalf of

Cast Iron Soil Pipe Institute

Roddey Dowd, Jr., Chief Executive Officer,
Charlotte Pipe and Foundry Company

Hooper Hardison, President, Charlotte Pipe
and Foundry Company

Greg Simmons, Senior Vice President, Charlotte Pipe
and Foundry Company

John Biggers, Vice President, Sales, Charlotte Pipe
and Foundry Company

Michael Lowe, General Manager and Vice President of Sales,
AB&I Foundry

Roger B. Schagrin)
Christopher T. Cloutier) – OF COUNSEL
Elizabeth J. Drake)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

INTERESTED PARTIES IN OPPOSITION:

HengTong Casting
Suzhou, China

Owen Zhao, on behalf of Jinyou Zhao, President of Heng
Tong Casting

NewAge Casting
Sugarland, TX

Bikram Singh, President and Chief Executive Officer,
NewAge Casting

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Roger B. Schagrin**, Schagrin Associates)

-END

APPENDIX C
SUMMARY DATA

Table C-1

Cast iron soil pipe: Summary data concerning the U.S. market, 2015-17

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2015	2016	2017	2015-17	2015-16	2016-17
U.S. consumption quantity:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***
U.S. consumption value:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***
U.S. imports from:						
China:						
Quantity.....	15,029	22,208	17,301	15.1	47.8	(22.1)
Value.....	11,951	15,647	13,098	9.6	30.9	(16.3)
Unit value.....	\$795	\$705	\$757	(4.8)	(11.4)	7.5
Ending inventory quantity.....	***	***	***	***	***	***
Nonsubject sources:						
Quantity.....	1,186	2,303	726	(38.8)	94.1	(68.5)
Value.....	1,372	5,382	757	(44.8)	292.3	(85.9)
Unit value.....	\$1,156	\$2,337	\$1,042	(9.9)	102.1	(55.4)
Ending inventory quantity.....	***	***	***	***	***	***
All import sources:						
Quantity.....	16,216	24,511	18,027	11.2	51.2	(26.5)
Value.....	13,323	21,029	13,855	4.0	57.8	(34.1)
Unit value.....	\$822	\$858	\$769	(6.5)	4.4	(10.4)
Ending inventory quantity.....	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
U.S. shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***
Hours worked (1,000s).....	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***
Hourly wages (dollars per hour).....	***	***	***	***	***	***
Productivity (short tons per 1,000 hours).....	***	***	***	***	***	***
Unit labor costs.....	***	***	***	***	***	***
Net sales:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***
Unit net income or (loss).....	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting number 7303.00.0030, accessed February 13, 2018.

