Cold-Drawn Mechanical Tubing from China, Germany, India, Italy, Korea, and Switzerland

Domestic Industry Presentation by Alan Luberda, Kelley Drye & Warren LLP

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Prepared by Georgetown Economic Services, LLC

KELLEY DRYE

The Domestic Like Product Is Co-Extensive With the Scope of This Case

- The domestic like product mirrors the scope: circular cold-drawn and cold-finished mechanical tubing of carbon and alloy steel.
  - Includes other cold-reduced mechanical tubing.
  - Does not include “as welded” ERW tubing
- No party timely challenged the petitioners’ like product definition in comments on the questionnaires, so no alternate data were gathered.
  - Korean producers provided no new reasons in draft questionnaire comments to gather data on hydraulic tubing.
  - Respondents are wrong on the law and provided no timely comments on the draft questionnaires regarding airbag tubing.

The Domestic Industry Includes All Domestic Producers of CDMT

- Domestic industry includes all domestic producers of CDMT
- Domestic producers of “as-welded” ERW tubing are a separate industry.
- Neither respondents nor petitioners ever asked the Commission to expand the like product to include “as welded” ERW mechanical tubing.

Cumulation: There is a Reasonable Overlap in Competition

- Salzgitter challenges cumulation as to Germany only:
  - ➢ Purchasers confirm German CDMT is fungible with other subject and domestic CDMT:
    - Purchasers found German CDMT largely comparable with domestic and other subject CDMT. (ITC Prehrg. Rep. at Table II-10)
    - Majority of purchasers say Germany is always or frequently interchangeable with domestic and other subject CDMT. (Id. at Table II-11)
    - Domestic and most other sources of subject CDMT also serve the automotive market. (Id. at Table II-2)
    - Domestic and most other subject sources sold alloy CDMT. (Id. at Tables II-7 and IV-4)

All Cumulation Factors Are Met For Subject Imports

- Channels of distribution: Domestic and imported German CDMT compete for sales to distributors and end users and in similar sectors.

  - U.S. and all subject producers sell a significant amount of CDMT to end-users, and German, domestic and nearly all other subject producers sell through distributors. (ITC Prehrg. Rep. at Table II-2).

  - Purchasers reported substituting German for domestic CDMT so there is head to head competition. (id. at Table IV-14)

  - [ ]

Subject Import Volume Was Significant On An Absolute Basis

- Subject import shipments remained high, at over [ ] tons per year, between 2014 and 2016, during a period when demand fell by [ ] percent.
- Subject imports accounted for over [ ] percent of all imports in 2016 and grew to over [ ] percent of imports in 1H 2017.

ITC Prehrg. Rep. at C-3.

Based on Reported Shipments, Subject Imports Captured an Increasing Share of the U.S. Market From 2014 to 2016

[ ]

Source: Petitioners' Prehrg. Brf. at Exh. 1.

The Subject Import Increase In Market Share Came Directly From the Domestic Industry

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Source: Petitioners' Prehrg. Brf. at Exh. 1.

Subject Imports Continued To Increase in the First Half of 2017

Source: Prehrg. Rep. at C-3.

Underselling by Subject Imports Occurred in the Majority of Quarterly Comparisons and Accounted for the Vast Majority of Reported Volume

	Number of Quarters – Underselling by Subject Imports	Underselling Volume by Subject Imports	Number of Quarters – Overselling by Subject Imports	Overselling Volume by Subject Imports	Percent Underselling based on Number	Percent Underselling based on Volume
Total	58	[ ]	44	[ ]	57%	88%

Source: ITC Prehrg. Rep. at V-29.

Underselling by the Subject Imports Is More Prevalent If Direct Import Data for One Country and One Missing Importer's Preliminary Pricing Data Are Included

	Number of Quarters – Underselling by Subject Imports	Underselling Volume by Subject Imports	Number of Quarters – Overselling by Subject Imports	Overselling Volume by Subject Imports	Percent Underselling based on Number	Percent Underselling based on Volume
Total	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Source: Petitioners' Prehrg. Brf. at 24-25 adding [
]

Purchasers Responses Said Underselling Was Significant

Number of purchasers having purchased CDMT from subject countries instead of domestic sources	Number of purchasers reporting that imports were lower priced	Percent of purchasers that shifted reporting that import price was lower	Number of purchasers who shifted principally due to lower subject import price	Quantity of purchases of subject imports in lieu of domestic CDMT where subject imports were priced lower (*tons*)
17	14	82%	13	[ ]

The 13 purchasers that shifted due to import price accounted for [ ] percent of reported purchases of subject imports and [ ] percent of purchases from domestic producers.

Source: ITC Prehrg. Rep. at V-31-32.

Purchasers Reported Underselling by Every Subject Country

Country	Count of purchasers reporting subject instead of domestic	Count of purchasers reporting that imports were priced lower	Count of purchasers reporting that price was a primary reason the for shift
China	10	9	9
Germany	5	2	2
India	7	7	6
Italy	7	4	4
Korea	6	6	5
Switzerland	2	1	-
All Subject Sources	17	14	13

Source: ITC Prehrg. Rep. at V-32.

Purchasers Reported Price Depression: U.S. Producers Were Forced to Lower Prices to Compete With Subject Imports

Count of purchasers reporting U.S. producers reduced prices	Range of estimated U.S. price reductions (*percent*)	Percentage of reported domestic purchase volume accounted for by these purchasers
5	10 - 40%	[ ]

Source: ITC Prehrg. Rep. at V-33-35.

Purchasers Reported U.S. Producers Were Forced to Lower Prices to Compete With Subject Imports

[ ]

Source: ITC Prehrg. Rep. at V-36-37 (Table V-17).

Unit Net Sales Values Declined More Than Unit COGS from 2014 to 2016

[ ]

Source: Petitioners' Prehrg. Brf. at Exh. 1.

Domestic Industry Trade Indicators Declined Significantly from 2014 to 2016

- Capacity Utilization – **down [ ]**
- Production – **down [ ]**
- Domestic Shipment Volume – **down [ ]**
- Domestic Shipment Value – **down [ ]**
- Market Share – **down [ ]**
- Production-Related Workers - **down [ ]**

Source: Petitioners' Prehrg. Brf. at Exh. 1, ITC Prehrg. Rep.at .

Domestic Industry Financial Indicators Plummeted from 2014 to 2016

- Net Sales Value – **down [ ]**
- Gross Profits – **down [ ]**
- Operating Income – **down [ ]**
- Net Income – **down [ ]**
- Operating Income/Net Sales – **down [ ]**
- Net Income/Net Sales – **down [ ]**

Source: Petitioners' Prehrg. Brf. at Exh. 1.

U.S. Producers' Financial Performance Fell from a Profit to a Loss Position from 2014 to 2016

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Source: Petitioners' Prehrg. Brf. at Exh. 1.

U.S. Producers' Profit Ratios Declined as Subject Imports' Market Share Grew

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Source: Petitioners' Prehrg. Brf. at Exh. 1.

Based on ITC Questionnaires, Subject Producers Have Sufficient Excess Capacity to Increase Their Exports to the U.S. [ ]

[ ]

Source: ITC Prehrg. Rep. at VI-17 (2016 data).

Critical Circumstances Exist

- Commerce has found critical circumstances for all Chinese producers but one, for Italian producers Dalmine and Metalfer, and for Korean producer Sangshin.
- Official import statistics support a critical circumstances finding in relation to these producers, as imports from these three subject countries surged after the filing of the petition.
    - China up 56.9%
    - Italy up 28.1%
    - Korea up 20.7%
- The remedial effects of the orders would be seriously undermined absent retroactive imposition of duties.

Source: ITC Prehrg. Rep. at IV-9-13.

Respondents Cannot Credibly Claim That Declining Demand Explains All of the Injury to the Domestic Industry

[ ]

Source: Petitioners' Prehrg. Brf. at Exh. 1.

Purchasers' Responses Refute the Notion that Falling Demand Explains the Injury to the Industry

- The decline in total purchases reported by the 28 responding purchasers was only [ ] from 2014 to 2016. (ITC Prehrg. Rep. at V-30)
- In contrast, those purchasers reported a reduction in purchases of domestic CDMT of [ ] over the same period. (Purch. QRs at question II-1)
- Given that the decline in purchases of domestic CDMT [ ] the decline in total purchases of CDMT, it cannot be argued that declining demand caused the drop in domestic industry shipments.
- To extrapolate the experience of the 28 responding purchasers to all purchasers, see Confidential Exhibit 18 of Petitioners' Prehearing Brief.

Declining Unit Costs Do Not Explain the Drop in Unit Net Sales Values or Profit

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Source: Petitioners' Prehrg. Brf. at Exh. 1.

Respondents' Claims That Domestic Producers Do Not Compete For the Same Business is Not Supported by the Record

- Purchasers confirm injury on products for which there is head to head competition. (ITC Prehrg. Rep. at V-30 – V-37)
- Domestic producers compete for automotive business. (ITC Prehrg. Rep. at II-4)
- Domestic producers compete for sales of alloy steel CDMT. (ITC Prehrg. Rep. at III-10)
- Subject import sales to U.S. affiliates are not insulated from the antidumping laws, and domestic producers can compete for this business.
- Petitioners manufacture highly technical products across the CDMT spectrum, with the vast majority produced to customer order. (Prods. QRs at IV-8)

Domestic Producers Can Supply the Market

- Domestic excess capacity in 2016 was [ ] tons or [ ] % of consumption. (Petitioners' Prehrg. Brf. at Exh. 1)
- Domestic producers manufacture virtually all types of CDMT, including small diameter tubing, hydraulic line tubing, prop shaft tubing and other products respondents claim we do not make. (Domestic industry hearing testimony)
- Eleventh-hour purchaser requests for large volumes of tubing under short lead times do not demonstrate an inability to supply the market.
- Customers are returning to the domestic industry since the filing of the case.