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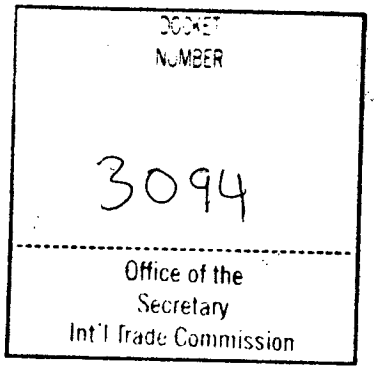
October 28, 2015



DOC Investigation Nos. A-523-812, A-565-803, A-535-903, A-520-807, A-552-820, and C-535-904
USITC Inv. Nos. 701-TA-____ and 731-TA-___ - ___.
Total Pages: 1,628
Investigation
Business Proprietary Information deleted from Volume I at pages 3, 13, 16, and 18-22, the Exhibit List, and Exhibits I-2 and I-9; Volume II at pages 1-8, 11-13, 17-18 and Exhibits II-C, II-PH-1, II-PH-3, II-PA-1, II-0-1, II-0-5, II-U-1 and II-U-3 and Volume III at pages 3, 6-9, 11 and Exhibit III-C-1.

PUBLIC VERSION

The Honorable Penny S. Pritzker
Secretary of Commerce
Attention: Enforcement and Compliance
APO/Dockets Unit, Room 18022
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

The Honorable Lisa R. Barton
Secretary
U.S. International Trade Commission
500 E Street, S.W., Room 112
Washington, D.C. 20436

Re: Petitions for the Imposition of Antidumping and Countervailing Duties: Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman Pakistan, the Philippines, the United Arab Emirates, and the Socialist Republic of Vietnam

Dear Secretary Pritzker and Secretary Barton:

On behalf of Bull Moose Tube Company, EXLTUBE, Wheatland Tube Company, a division of JMC Steel Group, and Western Tube and Conduit (collectively, "Petitioners"), we hereby submit to the U.S. Department of Commerce (the "Department") Petitions for the imposition of antidumping duties on circular welded carbon-quality steel pipe ("CWP") from the

Sultanate of Oman, Pakistan, the Philippines, the United Arab Emirates ("UAE"), and the Socialist Republic of Vietnam ("Vietnam"), as well as countervailing duties on CWP from Pakistan, pursuant to sections 701, 702(b), 731, and 732(b) of the Tariff Act of 1930, as amended (19 U.S.C. §§ 1671, 1671a(b), 1673 and 1673a(b)). Pursuant to the Department's regulations codified at 19 C.F.R. § 351.202(c), we hereby certify that the Petitions and required copies are being filed today with the International Trade Commission (the "Commission").

At the Department, we are filing Volume I (Common Issues and Injury) matched with both the information on sales at less-than-fair value and the provision of countervailable subsidies. At the Commission, pursuant to instructions from Secretary Barton, we are filing an original and eight copies of: the narrative portion of the business proprietary version of Volumes I (Common Issues and Injury), II (Sales at Less Than Fair Value – Pakistan, the Philippines, Oman, and the UAE), III (Sales at Less Than Fair Value – Vietnam) and the narrative portion of Volume IV (Countervailable Subsidies – Pakistan), which is a public document. We are also filing an original and four copies of the narrative portion of the public versions of Volumes I – III, and the narrative portion of Volume IV, which is a public document. Finally, we are filing on CD-ROM complete sets of the business proprietary and public versions of the exhibits to all volumes of these Petitions in PDF format compatible with the Commission's EDIS system.

On behalf of Petitioners, we request proprietary treatment for information designated as proprietary in these Petitions pursuant to the Department's regulations codified at 19 C.F.R. §§ 351.202(d) and 351.304 and the Commission's rules codified at 19 C.F.R. § 201.6(b). Business proprietary information is enclosed in single brackets ("[ ]").

The information in Volume I of these Petitions for which Petitioners request proprietary treatment, and the location of same, is as follows:

- Information obtained by Petitioners through subscriptions to confidential publications not otherwise available to the public (19 C.F.R. §§ 201.6(a) and 351.105(c)(11)): pages 3, 16, 20, 22, the Exhibit List, and Exhibit I-2;

- Data regarding production costs and distribution costs (19 C.F.R. §§ 201.6(a) and 351.105(c)(1)-(3)): pages 13 and 21;

- Prices of sales, likely sales, or other offers (19 C.F.R. §§ 201.6(a) and 351.105(c)(5)): Exhibit I-9; and

- Information related to the operational and trade data for the Petitioners, such as the amount of their income, profits, losses or expenditures (19 C.F.R. §§ 201.6(a) and 351.105(c)(11)): pages 3, 13, 16, 18-22.

The release of such information to the public would likely have the effect of impairing the ability of the U.S. International Trade Commission to obtain such information as is necessary to perform its statutory functions, and of causing substantial harm to the competitive positions of the Petitioners.

The information in Volume II for which Petitioners request proprietary treatment, and the location of same, is as follows:

- Data on the terms of individual sales or offers for sale, including sales dates, sales prices, product characteristics, destinations, payment terms, names of particular customers, distributors, or suppliers, and other sale-related business secrets (19 C.F.R. §351.105(c)(4)-(6)): pages 1-7, 11-13, 17-18;

- Data regarding production costs and distribution costs (19 C.F.R. §§ 201.6(a) and 351.105(c)(1)-(3)): page 8 and Exhibits II-C;

- Information related to the operational and trade data for the Petitioners, such as the amount of their income, profits, losses or expenditures (19 C.F.R. §§ 201.6(a) and 351.105(c)(11)): Exhibit II-C, II-O-5, II-U-3; and

- Names of individuals or organizations that provided price, cost, and other production, freight, sales or market information, information which would tend to

identify those individuals or organizations (19 C.F.R. §351.105(c)(4)-(9)): pages 1-8, 11, 13, 17-18, and Exhibits II-PH-1, II-PH-3, II-PA-1, II-O-1, II-O-5, II-U-1, and II-U-3.

The release of such information to the public would likely have the effect of impairing the ability of the U.S. International Trade Commission to obtain such information as is necessary to perform its statutory functions, and of causing substantial harm to the competitive positions of the Petitioners.

Pursuant to 19 C.F.R. § 351.304(b)(2), Petitioners claim that the information enclosed in double brackets in Exhibits II-PH-1, II-PA-1, and II-O-1 is exempt from disclosure under and administrative protective order. The information in these exhibits identifies the individuals who obtained the price offers that form the basis for normal value. There is a clear and compelling need to withhold this information from disclosure because there is a substantial risk of retaliation to the persons providing this information should there be an inadvertent disclosure.

The information in Volume III for which Petitioners request proprietary treatment, and the location of same, is as follows:

- Data regarding production costs and distribution costs (19 C.F.R. §§ 206(a) and 351.105(c)(1)-(3)): pages 6-9 and 11 and Exhibit III-C-1;

- Information related to the operational and trade data for the Petitioners, such as the amount of their income, profits, losses or expenditures. (19 C.F.R. §§ 201.6(a) and 351.105(c)(11)): pages 3, 6-9 and 11 and Exhibit III-C-1; and

- Names of individuals or organizations that provided price, cost, and other production, freight, sales or market information, information which would tend to identify those individuals or organizations (19 C.F.R. §351.105(c)(4)-(9)): page 3.

The release of such information to the public would likely have the effect of impairing the ability of the U.S. International Trade Commission to obtain such information as is necessary

to perform its statutory functions, and of causing substantial harm to the competitive positions of the Petitioners.

The bracketed business proprietary information in these Petitions is entitled to proprietary treatment in accordance with the Department's regulations codified at 19 C.F.R. § 351.304(a) and the Commission's rules codified at 19 C.F.R. § 201.6(b). Information for which proprietary treatment is requested is not available to the public. Public disclosure of this information would result in serious and substantial harm to the competitive position of the sources of the information and would impair the ability of the Department and the Commission to obtain information necessary to fulfill their statutory functions. The requisite certifications that substantially identical information is not available to the public are set forth as attachments to this letter, in accordance with the Commission's rules codified at 19 C.F.R. § 201.6(b).

Pursuant to the Department's regulations codified at 19 C.F.R. § 351.304(b), Petitioners agree in principle to permit disclosure of the bracketed business proprietary information contained in these Petitions under an appropriately drawn administrative protective order ("APO"). Petitioners, however, reserve the right to comment on all APO applications prior to disclosure.

A public version of these Petitions has been prepared and is being filed simultaneously with this submission pursuant to the Department's regulations codified at 19 C.F.R. § 351.304(c)(1) and the Commission's rules codified at 19 C.F.R. § 201.8(d).

* * *

Please contact the undersigned with any questions regarding these Petitions

Respectfully submitted,

Roger B. Schagrin
John W. Bohn
Paul W. Jameson
Christopher T. Cloutier
Jordan C. Kahn
SCHAGRIN ASSOCIATES
Counsel to Bull Moose Tube Company, EXLTUBE, Wheatland Tube Company, a division of JMC Steel Group, and Western Tube and Conduit Corporation

CERTIFICATIONS

City of Washington)
) ss
District of Columbia)

In accordance with section 201.6(b)(3)(iii) of the rules of the U.S. International Trade Commission ("the Commission") (19 C.F.R. § 201.6(b)(3)(iii)), I, CHRISTOPHER T. CLOUTIER, counsel to Bull Moose Tube Company, EXLTUBE, Wheatland Tube, a division of JMC Steel Group, and Western Tube & Conduit, hereby certify on this 26th day of October, 2015, that I have read the information contained in the attached Petition regarding *Circular Welded Carbon-Quality Steel Pipe from the Oman, Pakistan, the Philippines, the United Arab Emirates, and Vietnam,* and that information substantially identical to that for which proprietary treatment has been requested in this submission is not available to the general public.

In accordance with section 207.3(a) of the Commission's rules (19 C.F.R. § 207.3(a)), I hereby also certify that the information contained in this submission is accurate and complete to the best of my knowledge.

CHRISTOPHER T. CLOUTIER

Subscribed and sworn to before me on this 26 day of October, 2015.

Notary Public

KIMBERLY D. PAULING
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires August 14, 2017

Counsel Certification

I, Christopher T. Cloutier, counsel to Bull Moose Tube Company, EXLTUBE, Wheatland Tube, a division of JMC Steel Group, and Western Tube & Conduit, certify that I have prepared or otherwise supervised the preparation of the attached petitions filed on October 28, 2015 pursuant to the antidumping investigations of Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman, Pakistan, the Philippines, the United Arab Emirates, and the Socialist Republic of Vietnam, investigation numbers A-523-812, A-535-903, A-565-803, A-520-807, and A-552-820, and countervailing duty investigation of Circular Welded Carbon-Quality Steel Pipe from Pakistan, investigation number C-535-904.

In my capacity as counsel of this submission, I certify that the information contained in this petition is accurate and complete to the best of my knowledge. I am aware that U.S. law (including, but not limited to, 18 U.S.C. § 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government. In addition, I am aware that, even if this submission may be withdrawn from the record of the AD/CVD proceeding, the Department may preserve this submission, including a business proprietary submission, for purposes of determining the accuracy of this certification. I certify that a copy of this signed certification will be filed with this submission to the U.S. Department of Commerce.

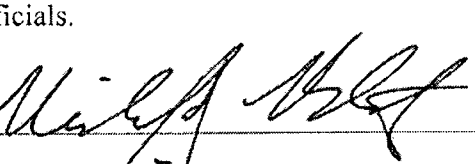
Signature: CT Cl

Date: 10/27/15

Certification

I, Michael Blatz, currently employed by Bull Moose Tube Company, certify that I have prepared or otherwise supervised the preparation of the attached petitions filed on October 28, 2015 pursuant to the antidumping investigations of Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman, Pakistan, the Philippines, the United Arab Emirates, and the Socialist Republic of Vietnam, investigation numbers A-523-812, A-535-903, A-565-803, A-520-807, and A-552-820, and countervailing duty investigation of Circular Welded Carbon-Quality Steel Pipe from Pakistan, investigation number C-535-904.

I certify that the information contained in this submission is accurate and complete to the best of my knowledge. I am aware that the information contained in this submission may be subject to verification or corroboration (as appropriate) by the U.S. Department of Commerce. I am also aware that U.S. law (including, but not limited to, 18 U.S.C. 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government. In addition, I am aware that, even if this submission may be withdrawn from the record of the AD/CVD proceeding, the Department may preserve this submission, including a business proprietary submission, for purposes of determining the accuracy of this certification. I certify that I am filing a copy of this signed certification with this submission to the U.S. Department of Commerce and that I will retain the original for a five-year period commencing with the filing of this document. The original will be available for inspection by U.S. Department of Commerce officials.

Signature: 

Date: 28 OCT 2015

EXLTUBE

Certification

I, John Simon, currently employed by EXLTUBE, certify that I have prepared or otherwise supervised the preparation of the attached petitions filed on October 28, 2015 pursuant to the antidumping investigations of Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman, Pakistan, the Philippines, the United Arab Emirates, and the Socialist Republic of Vietnam, investigation numbers A-523-812, A-535-903, A-565-803, A-520-807, and A-552-820, and countervailing duty investigation of Circular Welded Carbon-Quality Steel Pipe from Pakistan, investigation number C-535-904.

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Signature: _____

Date: October 28, 2015

1000 Burlington Street
North Kansas City, MO 64116-4123

1-800-892-8823
www.exltube.com

Certification

I, David Seeger, currently employed by JMC Steel Group, certify that I have prepared or otherwise supervised the preparation of the attached petitions filed on October 28, 2015 pursuant to the antidumping investigations of Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman, Pakistan, the Philippines, the United Arab Emirates, and the Socialist Republic of Vietnam, investigation numbers A-523-812, A-535-903, A-565-803, A-520-807, and A-552-820, and countervailing duty investigation of Circular Welded Carbon-Quality Steel Pipe from Pakistan, investigation number C-535-904.

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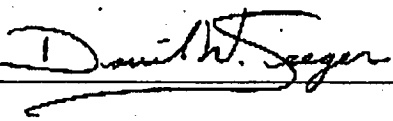
Signature: 

Date: 10-27-15

Certification

I, Ichiro Yasumura, currently President & CEO of Western Tube & Conduit, certify that I have prepared or otherwise supervised the preparation of the attached petitions filed on October 28, 2015 pursuant to the antidumping investigations of Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman, Pakistan, the Philippines, the United Arab Emirates, and the Socialist Republic of Vietnam, investigation numbers A-523-812, A-535-903, A-565-803, A-520-807, and A-552-820, and countervailing duty investigation of Circular Welded Carbon-Quality Steel Pipe from Pakistan, investigation number C-535-904.

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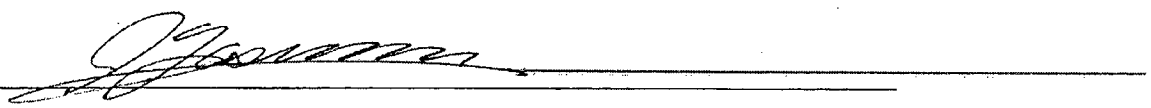
Signature: 

Date: 10-27-2015

Inv. Nos. A-523-812; A-535-903; A-565-803; A-520-807; A-552-820; and C-535-904
USITC Inv. Nos. 701-TA-____ and 731-TA-___ - ___.
Total Pages: 91
Investigation
Proprietary Treatment Requested for Information in Volume I Deleted from pages 3, 13, 16, and 18-22, Exhibit List, and Exhibits I-2 and I-9.

PUBLIC VERSION

BEFORE THE UNITED STATES DEPARTMENT OF COMMERCE &
UNITED STATES INTERNATIONAL TRADE COMMISSION

CIRCULAR WELDED CARBON-QUALITY STEEL PIPE FROM THE SULTANATE OF OMAN, PAKISTAN, THE PHILIPPINES, THE UNITED ARAB EMIRATES, AND THE SOCIALIST REPUBLIC OF VIETNAM

ANTIDUMPING AND COUNTERVAILING DUTY PETITIONS
VOLUME I - GENERAL INFORMATION AND INJURY

SCHAGRIN ASSOCIATES
900 Seventh Street, N.W., Suite 500
Washington, D.C. 20001
(202) 223-1700

Counsel to Bull Moose Tube Company, EXLTUBE, Wheatland Tube, a division of JMC Steel Group, and Western Tube and Conduit

October 28, 2015

TABLE OF CONTENTS

These petitions are presented on behalf of U.S. producers Bull Moose Tube Company, EXLTUBE, Wheatland Tube, a division of JMC Steel Group, and Western Tube and Conduit (collectively, "Petitioners"). Petitioners allege that Circular Welded Carbon-Quality Steel Pipe ("CWP") from the Sultanate of Oman, Pakistan, the Philippines, the Socialist Republic of Vietnam, and the United Arab Emirates ("UAE") is being, or is likely to be, sold in the United States at less-than-fair-value ("LTFV") and that such merchandise from Pakistan benefits from subsidies within the meaning of Sections 701 and 731 of the Tariff Act of 1930, as amended, 19 U.S.C. §§ 1671 and 1673. Petitioners further allege that the U.S. industry producing the domestic like product is being materially injured and is also threatened with material injury by reason of such less-than-fair-value and subsidized imports. These petitions set forth the information reasonably available to Petitioners in support of these allegations and contain the relevant general information, less-than-fair-value sales information, information on subsidies, and the information relating to material injury and threat of injury.

Separate volumes regarding the allegations of dumping by subject producers in all target countries as well as countervailable subsidies provided to producers and exporters in Pakistan are being filed simultaneously at both the U.S. Department of Commerce (the "Department") and the U.S. International Trade Commission (the "Commission"). Petitioners request that antidumping ("AD") and countervailing duties ("CVD") be imposed to offset the dumping and subsidy programs detailed in the specific AD and CVD volumes.

I. COMMON ISSUES

This section contains information required in AD and CVD petitions by 19 C.F.R. §§ 351.202(b)(1) to 351.202(b)(9) and 207.1.

A. Contact Information For The Petitioners (19 C.F.R. § 207.11(a); 19 C.F.R. § 351.202(b)(1))

Petitioners consist of companies that produce CWP in the United States. Petitioners are domestic interested parties within the meaning of 19 U.S.C. § 1677(9) and 19 C.F.R. § 351.102(a). Petitioners' addresses and telephone numbers are as follows:

TABLE 1: PETITIONERS	
Bull Moose Tube Company 1819 Clarkson Road Chesterfield, MO 63017 Phone: (636) 537-2600 Contact: Michael Blatz, President Email: mblatz@bullmoosetube.com	**EXLTUBE** 811 Atlantic Street N. Kansas City, MO 64116 Phone: 1-800-892-8823 Contact: John Simon, Vice President - Sales Email: simonj@exltube.com
Wheatland Tube 227 W. Monroe Street 26th Floor Chicago, IL 60606 (312) 275-1600 Contact: David Seeger, President – JMC Steel Email: david.seeger@jmcsteel.com	**Western Tube & Conduit** P.O. Box 2720 Long Beach, CA 90801 Phone: (310) 537-6300 Contact: Don Finn, Vice President of Sales Email: dfinn@westerntube.com

B. Identity Of The Industry On Whose Behalf The Petitions Are Filed (19 C.F.R. § 207.11(b)(2)(ii); 19 C.F.R. § 351.202(b)(2))

These petitions are filed on behalf of the United States industry that produces CWP. In addition to information relating to the Petitioners, the names, addresses, and telephone numbers of other entities believed to produce CWP in the United States are in **Exhibit I-1**. According to the best information available to Petitioners, the producers listed in Table 1 and Exhibit 1 together constitute the vast majority of producers of CWP in the United States.[1]

[1] *See Circular Welded Carbon-Quality Steel Pipe from China,* Investigation Nos. 701-TA-447 and 731-TA-1116 (Review) USITC Pub. 4435 (Nov. 2013) at I-3. *See also Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam,* Investigation Nos. 701-TA-482-484 and 731-TA-1191-1194 (Final), USITC Pub. 4362 (Dec. 2012)("hereinafter *CWP India, Oman, UAE, and Vietnam*") at Table I-3, noting that Welded Tube-Berkeley had closed. Allied Tube and Conduit, a petitioner in prior investigations exited the CWP business in August 2015. *See* "Allied exits fence, sprinkler pipe marts," *American Metal Market* (Aug. 12, 2015), **Exhibit I-6**.

C. Information Relating To The Degree Of Industry Support For The Petition (19 C.F.R. § 351.202(b)(3))

According to 19 U.S.C. §§ 1671a(c)(4)(A) and 1673a(c)(4)(A) (2006), a petition is filed by or on behalf of the domestic industry if: (1) domestic producers who support the petition account for at least 25 percent of the total production of the domestic like product, and (2) domestic producers who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition. To the best of their knowledge, Petitioners meet both of these requirements with respect to the instant petitions.

Petitioners are filing this petition on behalf of the domestic industry producing CWP. Information regarding the total quantity of U.S. *production* of the domestic like product is not reasonably available to Petitioners. The best information reasonably available to petitioners is the total quantity of domestic *shipments* compiled by [ ], pertinent portions from pertinent time periods attached as Exhibit I-2. Comparing Petitioners' aggregated production data to [ ] shipment data, we find that Petitioners accounted for [ ] percent of the volume of welded standard pipe produced by the domestic industry in the second half of 2014 and the first half of 2015. Information on the *value* of production or shipments is not reasonably available to Petitioners. Thus, Petitioners account for a substantial majority of total U.S. production of CWP. Furthermore, Petitioners are not aware of any domestic producer opposing this petition.

INDUSTRY SUPPORT				
		2H2014	1H2015	Total
Total U.S. Domestic Shipments (ST)	[			]
Petitioners' Production (ST)	[			]
Petitioner's Share (%)	[			]
Sources: [ ] Petitioners' aggregated data				

D. Previous Requests For Import Relief For The Merchandise (19 C.F.R. § 351.202(b)(4))

Petitioners have not filed for relief from imports of the subject merchandise under Sections 337 of the Act, Section 301 of the Trade Act of 1974, or Section 232 of the Trade Expansion Act of 1962. The Commission has conducted a number of import relief investigations on CWP or substantially similar merchandise dating back to 1982. Such Title VII investigations include Nos: 701-TA-165, 701-TA-166, 701-TA-167, 701-TA-168, 701-TA-169, 731-TA-132, 701-TA-220, 731-TA-183, 731-TA-197, 731-TA-198, 701-TA-242, 701-TA-251, 701-TA-252, 701-TA-253, 731-TA-211, 731-TA-212, 731-TA-252, 731-TA-253, 731-TA-271, 731-TA-273, 731-TA-274, 731-TA-292, 731-TA-293, 731-TA-294, 701-TA-311, 731-TA-532, 731-TA-533, 731-TA-534, 731-TA-535, 731-TA-536, 731-TA-537, 731-TA-732, 731-TA-733, 731-TA-943, 731-TA-944, 731-TA-945, 731-TA-946, 731-TA-947, 701-TA-447, 731-TA-1116, 701-TA-482, 701-TA-483, 701-TA-484, 701-TA-485, 731-TA-1191, 731-TA-1192, 731-TA-1193, and 731-TA-1194.[2] Antidumping duty orders are currently outstanding on CWP from Brazil, China, India (for all firms except Zenith), Korea, Mexico, Taiwan, Thailand, and Turkey, and countervailing duty orders are in effect on CWP imported from China and Turkey.[3]

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[2] *See Circular Welded Carbon-Quality Steel Pipe from China,* Investigation Nos. 701-TA-447 and 731-TA-1116 (Review) USITC Pub. 4435 (Nov. 2013) at I-4 to I-5.

[3] *See* 49 Fed. Reg. 19369 (May 7, 1984) (Taiwan), 51 Fed. Reg. 17784 (May 15, 1986) (Turkey AD); 51 Fed. Reg. 17384 (May 12, 1986) (India); 51 Fed. Reg. 8341 (Mar. 11, 1986) (Thailand); 51 Fed. Reg. 7984 (Mar. 7, 1986) (Turkey CVD); 57 Fed. Reg. 49453 (Nov. 2, 1992) (Brazil, Korea, Mexico, Taiwan); 74 Fed. Reg. 4136 (Jan. 23, 2009) (China AD); 74 Fed. Reg. 22515 (May 13, 2009 (China CVD). The Commission reviewed the orders on CWP from Brazil, India.

E. Detailed Description of the Subject Merchandise (19 C.F.R. § 351.202(b)(5))

1. Physical Characteristics

This petition covers welded carbon-quality steel pipe and tube, of circular cross-section, with an outside diameter not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, beveled end, threaded, or threaded and coupled), or industry specification (*e.g.* ASTM, proprietary, or other) generally known as standard pipe, fence pipe and tube, sprinkler pipe, and structural pipe (although they may also be referred to as mechanical tubing).

2. Specifications, Characteristics, and Uses

Subject pipe and tube are intended for the low-pressure 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. Subject pipe may carry liquids at elevated temperatures but not be subject to the application of external heat. Such pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and as an intermediate product for protection of electric wiring, such as conduit shells.

Subject pipe used in the United States is most commonly produced to the American Society for Testing and Materials International (ASTM) standard A53,[4] although it may also be produced to the ASTM A135 standard and ASTM A795 standards. (Some imported subject pipe may also be produced to the ASTM A120 standard, a now defunct specification that was nearly identical to the A53 standard.) Subject pipe products may also be produced to proprietary specifications rather than to an industry-wide standard. This is often the case with fence tubing, for example.

[4] The ASTM A53 Specification is at Exhibit I-10.

Subject pipe may be sold with a plain or threaded end and with or without a coupling. It may also be sold with "black" or "galvanized" surface. Black pipe is frequently coated with an oil lacquer or finish to inhibit corrosion, and it may also be painted. Galvanized pipe is coated with a protective layer of zinc to prevent corrosion, and may also be painted or vinyl coated.

3. Production Methods

Welded pipe is produced by forming flat-rolled steel into a tubular configuration and welding it along the joint. The subject pipe is most commonly produced either by the electric resistance weld ("ERW") method, the continuous weld ("CW") method or the stretch reduction method. Under the ERW and CW methods of production, flat-rolled steel sheet or plate is slit to the exact width necessary to produce the desired diameter of pipe.

In the CW method, the slit steel sheet is heated in a furnace to approximately 2,600° Fahrenheit and is hot-formed through a series of rollers into a cylindrical configuration until the edges meet. The temperature of the sheet and the pressure of the rollers weld the edge. The pipe is then cut to length, cooled, straightened, and surface and/or end finished as appropriate. The CW method can only be used to produce pipe up to 4.5 inches (114.3mm) in outside diameter.

For pipe produced by the ERW method the slit steel is cold-formed using a series of tapered rolls until it achieves the desired tubular shape. The edges are forced together under pressure and welded by heating to 2,600° Fahrenheit using a high voltage carbon electrode. The ridge formed by the welding process may be removed, depending on the pipe's intended use. The pipe is then end or surface finished in the same manner as CW pipe. The ERW method can be used to produce the full size range of pipe products covered by this petition.

Subject pipe may also be produced by the stretch reduction method. A stretch reduction mill heats and stretches large "mother" tubes produced on an ERW or CW mill to create pipes and tubes of various smaller diameters and thinner wall thicknesses. The advantage of a stretch

reduction mill is that it allows the company to produce a single diameter and wall thickness of mother tube on its ERW or CW mill, allowing those operations to run more efficiently and reducing the variety of steel inventory that must be purchased and stored. That single size mother tube can then be stretched into any smaller diameter and wall thickness of pipe desired.

4. Scope

These petitions cover welded carbon-quality steel pipes and tube, of circular cross-section, with an outside diameter ("O.D.") not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (*e.g.*, black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (*e.g.*, American Society for Testing and Materials International ("ASTM"), proprietary, or other) generally known as standard pipe, fence pipe and tube, sprinkler pipe, and structural pipe (although subject product may also be referred to as mechanical tubing). Specifically, the term "carbon quality" includes products in which: (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

(i) 1.80 percent of manganese;
(ii) 2.25 percent of silicon;
(iii) 1.00 percent of copper;
(iv) 0.50 percent of aluminum;
(v) 1.25 percent of chromium;
(vi) 0.30 percent of cobalt;
(vii) 0.40 percent of lead;
(viii) 1.25 percent of nickel;
(ix) 0.30 percent of tungsten;
(x) 0.15 percent of molybdenum;
(xi) 0.10 percent of niobium;
(xii) 0.41 percent of titanium;
(xiii) 0.15 percent of vanadium; or
(xiv) 0.15 percent of zirconium.

Subject pipe is ordinarily made to ASTM specifications A53, A135, and A795, but can also be made to other specifications. Structural pipe is made primarily to ASTM specifications A252 and A500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. Fence tubing is included in the scope regardless of certification to a specification listed in the exclusions below, and can also be made to the ASTM A513 specification. Sprinkler pipe is designed for sprinkler fire suppression systems and may be made to industry specifications such as ASTM A53 or to proprietary specifications. These products are generally made to standard O.D. and wall thickness combinations. Pipe multi-stenciled to a standard and/or structural specification and to other specifications, such as American Petroleum Institute ("API") API-5L specification, is also covered by the scope of these investigations when it meets the physical description set forth above, and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50mm) in outside diameter; has a galvanized and/or painted (*e.g.*, polyester coated) surface finish; or has a threaded and/or coupled end finish.

The scope of these investigations does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) finished electrical conduit; (c) finished scaffolding; (d) tube and pipe hollows for redrawing; (e) oil country tubular goods produced to API specifications; (f) line pipe produced to only API specifications; and (g) mechanical tubing, whether or not cold-drawn. However, products certified to ASTM mechanical tubing specifications are not excluded as mechanical tubing if they otherwise meet the standard sizes (*e.g.*, outside diameter and wall thickness) of standard, structural, fence and sprinkler pipe. Also, products made to the following outside diameter and wall thickness combinations, which are recognized by the industry as typical for

fence tubing, would not be excluded from the scope based solely on their being certified to ASTM mechanical tubing specifications: 1.315 inch O.D. and 0.035 inch wall thickness (gage 20); 1.315 inch O.D. and 0.047 inch wall thickness (gage 18); 1.315 inch O.D. and 0.055 inch wall thickness (gage 17); 1.315 inch O.D. and 0.065 inch wall thickness (gage 16); 1.315 inch O.D. and 0.072 inch wall thickness (gage 15); 1.315 inch O.D. and 0.083 inch wall thickness (gage 14); 1.315 inch O.D. and 0.095 inch wall thickness (gage 13); 1.660 inch O.D. and 0.047 inch wall thickness (gage 18); 1.660 inch O.D. and 0.055 inch wall thickness (gage 17); 1.660 inch O.D. and 0.065 inch wall thickness (gage 16); 1.660 inch O.D. and 0.072 inch wall thickness (gage 15); 1.660 inch O.D. and 0.083 inch wall thickness (gage 14); 1.660 inch O.D. and 0.095 inch wall thickness (gage 13); 1.660 inch O.D. and 0.109 inch wall thickness (gage 12); 1.900 inch O.D. and 0.047 inch wall thickness (gage 18); 1.900 inch O.D. and 0.055 inch wall thickness (gage 17); 1.900 inch O.D. and 0.065 inch wall thickness (gage 16); 1.900 inch O.D. and 0.072 inch wall thickness (gage 15); 1.900 inch O.D. and 0.095 inch wall thickness (gage 13); 1.900 inch O.D. and 0.109 inch wall thickness (gage 12); 2.375 inch O.D. and 0.047 inch wall thickness (gage 18); 2.375 inch O.D. and 0.055 inch wall thickness (gage 17); 2.375 inch O.D. and 0.065 inch wall thickness (gage 16); 2.375 inch O.D. and 0.072 inch wall thickness (gage 15); 2.375 inch O.D. and 0.095 inch wall thickness (gage 13); 2.375 inch O.D. and 0.109 inch wall thickness (gage 12); 2.375 inch O.D. and 0.120 inch wall thickness (gage 11); 2.875 inch O.D. and 0.109 inch wall thickness (gage 12); 2.875 inch O.D. and 0.134 inch wall thickness (gage 10); 2.875 inch O.D. and 0.165 inch wall thickness (gage 8); 3.500 inch O.D. and 0.109 inch wall thickness (gage 12); 3.500 inch O.D. and 0.148 inch wall thickness (gage 9); 3.500 inch O.D. and 0.165 inch wall thickness (gage 8); 4.000 inch O.D. and 0.148

inch wall thickness (gage 9); 4.000 inch O.D. and 0.165 inch wall thickness (gage 8); 4.500 inch O.D. and 0.203 inch wall thickness (gage 7).

The pipe subject to these petitions are currently classifiable in Harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting numbers 7306.19.1010, 7306.19.1050, 7306.19.5110, 7306.19.5150, 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000, 7306.50.5050, and 7306.50.5070. However, the product description, and not the HTSUS classification, is dispositive of whether the merchandise imported into the United States falls within the scope.[5]

E. The Names Of The Home Market Countries And The Name Of Any Intermediate Country Through Which The Merchandise Is Transshipped (19 C.F.R. § 351.202(b)(6))

The CWP that is the subject of these petitions is produced in Pakistan, the Philippines, Oman, Vietnam, and the UAE. Petitioners have no direct knowledge that the subject pipe produced in these countries is being transshipped through any third country to the United States, although it is possible.

F. The Names And Addresses Of Each Person Believed To Sell The Merchandise At Less Than Normal Value And The Proportion Of Total Exports To The United States (19 C.F.R. § 351.202(b)(7)(i)(A))

The names and addresses of the entities believed by Petitioners to be producing and exporting subject merchandise are provided in Exhibit I-3. Information reasonably available to Petitioners does not allow the identification of the proportion of total exports to the United States accounted for during the most recent twelve month period by the listed producers.

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[5] The Commission has previously found that most of the subject goods are imported under HTS statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090. *See Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam*, Investigation Nos. 701-TA-482-484 and 731-TA-1191-1194 (Final), USITC Pub. 4362 (Dec. 2012) ("*CWP from India, Oman, UAE and Vietnam*") at 7.

G. All Factual Information Related To The Calculation Of Export Price And The Constructed Export Price Of The Subject Merchandise And The Normal Value Of The Foreign Like Product (19 C.F.R. § 351.202(b)(7)(i)(B))

Volume II of these Petitions contains the necessary information concerning the calculation of the export price for merchandise produced and exported from those subject countries not designated as non-market economies (*i.e.*, for Pakistan, the Philippines, Oman, and the UAE).

H. Factual Information Relevant To the Calculation Of Normal Value For Vietnam (19 C.F.R. § 351.202(b)(7)(i)(C))

Volume III of these Petitions contains the necessary information concerning the normal value for Vietnam, which has been designated as a non-market economy.[6]

I. The Names And Addresses Of Each Person Believed To Benefit From A Countervailable Subsidy Who Exports The Subject Merchandise To The United States And The Proportion Of Total Exports To The United States (19 C.F.R. § 351.202(b)(7)(ii)(A))

The names and address of the Pakistani entities believed by Petitioners to be benefiting from one or more countervailable subsidies and who have exported the CWP subject to these Petitions are provided in Exhibit I-4. Information reasonably available to Petitioners does not allow the identification of the proportion of total exports to the United States accounted for during the most recent twelve month period by the listed producers.

J. The Alleged Countervailable Subsidies And Related Factual Information (19 C.F.R. § 351.202(b)(7)(ii)(B))

Volume IV of these petitions contains information concerning the alleged countervailable subsidies as well as factual information relevant to the alleged countervailable subsidies such as the laws, regulations and decrees under which the subsidies were bestowed, the manner in which

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[6] *See, e.g., Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Final Results of Antidumping Duty Administrative Review*, 2013-2014, 80 Fed. Reg. 55328 (Sept. 15, 2015).

the subsidies were paid, and Petitioners' estimation – to the extent practicable – of the value of the subsidies to producers and exporters of CWP in Pakistan.

K. The Volume And Value Of The Merchandise Imported During The Most Recent Two-Year Period (19 C.F.R. § 351.202(b)(8))

Imports of CWP from the target countries were significant over the most recent two-year period.

Subject Imports of CWP

Country	2013	2014
	In Short Tons	
Vietnam	65,445	60,547
Oman	31,961	47,157
United Arab Em	44,726	76,365
Pakistan	12,720	23,818
Philippines	18,391	14,946

Source: USITC DataWeb

L. Contact Information For Each Entity The Petitioner Believes Imports Or Is Likely To Import The Subject Merchandise (19 C.F.R. § 207.11(b)(2)(iii); 19 C.F.R. § 351.202(b)(9))

The names and contact information for those firms identified as importers in Table IV-1 of the Commission's report in *CWP from India, Oman, the UAE, and Vietnam* are contained in **Exhibit I-5**. Petitioners believe that there may be a number of importers of subject CWP that are unknown to Petitioners at this time. Petitioners respectfully request that the Department and the Commission obtain this information from Customs & Border Protection. Petitioners do not have access to this information.

II. INJURY INFORMATION

According to the Act, a domestic industry is entitled to antidumping or countervailing duty relief if it is experiencing material injury or the threat of material injury by reason of unfairly traded imports. 19 U.S.C. §§ 1671, 1673. As outlined below, the domestic industry

producing CWP is both suffering from material injury and threatened with further material injury by reason of dumped and subsidized subject.

A. Introduction

This case involves a single domestic like product and a single domestic industry, as the Commission has previously found.[7] Imported CWP is generally interchangeable with the domestic like product. The Commission need only decide, therefore, whether subject imports have caused or threatened the domestic industry with material injury.

Subject imports have grown during the period of investigation, from 181,000 tons in 2012 to 223,000 tons in 2014. First half 2015 import volumes well exceeded first half 2014 volumes.

The consequences of this growth for the domestic industry are apparent. U.S. shipments in 2014 and the first half of 2015 were well below 2012/13 levels. Inventories jumped from approximately [ ] tons at the start of 2012 to [ ] tons at the end of 2013, decreased slightly in 2014 but then shot to [ ] tons by the end of 1H 2015.

The economic performance of the domestic industry has suffered throughout the POI, with profits tracking subject import volumes. The domestic industry's operating income in 2012 was [ ]. When subject imports declined in 2013, the domestic industry's [ ]. When subject imports increased in 2014, the domestic industry's [ ]. As subject imports increased dramatically in the first half of 2015, the domestic industry's performance [ ]. Moreover, the domestic industry's net income before taxes has [ ].

[7] *CWP from India, Oman, the UAE and Vietnam* at 5-10.

Allied Tube & Conduit, traditionally the second largest U.S. producer, announced in August 2015 that it would exit the CWP business. The cessation of production led to the loss of 317 jobs.[8]

Following the Great Recession and earlier investigation, subject imports have suppressed and depressed prices during part of the business cycle in which the domestic industry should be increasing profits in preparation for the next downturn. Notwithstanding recent decreases in raw material prices, the domestic industry has been unable to earn the profits it needs.

B. The Domestic Like Product Consists Of CWP Covered By The Scope and the Domestic Industry is all U.S. Producers of CWP

In determining whether an industry in the United States has suffered material injury or is threatened with material injury, the Commission first defines the domestic like product, *i.e.*, "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[9] The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[10] The Commission generally considers a number of factors including (1) physical characteristics and uses, (2) interchangeability, (3) channels of distribution, (4) customer and

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[8] "Allied exits fence, sprinkler pipe marts," *American Metal Market* (Aug. 12, 2015), **Exhibit I-6**.

[9] 19 U.S.C. § 1677(10).

[10] *See, e.g., NEC Corp. v. Dep't of Commerce*, 36 F. Supp. 2d 380, 382 (Ct. Int'l Trade 1998).

producer perceptions of the products, (5) common manufacturing facilities, production processes and production employees, and, where appropriate, (6) price.[11]

The physical characteristics of the covered products are addressed in section I.E.4, *supra*. This scope is essentially identical to that in the investigation of *Circular Welded Carbon-Quality Steel Pipe form India, Oman, the United Arab Emirates, and Vietnam.*[12] As it has in the past, the Commission should find again here that there is a single like product coterminous with the scope of the Department of Commerce's investigations.[13]

Likewise, as in the previous investigation, the Commission should define the U.S. industry to include all U.S. producers of CWP.[14]

C. Subject Imports are Causing Material Injury to the Domestic Industry

In determining whether a domestic industry is experiencing present material injury by reason of unfairly traded imports, the Commission must consider (1) the volume of subject merchandise, (2) the effect of imports of subject merchandise on U.S. prices for the domestic like product, and (3) the impact of subject imports on domestic producers. 19 U.S.C. § 1677(7)(B). In this case each factor favors a finding of present material injury.

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[11] *See, e.g., Circular Welded Carbon Quality Steel Line Pipe from China*, Inv. Nos. 701-TA-455 and 731-TA-1149 (Final), USITC Publication 4055 at 4 n.14 (Jan. 2009); *Cleo Inc. v. United States*, 501 F.3d 12991, 1295 (Fed. Cir. 2007).

[12] *Circular Welded Carbon-Quality Steel Pipe form India, Oman, the United Arab Emirates, and Vietnam,* Investigation Nos. 701-TA-482-484 and 731-TA-1191-1194 (Final), USITC Pub. 4362 (Dec. 2012) at 6-7.

[13] *Id.* at 8-9.

[14] *Id.* at 10.

1. The volume of subject imports is significant

The subject imports in this case are significant absolutely and relative to U.S. consumption.

Subject imports increased in absolute volume by 23 percent between 2012 and 2014. Import volume then increased 78 percent between the first half of 2014 and the first half of 2015.

Subject Imports of CWP

Country	2012	2013	2014	1H 2014	1H 2015
	In Short Tons				
Vietnam	42,156	65,445	60,547	24,985	43,172
Oman	48,296	31,961	47,157	20,172	27,513
United Arab Em	40,235	44,726	76,365	29,847	64,822
Pakistan	26,048	12,720	23,818	11,220	20,287
Philippines	23,943	18,391	14,946	6,165	8,936
Subtotal Subject	**180,677**	**173,243**	**222,832**	**92,390**	**164,730**

Source: USITC DataWeb

Subject imports also grabbed an increasing share of the U.S. CWP market during this period, going from having [ ] percent of the market in 2012 to having [ ] percent of the market by the first half of 2015.

Subject Imports' Share of Apparent CWP Consumption					
	2012	2013	2014	First Half 2014	First Half 2015
Domestic Shipments	[				]
Subject Imports					
Vietnam	42,156	65,445	60,547	24,985	43,172
Oman	48,296	31,961	47,157	20,172	27,513
United Arab Em	40,235	44,726	76,365	29,847	64,822
Pakistan	26,048	12,720	23,818	11,220	20,287
Philippines	23,943	18,391	14,946	6,165	8,936
Subtotal Subject	**180,677**	**173,243**	**222,832**	**92,390**	**164,730**
Nonsubject Imports	441,532	351,206	326,604	164,012	255,725
Total Imports	622,210	524,450	549,436	256,402	420,455
Apparent Consumption	[				]
Domestic Industry Market Share	[				]
Subject Imports Market Share	[				]

Sources: Domestic Shipments from] Imports from USTIC DataWeb, adjusted as discussed below.

2. Negligibility

The following table shows import volume from each individual source:

Individual Country CWP Imports Share of Total CWP Imports

Country	SEP 14	OCT 14	NOV 14	DEC 14	JAN 15	FEB 15	MAR 15	APR 15	MAY 15	JUN 15	JUL 15	AUG 15	TOTAL	% Share
	In Short Tons													
Vietnam	5,898	5,512	3,481	8,936	7,214	5,639	6,743	7,314	12,215	4,048	9,199	9,206	85,405	12%
Oman	2,648	4,159	3,244	8,498	7,066	5,283	3,246	6,589	3,265	2,062	2,862	3,416	52,338	7%
United Arab Em	7,093	9,412	6,477	8,747	9,719	8,707	10,519	14,595	11,591	9,693	8,913	7,414	112,880	15%
Pakistan	1,617	1,124	2,890	334	1,796	3,481	2,553	4,260	5,184	3,013	2,360	3,122	31,734	4%
Philippines	2,563	1,030	1,060	2,612	1,004	453	292	2,500	3,478	1,209	193	2,856	19,251	3%
Subtotal Subject	**19,820**	**21,236**	**17,153**	**29,127**	**26,798**	**23,564**	**23,354**	**35,257**	**35,732**	**20,025**	**23,527**	**26,015**	**301,607**	**41%**
Canada	8,428	8,450	7,458	7,088	7,454	7,183	7,672	7,185	7,318	8,276	7,773	7,091	91,376	12%
Mexico	2,053	1,945	2,151	2,994	2,639	2,277	3,026	2,669	2,512	3,030	3,032	1,560	29,888	4%
Thailand	11,151	717	3,521	5,614	13,194	3,193	287	7,455	18,143	4,296	1,840	9,744	79,154	11%
Turkey	6,674	14,794	3,120	2,434	19,899	2,281	13,916	13,777	14,392	10,404	8,333	9,668	119,691	16%
Korea	1,567	2,550	2,208	1,974	5,753	2,469	2,884	3,533	6,129	10,196	1,911	1,369	42,544	6%
Japan	37	541	851	95	60	29	91	834	1,087	949	1,119	968	6,661	1%
China	806	1,287	354	245	320	408	453	378	815	894	2,023	2,250	10,232	1%
All Other:	3,681	5,370	2,298	3,095	5,149	3,148	10,052	7,533	6,251	3,829	6,277	4,382	61,066	8%
Total	**54,217**	**56,891**	**39,113**	**52,667**	**81,265**	**44,553**	**61,734**	**78,621**	**92,378**	**61,898**	**55,834**	**63,047**	**742,218**	**100%**

For purposes of determining total imports of circular welded pipe to determine subject import market share and negligibility for each subject country petitioners have adjusted HTS import data for imports from Canada and Mexico. This is because the HTS numbers for CWP contain primarily non-subject mechanical tubing from Canada and significant amounts of non-subject mechanical tubing from Mexico.

Unfortunately, because of the limited number of producers of standard pipe in Canada, approximately three, statistics Canada ceased publishing data on standard pipe domestic shipments and exports prior to the POI. *See* Exhibit I-7. Based on Petitioners' previous experience in other CWP petitions, we have conservatively eliminated 60% of Canadian imports. The Commission can gather export information from the three Canadian producers: Nova Steel, JMC Steel, and Barton Tubes LTD.

For the Mexican imports, Mexican producers such as Prolamsa, Pytco, and Hylsa have claimed in recent administrative reviews that their exports to the U.S. have been non-subject A-513 mechanical tubing. *See* Exhibit I-8. Petitioners have conservatively reduced HTS data from

Mexico by 50%. As with Canada, the Commission can gather information from those Mexican producers.

For the Philippines, which is on the cusp of negligibility, because of the problems with the HTS items that include non-subject pipe, the Commission should not rule on the Philippines without examining the responses to Importers Questionnaires to assess the total imports of actual subject CWP. The Commission should also consider that imports from the Philippines have increased 45 percent between the first half of 2014 and the first half of 2015, indicating that the trend for the Philippines is to take an increasing share of total imports.

3. The price effect of subject imports is significant

The price effect of subject imports is significant. The Commission has previously determined that CWP is a commodity product for purposes of a material injury analysis.[15]

a) Subject imports consistently undersold the domestic like product by large amounts

A comparison of Petitioners' average unit values ("AUV") for CWP to the subject imports' landed value AUVs shows consistent underselling:

Subject Imports' Underselling					
	2012	2013	2014	First Half 2014	First Half 2015
Domestic Average Unit Price	[				]
Subject Imports					
Vietnam	$891	$812	$797	$812	$765
Oman	$927	$827	$809	$806	$807
United Arab Em	$943	$891	$849	$856	$814
Pakistan	$1,006	$866	$806	$798	$757
Philippines	$893	$784	$732	$736	$747
Subtotal Subject	**$929**	**$836**	**$814**	**$818**	**$789**
Margin of Underseling	[				]
Nonsubject Imports	$1,086	$1,072	$1,098	$1,124	$982

Sources: Domestic AUVs calculated from Petitioners' aggregated data,
Imports from USTIC DataWeb

[15] *See, e.g., CWP from India, Oman, UAE and Vietnam* at 36, n. 242.

Margins of underselling increased from [ ] percent in 2014. Margins of underselling fell in the first half of 2015 not because subject imports stopped selling at such low prices, but because the Petitioners' AUVs [ ], being forced down by the increased competition from subject imports.

b) Subject Imports' Underselling Caused Price Depression

As discussed below, demand improved between the first half of 2014 and the first half of 2015. In such circumstances, it would be expected that the domestic industry would be able to increase their sales and recoup some lost profitability. Instead, increasing imports meant that the domestic industry saw its sales *decline*. When hot-rolled coil costs fell in the first half of 2015, the domestic industry was forced to pass along the entirety of that price decline rather than try to regain a degree of profitability. The increase in volume and market share of subject imports at prices that consistently undersold the domestic product resulted in price depression that otherwise would not have occurred.

Petitioners expect that pricing data will confirm the existence of a very high degree of underselling. Petitioners request that the Commission collect price data regarding the same products it analyzed in prior preliminary proceedings:[16]

- Product 1— ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive;
- Product 2— ASTM A-53 schedule 40 galvanized plain-end, with nominal outside diameter of 2-4 inches inclusive;
- Product 3— ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive; and
- Product 4— Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch.

[16] *Circular Welded Carbon-Quality Steel Pipe From India, Oman, the United Arab Emirates, and Vietnam*, Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Preliminary), USITC Publication 4298 (December 2011), at V-3.

4. Subject imports had a significant impact on the domestic industry

a) The domestic industry's market share declined, even when demand improved and the domestic industry reduced prices

As the second table in Section II.C.1. shows, overall domestic demand for CWP fell during the period 2012 – 2013, but then improved in 2014 and the first half of 2015. Meanwhile, subject import volumes increased rapidly and gained market share throughout the POI. As shown above in Section II.C.1., subject imports increased from 181,000 tons in 2012 to 223,000 tons in 2014, and from 92,000 tons in the first half of 2014 to 165,000 tons in the first half of 2015. Subject imports' market share increased from [ ] percent of apparent consumption in 2012 to [ ] percent in the first half of 2015.

The domestic industry lost market share in the first half of 2015 even as it dramatically reduced its price, from an average unit value of [ ] per ton in the first half of 2014 to [ ] per ton in the first half of 2015. With falling raw material costs in the first half of 2015, this was a period in which the domestic industry should have returned to profitability. Increasing imports at underselling prices forced domestic prices lower than otherwise would have occurred.

b) Subject imports injured the domestic industry's profits

After improving in 2013, the domestic industry's financial woes have increased since then. Petitioners' operating losses increased from [ ] in 2013 to [ ] in 2014. Operating losses increased from [ ] in the first half of 2014 to [ ] in the first half of 2015. Net losses increased from [ ] in 2013 to [ ] in 2014, and from [ ] in the first half of 2014 to [ ] million in the first half of 2015. This increase in losses corresponds to the increase in subject import volume and market share discussed above in Section II.C.1.

c) Subject imports have created an inventory overhang

The massive increase in subject imports in the first half of 2015 have created a substantial increase in Petitioners' inventories. Petitioners' beginning-of-period inventories in 2015 were [ ] tons. By the end of the first half of 2015, as subject imports grabbed market share and caused domestic shipments to decline in the face of growing demand, inventories had increased [ ] percent to [ ] tons.

d) Subject imports caused the domestic industry to lose sales and revenues

Attached as Exhibit I-9 are Petitioners' lost sales and lost revenues allegations.

D. Subject Imports Threaten Additional Material Injury To The Domestic Industry

1. The domestic industry is vulnerable

As discussed above, the domestic industry is enduring a variety of maladies including declining shipments, major closures of capacity, diminishing market share, falling prices, rising inventories, and escalating losses. The domestic industry lost money in each year of the proposed period of investigation, with the worst results at the end. Allied Tube & Conduit, traditionally the second-largest U.S. producer, has exited the CWP business, indicating that the U.S. industry's ability to sustain prolonged adverse conditions is reaching its end.

2. The increase in subject imports was rapid, accelerating, and exceeds the limited growth in demand

The Act provides that "a significant rate of increase of the volume or market penetration of imports of the subject merchandise" shall be considered in determining whether the domestic industry is threatened with material injury form subject imports.[17] As previously discussed, subject imports increased their share of apparent consumption from [

[17] 19 U.S.C. § 1677(7)(F)(i)(III).

] Accelerated market penetration by subject imports of this magnitude will rapidly increase the rate at which U.S. producers have been forced out of business.

There is no reason to believe that these aggressive increases in market share will abate any time soon. Behind much of this is global competition from the Chinese CWP industry, which remains massive and needs new markets as much as ever, now that Chinese growth is slowing. Chinese governments and steel mills use CWP production and export as a means to absorb the country's massive excess steel capacity. As noted by a *Wall Street Journal* article in March:

> China's massive steel-making engine, determined to keep humming as growth cools at home, is flooding the world with exports, spurring steel producers around the globe to seek government protection from falling prices.
>
> . . . .
>
> Some producers fear the worst is yet to come. Property and infrastructure construction demand in China is likely to remain under pressure following years of breakneck growth and despite a recent interest rate cut, analysts say. That would mean Chinese domestic demand for steel is unlikely to perk up soon.
>
> Many Chinese steelmakers are government-owned or closely linked to local governments, said Jiming Zou, an analyst at Moody's Investors Service. Given their important role as employers and providers of tax revenue, the mills are unlikely to close or cut production even if running losses, he said.[18]

3. Pakistan encourages exportation of subject merchandise through countervailable subsidies

The Act provides that as part of its threat analysis, the Commission shall consider "if a countervailable subsidy is involved" and, in particular, "whether the countervailable subsidy is a subsidy described in Article 3 or 6.1" of the WTO Agreement on Subsidies and Countervailing

[18] "Why Chinese Steel Exports Are Stirring Protests," *Wall Street Journal* (Mar. 15, 2015).

Measures (the "SCM Agreement").[19] Article 3 of the SCM Agreement describes subsidies that are prohibited because they are contingent upon export performance or the use of domestic over imported goods. As demonstrated in Volume IV of these Petitions, Pakistani producers have benefited from substantial export subsidies prohibited by the SCM Agreement. These include import duty exemptions for manufacturers operating bonded warehouses or in Export Processing Zones, a special withholding tax on export income in lieu of taxation of profits, export finance from the State Bank of Pakistan, inland freight subsidy for exporters, excessive duty drawbacks, and rebates of sales tax on inputs used to make exports.

4. Subject imports are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and to increase demand for further imports

The Act provides that, in determining whether the domestic industry is threatened with material injury, the Commission should consider "whether imports of the subject merchandise are entering at prices that are likely to have significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports."[20] As discussed above, subject import AUVs fell far below the AUVs for domestic like product throughout the POI, and, moreover, the degree of underselling increased through 2014. The degree of underselling fell in the first half of 2015, but not very much, and only because Petitioners' own prices were forced down by increased competition from subject imports. Such trends if continued will wreak further injury on an already-vulnerable U.S. industry.

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[19] 19 U.S.C. § 1677(7)(F)(i)(I).

[20] 19 U.S.C. § 1677(7)(F)(i)(IV).

III. CONCLUSION

For the reasons set forth above, the Commission should investigate whether subject imports of CWP have caused material injury to the U.S. producers of the domestic like product, or threaten to do so in the imminent future.

EXHIBIT LIST

Exhibit	Description	BPI?
I-1	Contact Information for U.S. Producers of CWP	No
I-2	[ ]	Yes
I-3	Names and Addresses of Producers and Exporters of Subject Merchandise	No
I-4	Names and Addresses of Persons Believed to Benefit From Countervailable Subsidy	No
I-5	Contact Information for Likely Importers	No
I-6	"Allied exits fence, sprinkler pipe marts," *American Metal Market*	No
I-7	Statistics Canada on Steel, Tubular Products and Steel Wire	No
I-8	Mexican Customs and DOC Notices	No
I-9	Lost Sales and Lost Revenues Allegations	Yes
I-10	ASTM A-53 Specification	No

DOC Inv. Nos. A-523-812, A-535-903,
A-565-803, A-520-807
USITC Inv. Nos. 701-TA-___ and
731-TA-___ - ___.
Total Pages: 164
Investigations
Business Proprietary Information Removed
from Pages 1-8, 11-13, 17-18 and
Exhibits II–C, PH-1, 3, PA-1, O-1, 5, U-1, 3

PUBLIC VERSION

BEFORE THE
INTERNATIONAL TRADE ADMINISTRATION
UNITED STATES DEPARTMENT OF COMMERCE
AND THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

CIRCULAR WELDED CARBON-QUALITY STEEL PIPE FROM THE SULTANATE OF OMAN, PAKISTAN, THE PHILIPPINES, THE UNITED ARAB EMIRATES, AND THE SOCIALIST REPUBLIC OF VIETNAM

PETITION FOR THE IMPOSITION OF ANTIDUMPING AND COUNTERVAILING DUTIES PURSUANT TO SECTIONS 701 AND 731 OF THE TARIFF ACT OF 1930, AS AMENDED

VOLUME II

INFORMATION RELATING TO THE SULTANATE OF OMAN, PAKISTAN, THE PHILIPPINES, AND THE UNITED ARAB EMIRATES – DUMPING

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October 28, 2015

Table of Contents

I. INTRODUCTION

As demonstrated below, producers and/or exporters from the Sultanate of Oman ("Oman"), Pakistan, the Philippines, and the United Arab Emirates (the "UAE") sold, or offered for sale, circular welded carbon-quality steel pipe ("CWP" or "standard pipe") in the United States at less than fair value. Domestic CWP producers Bull Moose Tube Company, EXLTUBE, Wheatland Tube, a division of JMC Steel Group, and Western Tube and Conduit Corporation (collectively, "Petitioners") demonstrate that CWP imported from these countries is sold or offered for sale at less than fair value by comparing the U.S. price with the normal value for such merchandise in accordance with the Tariff Act of 1930, as amended, and the regulations and practice of the U.S. Department of Commerce (the "Department").

Petitioners ultimately calculate overall dumping margins for subject merchandise. The normal values of imports from the Philippines and Pakistan were based on home market prices, whereas the normal values for imports from Oman and the UAE were constructed in accordance with the Department's methodology because the home market sales of subject merchandise in those countries were below the cost of production. Normal values were compared with U.S. prices and with the average unit values ("AUV") of imports into the United States to derive estimates of the extent to which sales were made at less than fair value.

II. INFORMATION RELATING TO THE PHILIPPINES

A. Home Market Price

The home market price upon which Petitioners calculated margins is based on the price of [ ] black plain end ("BPE") pipe produced and offered for sale by a producer in the Philippines, [

].[1] This price equals [ ] Philippines pesos ("Php") per metric ton when converted using the ASTM conversion ratio of [ ].[2] To obtain this price, Petitioners engaged a market research firm.[3] The home market price was converted at the average exchange rate for antidumping duty investigations listed on the Department's website for the period twelve month period from July 2014 through June 30, 2015,[4] resulting in a price of US$ [ ] per metric ton. Petitioners used this period to reflect the four most recently completed fiscal quarters.

The home market price was quoted exclusive of freight from the factory (*i.e.*, "*ex factory*") and, therefore, no adjustment was made for transportation expenses in determining the normal value. Packing charges are included in the price in both the home market and in the United States, but because home market packing is not significantly different than packing for export to the U.S. market no adjustment was made for market differences in packing.

B. U.S. Price for Products Made in the Philippines

The U.S. import price for the margin calculations were derived from U.S. import data regarding imports of standard pipe from the Philippines. In particular, the import AUVs for the petition were based on HTSUS 7306.30.50.55,[5] which best encompasses the offered BPE product and covered subject merchandise in the Department's previous antidumping duty

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1 Foreign Market Researcher Declaration for the Philippines (**Exhibit II-PH-1**) ("Philippines FMR Declaration").

2 *See* ASTM Conversion Table (**Exhibit II-A**).

3 *See* Philippines FMR Declaration (**Exhibit II-PH-1**).

4 *See* Philippines Exchange Rate (**Exhibit II-PH-2**); U.S. Department of Commerce Foreign Currency Exchange Rates, Philippines, available at http://enforcement.trade.gov/exchange/philippines.txt (list visited Oct. 21, 2015).

5 *See* IM-145 Import Data for HTSUS 7306.30.50.55 (**Exhibit II-B-1**).

investigations that found CWP sold at less than fair value.[6]

The source of the import data for the AUVs is the IM-145 records issued by the Department's Census Bureau. The values reported in the IM-145 import records are probative of selling prices in the United States because they are based on actual transaction values of the subject merchandise and represent a broad market average. The Department previously initiated antidumping duty investigations of CWP on the basis of U.S. import AUVs.[7] The AUVs provide the free alongside ship ("FAS") values of the merchandise, already packaged, and ready for delivery at the foreign port. The costs of shipment to the United States were, therefore, not deducted from the FAS value.

Using AUVs for the twelve month period between July 2014 and June 2015, Petitioners obtained the U.S. price of US$ 736.17 per metric ton for standard BPE pipe from the Philippines.[8] Petitioners used this period to reflect the four most recently completed fiscal quarters, as the most recent IM-145 data available is for August 2015.

Petitioners subtracted foreign inland freight from the producer's factory to the home market port based on the [

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6 *See Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman: Notice of Final Determination of Sales at Less Than Fair Value,* 77 Fed. Reg. 64,480, 64,482 (Dep't Commerce Oct. 22, 2012) ("*CWP from Oman Final Determ.*"); *Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates: Notice of Final Determination of Sales at Less Than Fair Value*, 77 Fed. Reg. 64,475, 64,477 (Oct. 22, 2012) ("*CWP from the UAE Final Determ.*").

7 *See Circular Welded Carbon-Quality Steel Pipe from India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations,* 76 Fed. Reg. 72,164, 72,166 (Dep't Commerce Nov. 22, 2011) ("*2011 CWP Initiation Notice*").

8 IM-145 Import Data for HTSUS 7306.30.50.55 (**Exhibit II-B-1**).

],[9] which reduced the U.S. price by US$ [ ] per metric ton,[10] after conversions for currency and units of measurement.[11] The resultant value of US$ [ ] per metric ton establishes the *ex-factory* price, which is a reasonable measure of the export price for the purpose of calculating estimated dumping margins.

C. Calculation of Dumping Margin

Petitioners calculated the following estimated dumping margin on standard BPE pipe from the Philippines as follows:

Home Market Price	[	]
US Price	$736.17	
Foreign Inland Freight	[	]
Adjusted US Price	[	]
Margin	[	]
% Margin	**12.88%**	

III. INFORMATION RELATING TO PAKISTAN

A. Home Market Prices

The home market price upon which Petitioners calculated margins are based on the price of [ ] BPE pipe offered for sale by a producer in Pakistan, [ ].[12] This price equals [ ] Pakistani Rupees per metric ton using the ASTM conversion ratio [ ].[13] To obtain this price, Petitioners engaged a market research

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9 *See* Philippines FMR Declaration (**Exhibit II-PH-1**).

10 *See* Foreign Inland Freight for the Philippines (**Exhibit II-PH-3**).

11 *See id.*; Philippines Exchange Rate (**Exhibit II-PH-2**); ASTM Conversion Table (**Exhibit II-A**).

12 *See* Foreign Market Researcher Declaration for Pakistan ("Pakistan FMR Declaration") (**Exhibit II-PA-1**).

13 *See* ASTM Conversion Table (**Exhibit II-A**).

firm.[14] The BPE home market price was converted to U.S. dollars at the average exchange rate for antidumping duty investigations listed on the Department's website for the twelve month period of July 2014 through June 2015,[15] resulting in the price of US$ [ ] per metric ton. Petitioners used this period to reflect the four most recently completed fiscal quarters.

The home market price was quoted *ex factory* and, therefore, no adjustment was made for transportation expenses in determining the normal value. Packing charges are included in the price in both the home market and in the United States, but because home market packing is not significantly different than packing for export to the U.S. market no adjustment was made for market differences in packing.

B. U.S. Prices for Products Made in Pakistan

The U.S. import price for the margin calculations were derived from U.S. import data regarding imports of standard pipe from Pakistan. In particular, the import AUVs for the petition were based on HTSUS 7306.30.50.55,[16] which best encompasses the offered BPE product and covered subject merchandise in the Department's previous antidumping duty investigations that found CWP sold at less than fair value.[17]

The source of the import data for the AUVs is the IM-145 records issued by the Department's Census Bureau. The values reported in the IM-145 import records are probative of

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14 Pakistan FMR Declaration (**Exhibit II-PA-1**).

15 *See* Pakistani Exchange Rate (**Exhibit II-PA-2**); U.S. Department of Commerce Foreign Currency Exchange Rates, Pakistan, available at http://enforcement.trade.gov/exchange/pakistan.txt (last visited Oct. 21, 2015).

16 *See* IM-145 Import Data for HTSUS 7306.30.50.55 (**Exhibit II-B-1**).

17 *See CWP from Oman Final Determ.*, 77 Fed. Reg. at 64,482; *CWP from the UAE Final Determ.*, 77 Fed. Reg. at 64,477.

selling prices in the United States because they are based on actual transaction values of the subject merchandise and represent a broad market average. The Department previously initiated antidumping duty investigations of CWP on the basis of U.S. import AUVs.[18] The AUVs provide the FAS values of the merchandise, already packaged, and ready for delivery at the foreign port. The costs of shipment to the United States were, therefore, not deducted from the FAS value.

Using AUVs for the period between July 2014 and June 2015, Petitioners obtained the U.S. price of US$ 758.82 per metric ton for standard BPE pipe from Pakistan.[19] Petitioners used this period to reflect the four most recently completed fiscal quarters, as the most recent IM-145 data available is for August 2015.

Petitioners subtracted foreign inland freight from the producer's factory to the home market port based on [ ].[20] The World Bank publication *Doing Business in Pakistan 2010* – the most recent available – provides that US$ [ ],[21] which converts to US$ [ ] per metric ton per World Bank methodology of each container weighing ten metric tons.[22] This amount conservatively estimates the foreign inland freight because it reflects the cost in 2010 and has not been inflated. The resultant value of US$

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18 *See 2011 CWP Initiation Notice*, 76 Fed. Reg. at 72,166.

19 IM-145 Import Data for HTSUS 7306.30.50.55 (**Exhibit II-B-1**).

20 Pakistan FMR Declaration (**Exhibit II-PA-1**).

21 *See* WORLD BANK, *Doing Business in Pakistan 2010*, at 32 (Chapter 6: *Trading Across Borders* excerpted as **Exhibit II-PA-3**).

22 *See* WORLD BANK, *Trading Across Borders Methodology* (**Exhibit II-PA-3**).

[ ] per metric ton establishes the *ex-factory* price, which is a reasonable measure of the export price for the purpose of calculating estimated dumping margins.

C. Calculation of Dumping Margin

Petitioners calculated the following estimated dumping margin on standard BPE pipe from Pakistan as follows:

Home Market Price	[	]
US Price	758.82	
Foreign Inland Freight	[	]
Adjusted US Price	[	]
Margin	[	]
% Margin	**15.40%**	

IV. INFORMATION RELATING TO OMAN

A. Home Market Prices

To evaluate normal values for BPE and galvanized plain end ("GPE") CWP in Oman, Petitioners engaged a market research firm to obtain home market price quotes for specified products from an Omani producer of CWP.[23] The researcher obtained the following price quotes from the producer [

].[24]

These price convert to [

], using the ASTM conversion rates of [

].[25]

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23 *See* Foreign Market Researcher Declaration for Oman (**Exhibit II-O-1**).

24 *Id.*

25 *See* ASTM Conversion Table (**Exhibit II-A**).

These price quotes, however, were below that producer's cost of production ("COP"). To calculate COP for BPE and GPE in Oman, Petitioners used the factors of production consumption information from a domestic CWP producer and one of the Petitioners, [ ] (the "Surrogate").[26] As set forth in **Exhibit II-O-2**, Petitioners valued the cost of materials for CWP in Oman using Omani import data for the following inputs, as reported in the Global Trade Atlas ("GTA") excluding imports from nonmarket economy countries and countries found to provide general, non-industry specific export subsidies (per Department practice)[27] during 2014 – the most recent time-period available:

- steel coil under HTS subheading 7208.26 ("Flat-Rolled Products Of Iron Or Nonalloy Steel, Of A Width Of 600 Mm Or More, Coils, Hot-Rolled Worked Only, Pickled, 3Mm But < 4.75Mm Thick, N.E.S.O.I"), which represents the most detailed level of classification available, providing a value of US$ 1,170.15 per metric ton;

- steel scrap offset under HTS subheading 7204.41 ("Ferrous Waste And Scrap Nesoi, Turnings, Shavings, Chips, Milling Waste, Sawdust, Filings, Trimmings And Stampings, Whether Or Not In Bundles"), providing a value of US$ 328.96; and

- zinc under HTS heading 7901 ("Zinc, Unwrought"), providing a value of US$ 2368.92 per metric ton. Because the Surrogate reported its usage per short ton, that rate was converted to metric ton.[28]

Petitioners calculated a value for the labor input using data from Chapter 6A of the International Labour Organization's ("ILO") Yearbook of Labour Statistics – the Department's preferred data source.[29] Because ILO data information was not available for Oman, Petitioners

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26 *See* Declaration re: Factors of Production Consumption ("FOP Declaration") (**Exhibit II-C**).

27 *Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Preliminary Determination of Sales at Less Than Fair Value*, 77 Fed. Reg. 32,552, 32,559 (Dep't Commerce June 1, 2012) ("*CWP from Vietnam Prelim. Determ.*").

28 *See id.* One short ton converts to 1.10231 metric ton.

29 *See Antidumping Methodologies in Proceedings Involving Non-Market*

used as reasonably available information ILO Chapter 6A data for the Islamic Republic of Iran ("Iran") – the closest country to Oman for which ILO data was available.[30] Iranian labor data provides a conservative estimate of the labor values in Oman because the World Bank publication *World Development Indicators 2015* ("*WDI 2015*") reports Oman having a 2013 *per capita* gross national income ("GNI") that is more than four times that of Iran.[31] Petitioners used data for industry-specific classification code 27, "Manufacture in Basic Iron and Steel,"[32] as the Department used in its recent investigation of CWP from the Socialist Republic of Vietnam ("Vietnam").[33] Petitioners used the most recent ILO Chapter 6A data available for Iran, 2002, and adjusted them for inflation using the Consumer Price Index ("CPI") for Iran reported in International Financial Statistics,[34] resulting in a wage rate of US $5.37/hour.[35] Because the Surrogate reported its labor usage per short ton, that rate was converted to metric ton.[36]

The financial ratios used by Petitioners were obtained from the financial statement of the Omani CWP producer Al Jazeera Steel Products Co. SOAG ("Al Jazeera") for the fiscal year

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Economies: Valuing the Factor of Production: Labor, 76 Fed. Reg. 36,092, 36,093 (Dep't Commerce June 21, 2011) ("*Labor Methodology*").

30 *See* International Labour Organization Data for Iran ("Iran ILO Data") (**Exhibit II-O-3**).

31 WORLD BANK GROUP, *World Development Indicators 2015* ("*WDI 2015*"), at 25, 27 (excerpted as **Exhibit II-D**).

32 Iran ILO Data (**Exhibit II-O-3**).

33 Issues and Decision Memorandum (at 20-21) accompanying *Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value*, 77 Fed. Reg. 64,483 (Dep't Commerce Oct. 22, 2012) ("*CWP from Vietnam IDM*").

34 Consumer Price Index Data for Iran (**Exhibit II-0-3**).

35 *See* Iranian Exchange Rate (**Exhibit II-0-3**); U.S. Department of Commerce Foreign Currency Exchange Rates, Iran, available at http://enforcement.trade.gov/exchange/iran.txt (last visited Oct. 21, 2015).

36 *See* FOP Declaration (**Exhibit II-C**). One short ton converts to 1.10231 metric ton.

ended December 31, 2014.[37] This financial statement is publically available on Al Jazeera Steel's website.[38] Because the Al Jazeera financial statement does not separately identify energy expenses,[39] Petitioners did not adjust the calculated cost of production to account for energy inputs. As set forth in **Exhibit II-O-4**, Petitioners calculated the following financial ratios:

- 6.86% manufacturing overhead;
- 3.81% SG&A; and
- 11.60% profit.

The calculated total COP for both BPE and GPE in Oman exceeded the home market price quotes obtained by Petitioners.[40] Accordingly, Petitioners have not relied upon the home market price quotes but instead upon constructed values ("CV") for BPE and GPE CWP in Oman comprised of the total COP plus the profit ratio obtained from the 2014 Al Jazeera financial statement.[41]

B. U.S. Prices for Products Made in Oman

The U.S. import price for the margin calculations were derived from U.S. import data regarding imports of standard pipe from Oman. In particular, the import AUVs for the petition were based on HTSUS 7306.30.50.55,[42] which best encompasses the offered BPE product, and

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37 Al Jazeera Steel Products Co. SOAG, 17th Annual Report, (2015) ("2014 Al Jazeera Financial Statement"); Calculation of Al Jazeera Financial Ratios (**Exhibit II-O-5**).

38 *See* Al Jazeera Steel Products Co. SOAG, Financials, available at http://www.jazeerasteel.com/financials.html (last visited Oct. 21, 2015).

39 *See* Calculation of Al Jazeera Financial Ratios (**Exhibit II-O-4**).

40 Section IV.C, *infra.*

41 *See* Calculation of Al Jazeera Financial Ratios (**Exhibit II-O-4**).

42 *See* IM-145 Import Data for HTSUS 7306.30.50.55 (**Exhibit II-B-1**).

HTSUS 7306.30.50.32,[43] which best encompasses the offered GPE product; both HTSUS classifications covered subject merchandise in the Department's previous antidumping duty investigation that found CWP from Oman sold at less than fair value.[44] The source of the import data for the AUVs is the IM-145 records issued by the Department's Census Bureau.

The values reported in the IM-145 import records are probative of selling prices in the United States because they are based on actual transaction values of the subject merchandise and represent a broad market average. The Department previously initiated an antidumping duty investigation of CWP from Oman on the basis of U.S. import AUVs.[45] The AUVs provide the FAS values of the merchandise, already packaged, and ready for delivery at the foreign port. The costs of shipment to the United States were, therefore, not deducted from the FAS value.

Using AUV data for the period July 2014 through June 2015, Petitioners obtained the following U.S. prices for CWP from Oman: US$ 716.22 for standard BPE pipe; and US$ 826.81 for standard GPE pipe.[46] Petitioners used this period to reflect the four most recently completed fiscal quarters, as the most recent IM-145 data available is for August 2015. These prices were not adjusted for foreign inland freight because [

].[47] These values accordingly establish the *ex-factory* price, which is a reasonable measure of the export price for the purpose of calculating estimated dumping margins.

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43 *See* IM-145 Import Data for HTSUS 7306.30.50.32 (**Exhibit II-B-2**).

44 *See CWP from Oman Final Determ.*, 77 Fed. Reg. at 64,482; *CWP from the UAE Final Determ.*, 77 Fed. Reg. at 64,477.

45 *See 2011 CWP Initiation Notice*, 76 Fed. Reg. at 72,166.

46 *See* IM-145 Import Data (**Exhibit II-B**).

47 *See* Foreign Inland Freight for Oman (**Exhibit II-O-5**).

C. Calculation of Dumping Margins

Petitioners calculated the following estimated the dumping margins:

- standard BPE pipe from Oman based on CV to U.S. import AUV margins

	Usage	Unit	Price	Unit	Cost	
Coil	[ ]	MT/MT	$1,170.15	MT	[ ]	
Scrap	[ ]	MT/MT	$328.96	MT	[ ]	
Materials subtotal					[ ]	
Labor	[ ]	hr/ST	$5.37	$/hr	[ ]	
Subtotal					[ ]	
Overhead					[ ]	
Subtotal					[ ]	
Administrative					[ ]	
Subtotal					[ ]	total COP
Profit					[ ]	
Constructed Value					[ ]	
US Price					$716.22	
Margin					[ ]	
% Margin					**119.32%**	

- standard GPE pipe from Oman based on CV to U.S. import AUV margins

	Usage	Unit	Price	Unit	Cost	
Coil	[ ]	MT/MT	$1,170.15	MT	[ ]	
Scrap	[ ]	MT/MT	$328.96	MT	[ ]	
Zinc	[ ]	lb/ST	$2,368.92	KG	[ ]	
Materials subtotal					[ ]	
Labor	[ ]	hr/ST	$5.37	$/hr	[ ]	
Subtotal					[ ]	
Overhead					[ ]	
Subtotal					[ ]	
Administrative					[ ]	
Subtotal					[ ]	total COP
Profit					[ ]	
Constructed Value					[$1,739.68]	
US Price					$826.81	
Margin					[ ]	
% Margin					**110.41%**	

V. INFORMATION RELATING TO THE UAE

A. Home Market Prices

To evaluate normal values for BPE and GPE CWP in the UAE, Petitioners engaged a market research firm to obtain home market price quotes for specified products from a UAE producer of CWP.[48] The researcher obtained the following price quotes from the producer [

].[49]

These prices convert to [

] using the ASTM conversion ratios of [

],[50] which are the correct nominal bore sizes for the quoted OD specifications.[51] These home market prices were converted at the average exchange rate for antidumping duty investigations listed on the Department's website for the period twelve month period from July 2014 through June 30, 2015,[52] resulting in a prices of: US$ [ ] per metric ton for standard BPE pipe; and US$ [ ] per metric ton for standard GPE pipe. Petitioners used this period to reflect the four most recently completed fiscal quarters.

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48 *See* Foreign Market Researcher Declaration for the United Arab Emirates (**Exhibit II-U-1**).

49 *Id.*

50 *See* ASTM Conversion Table (**Exhibit II-A**).

51 *See* Standard Pipe Sizes (**Exhibit II-E**).

52 *See* UAE Exchange Rate (**Exhibit II-U-2**); U.S. Department of Commerce Foreign Currency Exchange Rates, United Arab Emirates, available at http://enforcement.trade.gov/exchange/uae.txt (list visited Oct. 21, 2015).

These price quotes, however, were below that producer's COP. To calculate COP for BPE and GPE CWP in the UAE, Petitioners used the factors of production consumption information from the Surrogate.[53] Because GTA import data is not available for the UAE, Petitioners as reasonably available information valued CWP in the UAE using import data from the neighboring country of Oman. As set forth in **Exhibit II-O-2**, Petitioners used GTA Omani import data excluding imports from nonmarket economy countries and countries found to provide general, non-industry specific export subsidies (per Department practice)[54] for the following inputs during 2014, the most recent time-period available:

- steel coil under HTS subheading 7208.26 ("Flat-Rolled Products Of Iron Or Nonalloy Steel, Of A Width Of 600 Mm Or More, Coils, Hot-Rolled Worked Only, Pickled, 3Mm But < 4.75Mm Thick, N.E.S.O.I"), which represents the most detailed level of classification available, providing a value of US $1,170.15 per metric ton;

- steel scrap offset under HTS subheading 7204.41 ("Ferrous Waste And Scrap Nesoi, Turnings, Shavings, Chips, Milling Waste, Sawdust, Filings, Trimmings And Stampings, Whether Or Not In Bundles"), providing a value of US$ 328.96; and

- zinc under HTS heading 7901 ("Zinc, Unwrought"), providing a value of US$ 2368.92 per metric ton. Because the Surrogate reported its usage per short ton, that rate was converted to metric ton.[55]

This Omani import data provides an accurate measure of the costs of materials in the UAE because Oman imported all of its steel coil and scrap – as well as more than ninety-nine percent of its zinc – from the UAE in 2014.[56] These prices accordingly reflect the costs in the UAE. Moreover, Omani data provides a conservative estimate of the costs of materials for CWP

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53 *See* FOP Declaration (**Exhibit II-C**).

54 *CWP from Vietnam Prelim. Determ.*, 77 Fed. Reg. at 32,559.

55 *See* FOP Declaration (**Exhibit II-C**). One short ton converts to 1.10231 metric ton.

56 See Omani Import Average Unit Values (**Exhibit II-O-2**)

in the UAE because *WDI 2015* reports the UAE having a 2013 *per capita* GNI that is more than one and a half times greater than that of Oman.[57]

Petitioners calculated a value for the labor input using data from Chapter 6A of the ILO Yearbook of Labour Statistics – the Department's preferred source.[58] Because ILO data information was not available for the UAE, Petitioners used as reasonably available information ILO Chapter 6A data for Iran (the closest country for which ILO data was available).[59] Iranian labor data provides a conservative estimate of the labor values in the UAE because *WDI 2015* reports the UAE having a 2013 *per capita* GNI that is more than six and a half times that of Iran.[60] Petitioners used data for industry-specific classification code 27, "Manufacture in Basic Iron and Steel,"[61] as the Department used in its previous investigation of CWP from Vietnam.[62] Petitioners used the most recent ILO Chapter 6A data available for Iran, 2002, and adjusted them for inflation using the CPI, resulting in a wage rate of US$ 5.37/hour.[63] Because the Surrogate reported its labor usage per short ton, that rate was converted to metric ton.[64]

Petitioners were unable to obtain a publicly available financial statement from a CWP producer in the UAE. As reasonably available information, Petitioners used financial ratios obtained from the publicly available financial statement of the Omani CWP producer Al Jazeera

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57 *See WDI 2015* at 27, 28 (**Exhibit II-D**).

58 *See Labor Methodology*, 76 Fed. Reg. at 36,093.

59 *See* Iran ILO Data (**Exhibit II-O-3**).

60 *WDI 2015* at 25, 28 (**Exhibit III-D**).

61 Iran ILO Data (**Exhibit III-O-3**).

62 *CWP from Vietnam IDM* at 20-21.

63 Iranian Labor Rate (**Exhibit II-O-3**).

64 *See* FOP Declaration (**Exhibit II-C**). One short ton converts to 1.10231 metric ton.

for the fiscal year ended December 31, 2014.[65] Such Omani financial information provides a conservative estimate of the ratios in the UAE because *WDI 2015* reports the UAE having a 2013 *per capita* GNI that is more than one and a half times greater than that of Oman.[66] Because the Al Jazeera financial statement does not separately identify energy expenses,[67] Petitioners did not adjust the calculated cost of production to account for energy inputs. As set forth in **Exhibit II-O-4**, Petitioners calculated the following financial ratios:

- 6.86% manufacturing overhead;
- 3.81% SG&A; and
- 11.60% profit.

The calculated total COP for both BPE and GPE in the UAE exceed the home market price quotes obtained by Petitioners.[68] Accordingly, Petitioners have not relied upon the home market price quotes but instead upon CV for CWP in UAE comprised of the total COP plus the profit ratio obtained from the 2014 Al Jazeera financial statement.[69]

B. U.S. Prices for Products Made in the UAE

The U.S. import price for the margin calculations were derived from U.S. import data regarding imports of standard pipe from the UAE. In particular, the import AUVs for the petition were based on HTSUS 7306.30.50.55,[70] which best encompasses the offered BPE product and,

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65 2014 Al Jazeera Financial Statement; Calculation of Al Jazeera Financial Ratios (**Exhibit II-O-4**).

66 *See 2015 WDI* at 27, 28 (**Exhibit III-B-1**).

67 *See* Calculation of Al Jazeera Financial Ratios (**Exhibit II-O-4**).

68 Section V.C, *infra*.

69 *See* Calculation of Al Jazeera Financial Ratios (**Exhibit II-O-4**).

70 *See* IM-145 Import Data for HTSUS 7306.30.50.55 (**Exhibit II-B-1**).

and HTSUS 7306.30.50.32,[71] which best encompasses the offered GPE product; both HTSUS classifications covered subject merchandise in the Department's previous antidumping duty investigations that found CWP from the UAE sold at less than fair value.[72] The source of the import data for the AUVs is the IM-145 records issued by the Department's Census Bureau.

The values reported in the IM-145 import records are probative of selling prices in the United States because they are based on actual transaction values of the subject merchandise and represent a broad market average. The Department previously initiated an antidumping duty investigation of CWP from the UAE on the basis of U.S. import AUVs.[73] The AUVs provide the FAS values of the merchandise, already packaged, and ready for delivery at the foreign port. The costs of shipment to the United States were, therefore, not deducted from the FAS value.

Using AUV data for the period July 2014 through June 2015, Petitioners obtained the following U.S. prices for CWP from the UAE: $715.04 for standard BPE pipe; and $874.78 for standard GPE pipe.[74] Petitioners used this period to reflect the four most recently completed fiscal quarters, as the most recent IM-145 data available is for August 2015. These prices were not adjusted for foreign inland freight because [

].[75] These values accordingly establish the *ex-factory* price, which is a reasonable measure of the export price for the purpose of calculating estimated dumping margins.

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71 *See* IM-145 Import Data for HTSUS 7306.30.50.32 (**Exhibit II-B-2**).

72 *See CWP from Oman Final Determ.*, 77 Fed. Reg. at 64,482; *CWP from the UAE Final Determ.*, 77 Fed. Reg. at 64,477.

73 *See 2011 CWP Initiation Notice*, 76 Fed. Reg. at 72,166.

74 *See* IM-145 Import Data (**Exhibit II-B**).

75 *See* Foreign Inland Freight for the UAE (**Exhibit II-U-3**).

C. Calculation of Dumping Margins

Petitioners calculated the following estimated the dumping margins:

- standard BPE pipe from the UAE based on CV to U.S. import AUV margins

	Usage	Unit	Price	Unit	Cost	
Coil	[ ]	MT/MT	$1,170.15	MT	[ ]	
Scrap	[ ]	MT/MT	$328.96	MT	[ ]	
Materials subtotal					[ ]	
Labor	[ ]	hr/ST	$5.37	$/hr	[ ]	
Subtotal					[ ]	
Overhead					[ ]	
Subtotal					[ ]	
Administrative					[ ]	
Subtotal					[ ]	total COP
Profit					[ ]	
Constructed Value					[ ]	
US Price					$715.04	
Margin					[ ]	
% Margin					**119.68%**	

- standard GPE pipe from the UAE based on CV to U.S. import AUV margins

	Usage	Unit	Price	Unit	Cost	
Coil	[ ]	MT/MT	$1,170.15	MT	[ ]	
Scrap	[ ]	MT/MT	$328.96	MT	[ ]	
Zinc	[ ]	lbs/ST	$2,368.92	KG	[ ]	
Materials subtotal					[ ]	
Labor	[ ]		$5.37	$/hr	[ ]	
Subtotal					[ ]	
Overhead					[ ]	
Subtotal					[ ]	
Administrative					[ ]	
Subtotal					[ ]	total COP
Profit					[ ]	
Constructed Value					[ ]	
US Price					$874.78	
Margin					[ ]	
% Margin					**98.68%**	

EXHIBIT LIST

Exhibit #	Description	BPI?
II-A	ASTM Conversion Table	No
II-B	**IM-145 Import Data:**	**No**
II-B-1	HTSUS 7306.30.50.55	No
II-B-2	HTSUS 7306.30.50.32	No
II-C	Declaration re: Consumption of the Factors of Production	Yes
II-D	WORLD BANK GROUP, *World Development Indicators 2015* (excerpt)	No
II-E	Standard Pipe Sizes	No
II-PH-1	Foreign Market Researcher Declaration for the Philippines	Yes
II-PH-2	Philippine Peso / US Dollar Exchange Rate	No
II-PH-3	Foreign Inland Freight for the Philippines	Yes
II-PA-1	Foreign Market Researcher Declaration for Pakistan	Yes
II-PA-2	Pakistani Rupee / US Dollar Exchange Rate	No
II-PA-3	**Foreign Inland Freight for Pakistan:**	**No**
	WORLD BANK, *Doing Business in Pakistan* (2010) (excerpt: Chapter 6)	No
	WORLD BANK, *Trading Across Borders Methodology*	No
II-O-1	Foreign Market Researcher Declaration for Oman	Yes
II-O-2	**Omani Import Average Unit Values for the Factors of Production:**	**No**
	Average Unit Value for Steel – HTS 7208.26.30	No
	Average Unit Value for Scrap – HTS 7204.41	No
	Average Unit Value for Zinc – HTS 7901	No
II-O-3	**Iranian Labor Rate:**	**No**
	Calculation of Indian Labor Rate	No
	International Labour Organization Data for India	No
	International Financial Statistics Consumer Price Index Data for India	No
	Iranian Exchange Rate	No

II-O-4	**Omani Overhead, SG&A, and Profit Ratios:**	**No**
	Calculation of Financial Ratios for Al Jazeera Steel Products Co. SOAG	No
	Al Jazeera Steel Products Co. SOAG, 17th Annual Report, (2015)	No
II-O-5	Foreign Inland Freight for Oman	Yes
II-U-1	Foreign Market Researcher Declaration for the UAE	Yes
II-U-2	UAE Exchange Rate	No
II-U-3	Foreign Inland Freight for the UAE	Yes

DOC Investigation No. A-552-820
USITC Inv. Nos. 701-TA-____ and
731-TA-___ - ___.
Total Pages: 308
Investigation
Business Proprietary Information Removed
from Pages 3, 6-9, 11 and Exhibit III-C-1

PUBLIC VERSION

BEFORE THE
INTERNATIONAL TRADE ADMINISTRATION
UNITED STATES DEPARTMENT OF COMMERCE
AND THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

CIRCULAR WELDED CARBON-QUALITY STEEL PIPE FROM THE SULTANATE OF OMAN, PAKISTAN, THE PHILIPPINES, THE UNITED ARAB EMIRATES, AND THE SOCIALIST REPUBLIC OF VIETNAM

PETITION FOR THE IMPOSITION
OF ANTIDUMPING AND COUNTERVAILING DUTIES PURSUANT TO
SECTIONS 701 AND 731 OF THE TARIFF ACT OF 1930, AS AMENDED

VOLUME III

INFORMATION RELATING TO THE SOCIALIST REPUBLIC OF VIETNAM – DUMPING

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October 28, 2015

Table of Contents

I. INTRODUCTION

As demonstrated below, producers and/or exporters from the Socialist Republic of Vietnam ("Vietnam") sold, or offered for sale, circular welded carbon-quality steel pipe ("CWP" or "standard pipe") in the United States at less than fair value. Domestic producers Bull Moose Tube Company, EXLTUBE, Wheatland Tube, a division of JMC Steel Group, and Western Tube and Conduit Corporation (collectively, "Petitioners") demonstrate that CWP imported from Vietnam is sold or offered for sale at less than fair value by comparing the U.S. price with the normal value for such merchandise in accordance with the Tariff Act of 1930, as amended (the "Act"), and the regulations and practice of the U.S. Department of Commerce (the "Department").

The margin of dumping for imports from Vietnam was calculated by comparing U.S. average unit values ("AUV") of imports from Vietnam with constructed value ("CV"), in accord with the Department's nonmarket economy ("NME") practice. The Department has long treated Vietnam as an NME.[1] By statute, the Department's determination of NME status remains in effect until a contrary determination is made.[2] Accordingly, Petitioners provide below a dumping margin calculation using the Department's NME methodology. The Act requires that the normal value for NME producers is determined through surrogate values ("SV") for the factors of production ("FOP") used to produce subject merchandise at their cost in a market economy country chosen as a surrogate.[3] Pursuant to Department regulations for investigations of products

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1 *See De Facto Criteria for Establishing a Separate Rate in Antidumping Proceedings Involving Non-Market Economy Countries*, 78 Fed. Reg. 40,430, 40,430 n.3 (Dep't Commerce July 5, 2013).

2 19 U.S.C. § 1677(18)(C)

3 *See id.* § 1677b(c); 19 C.F.R. § 351.408(a).

from NMEs, Petitioners anticipate that the period of investigation ("POI") will consist of a six month period.[4]

II. INDIA IS THE APPROPRIATE SURROGATE COUNTRY FOR VIETNAM

The Act requires that the Department use, to the extent possible, the prices or costs of FOPs from a surrogate market economy country that is at a level of economic development comparable to Vietnam, and which is also a significant producer of comparable merchandise.[5] In this proceeding, India satisfies both statutory requirements – as found by the Department when selecting India as the surrogate market economy country for Vietnam in its previous investigation that in 2012 found CWP from Vietnam sold at less than fair value,[6] as well as its more recent investigation that in 2015 found steel nails from Vietnam sold at less than fair value.[7]

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4 19 C.F.R. § 351.204(b).

5 19 U.S.C. § 1677b(c)(4).

6 *Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Preliminary Determination of Sales at Less Than Fair Value*, 77 Fed. Reg. 32,552, 32,554-55 (Dep't Commerce June 1, 2012) ("*CWP from Vietnam Prelim. Det.*"), unchanged in *Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value*, 77 Fed. Reg. 64,483 (Dep't Commerce Oct. 22, 2012) ("*CWP from Vietnam Final Det.*"); U.S. Department of Commerce Memorandum from F. Baker to File, Case No. A-552-811 (May 23, 2012) ("*CWP from Vietnam Prelim. SV Memo*"), at 1 (**Exhibit III-A-1**); U.S. Department of Commerce Memorandum from F. Baker to File, Case No. A-552-811 (Oct. 15, 2012) ("*CWP from Vietnam Final SV Memo*") (**Exhibit III-A-2**).

7 *See* Decision Memorandum (at 12-16) accompanying *Certain Steel Nails from the Socialist Republic of Vietnam: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination and Extension of Provisional Measures*, 79 Fed. Reg. 78,058 (Dep't Commerce Dec. 29, 2014) ("*Nails from Vietnam DM*"), unchanged in *Certain Steel Nails from the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 29,622 (May 22, 2015); *see also* U.S. Department of Commerce Memorandum from E. Artman to File, Case No. A-552-818 (Dec. 17, 2014) ("*Nails from Vietnam Prelim. SV Memo*"), at 7 (**Exhibit III-A-3**).

First, India is at a stage of economic development comparable to that of Vietnam. Department practice uses *per capita* gross national income ("GNI") as reported by the World Bank to assess economic comparability.[8] Data from the World Bank publication *World Development Indicators 2015* establishes that the 2013 *per capita* GNI for Vietnam is $1,740 while that of India is $1,570 – a mere $200 differential.[9] Second, India is a significant producer of CWP as demonstrated through Department practice that uses export volumes reported by Global Trade Atlas ("GTA") as a proxy for production.[10] According to GTA data between January and June of 2015, India exported 136,852,878 kilograms ("kg") of merchandise under HTS subheadings 7306.19, 7306.30, and 7306.50,[11] "which are comparable to the merchandise under consideration because circular welded pipe falls within these HTSUS categories."[12] In sum, India remains the appropriate surrogate market economy country for Vietnam.

III. CONSTRUCTED NORMAL VALUE BASED ON FACTORS OF PRODUCTION

To calculate CV, Petitioners used the FOPs employed by a domestic CWP producer and one of the Petitioners, [ ] (the "Surrogate"), to produce standard pipe, because this information regarding current production in Vietnam was not reasonably available.[13] Consistent with the methodology employed by the Department in its previous investigation of

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8 *Nails from Vietnam DM* at 13; *see also* 19 C.F.R § 351.408(b) (regulatory emphasis on *per capita* gross domestic product ("GDP") before the World Bank began using GNI as a replacement for GDP).

9 WORLD BANK GROUP, World Development Indicators 2015, at 25, 28 (excerpted as **Exhibit III-B-1**).

10 *See CWP from Vietnam Prelim. Det.*, 77 Fed. Reg. at 32,554; *Nails from Vietnam DM* at 14.

11 *See* Indian Export Statistics (**Exhibit III-B-2**).

12 *CWP from Vietnam Prelim. Det.*, 77 Fed. Reg. at 32,554.

13 *See* Declaration of re: Consumption of the Factors of Production ("FOP Declaration") (**Exhibit III-C-1**).

CWP from Vietnam,[14] Petitioners calculated CV using the: (a) FOP for direct materials consisting of steel coil, as offset by scrap; (b) FOPs for energy consisting of electricity and natural gas; (c) labor FOP; and (d) surrogate financial ratios for overhead, SG&A, and profit.

A. Materials

1. Steel

The cost of the steel from which standard pipe is produced accounts for the majority of the costs of manufacture. The Surrogate purchased steel in coils to produce standard pipe. The steel is non-alloy and may be hot or cold-rolled. The SV for the steel FOP was determined by:

1) identifying the quantity of steel used to produce the representative standard pipe model, namely A53 black plain end ("BPE") with outside diameter ("OD") of about 2 inches;

2) identifying the type of steel used to produce the standard BPE pipe, which is not clad or plated;

3) identifying the value for steel in India, the surrogate market economy country; and

4) offsetting the steel input value by the value of steel scrap recovered from the product.

The quantity of steel used in production was based upon manufacturing data maintained by the Surrogate in the normal course of business that identifies the quantity of the steel FOP and other FOPs used in producing BPE CWP.[15] This information was provided for the period April 2014 through March 2015, which is the most recently available.[16] The quantity of these inputs used in production is generally stable over time.[17] Accordingly, this information accurately

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14 *See CWP from Vietnam Prelim. SV Memo* at 3-10 (**Exhibit III-A-1**); *CWP from Vietnam Final SV Memo* (**Exhibit III-A-2**).

15 *See* FOP Declaration (**Exhibit III-C-1**).

16 *See id.*

17 *See id.*

reflects the Surrogate's production between January and June 2015, reflecting the two most recently completed fiscal quarters.[18]

The SVs for the steel used in producing CWP was based on Indian import data reported in the GTA, which contains data published by the Government of India. Excluded from these import data were imports from NMEs and countries which have been found to provide general, non-industry specific export subsidies (as well as unidentified countries) – in accordance with Department practice.[19] The most recent GTA import data available is for July 2015. Petitioners used import data for surrogate valuation covering the six month period from January through June 2015, reflecting the two most recently-completed fiscal quarters.

The HTS heading that best describes the hot-rolled steel in coils used in producing CWP is 7208. HTS heading 7208 is captioned: "Flat rolled products of iron or non-alloy steel of a width of 600 mm or more, hot-Rolled, not Clad, plated or coated."[20] The hot-rolled steel coil used by the Surrogate to produce CWP is ordinarily purchased in widths greater than 600mm, and slit into strips to proper width equal to approximately pi times OD prior to welding the ends of the steel strip together.

The Indian HTS subheading that best describes the hot-rolled steel in coils used in producing CWP is 7208.26.30. This subheading is captioned: "Sheets of Flat Rolled Products in Coils Of a thickness of 3 mm or more but less than 4.75 mm."[21] The thickness of the steel for the 2 inch schedule 40 (or equivalent) CWP for which constructed normal value is derived is

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18 *See id.*

19 *See, e.g., CWP from Vietnam Prelim. Results*, 77 Fed. Reg. at 32,560; *CWP from Vietnam Prelim. SV Memo* at 2-3 (**Exhibit III-A-1**).

20 *See* Average Unit Values for HTSUS 7208.26.30 (**Exhibit III-C-2**).

21 *Id.*

3.91mm, as indicated on the specification for ASTM A53;[22] the steel coil used to produce standard pipe is accordingly between 3mm and 4.75mm.

Therefore, the Indian import value for Indian HTS 7208.26.30 was used to value the steel for the CV. As set forth in **Exhibit III-C-2**, the AUV of HTS 7208.26.30 for the period January through June 2015 was 56.77 Indian Rupees ("R")/kg, or US$ 904.34 per metric ton, when converted at the average exchange rate for antidumping duty investigations listed on the Department's website for the six-month period from January through June 2015.[23]

2. Steel Scrap Offset

Approximately [ ] of the steel input into production is not incorporated into the finished CWP.[24] Much of this steel is recovered as scrap and sold, but the scrap selling price by weight is only a portion of the price of the full coils. Petitioners included the full amount of the yield loss recovered as scrap. Petitioners used GTA data for Indian HTS subheading 7204.41, which the Department used in part to value scrap in its previous investigation of CWP from Vietnam.[25] As set forth in **Exhibit III-C-2**, the AUV of HTS 7204.41 for the period January through June 2015 was 25.41 Rs/kg, or US$ 397.66 per metric ton, when converted at the average exchange rate for antidumping duty investigations listed on the Department's website for the six-month period from January through June 2015.[26]

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22 *See* ASTM A-53 Specification – Chart of Dimensions and Weights (**Exhibit I-10**).

23 *See* Indian Exchange Rate (**Exhibit III-C-3**); U.S. Department of Commerce Foreign Currency Exchange Rates, Philippines, available at http://enforcement.trade.gov/exchange/india.txt (last visited Oct. 21, 2015).

24 FOP Declaration (**Exhibit III-C-1**).

25 *CWP from Vietnam Prelim. SV Memo* at 8 (**Exhibit III-A-3**).

26 *See* Indian Exchange Rate (**Exhibit III-C-3**).

B. Energy FOPs

1. Electricity

Electricity was valued using tariffs from the Central Electric Authority of India ("CEA"). These electricity tariffs represent actual country-wide and publicly-available rates on a tax-exclusive basis that are charged to industries in India. The CEA issued these tariffs in March 2008. The Department has used these rates in myriad NME cases, including the previous investigation of CWP from Vietnam as well as the more recent investigation of steel nails from Vietnam.[27] Department practice is to derive the electricity SV by averaging the CEA rates for small, medium, and large industries, but not adjust the rates for inflation.[28] The CEA report and the SV for electricity of 3.80 Rs per kilowatt hour ("Kwh") are appended as **Exhibit III-4**. After converting at the average exchange rate for antidumping duty investigations listed on the Department's website for the six-month period from January through June 2015,[29] the SV for electricity was US$ 0.06/Kwh. The quantity of electricity used to produce standard BPE pipe was based on the Surrogate's production experience.[30] After converting the Surrogate's usage that was reported per short ton,[31] Petitioners calculated the electricity SV as US$ [ ] per metric ton.

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27 *See CWP from Vietnam Prelim. SV Memo* at 7 (**Exhibit III-A-1**); *Nails from Vietnam Prelim. SV Memo* at 7 (**Exhibit III-A-3**).

28 *See CWP from Vietnam Prelim. SV Memo* at 7 (**Exhibit III-A-1**); *Nails from Vietnam Prelim. SV Memo* at 7 (**Exhibit III-A-3**).

29 *See* Indian Exchange Rate (**Exhibit III-C-3**).

30 *See* FOP Declaration (**Exhibit III-C-1**).

31 One short ton converts to 1.10231 metric ton.

2. Natural Gas

Petitioners calculated an amount for natural gas using a rate based on an International Energy Agency working paper entitled *Natural Gas in India* that reports the natural gas rate in India of US$4.20 per million British thermal units ("mmBTU") effective May 2010.[32] This value was used by the Department in its recent antidumping duty investigation of steel nails from Vietnam. [33] The quantity of natural gas used to produce black standard pipe was based on the Surrogate's experience.[34] Because the Surrogate reported its natural gas usage in thousand cubic feet ("Mcf") per short ton, Petitioners converted the rate to mmBTU per metric ton.[35] Petitioners calculated the natural gas SV as US$ [ ] per metric ton.

C. Labor FOP

The labor FOP was valued using data from Chapter 6A of the International Labour Organization's ("ILO") Yearbook of Labour Statistics – in accordance with current Department practice.[36] Petitioners used data for industry-specific classification code 27, "Manufacture in Basic Iron and Steel,"[37] as the Department used in its prior investigation of CWP from Vietnam.[38] Petitioners used the most recent ILO Chapter 6A data available for India, 2005, and adjusted them for inflation using the Consumer Price Index for India reported in International

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32 **Exhibit III-C.**

33 *See Nails from Vietnam Prelim. SV Memo* at 7-8 (**Exhibit III-A-1**).

34 *See* FOP Declaration (**Exhibit III-C-1**).

35 One short ton converts to 1.10231 metric ton and one Mcf converts to 1.027 mmBTU.

36 *See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 Fed. Reg. 36,092, 36,093 (Dep't Commerce June 21, 2011).

37 International Labour Organization Data for India (**Exhibit III-C-6**).

38 Issues and Decision Memorandum (at 20-21) accompanying *CWP from Vietnam Final Determ.*, 77 Fed. Reg. 64,483.

Financial Statistics,[39] as the Department recently did in its investigation of steel nails from Vietnam.[40] After inflating the ILO wage rate from 2005 to the period of January through June 2015 and converting at the average exchange rate for antidumping duty investigations listed on the Department's website for the six-month period from January through June 2015,[41] this computation resulted in a wage rate of US$ 2.11/hour.[42]

The quantity of labor used to produce standard BPE pipe was based on the experience of the Surrogate.[43] After converting the Surrogate's usage that was reported per short ton,[44] Petitioners calculated the labor FOP as US$ [ ] per metric ton.

D. Surrogate Financial Ratios

The overhead, SG&A, and profit ratios used by Petitioners in the CV calculation were obtained from the financial statement of the Indian CWP producer Ratnamani Metals & Tubes Ltd. ("Ratnamani") for the fiscal year ended March 31, 2015.[45] This financial statement is publicly available on Ratnamani's website.[46] In its previous investigation of CWP from Vietnam, the Department calculated financial ratios in part using financial data from Ratnamani.[47] As set forth in **Exhibit III-C-7**, Petitioners calculated the following financial ratios:

- 11.12% manufacturing overhead;

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39 Consumer Price Index Data for India (**Exhibit III-C-6**).

40 *Nails from Vietnam Prelim. SV Memo* at 4 (**Exhibit III-A-1**).

41 *See* Indian Exchange Rate (**Exhibit III-C-3**).

42 Indian Labor Rate (**Exhibit III-C-4**).

43 *See* FOP Declaration (**Exhibit III-C-1**).

44 One short ton converts to 1.10231 metric ton.

45 Ratnamani Metals & Tubes Ltd., 31st Annual Report 2014-15 (**Exhibit III-C-7**).

46 *See* Ratnamani Metals & Tubes Ltd., Investors Relations http://www.ratnamani.com/investors_relations.html (last visited Oct. 21, 2015).

47 *CWP from Vietnam Final SV Memo* at 1 (**Exhibit III-A-1**).

- 3.81% SG&A; and
- 18.64% profit.

The financial ratios were multiplied by the appropriate manufacturing costs to obtain the manufacturing overhead, SG&A, and profit components of the constructed normal value. All costs were added together to obtain the CV.

IV. U.S. PRICE FOR PRODUCTS MADE IN VIETNAM

To determine the dumping margin, the CV was compared with the U.S. price of CWP imported from Vietnam during the most six-month period between January and June 2015, representing the two most recently completed fiscal quarters. The AUV of U.S. imports were used to establish the U.S. import price for dumping margins. In particular, the import AUVs for the petition were based on HTSUS 7306.30.50.55, which best encompasses the offered BPE product and covered subject merchandise in the Department's previous investigations that found CWP from Vietnam to be sold at less than fair value.[48] As set forth in **Exhibit III-D**, the AUV of HTSUS 7306.50.50 for the period January through June 2015 was US$ 654.36 per metric ton. Petitioners used this period to reflect the two most recently completed fiscal quarters, as the most recent IM-145 data available is for August 2015.

The source of the import data for the AUVs is IM-145 records issued by the Department's U.S. Census Bureau. The values reported in the IM-145 import records are probative of selling prices in the United States because they are based on actual transaction values of the subject merchandise and represent a broad market average. The U.S. import AUVs were expressed for margin calculations on a free-along-side ship ("FAS") foreign port price. The costs of shipment to the United States were, therefore, not deducted from the FAS value. The

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48 *CWP from Vietnam Final Det.*, 77 Fed. Reg. at 64,485.

Department initiated its previous investigation of CWP from Vietnam using AUVs provided in the petition as the basis for U.S. price.[49]

V. MARGIN CALCULATION

Petitioners calculated the following estimated dumping margin on standard BPE pipe from Vietnam based on CV to U.S. import AUV margins:

	Usage	Unit	Price	Unit	Cost
Coil	[ ]	MT/MT	$ 904.34	MT	[ ]
Scrap	[ ]	MT/MT	$397.66	MT	[ ]
Materials subtotal					[ ]
Labor	[ ]	hr/ST	$2.11	$/hr	[ ]
Electricity	[ ]	kwhr/ST	$0.06	kwh/MT	[ ]
Gas	[ ]	Mcf/ST	$4.20	mmBTU/MT	[ ]
Subtotal					[ ]
Overhead					[ ]
Subtotal					[ ]
Administrative					[ ]
Subtotal					[ ]
Profit					[ ]
Constructed Value					[ ]
US Price					$654.36
Margin					[ ]
% Margin					**103.83%**

[49] *Circular Welded Carbon-Quality Pipe from India, the Sultanate of Oman, the United Arab Emirates, the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 76 Fed. Reg. 72,164, 72,166 (Dep't Commerce Nov. 22, 2011).

EXHIBIT LIST

Exhibit #	Description	BPI?
III-A	**U.S. Department of Commerce Memoranda**	**No**
III-A-1	U.S. Department of Commerce Memorandum from F. Baker to File, Case No. A-552-811 (May 23, 2012) (excerpt: contains no exhibits)	No
III-A-2	U.S. Department of Commerce Memorandum from F. Baker to File, Case No. A-552-811 (Oct. 15, 2012) (excerpt: contains no attachments)	No
III-A-3	U.S. Department of Commerce Memorandum from E. Artman to File, Case No. A-552-818 (Dec. 17, 2014)	No
III-B	**Satisfying the Statutory Criteria**	No
III-B-1	WORLD BANK GROUP, *World Development Indicators 2015* (excerpt)	No
III-B-2	Indian Export Data	No
III-C	**Constructed Normal Value**	**Yes**
III-C-1	Declaration re: Consumption of the Factors of Production	Yes
III-C-2	Indian Import AUVs for the Factors of Production:	No
	Average Unit Value for Steel – HTS 7208.26.30	No
	Average Unit Value for Scrap – HTS 7204.41	No
III-C-3	Indian Exchange Rate	No
III-C-4	Indian Electricity Tariff	No
III-C-5	India Natural Gas Rate	No
III-C-6	**Indian Labor Rate:**	No
	Calculation of Indian Labor Rate	No
	International Labour Organization Data for India	No
	International Financial Statistics Consumer Price Index Data for India	No
III-C-7	**Indian Overhead, SG&A, and Profit Ratios:**	No
	Calculation of Financial Ratios for Ratnamani Metals & Tubes Ltd	No
	Ratnamani Metals & Tubes Ltd., 31st Annual Report 2014-15	No
III-D	IM-145 Import Data for Vietnam – HTSUS 7306.30.50.55	No

DOC Investigation No. C-535-904
USITC Inv. Nos. 701-TA-___ and 731-TA-___-___ (Prelim.)
Total Pages: 1,053
Investigation
Contains No Business Proprietary Information
PUBLIC DOCUMENT

BEFORE THE
INTERNATIONAL TRADE ADMINISTRATION
UNITED STATES DEPARTMENT OF COMMERCE
AND THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

CIRCULAR WELDED CARBON QUALITY PIPE FROM THE SULTANATE OF OMAN, PAKISTAN, THE PHILIPPINES, THE UNITED ARAB EMIRATES, AND THE SOCIALIST REPUBLIC OF VIETNAM

PETITION FOR THE IMPOSITION OF ANTIDUMPING AND COUNTERVAILING DUTIES PURSUANT TO SECTIONS 701 AND 731 OF THE TARIFF ACT OF 1930, AS AMENDED

VOLUME IV

INFORMATION RELATING TO PAKISTAN – COUNTERVAILING DUTIES

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October 28, 2015

TABLE OF CONTENTS

I. Introduction

As demonstrated below, producers and exporters of circular welded carbon-quality steel pipe ("CWP") from Pakistan are benefitting from countervailable subsidies within the meaning of Section 771(5) of the Tariff Act of 1930, as amended (the "Act").[1] The general information required by Section 351.202 of the regulations of the U.S. Department of Commerce (the "Department" or "Commerce")[2] and Section 207.11 of the regulations of the U.S. International Trade Commission,[3] including the identity of Pakistani CWP producers and exporters, can be found in Volume I of these Petitions.

The Department has not reviewed subsidies from the Government of Pakistan ("GOP") since 2002, in *Cotton Shop Towels from Pakistan*, 67 Fed. Reg. 52,451 (Dep't Commerce Aug. 12, 2002). However, in May, 2010, the European Union ("EU") imposed provisional duties on polyethylene from Pakistan, finding that Pakistani manufacturers had benefited from eight subsidy programs.[4] As discussed below, many of these programs would also benefit Pakistani CWP producers and exporters. In May, 2012, Canada concluded an investigation of 26 subsidy programs to a Pakistani manufacturer of potassium silicate.[5] Canadian officials concluded that the manufacturer had not benefited from these programs, but again, many would benefit

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1 19 U.S.C. § 1677(5) (2006).

2 19 C.F.R. § 351.202 (2013).

3 *Id.* § 207.11.

4 Commission Regulation (EU) No. 473/2010 (May 31, 2010) ("EU Provisional CVD") (Exhibit IV-1). The EU confirmed the duties in September, 2010. Council Implementing Regulation (EU) No. 857/2010 ("EU Final CVD") (Exhibit IV-2).

5 *Certain Potassium Silicate Solids Originating in or Exported from the Islamic Republic of Pakistan*, Inv. 4218-29 (Statement of Reasons May 8, 2012) ("Canada Statement of Reasons") (Exhibit IV-3).

Pakistani CWP producers and exporters. The Department should investigate programs identified in these investigations, as well as programs that it previously investigated and found countervailable in the Department's own investigation in *Shop Towels from Pakistan.*

II. Countervailable Subsidies Provided by the Government of Pakistan

A. Export Subsidies

The GOP encourages export of manufactured products, including CWP, via the following programs.

1. Import Duty Exemptions for Manufacturers Operating Bonded Warehouses or Located in an Export Processing Zone

a. Factual Background

The GOP permits the import of duty-free input material under the condition that it is used for subsequent exports. In particular, the EU found that Chapter XV of the Customs Rules 2001[6] (SRO 450(I)/2001 (June 18, 2001)) regulates duty exemptions for goods imported in a manufacturing bond facility. EU Provisional CVD at ¶¶ 61-62. A manufacturer with a bonded warehouse may import manufacturing inputs without duties if it provides a bond and a post-dated check for duties and sales taxes to guarantee export of the finished goods. *Id.* ¶ 63. The manufacturer records the finished goods made from the inputs, adjusting them by input-output ratios proposed by the company and accepted by the government, based on industry standards. *Id.* ¶ 64. At the time of export, the manufacturer declares that the exports are from the manufacturing bond and attaches a consumption sheet, and customs officials examine and release the goods for export. *Id.* ¶ 65. The manufacturer then submits a letter to the Customs Department, with a copy of their import declaration, export shipping bills, and a reconciliation

[6] Attached as Exhibit IV-4.

showing the consumption of the inputs and its exports of finished products. The Customs Department then releases the bond and the post-dated check. *Id.* ¶ 66. An exemption from duties on inputs is also available to businesses located in Export Processing Zones.[7]

It is clear that some Pakistani CWP producers are eligible to benefit from the program because some Pakistani CWP is exported, including to the United States. Petitioners have searched for information indicating whether Pakistani CWP manufacturers operate bonded warehouses or are located in Export Processing Zones, but there exists no listing of businesses in Export Processing Zones, and companies do not ordinarily disclose such information on their websites. However, the Pakistan Steel Linepipe Industry Association recently thanked Pakistani officials for exempting steel pipes in manufacturing bond and Export Processing Zones from having to collect sales tax, implying that some steel pipe manufacturing facilities have bonded warehouses or are located in Export Processing Zones.[8] Furthermore, the large bulk of Pakistan's steel consumption is imported, principally from the People's Republic of China. Although Pakistan requires an estimated 8 million tons of steel annually, the state-owned Pakistan Steel Mills is capable of producing only 1.1 million tons, and operated at only 5 percent to 40 percent capacity utilization in 2014, while a mill privately owned by POSCO and Saudi interests was in "shutdown mode" the entire year.[9]

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7 Export Processing Zone Authority, "Incentives" (Exhibit IV-16).

8 "Govt. withdraws sales tax on steel pipe exports, industry welcomes decision," *Steelmills of the World* (March 24, 2015) (Exhibit IV-17). All manufacturers of line pipe can make circular welded pipe, which is a less exacting specification, and pipes may be certified to conform to both specifications.

9 "PSM productivity goes up from 5 pc to 40 pc productivity in a year," *Nation (Pakistan)* (Dec. 26, 2014) (Exhibit IV-18); "Tuwairqi Steel to lay off 1,000 workers," *Dawn* (Jan. 29, 2015) (Exhibit IV-19).

b. The Subsidy Is Countervailable

i. Financial Contribution

Foregoing taxes such as import duties and sales tax otherwise due constitute a financial contribution under Section 771(5)(D)(ii) of the Act, 19 U.S.C. § 1677(5)(D)(ii).

ii. Benefit

An exemption from import charges on export confers a benefit if the amount of the exemption extends to inputs not consumed in production of the exported product, allowing for normal waste. 19 C.F.R. § 351.519(a)(1)(ii). The amount of benefit is the amount of charges that would have been paid on the inputs not consumed, allowing for normal waste. *Id.* § 351.519(a)(3)(ii). However, the Department will consider the entire amount of the exemption to confer a benefit, unless the government providing it either: (1) applies a reasonable and effective system or procedure to confirm which inputs are consumed in the production of the exported goods; or (2) performs a physical examination to confirm this. *Id.* § 351.519(a)(4). The Department's rules in this regard derive from the WTO agreement, and the EU possesses similar regulations.

In the case of Pakistan's program, the EU found that "in practice, the Pakistani authorities did not apply a proper verification system to monitor the amount of duty-free imported raw materials" consumed in production of the exported goods. EU Provisional CVD ¶ 68 (Exhibit 1). The EU concluded:

> {T}he relevant record of input goods received, manufactured and exported was not kept on the basis of actual consumption. Only the theoretical consumption was registered, according to an Analysis Certificate, with input-output ratios of all the raw materials for production 1 000 kg of outputs. These input-output norms are set out by the authorities and periodically reviewed on the basis of information derived from the cooperating exporting producer but there are no clear rules and no evidence of how these reviews are performed. In addition, following the revisions made on the Analysis Certificate which indicated the existence of excess

> remission no follow-up action was taken by the authorities to verify the totality of the previous actual consumption and to request payments made for the previous years.

EU Final CVD ¶ 44 (Exhibit 2).

Accordingly, evidence shows that Pakistan's Manufacturing Bond Program fails to comply with the requirements of 19 C.F.R. § 351.519(a)(4), and the entire amount of the exemption constitutes a countervailable subsidy.

The EU found that another manufacturer had received a benefit of 2.57 percent *ad valorem*. EU Provisional CVD ¶ 80. However, the benefit to CWP manufacturers is likely much greater. Pakistan's basic tariff on hot-rolled coil (HTS 7208) is 10 percent based on CIF value. At the end of March 2015, Pakistan also imposed a 12.5 percent "regulatory duty" on flat-rolled coil of 600 mm or greater width, to protect Pakistan Steel. SRO 568 (Exhibit IV-11). Since CWP raw material costs – almost entirely hot-rolled steel – generally amount to three-quarters of the cost of making standard pipe,[10] rebate of a 22.5 percent total duty would yield a subsidy rate exceeding 15 percent *ad valorem*.

iii. Specificity

A subsidy program such as this that is contingent on export performance is specific under Section 771(5A)(B) of the Act.

2. Imports of Plant, Machinery and Equipment in Manufacturing Bond or in an Export Processing Zone

a. Factual Background

Statutory Regulatory Order ("SRO") 554(I)/98 of June 12, 1998, allowed duty free

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[10] *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam,* USITC Pub. 4362, at 16 (Dec. 2012).

import before June 30, 2004 of machinery destined for a Manufacturing Bond facility for purposes of creating or improving existing units in bonded facilities. EU Provisional CVD at ¶ 81. Export Processing Zones offer a similar benefit.[11] As discussed above, there is reason to believe that Pakistani CWP producers operate bonded warehouses and/or are located in Export Processing Zones.

b. The Subsidy Is Countervailable

i. Financial Contribution

Foregoing taxes such as import duties and sales tax otherwise due constitute a financial contribution under Section 771(5)(D)(ii) of the Act. Pakistani CWP manufacturers that imported equipment before 2004 and that subsequently used it to produce goods for export would have been eligible.

ii. Benefit

Foregoing taxes or duties due constitutes a benefit under Section 1677(5)(E) of the Act. Benefit associated with purchases of equipment would have been nonrecurring, and hence could benefit Pakistani CWP producers if obtained within the past 15 years, which represents the AUL of equipment in the Pakistani CWP industry.

iii. Specificity

The program is contingent on export performance because under the applicable SRO only manufacturers who make or have bonded export facilities may use it. EU Provisional CVD ¶ 87. It thus is specific under Section 771(5A)(B) of the Act.

[11] Export Processing Zone Authority, "Incentives" (Exhibit IV-16).

3. Final Tax Regime (FTR) – Withholding Tax on Foreign Exchange Proceeds

a. Factual Background

Certain sections of Pakistan's Income Tax Ordinance of 2001 (154 and 169, and Division IV of Part III of the First Schedule) (Exhibit IV-5), provide that exporters need pay only a 1 percent withholding tax on foreign exchange proceeds, regardless of profit, and thus avoid the income tax of 35 percent that applies to profits on domestic activities. EU Provisional CVD ¶¶ 109-110. The EU has found that in practice this results in "a special and favorable tax treatment for the exporters." *Id.* ¶ 111. The WTO has similarly indicated that "While the tax base of gross f.o.b. receipts would substantially exceed taxable net income on which company tax would be levied, the substantial difference in tax rates (company tax rate of 35%) suggests possible sizeable subsidies for the more profitable exporters."[12]

In its investigation and most recent review of subsidies in *Cotton Shop Towels from Pakistan*, the Department found that exporters received an income tax exemption on export income. 66 Fed. Reg. at 18,446. That appears to be essentially an earlier version of the same program.

b. The Subsidy Is Countervailable

i. Financial Contribution

Foregoing taxes such as an income tax otherwise due constitutes a financial contribution under Section 771(5)(D)(ii) of the Act. Pakistani CWP manufacturers that export are eligible.

ii. Benefit

Foregoing taxes or duties due constitutes a benefit under Section 1677(5)(E) of the Act.

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[12] WTO 3rd Trade Policy Review of Pakistan ¶ 88, WT/TPR/S/193 (May 20, 2008) (Exhibit IV-14).

The amount of the benefit would equal the difference between 1 percent of recipient exporter's gross export receipts, the amount that exporters pay in tax, and a 35 percent tax on the export profits, the amount that they would have paid had they been subject to generally applicable tax rules. It is not possible to estimate this in the case of CWP manufacture but the EU found that a subsidy benefit had been conferred on another manufacturer and exporter at a rate of 1.95 percent. EU Provisional CVD ¶ 116.

iii. Specificity

The program is contingent on export performance because under the Pakistani Income Tax Ordinance only manufacturers that export and obtain foreign exchange can qualify. It thus is specific under Section 771(5A)(B) of the Act.

4. Export Finance Scheme from the State Bank of Pakistan

a. Factual Background

Under this program, Section 17(2)(a)/17(4)(c), Section 17(2)(d) and Section 22 of the State Bank of Pakistan Act of 1956 (Exhibit IV-6), commercial banks provide short-term financing, primarily for working capital, to exporters of manufactured goods, at preferential interest rates set by the State Bank of Pakistan. EU Provisional CVD ¶¶ 134, 140, 142. Canadian authorities have also identified this program as a countervailable subsidy. Canada Statement of Reasons 27-28. The finance is granted in the form of an export letter of credit for up to 180 days, to help exporters procure inputs for goods to be exported, and to give them financing while waiting to collect the export proceeds. EU Provisional CVD ¶ 138. The amount may be up to half of the export performance realized in the previous year. *Id.* ¶ 139.

The Department has previously imposed countervailing duties based on the export financing program in Pakistan. *Cotton Shop Towels from Pakistan*, 66 Fed. Reg. 42,514 (Dep't

Commerce Aug. 13, 2001) (final CVD review); *Cotton Shop Towels from Pakistan*, 61 Fed. Reg. 50,273 (Dep't Commerce Sept. 25, 1996) (prelim. CVD review).

b. The Subsidy Is Countervailable

i. Financial Contribution

Since the State Bank of Pakistan sets the interest rate levels, this program constitutes a financial contribution by an authority that entrusts or directs a private entity to act, under Sections 771(5)(B)(iii) and 771(5)(D)(i) of the Act.

ii. Benefit

Provision of financing at preferential interest rates constitutes a benefit under Section 771(5)(E)(ii) of the Act. It is not possible to estimate the benefit to CWP production but the EU found a subsidy benefit of 2.22 percent. EU Provisional CVD ¶ 148.

iii. Specificity

The program is contingent on export performance because the Pakistani legislation provides that only exporters may use it. EU Provisional CVD ¶ 87. It thus is specific under Section 771(5A)(B) of the Act.

5. Finance under F.E. Circular No. 25 of the State Bank of Pakistan

a. Factual Background

Under this program, established by F.E. Circular No. 25 (June 20, 1998) of the State Bank of Pakistan (Exhibit IV-7) and modified by F.E. Circular No. 05 (Aug. 23, 2002) (Exhibit IV-8), the State Bank of Pakistan directs commercial banks to provide short term financing to exporters and importers at preferential rates. EU Provisional CVD ¶ 149-50, 157. Commercial banks with dollar deposits may make rupee loans to finance importers and exports, and, once the importer makes foreign currency payments, the bank may make a loan in foreign currency as

well. *Id.* ¶¶ 152-54.

b. The Subsidy Is Countervailable

i. Financial Contribution

Since the State Bank of Pakistan sets the interest rate levels, this program constitutes a financial contribution by an authority that entrusts or directs a private entity to act, under Sections 771(5)(B)(iii) and 771(5)(D)(i) of the Act.

ii. Benefit

Provision of financing at preferential interest rates constitutes a benefit under Section 771(5)(E)(ii) of the Act. It is not possible to estimate the benefit to CWP production but the EU found a subsidy benefit of 0.06 percent. EU Provisional CVD ¶ 163.

iii. Specificity

The program is contingent on export performance because only Pakistani law provides that only exporters may use it. EU Provisional CVD ¶ 159. It thus is specific under Section 771(5A)(B) of the Act.

6. Assistance for Opening Exporters' Offices Abroad

a. Factual Background

Under a notification by the Trade Development Authority of Pakistan ("TDAP") pursuant to the Trade Policy 2007-2008, the GOP would provide half the rent for three years and subsidize the salaries for three years of up to three employees in an export office. Canada Statement of Reasons at 23. A similar benefit was offered again in 2009-2010. *See* Trade Development Authority of Pakistan Trade Policy 2009-2010, "Business Procedure for Opening Export Office Abroad" (Exhibit IV-9). The benefit was available only for offices in seven countries or regions, including the United States. Canada Statement of Reasons at 23.

b. The Subsidy Is Countervailable

i. Financial Contribution

Grants by a government are financial contributions under Section 771(5)(D)(i) of the Act.

ii. Benefit

Provision of grants constitutes a benefit under Section 771(5)(E)(i) of the Act. Canadian authorities found that this program provided no benefit to exports to Canada because Canada was not on the list of eligible countries, but the United States is. Canada Statement of Reasons at 23-24.

iii. Specificity

The program is contingent on export performance because only Pakistani law provides that only exporters may use it. Canada Statement of Reasons at 23. It thus is specific under Section 771(5A)(B) of the Act.

7. Inland Freight Subsidy for Exporters

a. Factual Background

Under a notification by TDAP pursuant to the Trade Policy 2009-2010, the GOP would provide seek to help companies located inland become more competitive by subsidizing their shipments to the coast. Canada Statement of Reasons at 26; TDAP, "Public Notice: Inland Freight Subsidy" (Exhibit IV-10). Certain products originating at least 100 kilometers from a seaport would qualify for a subsidy grant of 50 percent of inland freight costs. *Id.* Eligible products include "light engineering," a category which could include standard pipe. *Id.* The public notice states that the program expires in a year, but Canadian authorities found that it continued for three years, and it remains on the TDAP website. *Id.*

b. The Subsidy Is Countervailable

i. Financial Contribution

Grants by a government are financial contributions under Section 771(5)(D)(i) of the Act.

ii. Benefit

Provision of grants constitutes a benefit under Section 771(5)(E)(i) of the Act. Canadian authorities found that this program provided no benefit to the investigated manufacturer because it did not export any eligible products, but as noted above, CWP may be eligible. Canada Statement of Reasons at 27.

iii. Specificity

The program is contingent on export performance because it applies only to exported goods. Canada Statement of Reasons at 26-27. It thus is specific under Section 771(5A)(B) of the Act.

8. Excessive Duty Drawback

a. Factual Background

The GOP provides a duty drawback ("DDB") program to refund duties paid on inputs used in exports.[13] To the extent that CWP producers are exempt from import duties under the Manufacturing Bond or Export Processing Zone program described above, benefits under the DDB would be moot, but we allege them in the alternative as a separate program to the extent that CWP producers do not use the Manufacturing Bond program. In the *Cotton Shop Towels from Pakistan* investigation and reviews, Commerce imposed countervailing duties based on refunds of import duties on imported inputs. 66 Fed. Reg. 18,445-46.

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[13] *See* WTO 3rd Trade Policy Review of Pakistan, WT/TPR/S/193 at ¶ 93 (May 20, 2008) (Exhibit IV-14); Kaleem Akhtar Kazmi, "Lecture on Customs Duty: Duty Drawback," *Legal Advice Pakistan* (Feb. 9, 2012) (Exhibit IV-15).

b. The Subsidy Is Countervailable

i. Financial Contribution

Foregoing taxes such as import duties otherwise due constitute a financial contribution under Section 771(5)(D)(ii) of the Act, 19 U.S.C. § 1677(5)(D)(ii). It is clear that some Pakistani CWP producers are eligible to benefit from the program because some Pakistani CWP is exported to the United States, and Pakistani producers would likely need to import their steel inputs.

ii. Benefit

A remission from import charges on export confers a benefit if the amount of the exemption extends to inputs not consumed in production of the exported product, allowing for normal waste. 19 C.F.R. § 351.519(a)(1)(i). The amount of benefit is normally the amount of charges that would have been paid on the inputs not consumed, allowing for normal waste. *Id.* § 351.519(a)(3)(i). However, the Department will consider the entire amount of the remission to confer a benefit, unless the government providing it either (1) applies a reasonable and effective system or procedure to confirm which inputs are consumed in the production of the exported goods, or (2) performs a physical examination to confirm this. *Id.* § 351.519(a)(4). The Department's rules in this regard derive from the WTO agreement, and the EU possesses similar regulations.

In the case of Pakistan's program, the Department previously found this program countervailable because "because the GOP failed to establish the requisite linkage and comparison between taxes paid and rebates provided." 66 Fed. Reg. 18,446. More recently, the WTO has stated:

> The DDB system is administratively complex and non-transparent, and as it does not directly relate duty paid on imported inputs to refunds, it is likely to have an

uneven impact across export items.

WTO 3rd Trade Policy Review of Pakistan, WT/TPR/S/193 at ¶ 93 (May 20, 2008) (Exhibit IV-14).

Accordingly, evidence shows that Pakistan's DDB not only provides excess refunds, but fails to comply with the requirements of 19 C.F.R. § 351.519(a)(4), so that the entire amount of the exemption constitutes a countervailable subsidy.

As noted above, benefits under this program would be extensive. Pakistan's basic tariff on hot-rolled coil (HTS 7208) is 10 percent based on CIF value. At the end of March 2015, Pakistan also imposed a 12.5 percent "regulatory duty" on flat-rolled coil of 600 mm or greater width, to protect Pakistan Steel. SRO 568 (Exhibit IV-11). Since CWP raw material costs – almost entirely hot-rolled steel – generally amount to three-quarters of the cost of making standard pipe,[14] rebate of a 22.5 percent total duty would yield a subsidy rate exceeding 15 percent *ad valorem*.

iii. Specificity

A subsidy program such as this that is contingent on export performance is specific under Section 771(5A)(B) of the Act.

9. Long-Term Financing Facilities of the State Bank of Pakistan

a. Factual Background

In the 2007-2008 fiscal year, the GOP and the State Bank of Pakistan ("SBP") created a

[14] *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam,* USITC Pub. 4362, at 16 (Dec. 2012).

new Long-Term Financing Facility ("LTFF").[15] Under this program, participating private financial institutes may offer firms that export at least US$ 5 million or 50 percent of their sales long-term financing for the C&F value of imported or domestically made new plant and machinery.[16] The SBP would refinance up to 70 percent of the financing.[17] This came on top of a previous, similar system, the Long-Term Fixed Rate Financing Scheme, under which the SBP had commercial banks provide long-term financing for project financing including equipment purchases.[18] The WTO reports that banks give higher priority to projects identified by the government, and that SBP refinancing was at concessionary rates.[19]

b. The Subsidy Is Countervailable

i. Financial Contribution

Since the SBP sets the interest rate levels based on government bond rates,[20] sets priorities for financing, and provides at least part of the financing itself through its refinancing system, this program constitutes a financial contribution either directly by the SBP or by an authority that entrusts or directs a private entity to act, under Sections 771(5)(B)(iii) and 771(5)(D)(i) of the Act.

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[15] WTO 3rd Trade Policy Review of Pakistan, at ¶ 99, WT/TPR/S/193 (May 20, 2008) (Exhibit IV-14).

[16] Annexure to MFD Circular No 07 Dated December 31, 2007, § 1 (Exhibit IV-20).

[17] WTO 3rd Trade Policy Review of Pakistan, at ¶ 99, WT/TPR/S/193 (May 20, 2008) (Exhibit IV-14); Annexure to MFD Circular No 07 Dated December 31, 2007, § 2 (Exhibit IV-20).

[18] WTO 3rd Trade Policy Review of Pakistan, at ¶ 98, WT/TPR/S/193 (May 20, 2008) (Exhibit IV-14).

[19] WTO 3rd Trade Policy Review of Pakistan, at ¶ 98, WT/TPR/S/193 (May 20, 2008) (Exhibit IV-14).

[20] Annexure to MFD Circular No 07 Dated December 31, 2007, § 2(e), (Exhibit IV-20).

ii. Benefit

Provision of financing at preferential interest rates constitutes a benefit under Section 771(5)(E)(ii) of the Act.

iii. Specificity

The program is contingent on export performance because Pakistani law provides that only exporters may use it as discussed above. It thus is specific under Section 771(5A)(B) of the Act.

10. Rebates of Sales Tax on Inputs Used to Produce Exports

a. Factual Background

In its investigation and most recent review of subsidies in *Cotton Shop Towels from Pakistan*, the Department found that rebates of sales taxes imposed on inputs used to produce exports constituted a countervailable subsidy, yielding CVD rates up to 7.26 percent. 66 Fed. Reg. at 18,446. Similarly, the WTO has noted that under the "DTRE" scheme, both duties and sales taxes on exports are rebated.[21]

b. The Subsidy Is Countervailable

i. Financial Contribution

Foregoing taxes such as import duties and sales tax otherwise due constitute a financial contribution under Section 771(5)(D)(ii) of the Act, 19 U.S.C. § 1677(5)(D)(ii). It is clear that some Pakistani CWP producers are eligible to benefit from the program because some Pakistani CWP is exported to the United States, and Pakistani producers would need to purchase at least some inputs.

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[21] WTO 3rd Trade Policy Review of Pakistan, at ¶ 95, WT/TPR/S/193 (May 20, 2008) (Exhibit IV-14).

ii. Benefit

A refund of sales taxes constitutes a benefit to the extent that the sales taxes would otherwise have been collected. In its most recent review of this program, the Department commented, "we determine that the GOP pays these rebates without regard to specific taxes incurred in the production of shop towels and that the full amount of these rebates are countervailable because the rebate is contingent on export performance." 66 Fed. Reg. 42,514, Decision Memo Comment 3.

iii. Specificity

A subsidy program such as this that is contingent on export performance is specific under Section 771(5A)(B) of the Act.

B. Other Tax or Duty Subsidies

1. Final Tax Regime – Tax Credit for Steel Products Manufacturers

a. Factual background

In addition to the provision of Section 154 of the Income Tax Ordinance of 2001 ("ITO 2001") noted above, Section 153(1) (pages 219 to 224 of Exhibit IV-5) provides that any "prescribed person" (basically, all government agencies, companies, and other entities except individual persons not doing business) making a payment to another person to buy goods or services, or making a payment under a contract, shall deduct from that payment a withholding tax. Essentially, this rule acts somewhat like a sales tax, except that instead of the seller collecting the money for later payment to the government, the buyer withholds funds out of its payments. The withholding tax rate is set by Division III of Part III of the First Schedule (page 333 of Exhibit IV-5). Normally, it is 3.5 percent for sales of goods by companies, for example. Pursuant to Section 160 of the ITO 2001, the collector then transmits the withheld amounts to the

GOP. Pursuant to Section 153(3) of the ITO 2001, the withholding tax is normally a final tax – that is, the government collects it and keeps it, and it is not adjusted or refunded to the seller of the goods.

However, Section 46A of Part V of the Second Schedule of the ITO 2001 (page 422 of Exhibit IV-5) provides that manufacturers of iron and steel products are exempted from the requirements of Section 153(3). That is, amounts that their customers withhold from payments to them are not considered final taxes, but rather may be credited against other tax liability or adjusted based on tax deductions.

a. The subsidy is countervailable

i. Financial contribution

Under this program, the GOP may forego collection of taxes that it would ordinarily collect, by refunding or crediting taxes that would ordinarily be final. That constitutes a financial contribution under Section 771(5)(D)(ii) of the Act.

ii. Benefit

Under Section 771(5)(E) of the Act, the benefit equals the benefit to the recipient. In this case, any credits of taxes withheld under Section 153 of the ITO 2001 against other tax liability, or adjustments or deductions to those amounts, would constitute a benefit.

iii. Specificity

The program is specific as a matter of law under Section 771(5A)(D)(i), because Section 46A of Part V of the Second Schedule of the ITO 2001 is expressly limited to manufacturers of iron and steel products.

2. Duty-Free or Duty-Reduced Input Imports under SRO 565(I)

a. Factual Background

Under SRO 565(I) (2006) (Exhibit IV-12) as amended June 26, 2014 (Exhibit IV-13), manufacturers in various industries are allowed to import certain industry-specific raw materials, components and subcomponents at low or reduced duty rates, provided that they use them to manufacture certain industry-specific products. The amount of inputs deemed to be used for such manufacture is based on input-output ratios declared by the manufacturer, which may or may not be verified by the GOP. SRO 565(I), page 1 at (ii). In the case of steel pipe producers, prior to the 2014 amendment, all duties on such inputs were eliminated if the steel pipes were manufactured for export, and all duties above 5 percent were exempted otherwise. SRO 565(I) Table Items 74(11) and (88). After the amendment duties above 5 percent are exempted for items made for export, and otherwise only duties above 10 percent are exempted and only for welding flux, wire, and electrodes. SRO 565(I) 2006 Table Items 34(11) and 39, Amendment Table item 34.

b. The Subsidy Is Countervailable

i. Financial Contribution

Foregoing taxes such as import duties and sales tax otherwise due constitute a financial contribution under Section 771(5)(D)(ii) of the Act. In this case, some of the exemptions may depend on export. An exemption from import charges on export confers a benefit if the amount of the exemption extends to inputs not consumed in production of the exported product, allowing for normal waste. 19 C.F.R. § 351.519(a)(1)(ii). The amount of benefit is the amount of charges that would have been paid on the inputs not consumed, allowing for normal waste. *Id.* § 351.519(a)(3)(ii). However, the Department will consider the entire amount of the exemption

to confer a benefit, unless the government providing it either: (1) applies a reasonable and effective system or procedure to confirm which inputs are consumed in the production of the exported goods; or (2) performs a physical examination to confirm this. *Id.* § 351.519(a)(4).

The system used to assess the utilization of goods for export under SRO 565(I) may be the same as the one described above for the Manufacturing Bond program, which the EU has found inadequate as discussed above. Not only that, but SRO 565(I) also provides that the GOP may simply accept a manufacturer's declaration of input/output ratios without verification. Exhibit IV-12 at 1; Exhibit IV-13 at 1-2. This would plainly be inadequate to qualify as a permissible subsidy program under the Act and regulations. Essentially, the GOP would merely be taking the manufacturer's word that the imported goods were consumed for export.

ii. Benefit

Foregoing taxes or duties due constitutes a benefit under Section 1677(5)(E) of the Act. For a CWP manufacturer who also uses the Manufacturing Bond program, or the duty drawback program described above, benefits may overlap. Even so, input-output verification procedures may differ, and the program under SRO 565(I) offers benefits in some cases even without exportation. Note that benefits under this program could overlap partly with exemption or remission of duties on exports, as discussed above, but would not do so to the extent that this program applied to goods sold domestically, and/or had different verification requirements.

iii. Specificity

This program offers enhanced benefits that are contingent on export, and so is specific under Section 771(5A)(B) of the Act. Even where the benefits claimed are not contingent on export, it is specific under Section 771(5A)(D)(i) because the benefits and conditions offered expressly vary for each industry subject to the program.

IV. Injury To The Domestic Industry

Petitioners allege that subsidized imports of CWP from Pakistan have caused, are causing, and are threatening to cause material injury to the domestic industry. The factual information in support of this allegation is provided to the Department and the International Trade Commission in Volume I of these Petitions.

V. Conclusion

As demonstrated above, Pakistani producers and exporters of CWP benefit from numerous and massive countervailable subsidies provided by the GOP and state and local governments in Pakistan. Accordingly, Petitioners request that the Department initiate a countervailing duty investigation of CWP from Pakistan.

TABLE OF EXHIBITS