

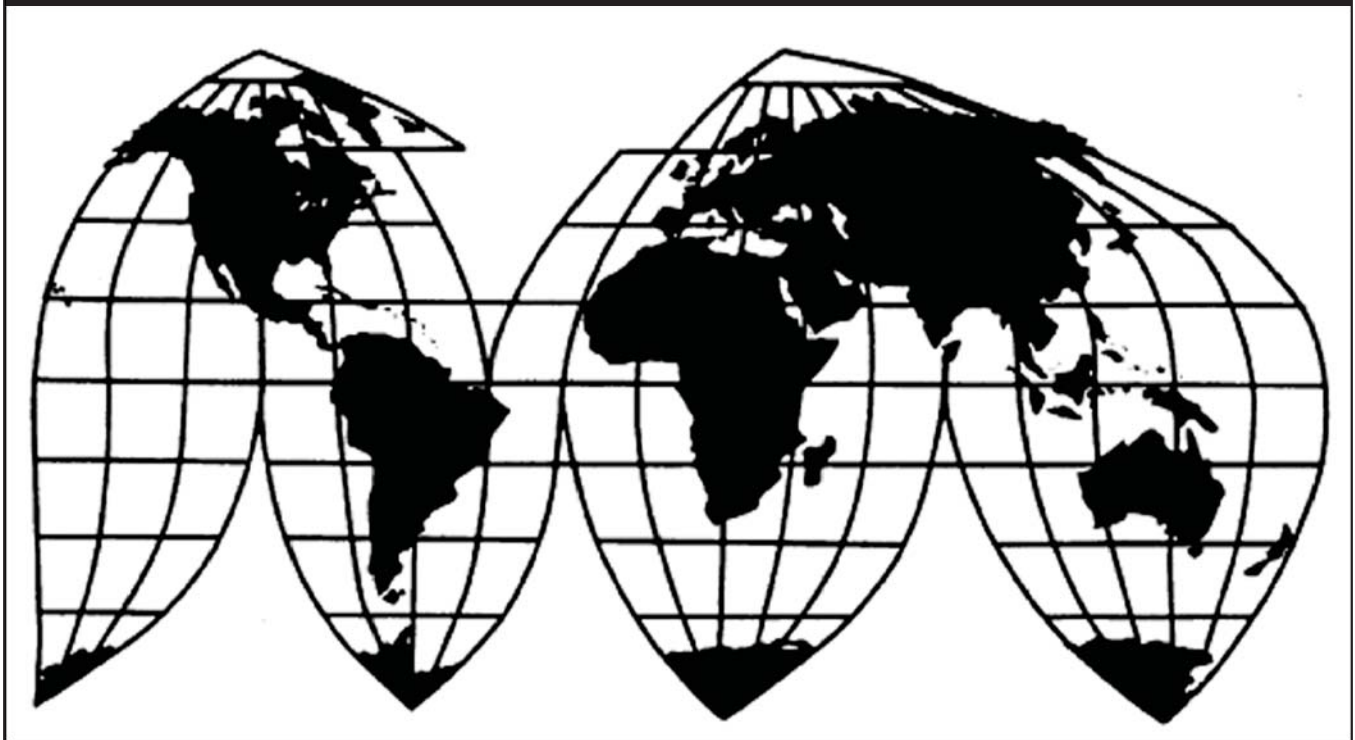
Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China

Investigation Nos. 701-TA-469 and 731-TA-1168 (Review)

Publication 4595

February 2016

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping and countervailing duty orders on certain carbon and alloy steel seamless standard, line, and pressure pipe from China (“seamless SLP pipe”) would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. Background

The Original Investigations. In November 2010, the Commission determined that an industry in the United States was threatened with material injury by reason of dumped and subsidized imports of seamless SLP pipe.¹ The U.S. Department of Commerce (“Commerce”) issued antidumping and countervailing duty orders on seamless SLP pipe from China on November 10, 2010.²

The Current Reviews. The Commission instituted the current reviews on October 1, 2015.³ The Commission received a joint response to its notice of institution filed by TMK IPSCO, United States Steel Corporation, and Vallourec Star, L.P., domestic producers of seamless SLP pipe (collectively “domestic producers”).⁴ On January 4, 2016, the Commission determined that the domestic interested party group response to the notice of institution was adequate and that the respondent interested party group response was inadequate.⁵ Consequently, and in the absence of circumstances warranting full reviews, the Commission unanimously determined to conduct these expedited reviews.⁶

Data/Response Coverage. U.S. industry data are based on information provided by the domestic producers in response to the notice of institution, information from the original investigations, and responses to staff questionnaires from six purchasers of seamless SLP pipe.

¹ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China*, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final), USTIC Pub. 4190 (Nov. 2010) (“Original Determination, USITC Pub. 4190”). Commissioner Lane determined the domestic industry was materially injured by reason of subject imports. *Id.* at 31.

² 75 Fed. Reg. 69050 (“CVD order”) (Nov. 10, 2010); 75 Fed. Reg. 69052 (“AD order”) (Nov. 10, 2010).

³ 80 Fed. Reg. 59183 (Oct. 1, 2015).

⁴ Confidential Staff Report, INV-NN-094, EDIS Doc. 571541 (Dec. 22, 2015) (“CR”) at I-2, Public Report (“PR”) at I-2.

⁵ *Explanation of Commission Determination on Adequacy in Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China*, Inv. Nos. 701-TA-469 and 731-TA-1169 (Review), EDIS Doc. 572434 (Jan. 4, 2016) (“Adequacy Explanation, EDIS Doc. 572434”).

⁶ Adequacy Explanation, EDIS Doc. 572434.

The three domestic producers that responded to the notice of institution are believed to have accounted for *** percent of domestic production of seamless SLP pipe in 2014.⁷ U.S. import data and related information are based on Commerce’s official import statistics.⁸ No U.S. importer, foreign producer, or exporter of seamless SLP pipe participated in these reviews. Foreign industry data and related information are based on information submitted in the original investigations and information submitted by the domestic producers in the current reviews.

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”⁹ The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”¹⁰ The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.¹¹

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

. . . certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (e.g., hot-finished or cold-drawn), end finish (e.g., plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (e.g., bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or “hollow profiles” suitable for cold finishing

⁷ CR at I-3, PR at I-2.

⁸ CR/PR at Table I-5. Data on steel pipe and tubes generally do not distinguish seamless SLP pipe as a separate category of seamless tubular products. Consequently, the official import statistics include data on out-of-scope seamless tubular products. CR at I-31, PR at I-21.

⁹ 19 U.S.C. § 1677(4)(A).

¹⁰ 19 U.S.C. § 1677(10); see, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹¹ See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

operations, such as cold drawing, to meet the American Society for Testing and Materials (“ASTM”) or American Petroleum Institute (“API”) specifications referenced below, or comparable specifications.

Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-589, ASTM A-795, ASTM A-1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below.

Specifically excluded from the scope of the order are: (1) All pipes meeting aerospace, hydraulic, and bearing tubing specifications; (2) all pipes meeting the chemical requirements of ASTM A-335, whether finished or unfinished; and (3) unattached couplings. Also excluded from the scope of the order are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, i.e., outside diameter and wall thickness of ASTM A-53, ASTM A-106 or API 5L specifications.¹²

Seamless SLP pipe is used for the transmission of oil and natural gas, in chemical, petrochemical, and refinery facilities, and in mechanical applications.¹³ Seamless standard pipe is intended for low temperature conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses.¹⁴ Seamless line pipe is produced to the API 5L specification and is intended for the conveyance of oil and natural gas and other fluids in pipelines, transmission lines, or gathering lines.¹⁵ Seamless pressure pipe is commonly produced to the ASTM A-106 specification (covering seamless carbon steel pipe for higher temperature service) and is intended to convey water, steam, petrochemicals, chemicals, oil products, natural gas,

¹² *Final Results of Expedited First Sunset Review of the Countervailing Duty Order*, 81 Fed. Reg. 5985 (February 4, 2016) (“Final Results of Commerce First CVD Review”); *Final Results of the Expedited Sunset Review of the Antidumping Order*, 81 Fed. Reg. 7305 (Feb. 11, 2016) (“Final Results of Commerce First AD Review”), see also *Issues and Decision Memorandum for the Expedited Sunset Review of the Antidumping Duty Order on Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People’s Republic of China*, ACCESS Doc. 344011-01 (Feb. 8, 2016) (“Commerce Issues and Decision Memorandum”).

¹³ Original Determination, USITC Pub. 4190 at 6.

¹⁴ CR at I-5-6, PR at I-4-5. Seamless standard pipe is most commonly produced to the ASTM A-53 specification and generally is not intended for high temperature service. If exceptionally low temperature uses or conditions are anticipated, standard pipe may be manufactured to the ASTM A-333 or ASTM A-334 specifications. If used in water wells, such pipe is typically certified to the ASTM A-589 specification. Fire protection applications are covered by the ASTM A-795 specification. *Id.*

¹⁵ CR at I-6, PR at I-5.

and other liquids and gases at elevated temperatures or pressures, or both, in industrial piping systems.¹⁶ Seamless pressure pipe may carry substances at elevated temperatures and pressures and may be subjected to external heat.¹⁷ Seamless SLP pipe is commonly produced and certified to meet multiple specifications to avoid separate production runs and inventories of pipe sold for different applications.¹⁸

In the original investigations, the Commission found a single domestic like product, consisting of all seamless SLP pipe less than or equal to 16 inches in outside diameter, that was coextensive with Commerce's scope definition.¹⁹ In these reviews, the domestic producers state that they agree with the domestic like product definition the Commission adopted in the original investigations.²⁰ There is no new information in the record indicating that the characteristics of the product at issue have changed since the prior proceedings.²¹ Accordingly, we again define the domestic like product as consisting of all seamless SLP pipe less than or equal to 16 inches in outside diameter, which is coextensive with Commerce's scope definition.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."²² In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original investigations, the Commission found a single domestic industry consisting of all domestic producers of seamless SLP pipe less than or equal to 16 inches in

¹⁶ CR at I-6, PR at I-5.

¹⁷ CR at I-6, PR at I-5.

¹⁸ CR at I-6, PR at I-5 .

¹⁹ Original Determination, USITC Pub. 4190 at 10. In its original determinations, the Commission considered and rejected the argument of one respondent that it should define two separate like products: one of seamless SLP pipe having outside diameter less than or equal to 4.5 inches, and a second consisting of seamless SLP pipe greater than 4.5 inches but less than 16 inches in outside diameter. It found that because both the smaller and larger diameter products were used in the same applications, were frequently produced on the same equipment, and were sold through common channels of distribution, there was not a clear dividing line between products based on whether their outside diameter exceeded 4.5 inches. *Id.* at 7-10.

²⁰ *Domestic Producers' Response to the Notice of Institution*, EDIS. Doc. 568243 (Nov. 2, 2015) ("Response") at 28.

²¹ *See generally* CR at I-5-13, PR at I-4-10.

²² 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

outside diameter.²³ In these reviews, domestic interested parties state that they agree with the Commission's prior domestic industry definition.²⁴ There are no known related party or other domestic industry issues in these reviews.²⁵ We therefore define the domestic industry as consisting of all domestic producers of seamless SLP pipe.

III. Revocation of the Antidumping and Countervailing Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."²⁶ The Uruguay Round Agreements Act Statement of Administrative Action ("SAA") states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."²⁷ Thus, the likelihood standard is prospective in nature.²⁸ The U.S. Court of International Trade has found that "likely," as used in the five-year

²³ Original Determination, USITC Pub. 4190 at 11. The Commission observed that one domestic producer was a related party and that another likely qualified as a related party. However, it found that appropriate circumstances did not exist for the exclusion of either producer from the domestic industry. *Id.* at 11 n.68.

²⁴ Response at 28.

²⁵ See CR at I-19-20, PR at I-14-15. The two firms identified as related parties in the original determination did not respond to the notice of institution, so the record of these reviews contains no data concerning them. Compare CR at I-19 n.38, PR at I-14 n.38 with CR at I-20 n.39, PR at I-14-15 n.39.

²⁶ 19 U.S.C. § 1675a(a).

²⁷ SAA, H.R. Rep. 103-316, vol. I at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." *Id.* at 883.

²⁸ While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.²⁹

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”³⁰ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”³¹

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”³² It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).³³ The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.³⁴

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms

²⁹ See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

³⁰ 19 U.S.C. § 1675a(a)(5).

³¹ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

³² 19 U.S.C. § 1675a(a)(1).

³³ 19 U.S.C. § 1675a(a)(1). Commerce made no duty absorption findings with respect to the antidumping duty order under review. See Final Results of Commerce First AD Review, 81 Fed. Reg. at 7305; see also Commerce Issues and Decision Memorandum, ACCESS Doc. 344011-01.

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

or relative to production or consumption in the United States.³⁵ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.³⁶

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.³⁷

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.³⁸ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.³⁹

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the seamless SLP pipe industry in China. There also is limited information on the seamless SLP pipe market in the United States

³⁵ 19 U.S.C. § 1675a(a)(2).

³⁶ 19 U.S.C. § 1675a(a)(2)(A-D).

³⁷ See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

³⁸ 19 U.S.C. § 1675a(a)(4).

³⁹ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

during the period of review. Accordingly, for our determinations, we rely as appropriate on the facts available from the original investigations and the limited new information on the record in these first five-year reviews.

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁴⁰ The following conditions of competition inform our determinations.

1. The Original Investigations

In the original investigations, the Commission found that demand for seamless SLP pipe derived primarily from activity in the energy industry (petroleum, natural gas, and refineries), in drilling, and in nonresidential construction.⁴¹ The Commission observed that demand for seamless SLP pipe fluctuated over the January 2007 to June 2010 period of investigation (“POI”) and that it was unlikely to rise substantially in the future.⁴²

Domestic producers’ market share declined over the POI. Of the three sources of supply to the U.S. market (domestic producers, subject imports, and nonsubject imports), domestic producers were the largest source in 2007, but the smallest in 2009.⁴³ However, domestic producers accounted for the largest share of the U.S. market in interim 2010, at which time subject import market share was sharply lower and less than nonsubject import market share.⁴⁴

The Commission observed that U.S. importers and purchasers held significant inventories over the POI, that there was a moderately high level of substitutability between subject imports and the domestic like product, and that purchasers ranked price as the most

⁴⁰ 19 U.S.C. § 1675a(a)(4).

⁴¹ Original Determination, USITC Pub. 4190 at 16. Demand in the energy industry corresponded to the price of oil and natural gas and demand in nonresidential construction corresponded to overall economic activity. *Id.*

⁴² Original Determination, USITC Pub. 4190 at 17, 28. When measured by apparent U.S. consumption, U.S. seamless SLP pipe demand decreased by *** percent on a quantity basis from 2007 to 2009. Total apparent consumption was *** percent higher in January-June (“interim”) 2010 than in interim 2009. However, the Commission observed that the data on apparent U.S. consumption did not fully reflect changes in demand because they did not account for changes in the amount of seamless SLP pipe held in inventory by U.S. importers and purchasers, which surged in 2008, increased through 2009, and then declined through the remainder of the POI. Confidential Original Determination, EDIS Doc. 570189 (“Confidential Original Determination”) at 23.

⁴³ Confidential Original Determination at 24. Domestic producers’ market share was *** percent in 2009, *** percent in 2008, and *** percent in 2009. CR/PR at Table I-7.

⁴⁴ Original Determination, USITC Pub. 4190 at 18.

important factor in purchasing decisions.⁴⁵ It also observed that seamless SLP pipe was sold mainly through distributors and that raw materials accounted for a large share of the cost of goods sold (“COGS”).⁴⁶

2. The Current Reviews

Demand Conditions. In the current reviews, demand for seamless SLP pipe continues to be derived from its use to convey liquids and gases in a diverse array of end-use markets and to be influenced by energy prices and drilling activity.⁴⁷ Apparent U.S. consumption of seamless SLP pipe continues to fluctuate. It was *** short tons in 2014, up significantly from *** short tons in 2009, but still below the peak level in the original POI of roughly *** short tons in 2008.⁴⁸ However, domestic producers assert that apparent consumption of seamless pipe has declined *** since the end of 2014, with U.S. demand ***.⁴⁹

Supply Conditions. Domestic producers were the second largest source of supply to the U.S. market after nonsubject imports in 2014.⁵⁰ Domestic producers’ market share in 2014 was *** percent.⁵¹ Subject imports were largely absent from the market, with a 2014 market share of only *** percent.⁵² Nonsubject imports supplied the remainder of apparent U.S. consumption, and their market share increased significantly since the original POI.⁵³

Substitutability and Other Considerations. The information in the current record indicates that subject imports and the domestic like product continue to be interchangeable and that they compete in the U.S. market on the basis of price.⁵⁴ Available information also indicates that domestic distributors currently have *** of seamless tubular goods, including seamless SLP pipe.⁵⁵

⁴⁵ Original Determination, USITC Pub. 4190 at 18. End-of-period inventories held by U.S. importers increased significantly from 2007 to interim 2009, and then decreased throughout the remainder of the POI, although these inventory levels remained higher than they were in 2007. End-of-period inventories held by U.S. purchasers increased significantly from 2007 to 2008, and then decreased throughout the remainder of the POI, ending below 2007 levels. *Id.*

⁴⁶ Original Determination, USITC Pub. 4190 at 18-19.

⁴⁷ CR at I-33, PR at I-23.

⁴⁸ CR/PR at Table I-7.

⁴⁹ *Petitioner’s Final Comments*, EDIS Doc. 573579 (February 3, 2016) at 22.

⁵⁰ CR/PR at Table I-7.

⁵¹ CR/PR at Table I-7.

⁵² CR/PR at Table I-7.

⁵³ CR/PR at Table I-7. Nonsubject imports’ market share was *** percent in 2014, up from *** percent in 2009. CR/PR at Table I-7. Domestic producers identify India, Korea, Ukraine, and Thailand as principal nonsubject import sources. Response at 27.

⁵⁴ Response at 17.

⁵⁵ Response at 8, 10. Domestic producers highlight that some distributors ***. *Id.*

C. Likely Volume of Subject Imports

The Original Investigations. In the original investigations, the Commission found that subject import volume was significant, both in absolute terms and relative to consumption and production in the United States.⁵⁶ The quantity of subject imports increased sharply from 2007 to 2008 and declined from 2008 to 2009, while the market share of subject imports increased sharply or at least remained stable for most of the POI regardless of whether demand was rising or falling. The Commission also found that declines in subject import volume at the end of the POI resulted, in part, from the pendency of the investigations.⁵⁷

In its threat analysis, the Commission found that subject import volume was likely to be significant in the imminent future, both in absolute terms and relative to consumption and production, and that the increase in subject import market share would likely be significant.⁵⁸ It concluded that producers of seamless SLP pipe in China had the ability to increase exports of subject seamless SLP pipe to the U.S. market in light of their large and growing capacity, substantial unused capacity, large inventories, export orientation, and ability to shift production from out-of-scope tubular products, such as oil country tubular goods (“OCTG”), to seamless SLP pipe.⁵⁹ The Commission further found that the United States was a highly attractive market for Chinese seamless SLP pipe producers due to its size and attractive prices, trade barriers in the European Union and India, U.S. antidumping and countervailing duty orders on OCTG, and Chinese producers’ familiarity with the U.S. market.⁶⁰

The Current Reviews. As previously stated, subject import volume peaked in 2008. Since the orders were imposed in 2010, subject imports have remained in the U.S. market, with annual quantities ranging from 6,819 short tons in 2011 to 17,137 short tons in 2013, levels far below the peak quantities attained during the original POI.⁶¹

The information available in these current reviews indicates that subject import volume is likely to be significant if the orders are revoked. The seamless SLP pipe industry in China has substantial capacity and excess capacity to produce seamless pipe.⁶² Domestic producers allege that Chinese producers’ seamless pipe capacity was 42 million metric tons (“MT”) as of 2013, while their actual production was *** MT as of 2014.⁶³ Consequently, the unused capacity of seamless pipe producers in China exceeded 2014 U.S. apparent consumption, which

⁵⁶ Original Determination, USITC Pub. 4190 at 20.

⁵⁷ Original Determination, USITC Pub. 4190 at 20.

⁵⁸ Original Determination, USITC Pub. 4190 at 23.

⁵⁹ Original Determination, USITC Pub. 4190 at 20-22.

⁶⁰ Original Determination, USITC Pub. 4190 at 23.

⁶¹ See CR/PR at Table I-5, App. C.

⁶² Response at 5.

⁶³ Response at 5-6.

was only *** MT.⁶⁴ Moreover, the information available indicates that the Chinese seamless SLP pipe industry continues to increase its capacity to manufacture subject merchandise and its related inputs.⁶⁵ Consequently, Chinese seamless SLP pipe producers will likely have the ability to increase shipments to the United States significantly should the orders be revoked.

The record indicates that the Chinese seamless SLP pipe industry is significantly export oriented. China continues to be the world's largest exporter of seamless pipe; Chinese producers accounted for approximately 37 percent of global exports in 2014.⁶⁶ We observe that Chinese producers have continued to be present in the U.S. market since imposition of the orders and therefore have existing distribution networks in the United States.⁶⁷

Chinese producers have an incentive to increase exports to the U.S. market upon revocation for several reasons. First, Chinese producers continue to face trade restrictions in several important non-U.S. markets, inhibiting shipments of seamless SLP pipe from China to these markets.⁶⁸ Moreover, China's role as the dominant supplier to the seamless pipe market in Iran will likely be challenged in the imminent future due to the removal of sanctions and the reentry of competitors into that market, further increasing excess capacity in China and putting additional pressure on producers to export to the United States.⁶⁹ Additionally, there is ***.⁷⁰ Finally, should the orders be revoked, Chinese OCTG producers would have a strong incentive to shift production from OCTG to seamless SLP pipe, as both products can be manufactured on the same equipment and with the same employees, and OCTG continues to

⁶⁴ Response at 5-6. These figures assume no change in subject producers' capacity between 2013 and 2014 and may overestimate both capacity and unused capacity for producing the subject merchandise in China and seamless SLP pipe in the United States because ***. *Id.* at 6, n. 19.

⁶⁵ Response at 8. Between 2012 and 2014, China's crude steel production capacity grew by 200 million tons, reaching 1.1 billion tons, with 277 million tons of excess capacity. *Id.* at 5.

⁶⁶ CR/PR at Table I-9.

⁶⁷ Indeed, the information available indicates that Chinese producers have increased exports of out-of-scope seamless pipe to the U.S. market. Imports of seamless pipe with a diameter greater than 16 inches, which is not covered by the orders, increased from 7,893 MT in 2010 to 40,129 MT in 2014. Response at 14-15.

⁶⁸ Response at 11-12. Producers of subject seamless SLP pipe face export barriers in the European Union, Mexico, Brazil, and India. The European Union imposed antidumping duties in 2009 on seamless steel pipes and tubes from China under 16 inches in diameter, the scope of which includes the subject merchandise. Mexico imposed antidumping duties on seamless line pipe and standard pipe from China between 2 and 4 inches in diameter in 2011 and imposed additional antidumping duties order applicable to seamless line pipe and standard pipe from China 5 to 16 inches in diameter in 2014. Brazil imposed antidumping duties against seamless line pipe from China up to 14 inches in diameter in 2011 and 2013. India placed a safeguard duty of 20 percent on seamless carbon and alloy steel pipe imports from China and non-developing countries in August 2014; this has since decreased to 10 percent. India initiated an antidumping investigation of seamless carbon and alloy steel pipe from China in July 2015. *Id.*

⁶⁹ Response at 13.

⁷⁰ Response at 14-15.

be subject to U.S. antidumping and countervailing duty orders.⁷¹ We consequently find that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant in the event of revocation of the orders.⁷²

D. Likely Price Effects

The Original Investigations. In the original investigations, although subject imports undersold the domestic like product to a significant degree with underselling in 55 of 56 quarterly comparisons, the Commission did not find that subject imports had significant price effects.⁷³ However, in its threat analysis, the Commission found that significant underselling by subject imports was likely to persist in the imminent future. It further explained that the likely significant volume of low-priced subject imports would likely reverse the price increases domestic producers were able to implement in the first half of 2010.⁷⁴ Consequently, it concluded that significant price depression and suppression were likely in the imminent future.⁷⁵

The Current Reviews. The record does not contain any additional pricing comparisons due to the lack of participation from respondent interested parties and the expedited nature of these reviews. As observed earlier, if the orders were to be revoked, subject producers would likely export significant volumes of seamless SLP pipe to the United States. The subject imports would likely pervasively undersell domestically produced seamless SLP pipe, as they did during the original investigations. Consequently, there would likely be significant underselling by the subject imports.

Because price is important to purchasing decisions, the presence of significant quantities of subject imports that would likely enter the United States in the event of revocation and that would likely undersell the domestic like product would force the domestic industry either to lower prices or lose sales. In light of these considerations, we conclude that absent the

⁷¹ Response at 12-13; see *Oil Country Tubular Goods from China*, Inv. Nos. 701-TA-463, 731-TA-1159 (Review) (May 2015). Product shifting is also likely to occur as demand for OCTG in China *** and Chinese producers face ***. *Id.* at 13.

⁷² Because producers and importers of the subject merchandise did not participate in these reviews, the record does not contain data addressing existing inventories of the subject merchandise.

⁷³ Original Determination, USITC Pub. 4190 at 24. The Commission did not conclude that subject imports significantly depressed or suppressed the price of the domestic like product in light of a lack of correlation between the subject imports and price levels for the domestic like product; there were favorable movements in both prices and the ratio of COGS to sales when subject imports increased from 2007 to 2008, and unfavorable movements in prices and the ratio of COGS to sales from 2008 to 2009 corresponded with sharp declines in demand and stockpiling inventories. *Id.*

⁷⁴ Original Determination, USITC Pub. 4190 at 24-25. The Commission observed that these increases were possible despite continued weakness in demand because subject import volume declined due to the pendency of the investigations. *Id.*

⁷⁵ Original Determination, USITC Pub. 4190 at 25-26.

disciplining effects of the orders, subject imports of seamless SLP pipe would likely have significant depressing or suppressing effects on prices for the domestic like product.

E. Likely Impact

The Original Investigations. In the original investigations, the Commission did not find that subject imports of seamless SLP pipe had a significant present impact on the domestic seamless SLP pipe industry.⁷⁶ In its threat analysis, the Commission did not find that the domestic industry was in a vulnerable state.⁷⁷ However, the Commission projected that demand was unlikely to rise substantially and that the domestic industry was unlikely to perform as well in the imminent future as it did during the POI.⁷⁸ The Commission observed that, in part due to the pendency of the proceedings, the domestic industry was able to increase its sales volume from interim 2009 to interim 2010 and that in the absence of relief price pressure from subject imports would erode the market share of the domestic industry, resulting in an imminent adverse impact on the domestic industry.⁷⁹

The Current Reviews. Because of the expedited nature of these reviews, information on the record concerning the performance of the domestic seamless SLP pipe industry since the original investigations is limited. This limited information is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders.⁸⁰

The available information indicates that the condition of the domestic industry has improved since the original investigations. Production and capacity utilization were higher in 2014 than they were in 2009 and reflect levels comparable to those at the beginning of the original POI.⁸¹ Total U.S. commercial shipments were *** short tons in 2014, over *** higher than in 2009, although only *** higher than shipments in 2007.⁸² In 2014, operating income was *** and the ratio of operating income to net sales was *** percent; each of these figures exceeded the data reported in 2009, but was below the data reported in 2008.⁸³

⁷⁶ Original Determination, USITC Pub. 4190 at 27.

⁷⁷ Original Determination, USITC Pub. 4190 at 29.

⁷⁸ Original Determination, USITC Pub. 4190 at 27.

⁷⁹ Response at 28.

⁸⁰ Based on the record of these reviews, Vice Chairman Pinkert finds that the domestic industry is not vulnerable to the continuation or recurrence of material injury in the event of revocation of the antidumping and countervailing duty orders. In 2014, the domestic industry performed *** than it did in 2009, the last year of the period of the original investigations, and posted an *** percent. CR/PR at Table I-4.

⁸¹ CR/PR at Table I-4. In 2014, domestic producers' capacity utilization was *** percent and their production was *** short tons. *Id.*

⁸² CR/PR at Table I-4.

⁸³ CR/PR at Table I-4.

Notwithstanding these improvements, revocation of the orders would likely lead to a significant volume of subject imports that would undersell the domestic like product and significantly depress or suppress U.S. prices. Low-priced imports would enter a U.S. market where purchasers currently hold *** of inventory.⁸⁴ Consequently, the likely volume of subject imports would place additional pricing pressure on domestic producers, which would then force domestic producers to cut prices or cede market share to subject imports. As a result, subject import competition would likely negatively affect production, shipments, capacity utilization, market share, employment, investment, and profitability.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. Although nonsubject imports increased their market share substantially in 2014 as compared to 2009, domestic producers were nonetheless able to increase their market share and financial performance over the same period in the absence of a significant quantity of subject imports.⁸⁵ Therefore, the likely impact of future subject imports is distinguishable from that of future nonsubject imports.

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

IV. Conclusion

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

⁸⁴ Response at 23-24.

⁸⁵ CR/PR at Table I-7.

INFORMATION OBTAINED IN THESE REVIEWS

BACKGROUND

On October 1, 2015, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted reviews to determine whether revocation of antidumping and countervailing duty orders on certain seamless carbon and alloy steel standard, line, and pressure pipe (“seamless SLP pipe) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.² All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.^{3 4} The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
October 1, 2015	Notice of initiation and institution by Commerce and Commission
January 4, 2016	Commission vote on adequacy
January 29, 2016	Commerce results of its expedited review

¹ 19 U.S.C. 1675(c).

² *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From China; Institution of Five-Year Reviews; Institution of a Five-Year Review*, 80 FR 59183, October 1, 2015. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 80 FR 59133, October 1, 2015. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website (www.usitc.gov).

³ As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

⁴ Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses received from purchaser surveys issued to the purchasers identified in the adequacy phase of these reviews.

RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

Individual responses

The Commission received one submission in response to its notice of institution in the subject reviews. It was filed on behalf of the following entities:

1. TMK IPSCO, United States Steel Corporation (“U.S. Steel”), and Vallourec Star, L.P. (“Vallourec”)⁵, domestic producers of seamless SLP pipe (collectively referred to herein as “domestic interested parties” or “domestic producers”).

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1.

Table I-1

Seamless SLP pipe: Summary of responses to the Commission’s notice of institution

Type of interested party	Completed responses	
	Number	Coverage
Domestic	3	***% ¹

¹ The coverage figure presented, as provided by the domestic interested parties in their response, represents the firms’ aggregate share of total U.S. production of seamless SLP pipe in 2014.

Source: *Domestic Interested Parties’ Response to the Notice of Institution*, November 2, 2015, p. 26.

Party comments on adequacy

The Commission received one submission from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. Domestic interested parties noted that they account for the majority (***) percent) of total U.S. production of seamless SLP pipe in 2014. The domestic interested parties urge the Commission to conduct expedited reviews based on the failure of any U.S. importer, Chinese exporter, or Chinese producer of seamless SLP pipe to respond to the notice of

⁵ During the original investigations Vallourec was referred to as V&M Star L.P. Effective June 1, 2013, V&M Star L.P. changed its name to Vallourec Star L.P. Email from ***, November 16, 2015; Biz Journals webpage, <http://www.bizjournals.com/houston/news/2013/05/28/vallourec-rebrands-north-american.html>, retrieved November 17, 2015.

institution, and that there are no changes in the conditions of competition in the U.S. market that would compel the Commission to conduct full reviews.⁶

Recent developments in the industry

Since the Commission's original investigation, the following developments have occurred in the Chinese industry.

- Chinese producers have significant capacity to produce seamless SLP pipe.⁷
- Chinese producers have added capacity to produce crude steel and billets used to produce seamless SLP pipe.⁸
- U.S. producers face enormous pressure from seamless SLP pipe imports from nonsubject countries such as India, Korea, Ukraine, and Thailand.⁹
- U.S. purchasers' hold *** of seamless SLP pipe in inventory.¹⁰
- Demand for seamless SLP pipe is ***.¹¹

THE PRODUCT

Commerce's scope

Commerce has defined the subject merchandise as:

The merchandise covered by this order is certain seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in outside diameter, regardless of wallthickness, manufacturing process (e.g., hot-finished or cold-drawn), end finish (e.g., plain end, beveled end, upset end, threaded, or threaded

⁶ *Domestic Interested Parties' Comments on the Adequacy of Substantive Responses*, December 15, 2015, pp. 2-4.

⁷ Domestic interested parties estimated that the Chinese industry had approximately *** metric tons (** short tons) of unused capacity in 2014. *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, pp. 5-6, 26, exhs. 1-2. Chinese producers have added capacity to produce seamless SLP pipe. *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, p. 9, exhs. 8-10.

⁸ *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, pp. 8-9, 26, exh. 7.

⁹ Domestic interested parties estimate imports of seamless SLP pipe from nonsubject countries account for *** percent of the U.S. market. *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, p. 27, exh. 29.

¹⁰ *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, p. 27.

¹¹ *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, p. 27, exh. 27.

and coupled), or surface finish (e.g., bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or “hollow profiles” suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials (“ASTM”) or American Petroleum Institute (“API”) specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–589, ASTM A 795, ASTM A–1024, and the API 5L specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusion discussed below. Specifically excluded from the scope of the order are: (1) All pipes meeting aerospace, hydraulic, and bearing tubing specifications; (2) all pipes meeting the chemical requirements of ASTM A–335, whether finished or unfinished; and (3) unattached couplings. Also excluded from the scope of the order are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, i.e., outside diameter and wall thickness of ASTM A–53, ASTM A–106 or API 5L specifications. The merchandise covered by the order is currently classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item numbers: 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, and 7304.59.8070.¹²

Description and uses¹³

Seamless standard pipe is commonly produced to the ASTM A-53 specification, and generally is not intended for high temperature or high pressure service. Rather, typical end-use

¹² *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People’s Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 FR 69052, November 10, 2010.

¹³ This information is based on *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China Invs. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, pp. I-10—I-12.

applications include the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinklers, and other related uses. If used in water wells, such pipe is typically certified to the ASTM A-589 specification. Fire protection applications are covered by the ASTM A-795 specification.

Depending on the type and grade, however, standard pipe may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature end uses or conditions are anticipated, seamless standard pipe may be produced to meet ASTM A-333 and A-334 specifications (covering carbon and alloy seamless pipe and tube for low temperature service).

Seamless line pipe is produced to the API 5L specification, and is intended for the conveyance of oil and natural gas and other fluids in pipe lines, transmission lines, or gathering lines. Line pipe may also be certified to the ASTM A-1024 specification.

Seamless pressure pipe is commonly produced to the ASTM A-106 specification (covering seamless carbon steel pipe for higher temperature service), and is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases at elevated temperatures or pressures, or both, in industrial piping systems. Seamless pressure pipe may carry substances at elevated temperatures and pressures and may be subjected to external heat. Seamless pressure pipe meeting the ASTM A-106 specification may be used in temperatures of up to 1,000 degrees Fahrenheit at various ASME code stress levels.

Seamless SLP pipe is commonly produced and certified to meet multiple specifications to avoid separate production runs and inventories for pipe sold for different applications. Manufacturers often quadruple certify¹⁴ pipe made to the ASTM A-53, ASTM A-106, API 5L grade B, and API 5L X-42 specifications,¹⁵ thus allowing distributors to maintain a single inventory of quad stenciled pipe for use in multiple applications.

¹⁴ Quadruple certification is referred to as a “quad stencil,” whereby manufacturers put four stencils, or markings, on the pipe to show that it has been produced to meet the requirements and tests pursuant to the respective specifications.

¹⁵ Principal differences among standard pipe made to the ASTM A-53 specification, pressure pipe made to the ASTM A-106 specification, and line pipe made to the API 5L X-42 or grade B specifications include differences in minimum yield strength, chemical composition, and variation in permissible weight and dimensional tolerances. Line pipe made to the API 5L X-42 specification has a higher minimum yield strength (42,000 pounds per square inch (psi)) than line pipe made to the API grade B specification (35,000 psi), pressure pipe made to the ASTM A-106 grade B specification (35,000 psi), and standard pipe made to the ASTM A-53 grade B specification (35,000 psi). Alloying elements such as Columbium (niobium) and titanium may be included in line pipe made to the API 5L X-42 or grade B specifications to achieve a higher minimum yield strength than that of standard pipe made to the ASTM A-53 specification. Line pipe made to the API 5L X-42 specification may also contain more manganese, which increases tensile strength and hardness, than either standard pipe (ASTM A-53) or pressure pipe (ASTM A-106). Variations in permissible weight and dimensional tolerances are more stringent for pressure pipe (ASTM A-106) and line pipe (API 5L grade B or X-42) than those for standard pipe (ASTM A-
(continued...)

Seamless SLP pipe less than 2 inches in outside diameter is commonly pressure pipe produced to the ASTM A-106 specification, and is frequently used in high pressure or high temperature applications, such as in the construction or repair of refineries and chemical plants. Seamless SLP pipe with outside diameters greater than 2 inches and less than or equal to 4.5 inches is commonly produced and certified to the quad stencil certification and used in more general high pressure applications in industrial piping systems. However, seamless SLP pipe that is 2-3 inches in outside diameter may also be used as gathering lines connecting oil and natural gas wells to transmission lines. Oil and natural gas producers specify the diameter of seamless SLP pipe needed according to the type of flow of oil or natural gas achieved from a particular well.

Most seamless SLP pipe is produced from carbon steel which contains controlled amounts of carbon and manganese.¹⁶ Alloy steels, which provide physical properties not achievable to the same degree as carbon steels, contain controlled amounts of alloying elements—usually nickel, chromium, and molybdenum.¹⁷ ASTM specifications that include alloy steel include ASTM A-333 and A-334 (covering carbon and alloy seamless pipe and tube for low temperature service).¹⁸

Manufacturing process¹⁹

In the United States, steel used to produce seamless SLP pipe is made by either the basic-oxygen process, in which scrap is added to molten pig iron and alloying materials to convert into molten steel, or by the electric-arc furnace process, in which steel scrap, direct-reduced iron, cold pig iron, and alloying materials are melted to convert into molten steel. The chemical composition of steel, including level of carbon, manganese, and other alloying materials is controlled in the melting process. Molten steel produced by either steelmaking

(...continued)

53). However, all of these specifications overlap, so that pipe may be produced to comply with all of them.

¹⁶Manganese primarily increases tensile strength and hardness, while reducing ductility and weldability.

¹⁷ Nickel primarily increases toughness, especially at lower temperatures. Nickel also increases tensile strength and hardness, while slightly reducing weldability. Chromium partly increases tensile strength and hardness, and reduces weldability. Higher concentrations of chromium can improve corrosion and abrasion resistance. Molybdenum primarily increases tensile strength and hardness, but reduces weldability.

¹⁸ ASTM A-333 and A-334 cover several grades of steel used for low temperature applications. Grades 1, 6, and 10 are carbon steel grades. Grades 3, 4, 7, 8, 9, and 11 are alloy steel grades containing nickel and additional alloying elements. The most common alloy steel grade is grade 3, which contains approximately 3.5 percent nickel.

¹⁹ Unless otherwise noted, this information is based on *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China Invs. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, pp. I-12—I-16.

process is continuously cast into either round or square billets, which are the starting materials, for the production of seamless SLP pipe. Seamless SLP producers that do not maintain steelmaking operations use purchased billets or redraw hollows as their raw material.

Seamless SLP pipe is typically manufactured by the rotary piecing process which is a high temperature process that forms a central cavity in a solid steel billet. A heated billet is gripped by angled rolls that cause the billet to rotate and advance over a piercer point, forming a hole through the billet's length (figure I-1). The hollow shell produced is then rolled with either a fixed plug or a continuous mandrel inside the shell to reduce the wall thickness and increase the length. The shell is then rolled in a sizing mill or a stretch reduction mill where it is formed into a true round and sized to the specified diameter.²⁰

Figure I-1
Seamless pipe: Sequence of operations used to produce seamless pipe products by piercing and rolling



Note.—NDT= Nondestructive testing.

Note.—Process illustrated in the figure is the process used at the U.S. Steel plant in Fairfield, Alabama.

Source: U.S. Steel, *Standard Pipe & Line Pipe*, p. 10.

²⁰ In the final phase of the original investigations, a second production process, the extrusion process, used only by Wyman-Gordon to produce A-335 pipe, was described. A-335 pipe was excluded from the product scope during the final phase in the original investigations so the extrusion process used in making A-335 is not discussed in these reviews. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China Invs. Nos. 701-TA-469 and 731-TA-1168 (Final)*, pp. I-13, and I-30-I-31.

Whereas most seamless SLP pipe is normally produced hot-finished, some small diameter pipe is normally cold drawn because there is a limiting diameter below which hot-rolling of pipe is not possible.²¹ Pipe also may be cold drawn to provide a smoother surface and closer dimensional tolerances than that which can be produced by hot finishing. When pipe is to be cold drawn, seamless hollows (redraw hollows)²² are first pickled in acid to remove scale and oxides from both the outside and inside surfaces. Redraw hollows are then rinsed in water and coated with a lubricant for cold drawing.

One end of the hollow is pointed, i.e. the diameter of one end is reduced along a short length of the hollow so that the hollow can be inserted into a draw die.²³ The hollow is pulled through a die and over an internal mandrel, which reduces the outside diameter and increases the length (figure I-2). The mandrel inside the hollow controls the inside diameter and the wall thickness. Following cold drawing, the hollows are annealed (heat treated).²⁴

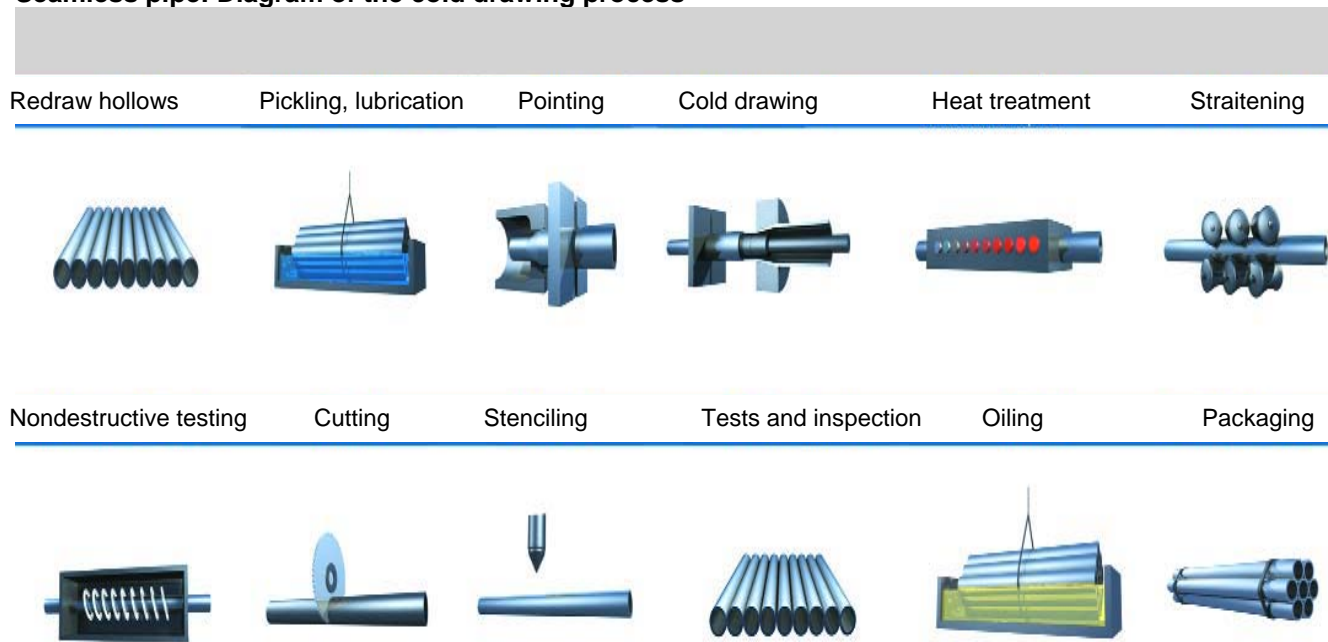
²¹ The minimum diameter for hot rolling differs from producer to producer because of differences in equipment capabilities.

²² Redraw hollows, in these reviews, are any unfinished carbon or alloy steel pipe or "hollow profiles" suitable for hot or cold finishing operations to form a tube or pipe that meet the ASTM or API specifications or comparable specifications of the subject products.

²³ U.S. Steel, *The Making, Shaping and Treating of Steel*, 10th edition, 1985, p. 1052.

²⁴ Seamless SLP pipe may require heat treating, which may involve one or more heating cycles in either a continuous furnace or a batch furnace, with controlled rates of cooling. Specific heat treating requirements are dependent upon the grade of steel being processed and the specification to which the steel is produced. The same processes and equipment are used to heat treat carbon and alloy seamless SLP pipe.

**Figure I-2
Seamless pipe: Diagram of the cold drawing process**



Source: Tenaris, “Process Flow and Products, Cold Drawn Pipe Manufacturing Process,” www.tenaris.com/shared/documents/files/cb287.pdf, accessed December 16, 2015.

Finishing operations on seamless SLP pipe can include a variety of steps such as straightening, cutting to length, inspection, testing, end finishing (e.g., beveling or threading), and coating. Pipes may be furnished galvanized (hot-dip zinc coated for additional corrosion resistance) and may be threaded and coupled, though such operations are not typical for line pipe.

Other steel seamless tubular products that are produced on the same equipment as seamless SLP pipe include mechanical tubing, OCTG, boiler tubing, as well as structural and other pipe and tubing.

U.S. tariff treatment

Seamless SLP pipe is currently imported under HTS subheadings 7304.19, 7304.31, 7304.39, 7304.51, and 7304.59.²⁵ Seamless SLP pipe imported from China enters the U.S. market at a column 1-general duty rate of “free.”

²⁵ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People’s Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 FR 69052, November 10, 2010. The merchandise covered by these investigations is imported under following HTS subheadings: 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, (continued...)

The definition of the domestic like product and domestic industry

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. In its original determination, the Commission defined the domestic like product as a single domestic like product consisting of all seamless SLP pipe less than or equal to 16 inches in outside diameter that is co-extensive with Commerce's scope.²⁶ In its original determination, the Commission defined the domestic industry as a single domestic industry consisting of all domestic producers of seamless SLP pipe less than or equal to 16 inches in outside diameter.²⁷

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry. According to their response to the notice of institution, the domestic producers agree with the Commission's definitions.²⁸

THE ORIGINAL INVESTIGATIONS

The original investigations resulted from petitions filed on September 16, 2009 with Commerce and the Commission by U.S. Steel Corp., Pittsburgh, Pennsylvania and V&M Star L.P., Houston, Texas.^{29 30} On September 21, 2010, Commerce made final affirmative dumping and subsidy determinations on U.S. imports of seamless SLP pipe from China.³¹ On November 4,

(...continued)

7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, and 7304.59.8070. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 FR 69052, November 10, 2010.

²⁶ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, pp. 4-10.

²⁷ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, p. 11.

²⁸ *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, p. 28.

²⁹ As stated above, V&M Star L.P. changed its name to Vallourec Star L.P. effective June 1, 2013. Email from ***, November 16, 2015; Biz Journals webpage, <http://www.bizjournals.com/houston/news/2013/05/28/vallourec-rebrands-north-american.html>, retrieved November 17, 2015.

³⁰ On September 25, 2009, the petition was amended to add TMK IPSCO and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Worker International Union ("USW") as additional petitioners.

³¹ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, in Part*, 75 FR 57449, September 21, 2010; *Certain Seamless Carbon and Alloy Steel Standard, Line, and*

(continued...)

2010, the Commission notified Commerce of its final affirmative determinations.³² On November 10, 2010, Commerce issued an antidumping duty order and a countervailing duty order on imports of seamless SLP pipe from China.³³ Table I-2 presents the dumping margins and net countervailable subsidy rates calculated by Commerce in its original final investigations.

(...continued)

Pressure Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination, 75 FR 47444, September 21, 2010.

³² *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From China*, 75 FR 69125, November 10, 2010.

³³ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 FR 69052, November 10, 2010; *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 69050, November 10, 2010.

Table I-2
Seamless SLP pipe: Commerce's original investigation dumping margins and net countervailable subsidy rates

Exporter/producer (manufacturer)	Antidumping margin (percent)	Net countervailable subsidy rate (percent)
Tianjin Pipe International Economic and Trading Corporation/Tianjin Pipe (Group) Corporation	50.01	13.66
Hengyang Steel Tube Group Int'l Trading Inc/Hengyang Valin Steel Tube Ltd., and Hengyang Valin MPM Tube Co., Ltd.	82.24	56.67
Xigang Seamless Steel Tube Co., Ltd/Xigang Seamless Steel Tube Co., Ltd., and Wuxi Seamless Special Pipe Co., Ltd.	66.13	56.67
Jiangyin City Changjiang Steel Pipe Co., Ltd/Jiangyin City Changjiang Steel Pipe Co., Ltd	66.13	(¹)
Pangang Group Chengdu Iron & Steel Co., Ltd/Pangang Group Chengdu Iron & Steel Co., Ltd	66.13	(¹)
Yangzhou Lontrin Steel Tube Co., Ltd/Yangzhou Lontrin Steel Tube Co., Ltd	66.13	(¹)
Yangzhou Chengde Steel Tube Co., Ltd/Yangzhou Chengde Steel Tube Co., Ltd	66.13	(¹)
PRC-wide Entity	98.74	(¹)
All others		35.17

¹ Not applicable.

Source: *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 FR 69052, November 10, 2010; *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 69050, November 10, 2010.

PRIOR RELATED INVESTIGATIONS

Seamless SLP pipe has been the subject of several Commission investigations and reviews. A listing of these proceedings is presented in table I-3. Of the three antidumping duty orders in place, two cover small diameter seamless SLP pipe only (Germany, Romania) while one covers small diameter and large diameter seamless SLP pipe (Japan).³⁴

³⁴ The Commission's like product findings in the reviews for Germany, Romania, and Japan cover different scopes than the current reviews on seamless SLP pipe from China. In the case of Germany the Commission defined the domestic like product as all seamless carbon and alloy steel standard, line, and
(continued...)

**Table I-3
Seamless SLP pipe: Previous and related investigations, 1980-2015**

Original investigation				Review		Current Status
Date ¹	Number	Country	Outcome	Date ¹	Outcome	
1980	731-TA-15	Japan	Negative ^{2,3}	-	-	-
1982	731-TA-87	Japan	Affirmative/ Negative ⁴	-	-	ITA revoked effective 10/29/1985
1994	701-TA-362	Italy	Affirmative	2000	Negative	ITA revoked effective 8/8/2000
1994	731-TA-707	Argentina	Affirmative	2000	Affirmative	ITA revoked effective
				2006	Negative	7/16/2006
1994	731-TA-708	Brazil	Affirmative	2000	Affirmative	ITA revoked effective
				2006	Negative	7/16/2006
1994	731-TA-709	Germany	Affirmative	2000	Affirmative	Continuation order 9/14/2012
				2006	Affirmative	
				2012	Affirmative	
1994	731-TA-710	Italy	Affirmative	2000	Negative	ITA revoked effective 8/3/2000
2000	731-TA-846	The Czech Republic	Affirmative	2005	Negative	ITA revoked effective 8/14/2005
2000	731-TA-847	Japan	Affirmative	2005	Affirmative	Continuation order 10/11/2011
				2011	Affirmative	
2000	731-TA-848	Mexico	Affirmative	2005	Negative	ITA revoked effective 8/14/2005
2000	731-TA-849	Romania	Affirmative	2005	Affirmative	Continuation order 10/11/2011
				2011	Affirmative	
2000	731-TA-850	South Africa	Affirmative	2005	Negative	ITA revoked effective 8/14/2005

¹ "Date" refers to the year in which the investigation or review was instituted by the Commission.

² Preliminary determination.

³ See *Determination of the Commission After Reconsideration of Imports Provided for in Item 610.3205 of the Tariff Schedule of the United States Annotated*, 45 FR 47769, July 16, 1980.

⁴ The Commission made an affirmative determination with respect to seamless heat-resisting and seamless stainless pipes and tubes, and a negative determination with respect to seamless "other alloy" pipes and tubes.

Source: Compiled from U.S. International Trade Commission publications.

(...continued)

pressure pipe and tubes not more than 4.5 inches in outside diameter, including redraw hollows. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Germany Inv. No. 731-TA-709 (Third Review)*, USITC publication 4348, August 2012, p. 6. With respect to the reviews of Japan and Romania, the Commission defined two domestic like products, small- and large-diameter carbon and alloy seamless, standard, line, and pressure pipe. *Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Japan and Romania Inv. Nos. 731-TA-847 and 731-TA-849 (Second Review)*, USITC publication 4262, September 2011, p. 6.

ACTIONS AT COMMERCE

Commerce has not made duty absorption findings and has not conducted any administrative reviews, scope inquiries, anti-circumvention inquiries, or changed circumstances reviews since the issuance of the antidumping duty and the countervailing duty orders.

Commerce notified the Commission that it had not received adequate responses from respondent interested parties to its notice of initiation of the current five-year reviews of the antidumping and countervailing duty orders on imports of seamless SLP pipe from China. Consequently, it intends to conduct expedited reviews of the orders and to issue its final determinations by January 29, 2016.³⁵

THE INDUSTRY IN THE UNITED STATES

U.S. producers

At the time of the original investigations, eight companies reported production of seamless SLP pipe in the United States: Michigan Seamless, Plymouth Tube, Timken, TMK IPSCO, U.S. Steel, Vallourec (formerly V&M Star)³⁶, Wheatland, and Wyman-Gordon. These firms accounted for all known U.S. production of seamless SLP pipe during 2009.³⁷ *** directly imported seamless SLP pipe from China. Wyman-Gordon's parent company Precision Castparts Corp. ("Precision") acquired a 49.0 percent ownership interest in Yangzhou Chengde Steel Co., Ltd. ("Yangzhou"), ***.³⁸

In response to the Commission's notice of institution in these current reviews, domestic producers of seamless SLP pipe provided a list of three³⁹ known and currently operating U.S.

³⁵ Edward Yang, letter to Catherine DeFilippo, November 20, 2015.

³⁶ As stated above, during the original investigations Vallourec was formerly known as V&M Star L.P. Effective June 1, 2013, V&M Star L.P. changed its name to Vallourec Star L.P. Email from ***, November 16, 2015; Biz Journals webpage, <http://www.bizjournals.com/houston/news/2013/05/28/vallourec-rebrands-north-american.html>, retrieved November 17, 2015.

³⁷ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, p. III-1 and table III-1.

³⁸ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, table III-2; *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*—*Staff Report*, INV-HH-097, table VII-3. During the original investigations, the Commission determined that appropriate circumstances did not exist to exclude *** and Wyman-Gordon as related parties. Confidential Views of the Commission, pp. 14-15 n. 68.

³⁹ Domestic interested parties' also provided a list of eight firms (including themselves) from the Commission's original investigations. The other firms listed were: Michigan Seamless Tube & Pipe ("Michigan Seamless"), Plymouth Tube, Timken Steel ("Timken"), Wheatland Tube Company ("Wheatland"), and Wyman-Gordon Forgings Inc ("Wyman-Gordon"). *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, p. 25, exh. 34. Staff conducted internet

(continued...)

producers of seamless SLP pipe: TMK IPSCO (accounting for *** percent of 2014 U.S. seamless SLP pipe production); U.S. Steel (*** percent); and Vallourec (*** percent).⁴⁰ Domestic producers are not aware of any related parties among the U.S. producers.⁴¹

U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year reviews.⁴² Table I-4 presents a compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted by U.S. producers in the original investigations.

Table I-4

Seamless SLP pipe: Trade and financial data submitted by U.S. producers, 2007-09, and 2014

* * * * *

U.S. IMPORTS AND APPARENT CONSUMPTION

U.S. importers

In the final phase of the original investigations, the Commission issued questionnaires to 119 firms believed to be importers of subject seamless SLP pipe, as well as to all U.S. producers of seamless SLP pipe. Usable questionnaire responses were received from 31 companies, representing 90.6 percent of total seamless SLP pipe imports from China and 77.0 percent of total seamless SLP pipe from nonsubject sources.^{43 44}

(...continued)

research and determined that each of these firms is still operational. During the original investigations, Michigan Seamless' total share of U.S. production was *** percent, Timken's total share *** percent, Wheatland's total share *** percent, and Wyman-Gordon's total share *** percent. Plymouth Tube ***. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*—Staff Report, INV-HH-097, table III-1.

⁴⁰ *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, p. 25 and exh. 38.

⁴¹ *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, p. 25.

⁴² Individual company trade and financial data are presented in app. B.

⁴³ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, p. IV-1.

⁴⁴ U.S. import data presented in the Commission's original staff report are based on official Commerce statistics HTS statistical reporting numbers: 7304.10.1020, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5020, 7304.10.5050, 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8010, 7304.59.8015, 7304.59.8030, 7304.59.8045, and

(continued...)

In their response to the Commission's notice of institution in this review, domestic interested parties provided a list of 28 known and currently operating U.S. importers of seamless SLP pipe from China.⁴⁵

U.S. imports

In its original investigations, the Commission found that the volume of subject imports and the increase in that volume were significant, both in absolute terms and relative to consumption and production in the United States. The volume of subject imports fell overall from 2007 to 2009, but rose sharply between 2007 and 2008. Subject imports were lower in interim 2010 than in interim 2009. The market share of subject imports increased sharply or at least remained stable for most of the period examined regardless of whether demand was rising or falling. Between 2007 and 2008, as demand increased, the volume of subject imports increased at a substantially faster rate. By contrast, the domestic producers' market share consistently declined from 2007 to 2009. The Commission noted that the market share held by subject imports was sharply lower in interim 2010 than in interim 2009. The Commission found that the decline in subject import volumes at the end of the period examined resulted, in part, from the pendency of these investigations and that absent these investigations, the absolute and relative volumes of subject imports would likely have been greater in interim 2010.⁴⁶

Table I-5 presents the quantity, value, and unit value for imports from China as well as the other top sources of U.S. imports (shown in ascending order of 2014 imports by quantity). Though substantially lower in quantity than during 2007-09, seamless SLP pipe from China retain a presence in the U.S. market, with unit values below the average for total imports in each year between 2010 and 2014 (except in 2011), and in many instances below the unit values for the other individual leading sources of import supply.

(...continued)

7304.59.8060. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, p. IV-1.

⁴⁵ *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, exh. 35.

⁴⁶ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, pp. 19-20.

**Table I-5
Seamless SLP pipe: U.S. imports, 2010-14**

Source	2010	2011	2012	2013	2014
	Quantity (short tons)				
China	13,206	6,819	10,742	17,137	10,508
Russia	43,644	97,213	114,846	109,488	107,215
Mexico	5,910	13,286	31,980	37,534	61,617
India	13,082	42,291	41,554	34,842	52,660
Italy	12,625	31,177	61,547	54,180	48,585
Korea	733	3,016	25,620	72,575	46,770
Czech Republic	21,637	50,672	41,431	31,511	36,147
Germany	14,903	17,980	16,072	37,202	32,954
Belarus	8,151	8,919	14,457	23,264	31,964
Ukraine	20,127	31,451	41,297	24,853	29,053
Thailand	0	522	13,394	7,521	22,847
All other sources	118,734	217,842	222,605	189,132	154,486
Nonsubject sources	259,545	514,369	624,803	622,101	624,297
Total imports	272,752	521,188	635,545	639,238	634,805
	Landed duty paid value (1,000 dollars)				
China	12,317	10,813	14,674	20,560	13,278
Russia	47,774	122,640	133,037	117,237	114,943
Mexico	9,737	23,182	58,036	53,625	88,877
India	17,037	59,657	60,169	43,765	58,119
Italy	22,836	61,051	120,921	120,459	98,682
Korea	1,111	4,313	35,151	91,559	55,277
Czech Republic	26,376	70,058	56,220	39,327	40,200
Germany	27,569	37,876	34,508	66,670	54,372
Belarus	10,039	11,227	17,284	26,961	32,904
Ukraine	24,969	41,786	49,444	26,186	26,901
Thailand	0	1,136	17,453	9,529	21,392
All other sources	182,859	326,444	359,205	265,170	231,744
Nonsubject sources	370,307	759,370	941,428	860,486	823,411
Total imports	382,623	770,183	956,102	881,047	836,690

Table continued on next page.

Table I-5--Continued
Seamless SLP pipe: U.S. imports, 2010-14

Source	2010	2011	2012	2013	2014
	Unit value (dollars per short ton)				
China	933	1,586	1,366	1,200	1,264
Russia	1,095	1,262	1,158	1,071	1,072
Mexico	1,809	1,958	1,965	2,223	2,031
India	1,219	1,383	1,357	1,248	1,112
Italy	1,302	1,411	1,448	1,256	1,104
Korea	1,648	1,745	1,815	1,429	1,442
Czech Republic	1,850	2,107	2,147	1,792	1,650
Germany	1,516	1,430	1,372	1,262	1,182
Belarus	1,241	1,329	1,197	1,054	926
Ukraine	1,232	1,259	1,196	1,159	1,029
Thailand	---	2,176	1,303	1,267	936
All other sources	1,540	1,499	1,614	1,402	1,500
Nonsubject sources	1,427	1,476	1,507	1,383	1,319
Total imports	1,403	1,478	1,504	1,378	1,318

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

Source: Official statistics of Commerce for HTS statistical reporting numbers : 7304.10.1020, 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5020, 7304.10.5050, 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8010, 7304.59.8015, 7304.59.8030, 7304.59.8045, and 7304.59.8060.

Apparent U.S. consumption and market shares

Table I-6 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-7 presents data on U.S. market shares of U.S. apparent consumption.

Table I-6
Seamless SLP pipe: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 2007-09, and 2014

* * * * *

Table I-7
Seamless SLP pipe: Apparent U.S. consumption and U.S. market shares, 2007-09, and 2014

* * * * *

THE INDUSTRY IN CHINA

Foreign producers

During the final phase of the original investigations, the Commission issued foreign producer/exporter questionnaires to 84 firms identified in the petition as producers or exporters of seamless SLP pipe in China. Four firms provided responses to the Commission's questionnaires. The responding firms reported that they accounted for approximately one-third of official Commerce imports in 2009.⁴⁷ The responding producers of seamless SLP pipe in China operated at capacity utilization levels above *** percent for most of the period. Home market shipments accounted for approximately *** percent of total shipments during 2007-09, while exports (primarily to markets other than the United States) accounted for approximately *** percent. Reported inventories declined both absolutely and relative to total shipments and total production during 2007-09.⁴⁸

The Commission did not receive any responses to the notice of institution from foreign producers or exporters. The domestic producers of seamless SLP pipe provided a list of 176 firms that they believe currently produce seamless SLP pipe in China.⁴⁹ Domestic producers also presented in their response to the notice of institution reports from *** which indicated that

⁴⁷ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, p. VII-4.

⁴⁸ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*—Staff Report, INV-HH-097, table IV-4.

⁴⁹ *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, exh. 36.

Chinese production of seamless SLP pipe was *** metric tons (** short tons) in 2014.⁵⁰ Domestic producers also reported there is a “well-documented” overcapacity in China with respect to the inputs used to produce seamless SLP pipe (i.e., crude steel and steel billets).⁵¹ For instance, in 2014 China produced 823 million tons of crude steel, leaving 277 million tons of excess capacity that could be used to produce seamless SLP pipe.⁵²

Table I-8 presents China’s leading export markets for seamless SLP pipe during 2010-14.

Table I-8

Seamless SLP pipe: Chinese exports by major sources, 2010-14

Destination	Calendar year				
	2010	2011	2012	2013	2014
	Quantity (short tons)				
China's exports to the United States	42,640	90,664	82,564	62,943	93,570
China's exports to other top destination markets.--					
United Arab Emirates	99,628	222,512	224,947	214,401	232,618
India	300,823	337,998	236,854	206,040	225,947
Korea South	174,012	253,900	268,953	274,805	220,271
Iran	103,384	115,275	91,663	148,421	181,254
Canada	46,611	101,373	129,801	94,682	150,794
Indonesia	68,769	98,551	152,512	141,295	133,089
Turkey	27,404	50,330	75,436	104,244	131,051
Saudi Arabia	68,487	68,438	58,920	100,350	110,871
Singapore	59,870	101,610	121,554	99,440	96,586
All other destination markets	977,244	1,330,848	1,376,840	1,412,212	1,539,008
Total China exports	1,968,873	2,771,499	2,820,044	2,858,832	3,115,059

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

Note.—Data may include seamless pipe outside of the product scope of these reviews such as pipe with a diameter greater than 16 inches and pipe for use in boilers, heat exchangers, and condensers that outside diameter and wall thickness of ASTM A-53, ASTM A-106 or API 5L specifications.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 7304.19, 7304.39, and 7304.59

⁵⁰ *Domestic Interested Parties’ Response to the Notice of Institution*, November 2, 2015, pp. 5-6 and exh.1.

⁵¹ *Domestic Interested Parties’ Response to the Notice of Institution*, November 2, 2015, p. 6 and exh. 4.

⁵² *Domestic Interested Parties’ Response to the Notice of Institution*, November 2, 2015, p. 6 and exh. 5.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

During the original investigations, Chinese seamless SLP pipe producers/exporters were subject to an existing antidumping duty order in the European Union, provisional antidumping duties in Mexico, and were on a list of “restricted” imports in India.⁵³ Domestic interested parties report current measures in place in the European Union, Mexico, Brazil, and India.^{54 55 56}

THE GLOBAL MARKET

Most published data on steel pipes and tubes generally distinguish welded from seamless and generally distinguish OCTG and line pipe from other forms of pipe, including standard pipe and various forms of structural and mechanical pipe, pressure pipe and tube, and piling. However, such data on steel pipes and tubes generally do not distinguish seamless SLP pipe as a separate category of seamless tubular products. Accordingly, for the purpose of this market review, information and data are provided based on their availability, and may include both subject and nonsubject pipe.

Supply⁵⁷

Table I-9 presents the largest global export sources of seamless SLP pipe during 2010-14. China was the largest exporter of seamless pipe during this period. Its exports increased annually and by 58.2 percent during the period. Exports from China were more than double the exports from Germany, the second largest exporter.

⁵³ *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final)*, USITC Publication 4190, November 2010, p. VII-7.

⁵⁴ *Domestic Interested Parties' Response to the Notice of Institution*, November 2, 2015, pp. 11-12 and exhs. 15, 17-21, and 23.

⁵⁵ World Trade Organization, Committee on Anti-dumping Practices (Mexico), September 7, 2015.

⁵⁶ World Trade Organization, Report on G-20 Trade Measures, October 30, 2015.

⁵⁷ A publically available source of seamless pipe production data is the Steel Statistical Yearbook published by the World Steel Association. The seamless pipe production statistics in the Yearbook combine all types of seamless pipe, including OCTG which is excluded from the product scope of these reviews and constitutes a large share of seamless pipe production. Therefore, global production statistics are not presented in this section.

Table I-9

Seamless SLP pipe: Global exports by major sources, 2010-14

Exporter	Calendar year				
	2010	2011	2012	2013	2014
	Quantity (short tons)				
United States	194,895	240,879	235,759	232,499	237,401
China	1,968,873	2,771,499	2,820,044	2,858,832	3,115,059
Other top exporters.-- Germany	817,789	855,631	828,789	785,667	773,496
Japan	521,188	554,280	550,283	517,133	513,809
Italy	433,386	567,346	550,024	383,773	459,793
Romania	299,792	387,161	346,893	354,806	361,863
Czech Republic	290,390	322,159	300,468	290,452	301,092
Ukraine	408,870	447,061	409,582	370,527	287,819
Russia	266,451	280,925	279,562	278,510	273,210
Mexico	46,067	69,804	108,687	122,353	180,908
France	271,725	348,094	297,682	240,207	178,856
All other exporters	2,012,234	2,330,116	2,299,408	2,978,556	1,714,449
Total global exports	7,531,661	9,174,954	9,027,180	9,413,315	8,397,755
	Share of quantity (percent)				
United States	2.6	2.6	2.6	2.5	2.8
China	26.1	30.2	31.2	30.4	37.1
Other top exporters.-- Germany	10.9	9.3	9.2	8.3	9.2
Japan	6.9	6.0	6.1	5.5	6.1
Italy	5.8	6.2	6.1	4.1	5.5
Romania	4.0	4.2	3.8	3.8	4.3
Czech Republic	3.9	3.5	3.3	3.1	3.6
Ukraine	5.4	4.9	4.5	3.9	3.4
Russia	3.5	3.1	3.1	3.0	3.3
Mexico	0.6	0.8	1.2	1.3	2.2
France	3.6	3.8	3.3	2.6	2.1
All other exporters	26.7	25.4	25.5	31.6	20.4
Total global exports	100.0	100.0	100.0	100.0	100.0

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

Note.—Data may include seamless pipe outside of the product scope of these reviews such as pipe with a diameter greater than 16 inches and pipe for use in boilers, heat exchangers, and condensers that outside diameter and wall thickness of ASTM A-53, ASTM A-106 or API 5L specifications.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 7304.19, 7304.39, and 7304.59.

Demand

Worldwide demand for seamless standard, line, and pressure pipe is derived from its use for the conveyance of liquids and gases in a diverse array of end-use markets, including as line pipe or gathering lines in oil and natural gas production and transmission; its use in chemical, petrochemical, or other nonpipeline applications; its use in high pressure construction applications, such as in refineries or chemical plants; as well as its use as steam lines in manufacturing or factory applications.

Because seamless pipe is used in gathering lines and in oil and gas transportation, demand for seamless SLP pipe is influenced by drilling activity, although not as directly and predictably as demand for OCTG. Demand for seamless line pipe, for example, is influenced by energy prices and increased drilling activity in new areas that require additional gathering lines.

Worldwide rig counts increased annually during 2010-2012, led by the United States (table I-10). In 2013, there was a minor worldwide decrease in rig counts with recovery in the number of rig counts in 2014. Rig counts dropped during January-November 2015, largely attributable to the decrease in rig counts in the United States due to the decrease in the price of oil. The price of crude oil, as of midday December 15, 2015, is at its lowest level since February 1999.⁵⁸ Rig counts have decreased somewhat in importance as a market indicator for energy-related pipe because oil wells have become more productive and require more pipe.⁵⁹ Nevertheless, rig counts are still considered by some in the pipe market as an important market indicator.⁶⁰

⁵⁸ American Metal Market, "Drill Rig Plunge Stokes 'Lower for Longer' Fears," December 16, 2015.

⁵⁹ In other words, recent decreases in rig counts may not indicate less pipe used because oil wells now are more productive and require more pipe.

⁶⁰ American Metal Market, "Drill Rig Plunge Stokes 'Lower for Longer' Fears," December 16, 2015.

Table I-10
**Worldwide rig count: Global and regional annual averages of operating rigs, 2010–14, January-
November 2015**

Region	Calendar year					
	2010	2011	2012	2013	2014	January- November 2015
	Quantity (average number of rigs)					
Latin America	383	424	423	419	397	323
Europe	94	118	119	135	145	117
Africa	83	78	96	125	134	107
Middle East	265	291	356	372	406	404
Asia Pacific	269	256	241	246	254	222
Canada	351	423	365	355	380	196
United States	1,541	1,875	1,919	1,761	1,862	1,001
Total	2,985	3,465	3,518	3,412	3,578	2,371

Note.—Data do not include operating rigs in Russia, the Caspian region, Iran, Sudan, Cuba, North Korea or onshore China. Iraq was excluded for the period September 1990 to May 2012. Syria is excluded as of February 2012 due to difficulty obtaining data because of continued civil unrest.

Source: Baker Hughes, Inc., *Worldwide Rig Counts – Current and Historical Data*, December 7, 2015, <http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-rigcountsintl>.

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
80 FR 59183 October 1, 2015	<i>Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From China; Institution of Five-Year Reviews</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-10-01/pdf/2015-24721.pdf
80 FR 59133 October 1, 2015	<i>Initiation of Five-Year ("Sunset") Review</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-10-01/pdf/2015-24980.pdf

APPENDIX B
COMPANY-SPECIFIC DATA

RESPONSE CHECKLIST FOR U.S. PRODUCERS

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APPENDIX C

SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS

Table C-1
Total seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, and January-June 2010

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Table C-2
Small diameter seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, and January-June 2010

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Table C-3
Large diameter seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, and January-June 2010

* * * * *

Table C-4

Total seamless SLP pipe (including ASTM A-335): Summary data concerning the U.S. market, 2007-09, January-June 2009, and January-June 2010

Item	(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)									
	Reported data					Period changes				
	2007	2008	2009	January-June		2007-09	2007-08	2008-09	Jan.-June	
			2009	2010				2009-10		
U.S. consumption quantity:										
Amount	677,065	1,060,383	369,101	210,087	204,358	-45.5	56.6	-65.2	-2.7	
Producers' share (1)	40.7	32.6	25.5	20.1	49.2	-15.2	-8.1	-7.1	29.1	
Importers' share (1):										
China	25.5	34.5	33.4	31.6	6.0	8.0	9.1	-1.1	-25.7	
All other sources	33.9	32.9	41.1	48.3	44.9	7.2	-1.0	8.2	-3.4	
Total imports	59.3	67.4	74.5	79.9	50.8	15.2	8.1	7.1	-29.1	
U.S. consumption value:										
Amount	881,255	1,703,225	683,206	432,244	324,636	-22.5	93.3	-59.9	-24.9	
Producers' share (1)	43.8	40.7	29.2	23.3	55.8	-14.7	-3.1	-11.6	32.5	
Importers' share (1):										
China	16.2	24.2	19.8	20.4	3.2	3.6	8.0	-4.4	-17.1	
All other sources	40.0	35.1	51.0	56.3	40.9	11.0	-4.9	16.0	-15.4	
Total imports	56.2	59.3	70.8	76.7	44.2	14.7	3.1	11.6	-32.5	
U.S. imports from:										
China:										
Quantity	172,319	366,088	123,324	66,458	12,191	-28.4	112.4	-66.3	-81.7	
Value	142,658	412,051	135,240	88,099	10,548	-5.2	188.8	-67.2	-88.0	
Unit value	\$828	\$1,126	\$1,097	\$1,326	\$865	32.5	36.0	-2.6	-34.7	
Ending inventory quantity	17,206	61,916	65,331	79,577	43,317	279.7	259.9	5.5	-45.6	
All other sources:										
Quantity	229,310	348,420	151,602	101,413	91,688	-33.9	51.9	-56.5	-9.6	
Value	352,332	597,227	348,609	243,461	132,883	-1.1	69.5	-41.6	-45.4	
Unit value	\$1,536	\$1,714	\$2,300	\$2,401	\$1,449	49.7	11.6	34.2	-39.6	
Ending inventory quantity	20,101	38,655	21,523	32,040	20,163	7.1	92.3	-44.3	-37.1	
All sources:										
Quantity	401,629	714,508	274,926	167,871	103,878	-31.5	77.9	-61.5	-38.1	
Value	494,991	1,009,278	483,849	331,560	143,432	-2.3	103.9	-52.1	-56.7	
Unit value	\$1,232	\$1,413	\$1,760	\$1,975	\$1,381	42.8	14.6	24.6	-30.1	
Ending inventory quantity	37,307	100,571	86,854	111,617	63,480	132.8	169.6	-13.6	-43.1	
U.S. producers':										
Average capacity quantity	524,074	504,128	423,200	207,572	259,635	-19.2	-3.8	-16.1	25.1	
Production quantity	308,760	374,821	87,428	35,041	111,620	-71.7	21.4	-76.7	218.5	
Capacity utilization (1)	58.9	74.4	20.7	16.9	43.0	-38.3	15.4	-53.7	26.1	
U.S. shipments:										
Quantity	275,436	345,875	94,175	42,216	100,480	-65.8	25.6	-72.8	138.0	
Value	386,264	693,947	199,357	100,684	181,204	-48.4	79.7	-71.3	80.0	
Unit value	\$1,402	\$2,006	\$2,117	\$2,385	\$1,803	50.9	43.1	5.5	-24.4	
Export shipments:										
Quantity	33,767	26,933	7,484	2,511	4,484	-77.8	-20.2	-72.2	78.6	
Value	52,294	51,061	23,461	8,727	11,447	-55.1	-2.4	-54.1	31.2	
Unit value	\$1,549	\$1,896	\$3,135	\$3,476	\$2,553	102.4	22.4	65.4	-26.5	
Ending inventory quantity	28,831	29,976	10,499	11,949	14,880	-63.6	4.0	-65.0	24.5	
Inventories/total shipments (1)	9.3	8.0	10.3	13.4	7.1	1.0	-1.3	2.3	-6.3	
Production workers	408	486	223	198	258	-45.4	19.0	-54.1	30.8	
Hours worked (1,000s)	865	1,002	484	203	331	-44.0	15.8	-51.7	63.5	
Wages paid (\$1,000s)	29,017	32,055	15,186	7,074	11,023	-47.7	10.5	-52.6	55.8	
Hourly wages	\$33.53	\$31.98	\$31.36	\$34.91	\$33.26	-6.5	-4.6	-2.0	-4.7	
Productivity (tons/1,000 hours)	356.8	373.9	180.5	172.9	336.8	-49.4	4.8	-51.7	94.8	
Unit labor costs	\$93.98	\$85.52	\$173.70	\$201.89	\$98.76	84.8	-9.0	103.1	-51.1	
Net sales:										
Quantity	309,203	372,809	101,660	44,727	105,405	-67.1	20.6	-72.7	135.7	
Value	438,558	745,006	222,811	109,410	193,817	-49.2	69.9	-70.1	77.1	
Unit value	\$1,418	\$1,998	\$2,192	\$2,446	\$1,839	54.5	40.9	9.7	-24.8	
Cost of goods sold (COGS)	278,407	441,862	166,996	77,560	134,856	-40.0	58.7	-62.2	73.9	
Gross profit or (loss)	160,151	303,144	55,815	31,850	58,961	-65.1	89.3	-81.6	85.1	
SG&A expenses	44,839	51,520	31,273	13,588	21,216	-30.3	14.9	-39.3	56.1	
Operating income or (loss)	115,312	251,624	24,542	18,262	37,745	-78.7	118.2	-90.2	106.7	
Capital expenditures	11,483	23,360	10,705	4,831	6,671	-6.8	103.4	-54.2	38.1	
Unit COGS	\$900	\$1,185	\$1,643	\$1,734	\$1,279	82.4	31.6	38.6	-26.2	
Unit SG&A expenses	\$145	\$138	\$308	\$304	\$201	112.1	-4.7	122.6	-33.7	
Unit operating income or (loss)	\$373	\$675	\$241	\$408	\$358	-35.3	81.0	-64.2	-12.3	
COGS/sales (1)	63.5	59.3	74.9	70.9	69.6	11.5	-4.2	15.6	-1.3	
Operating income or (loss)/ sales (1)	26.3	33.8	11.0	16.7	19.5	-15.3	7.5	-22.8	2.8	

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

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

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

Table C-5

Small diameter seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, January-June 2009, and January-June 2010

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

Item	Reported data					Period changes			
	2007	2008	2009	January-June		2007-09	2007-08	2008-09	Jan.-June 2009-10
				2009	2010				
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	103,677	197,022	58,577	35,641	5,306	-43.5	90.0	-70.3	-85.1
Value	86,290	221,020	63,807	44,597	4,550	-26.1	156.1	-71.1	-89.8
Unit value	\$832	\$1,122	\$1,089	\$1,251	\$858	30.9	34.8	-2.9	-31.5
Ending inventory quantity	5,575	15,890	16,800	21,435	7,517	201.3	185.0	5.7	-64.9
All other sources:									
Quantity	79,677	105,551	42,075	30,631	31,779	-47.2	32.5	-60.1	3.7
Value	104,510	171,996	87,989	66,115	46,768	-15.8	64.6	-48.8	-29.3
Unit value	\$1,312	\$1,629	\$2,091	\$2,158	\$1,472	59.4	24.2	28.3	-31.8
Ending inventory quantity	4,719	15,991	4,808	11,379	5,197	1.9	238.9	-69.9	-54.3
All sources:									
Quantity	183,354	302,573	100,653	66,273	37,085	-45.1	65.0	-66.7	-44.0
Value	190,800	393,016	151,796	110,713	51,319	-20.4	106.0	-61.4	-53.6
Unit value	\$1,041	\$1,299	\$1,508	\$1,671	\$1,384	44.9	24.8	16.1	-17.2
Ending inventory quantity	10,294	31,881	21,608	32,814	12,714	109.9	209.7	-32.2	-61.3
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/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)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

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

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

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

Table C-6

Large diameter seamless SLP pipe (other than ASTM A-335): Summary data concerning the U.S. market, 2007-09, January-June 2009, and January-June 2010

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

Item	Reported data					Period changes			
	2007	2008	2009	January-June		2007-09	2007-08	2008-09	Jan.-June 2009-10
				2009	2010				
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	68,642	169,066	64,747	30,817	6,885	-5.7	146.3	-61.7	-77.7
Value	56,368	191,031	71,433	43,502	5,998	26.7	238.9	-62.6	-86.2
Unit value	\$821	\$1,130	\$1,103	\$1,412	\$871	34.4	37.6	-2.4	-38.3
Ending inventory quantity	11,631	46,026	48,531	58,142	35,800	317.3	295.7	5.4	-38.4
All other sources:									
Quantity	149,633	242,869	109,526	70,781	59,908	-26.8	62.3	-54.9	-15.4
Value	247,822	425,231	260,620	177,345	86,115	5.2	71.6	-38.7	-51.4
Unit value	\$1,656	\$1,751	\$2,380	\$2,506	\$1,437	43.7	5.7	35.9	-42.6
Ending inventory quantity	15,382	22,664	16,715	20,661	14,966	8.7	47.3	-26.2	-27.6
All sources:									
Quantity	218,275	411,934	174,273	101,598	66,793	-20.2	88.7	-57.7	-34.3
Value	304,191	616,262	332,053	220,847	92,113	9.2	102.6	-46.1	-58.3
Unit value	\$1,394	\$1,496	\$1,905	\$2,174	\$1,379	36.7	7.3	27.4	-36.6
Ending inventory quantity	27,013	68,690	65,246	78,803	50,766	141.5	154.3	-5.0	-35.6
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/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)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

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

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

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

APPENDIX D

PURCHASER QUESTIONNAIRE RESPONSES

As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and they named the following 16 firms as the top purchasers of seamless SLP pipe: ***. Purchaser questionnaires were sent to these 16 firms and six firms (***) provided responses which are presented below.

1. ja.) Have any changes occurred in technology; production methods; or development efforts to produce seamless SLP pipe that affected the availability of seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China since 2010?

- b.) Do you anticipate any changes in technology; production methods; or development efforts to produce seamless SLP pipe that will affect the availability of seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	<p>Yes. Some Chinese and other manufacturers have added a thermal expansion production process that uses a smaller, heavy wall seamless mother tube to start with versus a solid billet which must be pierced, etc. The mother tube is heated and then hot expanded into a much larger diameter pipe. This allows for a much reduced cost of manufacturing and much lower production yields versus the traditional hot rolling process. Thermal expansion manufacturing allows for much larger seamless diameters. Some mills claim they can produce up to 36" OD using this technology whereas traditional hot rolling typically stops at 24" in the U.S. However, there are some Chinese mills that claim they can hot roll up to 30" diameter. They then utilize thermal expansion on larger diameter pipes. This thermal expansion technique allows this pipe to be produced for far less money.</p> <p>Closer to the U.S.A. is a Canadian manufacturer who utilizes the same technology as the Chinese. They purchase mother steel hollows from China and then use thermal expansion to make much larger diameters just like the Chinese. They in turn mark the pipe "made in Canada" and export it to the U.S. to compete with U.S. domestic and import seamless mills who utilize traditional hot rolling processes. Because they utilize thermal expansion, they are much less costly than traditional hot roll manufacturers and can produce much smaller orders.</p>	<p>Yes. More manufacturers may adopt a similar technique as answered in question 1a which could further allow for cost advantages over traditional hot rolling techniques.</p>
***	No.	No.
***	No.	No.
***	<p>Yes. Significant reduction in global demand for oil & gas has affected the demand of the energy related tubulars we supply beginning in late 2014 and continuing through 2015.</p>	<p>Yes. Newly constructed mills have utilized a more efficient production technology that will produce a premium quality product at lower cost.</p>
***	No.	No.
***	No.	No.

2. a.) Have any changes occurred in the ability to increase production of seamless SLP pipe (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that affected the availability of seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China since 2010?
- b.) Do you anticipate any changes in the ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that will affect the availability of seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	<p>Yes. (1) Nearly all raw material inputs necessary to produce steel pipe have seen a significant decline over the last year. (2) The energy sector downturn led by the reduction in oil & gas drilling has left many manufacturers with large voids of open capacity. (3) The U.S. dollar has progressively strengthened over the past year making the U.S. a very attractive destination for countries to export their pipe to. All of these factors have aggravated an already delicate situation - too much capacity and not enough end users to consume product.</p> <p>These factors have pushed many global manufacturers to shift production to line pipe and standard pipe. With a strong U.S. dollar this just opens the door to more lower priced imports in a supply/demand market that is already out of balance.</p>	<p>Yes. As the situation continues as answered in 2a., the situation will continue to worsen as more manufacturers shift production and send pipe to the U.S. market.</p>
***	No.	No.
***	No.	No.
***	<p>Yes. New production capacity has begun and will continue to become available as manufacturers complete their new pipe mills around the world.</p>	<p>Yes. As new mill production becomes available, the current oversupply will continue to increase with no anticipated increase in demand.</p>
***	No.	No.
***	No.	No.

3. a.) Have any changes occurred in factors related to the ability to shift supply of seamless SLP pipe among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China since 2010?

b.) Do you anticipate any changes in factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that will affect the availability of seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	Yes. As other countries continue to place trade restrictions on Chinese seamless pipe it strengthens the Chinese and other countries ability to import into the U.S. especially with the strengthening U.S. dollar. As business worsens and U.S. companies look for cost cutting measures, an overabundant supply of much lower cost Chinese seamless pipe 18" and above has allowed traction to use this pipe. Additionally, for sizes 16" and below, prices for landed Chinese pipe are well below other countries importing pipe (even with duties added).	No. As stated in 3a., as more countries place trade restrictions (Canada is the latest) on China and with the strengthening U.S. dollar, it will further aggravate this situation for U.S. manufacturers.
***	No.	No.
***	No response.	No.
***	Yes. Other countries have imposed restriction on import from China and other countries that contribute further to increased availability.	Yes. Investigations by the U.S. and other countries are pending for products as described above. When those investigations result in positive finding and restrictions are imposed on imports from China as well as imports from certain other countries, those producers make their pipe available to other markets and will increase the availability/oversupply and depress pricing.
***	No.	No.
***	No.	No.

4.

5. a.) Have there been any changes in the end uses and applications of seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China since 2010?
- b.) Do you anticipate any changes in the end uses and applications of seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	Yes. Many end users in the downstream and industrial market segment have started identifying large OD seamless, some to 30".	Yes. As more and more end users see that there is a low cost Chinese / Canadian seamless option to 36" diameter, there could be even more increased shift to these products.
***	No.	No.
***	No.	No.
***	No.	No.
***	No.	No.
***	No.	No.

6. a.) Have there been any changes in the existence and availability of substitute products for seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China since 2010?
- b.) Do you anticipate any changes in the existence and availability of substitute products for seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	Yes. With the price collapse, more end users are reviewing using welded pipe as a lower cost alternative to more expensive U.S. domestic seamless pipe. Additionally, there have been other seamless mills initiate very low cost production in countries like Brazil, India & S. Korea that will continue to add pricing pressure across the board for U.S. manufacturers.	Yes. As stated earlier, many end users are reviewing using welded pipe since it is generally less expensive than seamless.
***	No.	No.
***	No.	No.
***	Yes. Some end users will consider welded pipe in lieu of seamless because of lower cost considerations. There has been no new product to replace seamless pipe.	No.
***	No.	No.
***	No.	No.

7. a.) Have there been any changes in the level of competition between seamless SLP pipe produced in the United States, seamless SLP pipe produced in China, and such merchandise from other countries in the U.S. market or in the market for seamless SLP pipe in China since 2010?

b.) Do you anticipate any changes in the level of competition between seamless SLP pipe produced in the United States, seamless SLP pipe produced in China, and such merchandise from other countries in the U.S. market or in the market for seamless SLP pipe in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	<p>Yes. Overall competition in the domestic seamless manufacturing segment has been increasing as manufacturers all compete to book tonnage versus seeing it go to lower priced imports. The price difference between U.S. domestic and Chinese is quite significant. With most seamless manufacturers operating at well below 20% utilization, they are all competing to book what they can or face idling as many have decided to do.</p> <p>With Chinese seamless pipe pricing being much lower than domestic pipe, it is no surprise that many end users have adopted using this pipe over domestic pipe.</p>	<p>Yes. As stated in 6a, there is a good chance that as the market continues to change; the situation could continue to worsen for U.S. domestic manufacturers. Additionally, as new seamless manufacturers are scheduled to come online in the U.S. through 2017, competition will become even more of a factor as they all compete for tonnage in a contracting market. There are currently three new seamless manufacturers that are scheduled to start production between 2016 and 2017. These 3 manufacturers could add just under 1M tons to an already tight market. Notable low price leaders like China, Brazil, S. Korea & India will continue to pressure price levels in order to book tonnage.</p>
***	No.	No.
***	Yes. Pricing worldwide has fallen significantly.	No. Chinese pipe is continuing to drop in price since 2010.
***	Yes. With the significant decline in demand that has occurred, competition has increased at the producer and distributor level causing lower sales margins.	Yes. We anticipate increased competition as described in 6a above and when new production comes on line.
***	No.	No.
***	Yes. From 2010-2014 the U.S. was less competitive as the market was strong. In 2015 as the market deteriorated the U.S. became more competitive.	Yes. Current market conditions.

8. a.) Have there been any changes in the business cycle for seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China since 2010?
- b.) Do you anticipate any changes in the business cycle for seamless SLP pipe in the U.S. market or in the market for seamless SLP pipe in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	Yes. There seems to have been a shift away from some U.S. manufactured pipe sizes to less expensive seamless that is imported as well as to welded pipe.	Yes. For the same reasons stated in 7a, it is likely that this trend will continue.
***	Yes. Over the past two years, there has been a clear downturn in the global market with respect to oil production which directly affects the need and use of both import and domestic seamless pipe.	No.
***	Yes. Demand in both countries has dropped significantly with the downturn in energy demand.	No.
***	Yes. The most significant change in the business cycle has been the decline in oil and gas demand as described in previous responses.	Yes. We anticipate a continued surplus of oil and gas supplies and seamless pipe capacity in the near future.
***	No.	No. Pioneer does not stock seamless line pipe and does not typically deal in the product.
***	No.	No.