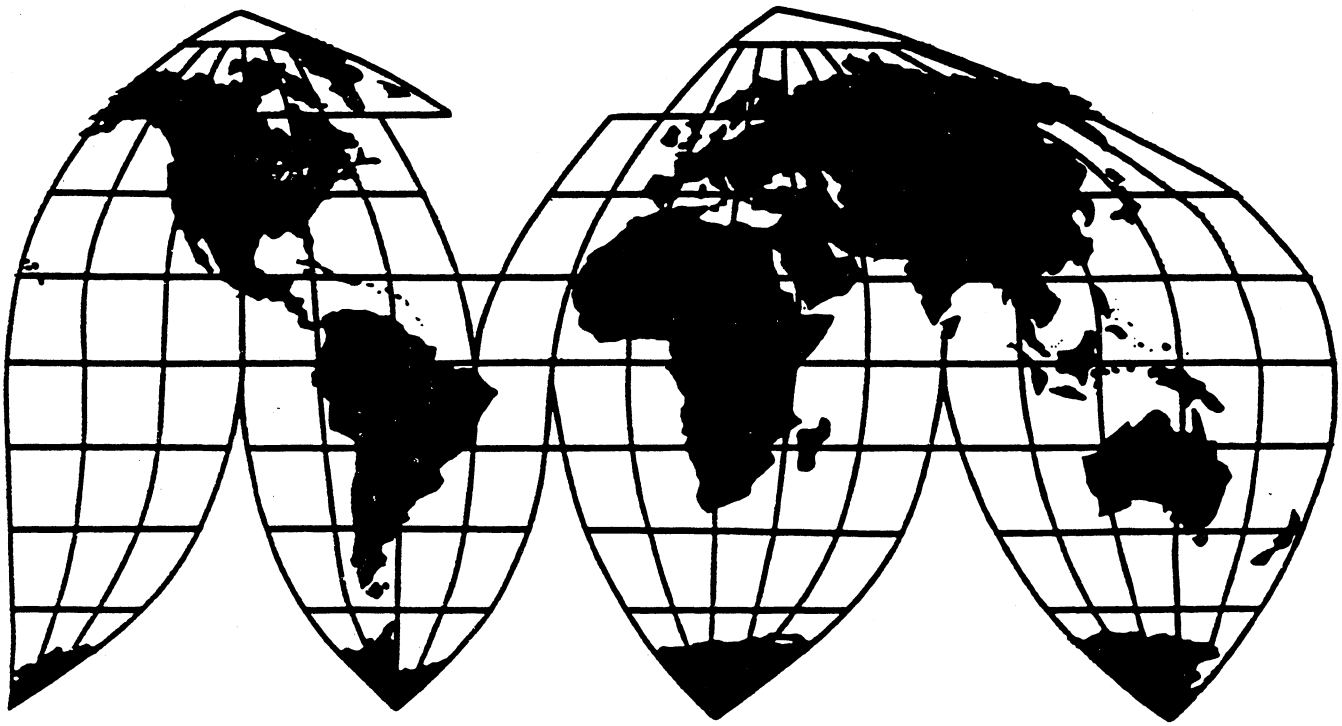
Class 150 Stainless Steel Threaded Pipe Fittings From Taiwan

Investigation No. 731-TA-658 (Preliminary)

Publication 2678 **September 1993**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Don E. Newquist, Chairman
Peter S. Watson, Vice Chairman
David B. Rohr
Anne E. Brunsdale
Carol T. Crawford
Janet A. Nuzum

Robert A. Rogowsky
Director of Operations

Staff assigned:

Brad Hudgens, Office of Investigations
Peggy MacKnight, Office of Industries
Catherine DeFilippo, Office of Economics
Marshall Wade, Office of Investigations
Shara Aranoff, Office of the General Counsel

Bob Carpenter, Supervisory Investigator

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

CONTENTS

CONTENTS

CONTENTS

CONTENTS

Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

DETERMINATION AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-658 (Preliminary)

CLASS 150 STAINLESS STEEL THREADED PIPE FITTINGS FROM TAIWAN

Determination

On the basis of the record[1] developed in the subject investigation, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Taiwan of class 150 stainless steel threaded pipe fittings,[2] provided for in subheadings 7307.19.90, 7307.22.10, 7307.22.50, and 7307.29.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

---

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

[2] For purposes of this investigation, class 150 stainless steel threaded pipe fittings are defined as cast or forged stainless steel products used to connect pipe sections, with an ability to withstand normal pressure service (150 pounds per square inch (psi) at 350°F and 300 psi at -20 to 150°F) as well as resistance to corrosion or extreme temperatures, or prevention of metallic contamination to materials in the system. Included in the scope of this investigation are both finished and unfinished class 150 stainless steel threaded pipe fittings of any size. Unfinished class 150 stainless steel threaded pipe fittings are defined as those products that have been advanced after casting or forging, but which require threading and machining to finish the fittings; finished class 150 stainless steel threaded pipe fittings are defined as those products that have been formed in the shape of elbows, tees, reducers, etc. and have been further advanced after casting or forging, and require no further processing to be acceptable as a finished product to the end user. Class 150 stainless steel threaded pipe fittings are composed of alloys including, but not limited to, 304 and 316, and are manufactured in the shape of 90-degree elbows, 45-degree elbows, street elbows, tees, crosses, couplings, reducing couplings, half-couplings, caps, square head plugs, hex head plugs, hex bushings, unions, locknuts, and welding spuds. Excluded from the scope of investigation are stainless steel threaded pipe fittings manufactured in the shape of nipples.

Background

On August 2, 1993, a petition was filed with the Commission and the Department of Commerce by Alloy Stainless Products Company (ASP), Totowa, NJ; and Capitol Manufacturing Company (Capitol), Columbus, OH, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of class 150 stainless steel threaded pipe fittings from Taiwan. Accordingly, effective August 2, 1993, the Commission instituted antidumping investigation No. 731-TA-658 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of August 6, 1993 (58 F.R. 42105). The conference was held in Washington, DC, on August 23, 1993, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in this preliminary investigation, we unanimously determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of class 150 stainless steel threaded pipe fittings ("class 150 SST pipe fittings") from Taiwan that allegedly are sold in the United States at less than fair value ("LTFV").[1]

I. THE LEGAL STANDARD FOR PRELIMINARY INVESTIGATIONS

The legal standard in preliminary antidumping duty investigations requires the Commission to determine, based upon the best information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of the allegedly LTFV imports.[2] In applying this standard, the Commission weighs the evidence before it to determine whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that any contrary evidence will arise in a final investigation."[3] The U.S. Court of Appeals for the Federal Circuit has held that this interpretation of the standard "accords with clearly discernible legislative intent and is sufficiently reasonable."[4]

II. LIKE PRODUCT

To determine whether an industry in the United States is materially injured or is threatened with material injury by reason of the subject imports, the Commission must first define the "like product" and the

---

[1] 19 U.S.C. § 1673b(a). Whether the establishment of an industry in the United States is materially retarded is not an issue in this investigation.

[2] 19 U.S.C. § 1673b(a). See also American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986); Calabrian Corp. v. United States, 794 F. Supp. 377, 386 (Ct. Int'l Trade 1992).

[3] American Lamb, 785 F.2d at 1001; see also Torrington Co. v. United States, 790 F. Supp. 1161, 1165 (Ct. Int'l Trade 1992).

[4] American Lamb, 785 F.2d at 1004.

"industry." Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product. . . ."[5] In turn, the Act defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ."[6]

The Commission's like product determinations are factual, and the Commission applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[7] No single factor is dispositive, and the Commission may consider other factors it deems relevant based upon the facts of a particular investigation.[8] Generally, the Commission requires "clear dividing lines among possible like products" and disregards minor variations among them.[9]

The Department of Commerce ("Commerce") has identified the imported product subject to this investigation as:

> class 150 SST pipe fittings, defined as cast or forged stainless steel products used to connect pipe sections with an ability to withstand normal pressure service (150 pounds per square inch (psi) at 350 degrees Fahrenheit and 300 psi at -20 to 150 degrees Fahrenheit) as well as resistance to corrosion or extreme temperatures, or prevention of metallic

---

5 19 U.S.C. § 1677(4)(A).

6 19 U.S.C. § 1677(10).

7 See Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). In analyzing like product issues, the Commission generally considers a number of factors including (1) physical characteristics and uses, (2) interchangeability, (3) channels of distribution, (4) customer and producer perceptions, (5) common manufacturing facilities and production employees, and, where appropriate, (6) price. Calabrian, 794 F. Supp. at 382 n.4; Torrington, 747 F. Supp. at 749; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1168 n.4, 1180 n.7 (Ct. Int'l Trade 1988).

8 See S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); Torrington, 747 F. Supp. at 748-49.

9 Torrington, 747 F. Supp. at 748-49.

> contamination to materials in the system. Included in the scope of this investigation are both finished and unfinished Class 150 SST pipe fittings of any size.[10]

Class 150 SST pipe fittings are used to connect pipe sections in piping systems where conditions require nonpermanent, threaded connections as well as resistance to corrosion or extreme temperatures, or prevention of metallic contamination to materials in the system.[11] Class 150 SST pipe fittings are produced in multiple shapes, including elbows, tees, crosses, couplings, unions, and caps. They are generally produced from either 304 or 316 alloy stainless steel. Class 150 SST pipe fittings are typically used in chemical, petrochemical, pharmaceutical and cryogenic plants, food processing facilities, breweries, waste treatment and pulp and paper facilities.[12] Fittings typically range from 1/8 inch to 4 inches in diameter but can be produced in larger sizes at a customer's request.[13]

Class 150 SST pipe fittings can be produced by three different methods.

---

[10] 58 Fed. Reg. 45,482 (1993). Commerce's scope description continues:

> Unfinished class 150 SST pipe fittings are defined as those products that have been advanced after casting or forging, but which require threading and machining to finish the fittings; finished class 150 SST pipe fittings are defined as those products that have been formed in the shape of elbows, tees, reducers, etc. and have been further advanced after casting or forging, and require no further processing to be acceptable as a finished product to the end user. Class 150 SST pipe fittings are composed of alloys including, but not limited to, 304 and 316, and are manufactured in the shape of 90-degree elbows, 45-degree elbows, street elbows, tees, crosses, couplings, reducing couplings, half-couplings, caps, square head plugs, hex head plugs, hex bushings, unions, locknuts, and welding spuds. Excluded from the scope of investigation are SST pipe fittings manufactured in the shape of nipples.

[11] Report of the Commission at I-4 ("Report"). The threaded ends of the fittings, which screw onto threaded pipe ends, distinguish them from other types of pipe fittings such as butt-weld, grooved or bolted fittings, which rely on different fastening methods. Id.

[12] Report at I-7.

[13] Report at I-4.

Many fittings, particularly those with bends, are cast from molten steel. The hollow shapes (unfinished fittings) are then machined to assure that the hole is at true center and the walls of the fitting are of even thickness. The fittings are then threaded, cleaned, marked and packed.[14] Straight fittings, such as couplings and unions, may be made from stainless steel bar stock. The bar is cut to length and the center opening is bored. The fitting is then finished according to the same steps outlined for castings.[15] Finally, unfinished fittings may be produced through a forging process, bored, and then finished in the same manner. This method is typically associated with smaller sized shapes.[16]

In this preliminary investigation, we considered two like product issues: whether finished and unfinished class 150 SST pipe fittings are separate like products, and whether the like product should include all classes of SST pipe fittings.

A. Whether Finished and Unfinished Stainless Steel Threaded Pipe Fittings Are A Single Like Product

In analyzing whether a semifinished product should be included in the same like product with the finished product, the Commission typically examines five factors, including: (1) the necessity for, and costs of, further processing; (2) the degree of interchangeability of articles at different stages of production; (3) whether the article at an earlier stage of production is dedicated to use in the finished article; (4) whether there are significant independent uses or markets for the finished and unfinished articles; and (5) whether the article at the earlier stage of production embodies or imparts to the finished article an essential characteristic or

---

[14] Report at I-6. About one third of finished class 150 SST pipe fittings produced in the United States are made from purchased castings, principally from Israel. Id.

[15] Report at I-6.

[16] Report at I-6.

function. No single factor is determinative.[17]

Both petitioners and respondents[18] agree that unfinished and finished class 150 SST pipe fittings are a single like product.[19] Based on our analysis of the semifinished product criteria set forth above, we conclude that finished and unfinished class 150 SST pipe fittings constitute a single like product.

Although domestic producers' conversion cost (for finishing unfinished class 150 SST pipe fittings) as a share of cost of goods sold was within a range the Commission has in the past found to be domestic production,[20] the conversion process is relatively simple and can largely be performed by automated equipment.[21] Unfinished SST pipe fittings are not substitutable for finished fittings in end-use applications.[22] Unfinished fittings, whether cast or forged, are dedicated for use as finished fittings. While there is an independent market in which unfinished castings are sold to petitioners for conversion rather than to end users, petitioners purchase unfinished fittings for the sole purpose of producing finished fittings, and the finished fittings

---

17 See, e.g., Certain Special Quality Carbon and Alloy Hot-Rolled Steel Bars and Rods and Semifinished Products from Brazil, Inv. No. 731-TA-572 (Final), USITC Pub. 2662 at 12 n.22 (July 1993).

18 Petitioners are Capital Manufacturing Company ("CAMCO") and Alloy Stainless Products Co., Inc. ("ASP"), the only full-line domestic producers of class 150 SST pipe fittings. Respondents appearing in this investigation are Yih Tai Industries Co., Ltd., a Taiwanese producer, and Merit Brass, a U.S. importer. Counsel for Yih Tai also claims to represent Enlin Steel Corporation, another Taiwanese producer.

19 Petitioners' Post-Conference Brief at 12-14; Transcript of Conference (Aug. 23, 1993) at 35-36 ("Tr."); Respondents' Joint Post-Conference Brief at 24-25.

20 Conversion cost as a share of cost of goods sold was ***. Conversion cost as a share of operating costs (COGS plus SG&A) was approximately ***. Report at I-16.

21 Report at I-6.

22 See, e.g., 3.5" Microdisks and Media Therefor from Japan, Inv. No. 731-TA-389 (Final), USITC Pub. 2170 at 15 (Mar. 1989) (lack of interchangeability between finished and unfinished good did not preclude single like product finding); 64K Dynamic Random Access Memory Components from Japan, Inv. No. 731-TA-270 (Final), USITC Pub. 1862 at 7-8 (June 1986) (same).

produced by conversion and integrated production are sold in the same channels of trade.[23] Finally, unfinished class 150 SST pipe fittings embody most of the essential characteristics of finished fittings, namely their corrosion resistance, size and shape.

Accordingly, based on the absence of any independent use for unfinished fittings, the presence of most essential characteristics of finished fittings in unfinished fittings, and the relatively simple nature of finishing operations, we determine that unfinished and finished class 150 SST pipe fittings comprise a single like product.[24]

B. Whether the Like Product Includes All Classes of Stainless Steel Threaded Pipe Fittings

In addition to class 150, SST pipe fittings are produced in classes 2000, 3000, 6000 and 9000 (collectively "extra-heavy fittings"). Extra-heavy fittings have thicker walls for each pipe size than class 150 fittings and are used for more severe temperature and pressure applications or where highly toxic materials are handled.[25]

Petitioners argue that extra-heavy fittings are not "like" class 150 SST fittings. They stress that extra-heavy fittings are produced to different specifications, are used in more rigorous piping system environments, and are considerably more expensive than class 150 fittings.[26] Respondents do not

---

[23] Cf. Stainless Steel Flanges from India and Taiwan, Inv. Nos. 731-TA-639-640 (Preliminary), USITC Pub. 2600 at 8-9 (Feb. 1993) (no independent market where unfinished flanges were sold only to converters).

[24] Commissioner Brunsdale would like to explore this issue further in a final investigation. Since petitioners do not produce unfinished fittings and instead import them from abroad, she believes that the economic effect of imports of finished fittings, a competing product, may be very different than the economic effect of imports of unfinished fittings, an input into finished fittings. We have little information about any domestic producers of unfinished fittings, and no information about imports of unfinished fittings from Taiwan. Therefore, for the purpose of this preliminary investigation, she finds one like product.

[25] Report at I-4.

[26] Petitioners' Post-Conference Brief at 15; Tr. at 31-32.

disagree with this analysis.[27]

While class 150 and extra-heavy SST fittings share a number of physical characteristics, such as alloy composition, corrosion resistance, availability in the same general shapes, and threading designed to assure leak-free connections to the same sized pipes,[28] extra-heavy fittings have significantly thicker walls for the same diameter.[29] Moreover, while class 150 fittings tend to be used in welded pipe systems, extra-heavy fittings are generally used in seamless pipe systems typical to higher pressure environments.[30]

All SST pipe fittings are used to connect pipes in process piping systems in which corrosion resistance or avoidance of metal contamination are required; the additional wall thickness of extra-heavy fittings, however, makes them suitable for high pressure applications such as nuclear power stations, steam generating plants, and petrochemical plants.[31] Extra-heavy fittings may be substituted for class 150 fittings in uses where the latter are specified, but such substitution is not practical, due to their much higher cost. By contrast, class 150 SST fittings cannot safely be substituted in applications that require extra-heavy fittings.[32]

Petitioners concede that class 150 and extra-heavy SST pipe fittings are sold through the same channels of distribution[33] and that equipment used to manufacture forged class 150 SST fittings can also be used to make classes 2000, 3000 and sometimes 6000 SST fittings after a "relatively routine setup change."[34] While many class 150 SST fittings are made from castings,

---

27 Respondents' Joint Post-Conference Brief at 24-25.
28 Tr. at 32-33; Petition, Appendix O at 135.
29 Report at I-4.
30 Report at I-4.
31 Report at I-4; Tr. at 31-32.
32 Report at I-8; Tr. at 31-32.
33 Tr. at 31-32.
34 Tr. at 33-34.

however, extra-heavy fittings are made only from forgings.[35] Moreover, extra-heavy SST fittings are priced significantly higher than class 150 SST fittings.[36]

We determine, for purposes of this preliminary investigation, that extra-heavy SST pipe fittings are not like class 150 SST pipe fittings. We therefore find one like product consisting of class 150 SST pipe fittings. We intend, however, to gather data concerning extra-heavy fittings and to reexamine this issue in any final investigation.[37]

III. DOMESTIC INDUSTRY AND RELATED PARTIES

The principal question in defining the domestic industry is whether domestic producers' processing of imported, nonsubject Israeli castings into finished class 150 SST pipe fittings should be classified as domestic production.

No party contends that petitioners are not domestic producers. Approximately one-third of petitioners' shipments are comprised of purchased castings (principally imported from Israel) on which they perform finishing operations, while more than sixty percent of their shipments are the products of an integrated production process starting with forgings or bar stock.[38] Respondents concede that CAMCO and ASP are domestic producers by reason of

---

[35] Tr. at 31-32.

[36] For example, petitioners testified that a one inch 2000 pound threaded 90 degree elbow would sell for three to four times more than a class 150 threaded 90 degree elbow. Tr. at 50. This price differential may be partly accounted for by the higher stainless steel content of thicker-walled fittings, since, as all parties agree, the cost of the stainless steel makes up as much as 65-70 percent of the total cost of production of a finished SST pipe fitting. Tr. at 49, 98.

[37] Cf. Certain Compact Ductile Iron Waterworks Fittings and Accessories Thereof from the People's Republic of China, Inv. No. 731-TA-621 (Final), USITC Pub. 2671 (Aug. 1993)(Commission included pipe fittings of a larger diameter in the like product than the fittings included in Commerce's scope)

[38] Report at I-6, I-13; Tr. at 12-13, 38, 106-107. While most of the castings finished by CAMCO and ASP are imported from Israel, a small amount are domestic. Tr. at 14.

their integrated production activities.[39]

We find that the domestic industry in this investigation consists of all producers of the like product, including CAMCO and ASP.[40] Nevertheless, we still consider whether CAMCO and ASP's shipments of finished pipe fittings made from imported castings should be considered "domestic" shipments.[41]

In analyzing whether certain types of finishing operations constitute domestic production, the Commission applies the same methodology that it uses to determine whether a company is a domestic producer, which focuses on the overall nature of its production-related activities in the United States.[42] No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation.[43]

In this investigation, the record does not indicate the extent of domestic producers' investment in finishing operations devoted to imports.

---

[39] Respondents' Joint Post-Conference Brief at 3 n.1.

[40] We note that, in past investigations, the Commission has included in the domestic industry all producers, regardless of whether they were fully integrated producers or converters of unfinished pipe fittings. See, e.g., Carbon Steel Butt-Weld Pipe Fittings from China and Taiwan, Inv. Nos. 731-TA-520-521 (Final), USITC Pub. 2528 at 7 (June 1992); Stainless Steel Flanges from India and Taiwan, Inv. Nos. 731-TA-639-640 (Preliminary), USITC Pub. 2600 at 10 n.33 (Feb. 1993); Sandvik AB v. United States, 721 F. Supp. 1322, 1330-31 (Ct. Int'l Trade 1989) (domestic industry defined as integrated producers and redrawers), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990).

[41] See Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520-521 (Final), USITC Pub. 2528 at 6-7 (June 1992) (Commission considered whether finishing of imports by domestic producer that also engaged in integrated production was domestic production).

[42] Specifically, the Commission examines six factors: (1) the source and extent of the firm's capital investment; (2) the technical expertise involved in U.S. production activities; (3) the value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. See, e.g., Silicon Carbide from the People's Republic of China, Inv. No. 731-TA-651 (Preliminary), USITC Pub. 2668 at 13 (Aug. 1993); Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520 and 521 (Final), USITC Pub. 2528 (June 1992).

[43] Certain Personal Word Processors from Japan, Inv. No. 731-Ta-483 (Final), USITC Pub. 2411 at 18-19 (Aug. 1991).

The asset values reported also include assets dedicated to forging unfinished fittings, and only about a third of the finishing performed is on imported castings. The total investment in SST pipe fitting operations, however, is significant.[44] The finishing process does not appear to require substantial technical expertise, but the value added by finishing operations is within the range the Commission has found to constitute domestic production in the past.[45] The record does not indicate how much of domestic producers' employment is dedicated to finishing imported castings, but the number of workers employed is likely to be low (in an industry characterized by low overall employment) since much of the finishing work is automated.[46]

On balance, based on the record in this preliminary investigation, we conclude that application of the six factors to petitioners' domestic finishing operations indicates that they are engaging in domestic "production" and that these operations should not be excluded from petitioners' data.[47] [48]

IV. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is a reasonable indication of material injury

---

[44] Report at I-6, I-17, Table 11.

[45] Report at I-6, I-16.

[46] Report at I-6.

[47] We will seek additional information on this issue in any final investigation.

[48] Neither of the petitioners is related to any importer of the subject merchandise nor has either imported or purchased the subject merchandise. Report at I-10, Table 1. However, Schnitzer Alloy Products ("Schnitzer"), a domestic producer that ceased operating in May of 1993, produced about *** percent of its output of class 150 SST pipe fittings using castings imported from Taiwan. Report at I-12. Although Schnitzer is technically a related party within the meaning of 19 U.S.C. § 1677(4)(B), the question whether to exclude its data does not arise as a practical matter, since Schnitzer was not able to respond to the Commission's questionnaire. In any event, based on Schnitzer's significant share of domestic production (approximately *** percent in 1992) (Report at I-9), because Schnitzer's principal interest appears to have been in domestic production rather than in importation, and because it does not appear to have been shielded from the effects of imports, we conclude, for purposes of this preliminary investigation, that "appropriate circumstances" do not exist to exclude Schnitzer from the domestic industry. 19 U.S.C. § 1677(4)(B).

to a domestic industry by reason of allegedly dumped imports, the Commission is instructed to consider all relevant economic factors which have a bearing on the state of the industry in the United States. These include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital and research and development. No single factor is determinative, and we consider all relevant factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[49] In evaluating the condition of the domestic industry, we look at the domestic industry as a whole.[50]

One condition of competition affecting this industry is that the demand for class 150 SST pipe fittings depends on the demand for process piping systems in certain plants. While demand for these products increased between 1990 and 1991, it fell in 1992 to a level similar to that of 1990.[51] [52]

Apparent U.S. consumption of class 150 SST pipe fittings on the basis of quantity increased by 5.4 percent from 1990 to 1991 but declined by 11.1 percent from 1991 to 1992, resulting in a 6.2 percent decrease over the period

---

[49] 19 U.S.C. § 1677(7)(C)(iii). No argument addressing the business cycle was raised by any of the parties to this investigation, nor did the Commission receive any information relevant to such considerations.

[50] Welded Steel Pipe from Malaysia, Inv. No. 731-TA-644 (Preliminary), USITC Pub. 2620 at 19-20 and n.79 (Apr. 1993) ("The Commission may take into account the departures from an industry or the unique circumstances of individual companies, but ultimately must assess the condition of the industry as a whole, and not on a company-by-company basis."), citing Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 735 (Ct. Int'l Trade 1989).

[51] Report at I-24.

[52] We also note that the data discussed below do not account for the operations of Schnitzer Alloy, a third full-line domestic producer that exited the industry in May of 1993. Commission staff contacted former employees of Schnitzer Alloy, who were unable to respond to the Commission's questionnaire. The Commission also did not obtain questionnaire responses from Dasson Stainless Products Company, a small domestic producer of bar stock-type fittings, or from Penncast Corporation and CMI Quaker Alloy, domestic producers of unfinished fittings. In any final investigation, we will seek data concerning the domestic operations of these companies and the extent of Schnitzer Alloy's imports of unfinished class 150 SST fittings from Taiwan.

1990-1992. Apparent consumption in interim (January-June) 1993 was 12.5 percent higher than in the same period of 1992.[53]

U.S. production of class 150 SST pipe fittings decreased significantly from 1990 to 1991, then rose slightly from 1991 to 1992. Production was higher in interim 1993 than in interim 1992.[54] Average-of-period capacity utilization fell by more than ten percent from 1990 to 1991, recovering somewhat in 1992, and was much higher in interim 1993 than in interim 1992.[55] Production capacity for the producers responding to the Commission's request for information remained constant over the period.[56]

U.S. producers' total U.S. shipments of class 150 SST pipe fittings declined slightly from 1990 to 1992, but were higher in interim 1993 than in interim 1992.[57] The average unit value of U.S. producers' shipments of class 150 SST pipe fittings declined steadily from 1990 to 1992. Unit values were lower in interim 1993 than in interim 1992, ending the period at a level almost as low as for full-year 1992.[58]

U.S. producers' end-of-period inventories of class 150 SST pipe fittings decreased from 1990 to 1992 and continued to decline between the interim periods.[59] The ratio of U.S. producers' inventories to their total shipments

---

53 Report at I-9 and Table 1. Specifically, apparent consumption rose from *** pounds in 1990 to *** pounds in 1991, before falling to *** pounds in 1992. Apparent consumption was *** pounds in interim 1993, compared with *** in interim 1992.

54 Report at I-13 and Table 3. Production trends were as follows: ***.

55 Report at I-13, Table 3. Average-of-period capacity utilization trends were as follows: ***. We discount the increase in petitioners' capacity utilization in interim 1993, which appears to be due to sales gained when Schnitzer Alloy exited the industry. See Petitioners' Post-Conference Brief at 10-11.

56 Report at I-13. Total domestic production capacity declined, however, if the exit of Schnitzer Alloy Products is taken into account.

57 Report at I-13-I-14 and Table 4. U.S. producers' total U.S. shipments were as follows: ***.

58 Report at I-13-I-14 and Table 4. Unit values were as follows: ***.

59 Report at I-14-I-15 and Table 6. U.S. producers' inventories were as follows: ***.

decreased over the period of investigation.[60]

The average number of production and related workers producing class 150 SST pipe fittings for producers responding to the Commission's questionnaire declined significantly during 1990 to 1992, recovering slightly between the interim periods.[61] Hours worked by such workers declined moderately from 1990 to 1992, but recovered somewhat in interim 1993.[62] Wages paid to production and related workers by U.S. producers declined irregularly from 1990 to 1992, but increased between the interim periods.[63] Hourly total compensation increased over the period of investigation.[64]

Net sales of U.S. producers of class 150 SST pipe fittings declined from 1990 to 1991, rose slightly in 1992, and were higher in interim 1993 than in interim 1992.[65] The per-pound average sales value fell steadily over the period and was lower in interim 1993 than in interim 1992.[66] U.S. producers realized positive operating income in each period; however, the operating income margin decreased in each comparative period, falling substantially over

---

60 Report at I-14-I-15 and Table 6. The ratios of U.S. producers' inventories to their total shipments were as follows: ***.

61 Report at I-15 and Table 7. The trends regarding the number of production and related workers were as follows: ***. We note that these figures do not reflect the additional loss of employment caused by Schnitzer Alloy's exit from the industry.

62 Report at I-15 and Table 7. Hours worked by production and related workers were as follows: ***.

63 Report at I-15 and Table 7. Trends regarding wages paid were as follows: ***.

64 Report at I-15 and Table 7.

65 Report at I-16, Table 9. Net sales were as follows: ***. We give little weight to the upswing in production and sales in interim 1993, which may be attributed to customers replenishing inventories (which were low in the face of declining prices) in anticipation of an antidumping petition. In addition, some of the domestic producers' increased sales may reflect the exit of Schnitzer Alloy Products from the market in the first half of 1993, which permitted the remaining domestic producers to gain sales. See Petitioners' Post-Conference Brief at 10-11.

66 Report at I-16-I-17, Table 10. Net sales value on a per-pound basis were as follows: ***.

the entire period of investigation.[67] Net income before taxes as a percent of net sales also fell dramatically over the period.[68]

Due in some measure to the relatively low book value of U.S. producers' assets, assets earned high rates of return.[69] Capital expenditures on class 150 SST pipe fittings were minimal, but rose toward the end of the period of investigation as did the value of total assets.[70] Domestic producers indicated some reluctance to pursue investments in the business due to competition from low-priced imports, but did not identify any specific expansion plans that had been jeopardized.[71] [72]

V. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGED LTFV IMPORTS

In a preliminary antidumping investigation, the Commission is to determine whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[73] The Commission must consider the volume of imports, their effect on prices for the like product, and their impact on domestic producers of the like product.[74] Although the Commission may consider causes of injury

---

[67] Report at I-16, Table 9. The operating income margin trends were as follows: ***. Respondents claim any decline in gross margins is due to ***. While the Commission may consider individual producer data in certain circumstances, its determination under the statute must relate to the domestic industry as a whole, not its individual components. See, e.g., United Engineering & Forging v. United States, 779 F. Supp. 1375, 1391 (Ct. Int'l Trade 1991); Copperweld Corp. v. United States, 682 F. Supp. 552, 569 (Ct. Int'l Trade 1988). In any event, we note that individual company data show ***. Report at I-16.

[68] Report at I-16, Table 9. Net operating income trends before taxes as a percent of net sales were as follows: ***.

[69] Report at I-17 and Table 11.

[70] Report at I-17, Tables 11 & 12.

[71] Report at Appendix D.

[72] Based on their analysis of these indicators, Chairman Newquist and Commissioner Rohr find a reasonable indication that the domestic industry is experiencing material injury.

[73] 19 U.S.C. § 1673b(a).

[74] 19 U.S.C. § 1677(7)(B)(i).

other than the LTFV imports, it is not to weigh causes.[75] [76] For the reasons discussed below, we find that there is a reasonable indication that the domestic industry producing class 150 SST pipe fittings is materially injured by reason of alleged LTFV imports of class 150 SST pipe fittings from Taiwan.

The volume of imports[77] of class 150 SST pipe fittings from Taiwan increased from 1,468,856 pounds in 1990 to 1,926,875 pounds in 1991 or by 31.2 percent. Imports fell to 1,453,842 pounds in 1992.[78] Imports were 29 percent higher in interim 1993 than in interim 1992.[79] By value, imports of class 150 SST pipe fittings from Taiwan followed the same pattern, rising from $7,618,000 in 1990 to $9,822,000 in 1991 before falling to $6,275,000 in 1992. Imports by value were $4,671,000 in interim 1993, compared with $3,016,000 in

---

[75] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. at 1101. Chairman Newquist, Commissioner Rohr and Commissioner Nuzum further note that the Commission need not determine that imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249, at 57, 74. Rather, a finding that imports are a cause of material injury is sufficient. See, e.g., Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741 (Ct. Int'l Trade 1989); Citrosuco Paulista, SA v. United States, 704 F. Supp. at 1101.

[76] Views on the proper standard of causation of Vice-Chairman Watson and of Commissioner Brunsdale and Commissioner Crawford (jointly) were recently set out in Aramid Fiber Formed of Poly Para-Pheylene Terephthalamide from the Netherlands, Inv. No. 731-TA-652 (Preliminary), USITC Pub. 2672 at 18 nn.57 & 58 (Aug. 1993).

[77] We note that the import data received from firms responding to our questionnaire account for about 60 percent of U.S. imports of class 150 SST pipe fittings. Several importers, including one large importer, failed to return completed questionnaires. Report at I-22. While their imports have been estimated for purposes of this preliminary investigation, in any final investigation we will take steps to obtain more complete import data.

[78] Report at I-22, Table 15. Respondents claim that the spike in imports in 1991 was an anomaly caused by an aggressive new entrant that obtained a substantial inventory of Taiwanese fittings over a short period of time, filed for bankruptcy within a year, sold off its inventory at low prices, and exited the market. Respondents' Joint Post-Conference Brief at 13. We note that neither an increase in imports nor an increase in market share is required for an affirmative determination. Rather, the statute instructs the Commission to assess the significance of the volume or share of imports. 19 U.S.C. § 1677(7)(C)(i); Iwatsu Electric Co. v. United States, 758 F. Supp. 1506, 1513-14 (Ct. Int'l Trade 1991); USX Corp. v. United States, 655 F. Supp. 487, 490 (Ct. Int'l Trade 1987).

[79] Report at I-22, Table 15. Imports were 923,582 pounds in interim 1993, compared with 715,769 pounds in interim 1992.

interim 1992, an increase of nearly 55 percent.[80]

In terms of both quantity and value, the market share held by the subject imports rose sharply from an already substantial percentage (*** and *** percent, respectively) in 1990 to a significantly higher percentage (*** and *** percent, respectively) in 1991. In 1992, market share by quantity and value fell to *** and *** percent, respectively, but remained above 1990 levels. Import market share was significantly higher in interim 1993 than in interim 1992.[81] Particularly in light of their high market share, we find the volume of the subject imports to be significant.

Prices for all five products for which the Commission collected data trended downward over the period of investigation, with importers' prices falling farther and faster than domestic producers' prices in almost every case.[82] The pricing data show significant underselling by the subject imports in all sixty instances in which usable comparisons were possible, with margins ranging from 20.7 to 55.7 percent.[83] [84] Moreover, the unit value of the imported class 150 SST pipe fittings declined steadily from $5.19 per pound in 1990 to $4.32 in 1992, a decrease of 16.8 percent. Unit value was $5.06 in interim 1993, compared with $4.21 in interim 1992.[85]

Substitutability between the domestic like product and subject imports is also a factor we considered. The more substitutable the alleged LTFV imports are with the domestic like product, the more likely consumers will

---

80 Report at I-22, Table 15.

81 Report at I-24, Table 16. By quantity and value, market share was ***.

82 Report at I-27-I-29 and Tables 17-21.

83 Report at I-29 and Tables 17-21.

84 Commissioner Brunsdale and Commissioner Crawford do not rely on the underselling data in this case. Since many purchasers indicated that the Taiwanese imports are of lower quality than the domestic like product, the fact that they are priced lower than the domestic like product does not necessarily indicate that material injury is by reason of the dumped imports. See Report at 59.

85 Report at I-22, Table 15.

base their purchasing decisions on price differences between the products. Respondents argue that Taiwanese class 150 SST fittings are of lower quality than domestic class 150 SST fittings and that these quality differences are reflected in two different market segments for class 150 SST pipe fittings.[86] In addition, there is a small portion of the market that will only purchase domestic fittings despite their higher prices due to "Buy American" laws and preferences.[87] Thus, although they concede that Taiwanese imports undersell the domestic product by "significant" margins, respondents contend that domestic producers' ability to maintain a price premium over imports confirms the argument that domestic and Taiwanese fittings serve different market segments and demonstrates that the price of Taiwanese fittings has no effect on the prices charged by domestic producers.[88]

Petitioners counter that Taiwanese products are promoted in the United States as meeting the same specifications adopted by petitioners; that there are no consistent, observable physical differences between domestic and

---

[86] Respondents' Joint Post-Conference Brief at 17, 20. In addition to the pressure rating, the quality determinants for class 150 SST pipe fittings are chemistry (proper heat treating of the stainless steel, which ensures its corrosion resistance), evenness of the threading, and wall thickness. Report at I-6; Tr. at 11-12. The asserted quality differences are not said to arise from any functional defect in the Taiwanese products; rather, respondents contend that the domestic product is overbuilt, exceeds the necessary performance requirements for a class 150 fitting, and is produced using expensive forgings or bar stock, while Taiwanese producers, using an inexpensive casting process, make a much lighter-walled product, which is perfectly serviceable in less rigorous applications. Respondents' Joint Post-Conference Brief at 17-19; Tr. at 63-64, 66, 72-74, 77, 83, 115-116. There are no ASTM or ANSI standards expressly applicable to class 150 SST pipe fittings, and they contend that the specifications adopted by petitioners are based on ASTM and ANSI standards applicable to fittings destined for more rigorous applications and exceed the performance requirements of as many as 70 percent of purchasers of class 150 SST fittings. Report at I-6; Tr. at 97-98.

[87] Respondents' Joint Post-Conference Brief at 21; Tr. at 49.

[88] Respondents' Joint Post-Conference Brief at 9-11. Respondents also emphasized that petitioner CAMCO recently instituted 6 to 12 percent price increases on its class 150 SST pipe fittings. Tr. at 67 and Conf. Exhibit 1.

imported fittings; and that consumers perceive them as substitutes.[89] Since, in petitioners' view, class 150 SST pipe fittings are standardized products, price competition is "a major determinant of sales success."[90]

For purposes of this preliminary investigation, we note that there appears to be a reasonable degree of substitutability between the products.[91] While respondents contended that there are readily observable differences in weight and wall thickness between domestic and Taiwanese fittings, our data reveal no systematic differences.[92] Moreover, evidence of record indicates that some distributors place all class 150 SST pipe fittings of the same shape, size and alloy in a single bin, making no distinction unless a customer specifies a domestic fitting, and some end users mix Taiwanese and domestic fittings in the same piping systems.[93] Clearly, domestic fittings can be used in all instances where Taiwanese fittings are currently being used. Accordingly, while we intend to gather additional information on this issue in any final investigation, we preliminarily conclude that domestic and Taiwanese class 150 SST pipe fittings are substitutable in some market segments.

In light of the reasonable degree of substitutability, coupled with declining domestic prices and relatively low and declining import prices, we find a reasonable indication that the significantly lower prices of the allegedly LTFV imports have depressed domestic prices. We also find a

---

89 Report at I-25; Tr. at 29-30, 103-106. They also argue, however, that the Taiwanese product is inferior to the domestic product because of defects or "shortcuts" in heat treating, uneven threading or the like and that the domestic product is clearly superior in quality to the Taiwanese product. Tr. at 34.

90 Petitioners' Post-Conference Brief at 6-7.

91 Chairman Newquist notes that in most investigations the like product analysis and determination based on characteristics and uses establishes a reasonable degree of substitutability, thus further inquiry into substitutability issues is usually not warranted.

92 Report at I-26; Tr. at 63-65.

93 See, e.g., Petitioner's Post-Conference Brief, Appendix B, letter from *** and Affidavit of ***.

reasonable indication that the lower prices have enabled those imports to increase or maintain volume and market share in a declining market at the expense of the domestic product, resulting in an adverse impact on the domestic industry reflected in declining production, employment, and profitability.[94]

CONCLUSION

Based on the information of record in this preliminary investigation, we determine that there is a reasonable indication that the domestic industry producing class 150 SST pipe fittings is materially injured by reason of imports of alleged LTFV imports from Taiwan. We base this conclusion particularly on the significant volume and market share of subject imports and their low and declining prices, viewed in light of the decline in the domestic industry's performance during the period examined as reflected in declining production, employment, and profitability.

---

[94] Commissioner Brunsdale and Commissioner Crawford note that the alleged dumping margin in this case ranges from 2.84 to 146.89 percent. Thus, if imports were fairly traded, there is a reasonable indication that they would be priced significantly higher. Given their inferior quality, it is unlikely that Taiwanese pipe fittings could be sold in the United States at that higher price. See Report at 59. Since the domestic like product appears to be a good substitute for the allegedly dumped imports, it is likely that sales of the domestic like product would increase significantly if the subject imports were fairly traded.

INFORMATION OBTAINED IN THE INVESTIGATION

INTRODUCTION

On August 2, 1993, petitions were filed with the U.S. International Trade Commission (the Commission) and the U.S. Department of Commerce (Commerce) by counsel on behalf of Alloy Stainless Products Company (ASP), Totowa, NJ; and Capitol Manufacturing Company (Capitol), Columbus, OH. The petitions allege that an industry in the United States is materially injured, and threatened with material injury, by reason of imports of class 150 stainless steel threaded pipe fittings[1] from Taiwan that are allegedly being sold in the United States at less than fair value (LTFV).

Accordingly, effective August 2, 1993, the Commission instituted investigation No. 731-TA-658 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of the allegedly LTFV imports of class 150 stainless steel threaded pipe fittings into the United States.

Notice of the institution of this investigation and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of August 6, 1993 (58 F.R. 42105). Commerce published its notice of initiation in the *Federal*

---

[1] For purposes of this investigation, class 150 stainless steel threaded pipe fittings are defined as cast or forged stainless steel products used to connect pipe sections, with an ability to withstand normal pressure service (150 pounds per square inch (psi) at 350°F and 300 psi at -20 to 150°F) as well as resistance to corrosion or extreme temperatures, or prevention of metallic contamination to materials in the system. Included in the scope of this investigation are both finished and unfinished class 150 stainless steel threaded pipe fittings of any size. Unfinished class 150 stainless steel threaded pipe fittings are defined as those products that have been advanced after casting or forging, but which require threading and machining to finish the fittings; finished class 150 stainless steel threaded pipe fittings are defined as those products that have been formed in the shape of elbows, tees, reducers, etc. and have been further advanced after casting or forging, and require no further processing to be acceptable as a finished product to the end user. Class 150 stainless steel threaded pipe fittings are composed of alloys including, but not limited to, 304 and 316, and are manufactured in the shape of 90-degree elbows, 45-degree elbows, street elbows, tees, crosses, couplings, reducing couplings, half-couplings, caps, square head plugs, hex head plugs, hex bushings, unions, locknuts, and welding spuds. Excluded from the scope of investigation are stainless steel pipe fittings manufactured in the shape of nipples. Class 150 stainless steel threaded pipe fittings are classified in subheadings 7307.19.90, 7307.22.10, 7307.22.50, and 7307.29.00 of the Harmonized Tariff Schedule of the United States (HTS).

Register of August 30, 1993 (58 F.R. 45482).[2] The conference was held on August 23, 1993,[3] and the Commission's vote in this investigation was held on September 13, 1993. The statute directs that the Commission make its determination in this investigation within 45 days after receipt of the petition, or by September 16, 1993.

A summary of the data collected in this investigation is presented in appendix C.

THE PRODUCT

Description

Class 150 stainless steel threaded pipe fittings are products used to connect pipe sections in piping systems where conditions require non-permanent, threaded connections and the ability to withstand normal pressure service (150 psi at 350°F and 300 psi at -20 to 150°F) as well as resistance to corrosion or extreme temperatures, or prevention of metallic contamination to materials in the system. The threaded ends of the fittings, which screw onto threaded pipe ends, distinguish them from other types of pipe fittings such as butt-weld, grooved, or bolted fittings, which rely on different fastening methods. Other classes of threaded stainless fittings include classes 2000, 3000, 6000, and 9000, which have thicker walls for each pipe size and are used for more severe temperature and pressure situations, or where highly toxic materials are handled, such as in nuclear applications where thicker walls are required for safety. Additionally, classes 2000 and higher tend to be used with seamless pipe systems (which are used in higher pressure applications), whereas class 150 fittings tend to be used in welded pipe systems.[4]

Class 150 threaded stainless steel fittings are most commonly produced in sizes ranging from one eighth inch to four inches, nominal pipe size, and are manufactured in several types and configurations (figure 1). Elbows are two-outlet fittings that have either a 45-degree or a 90-degree angle, tees are T-shaped fittings having three outlets, crosses have four outlets, and bushings are two-outlet fittings that connect a smaller pipe to a larger fitting. Caps and plugs are used to seal the end of a pipe, couplings are internally threaded two-outlet fittings used to connect pipe in a straight line, and unions are three-piece straight line fittings that permit changes with minimal movement of the pipes around the fitting. Locknuts and welding spuds (not pictured) are specialized products used for tank applications. Each of these product categories encompasses a wide range of fittings that may vary by size, alloy type, or intended application. Not included in this investigation are stainless steel nipples, a type of two-outlet straight fitting having exterior threading at each end.

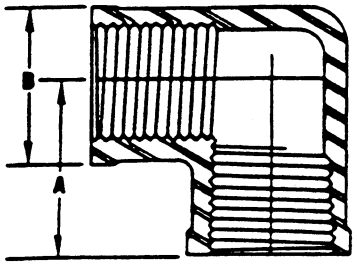
---

[2] Copies of the Commission's and Commerce's notices are presented in appendix A.

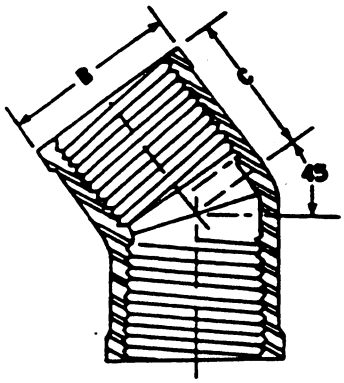
[3] A list of participants at the conference is presented in appendix B.

[4] Transcript of staff conference of August 23, 1993 (conference transcript), p. 32.

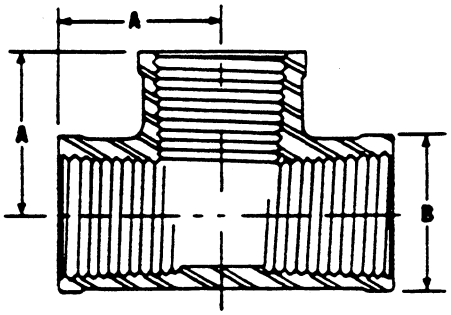
Figure 1. Typical class 150 stainless steel threaded fittings



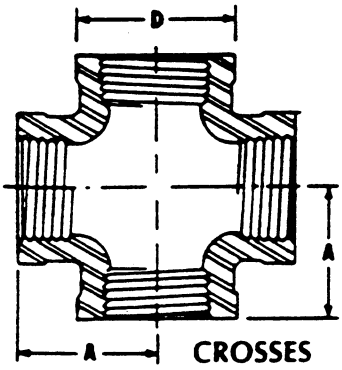
90° ELBOWS



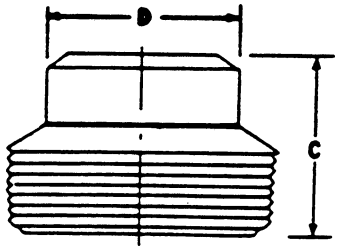
45° ELBOWS



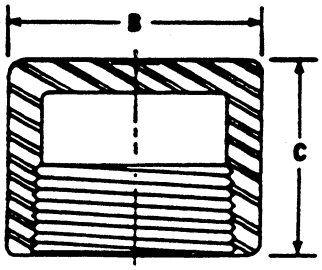
TEES



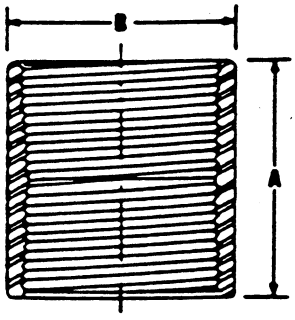
CROSSES



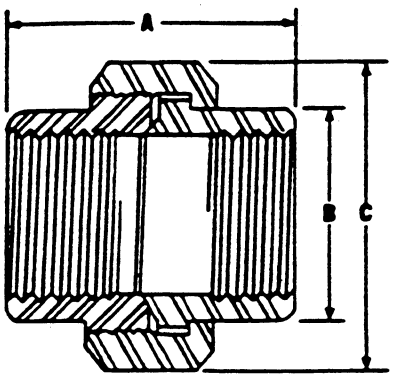
SQUARE HEAD PLUGS



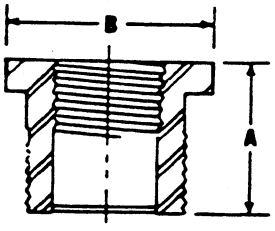
CAPS



COUPLINGS



UNIONS



HEX BUSHINGS

Threaded fittings are produced from various types of steel: carbon steel, alloy steel, and stainless steel. For tariff purposes, the term "stainless steel" includes by definition all grades of steel containing 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The types of stainless steel most commonly used in threaded fittings are stainless alloy 304, used for most applications, and stainless alloy 316, which contains molybdenum and is used in higher temperature applications.

Manufacturing Process

In the United States, approximately one-third of the class 150 stainless threaded fittings are produced from castings[5] which are in the shape of the final fitting, but have not been finished or threaded. The remaining two-thirds of production are made either from forgings, which have the outside shape of the final fitting but are of solid metal, requiring hollowing (to make the waterway) and threading, or from bar stock, which are straight pieces of steel bar requiring cutting, hollowing, and threading.

For fittings made from castings, usually shapes such as elbows, tees, etc., the raw casting is machined (to ensure that the waterway is at the true center), threaded, degreased of lubricant, inspected, and packed. U.S. producers indicate that virtually all of the castings used in this process are imported as unfinished fittings from Israel, although a small amount are made from U.S. castings for those customers having "Buy America" purchasing programs.[6] Fittings made from forgings, primarily shapes in the smaller sizes, are manufactured in a similar process, with the addition of boring and machining to hollow the center of the pipe fitting. Virtually all the raw forgings used are produced in the United States. Fittings made from stainless steel bars, primarily straight pieces such as couplings and unions, are cut to size as well as being bored, machined, and threaded, usually on automatic equipment.

Although there are no official standards for the production of class 150 stainless steel threaded fittings, the major U.S. producers state that their fittings conform to certain aspects of manufacturing standards developed for other steel products. These standards include American Society for Testing and Materials (ASTM) A-351 for heat-treatment requirements as well as chemical and physical characteristics, American National Standards Institute (ANSI) B-16.3 for thickness and alignment dimensions, and ANSI B-1.20.1 for threading dimensions. According to domestic manufacturers, referencing these standards assures that the product is corrosion resistant, does not have undersized wall thicknesses, and does not have improper thread alignment.[7] According to industry officials, little difference exists between the production techniques and machinery used by domestic and Taiwanese sources.[8]

---

[5] Conference transcript, p. 13.
[6] Conference transcript, p. 49.
[7] Capitol literature.
[8] Conference transcript, p. 14.

End Uses

The subject fittings are generally used for process piping systems such as those in chemical plants, petrochemical plants, pharmaceutical plants, food-processing facilities, breweries, cryogenic plants (including basic oxygen furnace steel processing), waste-treatment facilities, and pulp and paper production facilities. About 40 percent of domestic fittings are shipped to chemical processing plants.[9] Fittings from Taiwan are used heavily in the pulp and paper processing industry, whereas certain industries, such as those working with nuclear elements, primarily purchase U.S.-manufactured products.[10]

Imported and Domestic Product Comparison

As noted, the domestic product is produced to a set of three standards which require heat treatment, certain wall thicknesses and other dimensions, and certain thread alignments. Industry officials state that meeting these standards is required to assure that there will be no fitting failures which, since many stainless piping systems carry caustic chemicals, could result in bodily harm. Industry officials also argue that according to invoices, Taiwanese class 150 fittings sold in the United States are manufactured in accordance with these same standards.[11] Although both parties state that the U.S. product is viewed by the consumer as being of higher quality than Taiwanese fittings, U.S. industry officials argue that the Taiwanese products compete in all markets in terms of use and quality.[12] Petitioners state that U.S. and Taiwanese fittings are used interchangeably, are often installed in the same plants, and are promoted as being comparable.[13]

Respondents state that because there are no official standards, their fittings are manufactured to meet the specified requirements of their customers.[14] They argue further that the Taiwanese fittings are economical because they are lower-cost products and have lighter walls, rather than being overbuilt relative to their intended end use.[15] Most Taiwanese products are manufactured from castings, rather than forgings or bar stock.[16] Respondents state that U.S. products cost more to manufacture and are shipped to a market

---

[9] Conference transcript, p. 19.
[10] Conference transcript, p. 101.
[11] Conference transcript, p. 12.
[12] Conference transcript, p. 30.
[13] Petitioners' post-conference brief, p. 18.
[14] Conference transcript, p. 63.
[15] Conference transcript, p. 65.
[16] Counsel for respondents argues that unlike petitioners who produce a broad range of forged, bar stock, and heavy cast fittings, Taiwan producers produce and import into the United States only light-walled/lightweight cast fittings. (Joint post-conference brief of Yih Tai Industries, Enlin Steel, and Merit Brass, p. 18.)

segment which is comprised of customers with customized specifications or stringent operating requirements, and some customers with "Buy America" procurement programs.[17]

Substitute Products

Class 150 stainless steel threaded pipe fittings compete to a limited extent with butt-weld, grooved, and bolted fittings, although the need to disconnect pipe sections for replacement, change of piping configuration, or cleaning reduces the substitutability of butt-weld fittings. Class 2000 and higher pipe fittings can be substituted in some cases but are substantially higher-priced than the class 150 fittings. Plastics (high-density polyethylene, polyvinylchloride) cannot be used in high-pressure or high-heat applications, but could be utilized in systems that carry fluids under lower pressures and temperatures.[18] Carbon steel or iron threaded pipe fittings are not considered by purchasers to be directly competitive with stainless fittings, primarily because of temperature and corrosion-resistance requirements.

U.S. Tariff Treatment

Imports of the subject stainless steel threaded fittings are classified under HTS subheadings 7307.19.90, 7307.22.10, 7307.22.50, and 7307.29.00. No distinctions are made in the HTS between unfinished and finished stainless steel threaded pipe fittings, or between fittings of different sizes or pressure ratings. The column 1-general rate of duty on stainless steel threaded fittings (including those from Taiwan) is 6.2 percent ad valorem; the rate for products from Israel is zero under the U.S.-Israel Free Trade Agreement; the rate for products from Canada is 3.1 percent ad valorem and is scheduled to be phased down to zero by January 1, 1998, under the U.S.-Canada Free Trade Agreement. The column 2 rate for stainless threaded fittings is 45 percent ad valorem.

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On the basis of comparisons of the United States price (USP) with the foreign market value (FMV), the petitioners estimated LTFV margins to be between 4 percent and 169 percent. Petitioners based USP on c.i.f. U.S. port prices quoted from a Taiwanese manufacturer/exporter of class 150 stainless steel threaded pipe fittings to an unrelated U.S. customer, and they based FMV on home market price quotes for identical merchandise, exclusive of value added tax (VAT), contained in a market survey. Commerce made corrections to petitioners' calculations by making a circumstance of sale adjustment for differences in credit expenses and by recalculating the amount of VAT that would be applicable to home market sales. The range of dumping margins based

---

[17] Conference transcript, p. 66.
[18] Conference transcript, p. 55.

on price-to-price comparisons for class 150 stainless steel threaded pipe fittings from Taiwan, on the basis of Commerce's recalculation, is 2.84 percent to 146.89 percent.

THE U.S. MARKET

Apparent U.S. Consumption

Data on apparent consumption of class 150 stainless steel threaded pipe fittings are presented in table 1. Total U.S. consumption, by quantity, increased by 5.4 percent from 1990 to 1991 but declined by 11.1 percent from 1991 to 1992, accounting for a 6.2-percent decrease during 1990-92. Between the interim periods, apparent consumption increased 12.5 percent. In terms of value, apparent consumption declined steadily (by a total of 18.1 percent) from 1990 to 1992, but increased 27.0 percent between the interim periods.

Respondents argue that the upsurge in the market during 1991 was largely attributed to speculative buying on the part of an extremely aggressive newcomer to the marketplace who established his initial inventory position in that year. ***. Respondents argue that these sales of inventories substantially depressed U.S. prices for similar light-walled/lightweight fittings.[19]

Petitioners argue that the decrease in sales of class 150 stainless steel threaded pipe fittings during 1992 was a result of cautious buying from distributors in anticipation of price decreases. Petitioners allege that the distributors' inventory levels decreased dramatically during that period. They also argue that with the imminent threat of a dumping suit, the distributors had become hesitant to make significant investments in merchandise that was likely to be the subject of a dumping investigation.[20]

U.S. Producers

Of the three firms known to have been full-line producers of class 150 stainless steel threaded pipe fittings during 1990-92, two have responded to the Commission's request for information. Schnitzer Alloy Products (Schnitzer) ceased all business operations in May 1993 and was not able to respond to the Commission's questionnaire. Based on information submitted by ***, Schnitzer accounted for about *** percent of production of class 150 stainless steel threaded pipe fittings during 1992. In addition to the full-line producers, there are a large number of machine shops that produce small quantities of pipe fittings to meet specific demands on an intermittent basis. Some distributors also have the capability to machine class 150 stainless steel pipe fittings; however, it is estimated by both petitioners and respondents that such production is very small.[21] In addition to the machine

---

[19] Respondents' post-conference brief, p. 13.

[20] Conference transcript, pp. 27-28; petitioners' post-conference brief, pp. 10-11.

[21] Conference transcript, pp. 59-60, 100.

Table 1
Class 150 stainless steel threaded pipe fittings: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption,[1] 1990-92, January-June 1992, and January-June 1993

Item	1990	1991	1992	Jan.-June-- 1992	1993
	Quantity (pounds)				
Domestic production:					
Producers' U.S. shipments of finished fittings.....	***	***	***	***	***
Producers' purchases of unfinished fittings from--					
Taiwan.....	***	***	***	***	***
Other foreign sources....	***	***	***	***	***
Total.....	***	***	***	***	***
Producers' U.S. shipments of finished fittings of U.S. origin[2].....	***	***	***	***	***
U.S. imports:[3]					
Finished fittings from--					
Taiwan.....	1,468,856	1,926,875	1,453,842	715,769	923,582
Other sources.....	956,086	700,460	697,975	355,350	472,125
Total.....	2,424,942	2,627,335	2,151,817	1,071,119	1,395,707
Unfinished fittings from--					
Taiwan.....	0	0	0	0	0
Other sources.....	379,000	374,000	512,000	254,000	229,000
Total.....	379,000	374,000	512,000	254,000	229,000
Apparent consumption.....	***	***	***	***	***
	Value (1,000 dollars)				
Domestic production:					
Producers' U.S. shipments of finished fittings.....	***	***	***	***	***
Producers' purchases of unfinished fittings from--					
Taiwan.....	***	***	***	***	***
Other foreign sources....	***	***	***	***	***
Total.....	***	***	***	***	***
Producers' U.S. shipments of finished fittings of U.S. origin[2].....	***	***	***	***	***
U.S. imports:					
Finished fittings from--					
Taiwan.....	7,618	9,822	6,275	3,016	4,671
Other sources.....	6,803	4,475	4,475	2,091	3,024
Total.....	14,421	14,297	10,750	5,107	7,695
Unfinished fittings from--					
Taiwan.....	0	0	0	0	0
Other sources.....	1,363	1,395	1,869	933	845
Total.....	1,363	1,395	1,869	933	845
Apparent consumption.....	***	***	***	***	***

Footnotes appear on next page.

Footnotes to table 1.

[1] To avoid double counting of unfinished product, apparent consumption consists of U.S. producers' shipments of finished fittings less their purchases of imported unfinished fittings, plus total imports.

[2] U.S. producers' shipments of finished fittings minus their purchases of imported unfinished fittings equal fittings of U.S. origin.

[3] Four importers could only provide import information based on value. To calculate quantity data, staff determined a ratio of quantity to value for all responding importers of the subject merchandise and multiplied this ratio by the values submitted by these individual companies. Three firms known to have imported the subject product from Taiwan did not respond to the Commission's questionnaire. For these firms, staff used quantities and values of imports as reported to Customs under the appropriate HTS subheadings.

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

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, except as noted.

shops, ASP identified one company, ***, that it considers to be a "short-liner," i.e., a company that offers a limited amount of bar stock-type pipe fittings on a more continuous basis. Together these firms accounted for an estimated 5 percent of production of class 150 stainless steel threaded pipe fittings during 1992.[22] The two current U.S. producers of unfinished class 150 stainless steel threaded pipe fittings, Penncast Corporation and CMI Quaker Alloy, did not respond to the Commission's request for information. The names of the full-line producers, the locations of their manufacturing facilities, each firm's share of reported production in 1992, and the position each firm has taken with respect to the petition are presented in table 2.

Alloy Stainless Products Company

ASP, a wholly owned subsidiary of Knickerbocker Machine Shop, is a family-owned business that was founded in 1944.[23] ASP produces a full line of stainless steel pipe fittings, including the high-pressure 2000, 3000, 6000, and 9000-pound threaded and socket-weld fittings. ASP also produces 150-pound stainless steel flanges and flanged fittings.

Capitol Manufacturing Company

Founded in 1940, Capitol is a wholly owned subsidiary of Harsco Corporation of Camp Hill, PA. Harsco also owns a class 150 stainless steel threaded pipe fitting manufacturer in Canada known as CapProducts. In addition to the class 150 stainless steel fittings, Capitol manufactures class

---

[22] Conference transcript, pp. 50-52.

[23] Conference transcript, p. 19.

Table 2
Class 150 stainless steel threaded pipe fittings: U.S. producers, locations of producing facilities, position on petition, and share of reported production in 1992[1]

Firm	Location	Position on petition	Share of reported U.S. production
			Percent
Alloy Stainless Products . .	Totowa, NJ	Supports	***
Capitol Manufacturing. . . .	Hamden, CT	Supports	***
Schnitzer Alloy Products . .	Somerset, NJ	(2)	(2)

[1] ASP and Capitol accounted for about *** percent of total U.S. production of class 150 stainless steel threaded pipe fittings during 1992.
[2] Not available.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

2000 threaded and class 3000 and 6000 threaded and socket-weld fittings at its plant in Hamden, CT. Capitol also manufactures fittings from other alloys, such as monel, nickel, and A20.[24]

Schnitzer Alloy Products

Before going out of business in May 1993, Schnitzer manufactured a full line of class 150 stainless steel threaded pipe fittings in 304, 316, and A20 grades, as well as fastener and specialty hardware products, at its plant in Somerset, NJ. ***.[25]

U.S. Importers

Questionnaires were sent to 34 firms named in the petition and in the *** as importing class 150 stainless steel threaded pipe fittings. Of the 34 firms, 14 responded to the Commission's request for information, accounting for about 60 percent of U.S. imports. Sixteen firms responded that they did not import class 150 stainless steel threaded pipe fittings from any country during the period of investigation. For three known importers of class 150 stainless steel threaded pipe fittings that did not respond to the Commission's request for information, staff estimated their imports on the basis of quantities and values reported to Customs in the ***.[26]

[24] Conference transcript, p. 10.
[25] Telephone conversation with ***, August 30, 1993.
[26] ***.

Importers of class 150 stainless steel threaded pipe fittings from Taiwan tend to be small companies that import a large variety of pipe fittings and other pipe products from several countries. Among the largest of these importers are ***.

Channels of Distribution

In the U.S. market, sales of class 150 stainless steel threaded pipe fittings were made almost exclusively to distributors. *** percent of the U.S. producers' U.S. shipments and 95.4 percent of imports from Taiwan were sold to distributors during 1992. The same distributors often sell class 150 stainless steel threaded pipe fittings from both sources.

CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

The information provided in this section of the report is based on responses to Commission questionnaires. Two firms, accounting for about *** percent of total U.S. production of class 150 stainless steel threaded pipe fittings during 1990-92, provided responses to the Commission's request for data.

U.S. Producers' Capacity, Production, and Capacity Utilization

As indicated in table 3, the U.S. producers' average-of-period capacity to produce class 150 stainless steel threaded pipe fittings *** between 1990 and 1992. ***. Between the interim periods, U.S. production increased *** percent. Petitioners argue that this increase was largely a result of Schnitzer's exit from the industry in May 1993. Both firms reportedly gained sales during interim 1993 because of Schnitzer's anticipated and actual closing. Petitioners also argue that the combination of low distributor inventories and the anticipation of the antidumping case affected U.S. producers' sales of the subject product during interim 1993.[27] ***.

Table 3
Finished class 150 stainless steel threaded pipe fittings: U.S. capacity, production, and capacity utilization, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

U.S. Producers' Shipments

The U.S. producers' total U.S. shipments of class 150 stainless steel threaded pipe fittings *** from 1990 to 1992 (table 4). For the interim periods, shipments *** from January-June 1992 to January-June 1993. ***.

---

[27] Petitioners' post-conference brief, pp. 10-11.

Table 4
Finished class 150 stainless steel threaded pipe fittings: Shipments by U.S. producers, by types, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

U.S. Producers' Purchases

Both U.S. producers manufacture a significant amount of class 150 stainless steel threaded pipe fittings from castings purchased from domestic and foreign sources. The primary source of castings for both producers is Israel, reportedly because Israeli castings tend to be 20 to 40 percent less expensive than domestically produced castings.[28] ***. The U.S. producers thread, degrease, inspect, and package the castings before selling the product to the U.S. market. As indicated in table 5, U.S. producers' purchases, by quantity, *** from 1990 to 1992 and *** between the interim periods. The U.S. producers' purchases of castings accounted for between *** percent and *** percent by weight of U.S. production of class 150 stainless steel threaded pipe fittings during 1990-92. According to the petitioners, 15 percent of the weight of a casting is lost in the production of a finished fitting.[29] With this estimate, U.S. producers' purchases of castings accounted for between *** percent and *** percent by weight of U.S. production of class 150 stainless steel threaded pipe fittings during 1990-92.

Table 5
Unfinished class 150 stainless steel threaded pipe fittings: U.S. producers' domestic and import purchases, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

As noted earlier, about *** percent of Schnitzer's production was made from castings imported from Taiwan. Because of Schnitzer's exit from the industry, purchasing information regarding these castings is not available. ***.[30] ***.

U.S. Producers' Inventories

The U.S. producers' end-of-period inventories of class 150 stainless steel threaded pipe fittings are presented in table 6. ***.

---

[28] Conference transcript, p. 47.
[29] Petitioners' post-conference brief, p. 21.
[30] Telephone conversation ***, August 30, 1993.

Table 6
Finished class 150 stainless steel threaded pipe fittings: End-of-period inventories of U.S. producers, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Employment, Wages, and Productivity

The U.S. producers' employment and productivity data are presented in table 7. ***.

Table 7
Average number of U.S. production and related workers producing finished class 150 stainless steel threaded pipe fittings, hours worked, wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Financial Experience of U.S. Producers

Financial information was provided on class 150 stainless steel threaded pipe fittings operations and on overall establishment operations by two producers.[31] These data, representing approximately *** percent of 1992 production of the subject pipe fittings, are presented in this section.

Overall Establishment Operations

Income-and-loss data on the U.S. producers' overall establishment operations are presented in table 8. In addition to the products under investigation, the U.S. producers indicated in their questionnaire responses that they produce class 2000, 3000, 6000, and 9000 stainless steel fittings. There is crossover capability for the machinery and equipment used for these products and the products under investigation. Class 150 stainless steel threaded pipe fittings net sales were *** percent of overall establishment net sales in 1990, *** percent in 1991, and *** percent in 1992.

Table 8
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein class 150 stainless steel threaded pipe fittings are produced, fiscal years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

---

[31] ASP and Capitol. ASP's fiscal close is July 31, and Capitol's fiscal close is Dec. 31.

Operations on Class 150 Stainless Steel Threaded Pipe Fittings

Income-and-loss data for the U.S. producers' operations on class 150 stainless steel threaded pipe fittings are presented in table 9. The producers' value-added costs are not considered significant by the parties opposing the petition.[32] Both U.S. producers purchase their basic raw material, principally stainless steel castings from Israel. The basic conversion process involves boring-out operations for the forgings and some bar stock, and threading for all three basic raw material items. ***'s average conversion costs (direct labor and factory overhead) were approximately *** percent of total class 150 cost of goods sold in 1992, while ***'s corresponding average conversion costs were *** percent in the same period. Conversion costs are presented as a share of total cost of goods sold and as a share of operating costs (cost of goods sold plus selling, general, and administrative (SG&A) expenses) in the following tabulation (in percent):

* * * * * * *

Table 9
Income-and-loss experience of U.S. producers on their operations producing class 150 stainless steel threaded pipe fittings, fiscal years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

*** were contacted about the unusual circumstance of having raw materials, direct labor, and factory overhead as percentages of cost of goods sold ***. *** indicated that it had *** prior to 1990; however, during January 1990-June 1993 these and other costs as a percentage of cost of goods sold ***.[33] *** indicated that its component costs were based on a sampling of standard costs of class 150 products. Although actual costs may differ, it is believed that the differences are insignificant. *** also indicated that it had no other practical way to determine the individual costs.[34] Determining cost for the individual questionnaire categories of cost of goods sold often is difficult for the smaller producers; however, verifications establish that the total cost of goods sold amounts are correct in most instances.

Selected financial data for each of the producers are presented in the following tabulation (in thousands of dollars, except where noted):

* * * * * * *

The *** operating profits during 1990-92 are primarily the result of *** average per-unit revenues rather than volume ***, which almost *** to the ***. Average per-pound prices *** from 1990 to 1992 by $*** while cost of goods sold *** by $***, for a net *** in gross profit of $*** during the period.

---

[32] Conference transcript, p. 76.
[33] Telephone conversation on August 19, 1993, with ***.
[34] Telephone conversation on August 19, 1993, with ***.

Operating income *** by $***, or by *** percent, at the same time. The average per-pound revenues and expenses are presented in table 10.

Table 10
Income-and-loss experience of U.S. producers on a per-pound basis on their operations producing class 150 stainless steel threaded pipe fittings, fiscal years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Investment in Productive Facilities

The value of property, plant, and equipment and total assets for the major U.S. producers are presented in table 11. The relatively low book value of the assets contributed to the relatively high rates of return. The class 150 stainless steel threaded pipe fittings' value of property, plant, and equipment and return on assets reflect data of Capitol only since ASP did not submit asset data for the product.

Table 11
Value of assets and return on assets of U.S. producers producing class 150 stainless steel threaded pipe fittings, fiscal years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Capital Expenditures

The capital expenditures reported by the major U.S. producers are presented in table 12.

Table 12
Capital expenditures by U.S. producers of class 150 stainless steel threaded pipe fittings, fiscal years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Research and Development Expenses

No expenditures were reported.

Capital and Investment

The Commission requested the U.S. producers to describe any actual or potential negative effects of the subject imports on the firm's growth, investment, ability to raise capital, and existing development and production efforts. Their responses are shown in appendix D.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors[35]--
>
> (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
>
> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,
>
> (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
>
> (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

---

[35] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

> (VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or 736, are also used to produce the merchandise under investigation,
>
> (IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and
>
> (X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.[36]

The available information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in appendix D. Available information on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII)); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets, follows. Other threat indicators have not been alleged or are otherwise not applicable.

U.S. Importers' Inventories

End-of-period inventories of U.S. importers of class 150 stainless steel threaded pipe fittings are presented in table 13. Importers tend to carry high inventories because of the need to supply a large variety of pipe fittings products and because of relatively long lead times from Taiwan. ***.[37]

---

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

[37] Telephone conversation with ***, August 31, 1993.

Table 13
Class 150 stainless steel threaded pipe fittings: End-of-period inventories of U.S. importers, by products and by sources, 1990-92, January-June 1992, and January-June 1993

Item	1990	1991	1992	Jan.-June-- 1992	Jan.-June-- 1993
	Quantity (pounds)				
Finished fittings:					
Taiwan	421,131	584,001	441,382	472,873	463,023
Other foreign sources	56,289	81,415	62,364	53,822	86,198
Total	477,420	665,416	503,746	526,695	549,221
Unfinished fittings:					
Taiwan	0	0	0	0	0
Other sources	0	0	0	0	0
Total	0	0	0	0	0
Finished and unfinished fittings:					
Taiwan	421,131	584,001	441,382	472,873	463,023
Other sources	56,289	81,415	62,364	53,822	86,198
Total	477,420	665,416	503,746	526,695	549,221
	Ratio to imports (percent)				
Finished fittings:					
Taiwan	37.6	51.1	57.4	68.7	38.4
Other foreign sources	14.0	32.5	18.8	20.3	13.8
Average	31.3	47.8	45.8	55.3	30.0
Unfinished fittings:					
Taiwan	0	0	0	0	0
Other sources	0	0	0	0	0
Average	0	0	0	0	0
Finished and unfinished fittings:					
Taiwan	37.6	51.1	57.4	68.7	38.4
Other sources	7.2	13.0	7.4	7.0	8.0
Average	25.1	37.7	31.2	36.1	24.0

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. Importers' Current Orders

Reported orders for Taiwanese class 150 stainless steel threaded pipe fittings that U.S. importers have placed for delivery after June 30, 1993, totaled 600,000 pounds.[38] Orders were placed by all U.S. importers of Taiwanese material that provided import data in response to the Commission's questionnaire. Deliveries on these orders are scheduled through October 31, 1993.

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets Other Than the United States

The petition lists 10 firms producing class 150 stainless steel threaded pipe fittings in Taiwan. According to Liu Hui-Er, Manager of Pao-I Metal Industries Company, Ltd., Taiwan has about 50 firms producing stainless steel threaded pipe fittings. Of the total, only six to seven firms are substantial producers with casting or forging facilities as well as finishing (threading, polishing, etc.) facilities. Mr. Chen Keng-Ji of Enlin Steel Corporation stated that only three firms have forging equipment to produce stainless steel threaded pipe fittings. The other firms either only produce castings or only perform finishing work on castings purchased from other firms. Such small firms usually employ fewer than 30 persons. In response to a tight labor market and growing environmental concerns, some firms have moved their production to the People's Republic of China while others import castings for finishing in Taiwan.[39]

Four firms, accounting for the majority of production of class 150 stainless steel threaded pipe fittings in Taiwan during 1992, responded to the Commission's request for information. As indicated in table 14, production increased 15.3 percent during 1990-92, but remained fairly constant between the interim periods. The Taiwanese producers are export-oriented, with less than 2 percent of their shipments sold in the home market. Exports to the United States increased by 18.0 percent from 1990 to 1991, but decreased by 16.2 percent from 1991 to 1992, accounting for a 1.1-percent decrease during 1990-92. Between the interim periods, exports to the United States increased by 33.6 percent. During the period for which data were collected, Taiwan's exports to the United States as a share of total shipments ranged from 46.7 percent to 57.0 percent.

---

[38] Some importers were not able to provide specific amounts, thus the total is understated.

[39] Telegram from Amembassy in Taipei, August 1993.

Table 14
Class 150 stainless steel threaded pipe fittings: Taiwan's capacity, production, inventories, capacity utilization, and shipments, 1990-92, January-June 1992, January-June 1993, and projected 1993-94

Item	1990	1991	1992	Jan.-June-- 1992	Jan.-June-- 1993	Projected-- 1993	Projected-- 1994
	Quantity (pounds)						
Capacity	4,119,800	4,308,400	4,308,400	2,158,960	2,158,960	4,308,800	4,408,800
Production	3,218,133	3,523,873	3,710,456	1,741,341	1,769,375	3,500,000	3,800,000
End-of-period inventories	1,178,439	975,217	1,131,544	1,008,156	783,054	737,544	573,544
Shipments:							
Home market	51,894	47,526	55,640	24,447	40,590	84,000	94,000
Exports to--							
The United States	1,678,818	1,980,659	1,660,430	836,789	1,118,029	1,890,000	1,900,000
All other markets	1,214,642	1,698,910	1,838,059	847,166	959,246	1,920,000	1,970,000
Total exports	2,893,460	3,679,569	3,498,489	1,683,955	2,077,275	3,810,000	3,870,000
Total shipments	2,945,354	3,727,095	3,554,129	1,708,402	2,117,865	3,894,000	3,964,000
	Ratios and shares (percent)						
Capacity utilization	78.1	81.8	86.1	80.7	82.0	81.2	86.2
Inventories to production	36.6	27.7	30.5	28.9	22.1	21.1	15.1
Inventories to total shipments	40.0	26.2	31.8	29.5	18.5	18.9	14.5
Share of total quantity of shipments:							
Home market	1.8	1.3	1.6	1.4	1.9	2.2	2.4
Exports to--							
The United States	57.0	53.1	46.7	49.0	52.8	48.5	47.9
All other markets	41.2	45.6	51.7	49.6	45.3	49.3	49.7

Note.--Capacity utilization and inventory ratios are calculated from data of firms providing both numerator and denominator information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

In the course of the Commission's investigation, questionnaires were received from 13 U.S. importers of class 150 stainless steel threaded pipe fittings from Taiwan. The data received from the responding firms are believed to account for 60 percent of the imports of class 150 stainless steel threaded pipe fittings from Taiwan. For the firms that did not respond to the Commission's request for information, staff estimated import quantity and value based on information reported to Customs in the ***. As indicated in table 15, imports of Taiwanese class 150 stainless steel threaded pipe fittings increased 31.2 percent from 1990 to 1991, but declined 24.5 percent from 1991 to 1992, accounting for a 1.0-percent decrease during 1990-92. Between the interim periods, imports from Taiwan increased 29.0 percent.

Market Penetration by the Subject Imports

U.S. producers' and importers' market shares based on U.S. producers' shipments and U.S. importers' imports are presented in table 16. U.S. producers' share of apparent consumption was calculated by subtracting the producers' purchases of imported unfinished fittings from U.S. producers' shipments of the finished product. ***.

Table 15
Class 150 stainless steel threaded pipe fittings: U.S. imports,[1] by products and by sources, 1990-92, January-June 1992, and January-June 1993

Item	1990	1991	1992	Jan.-June-- 1992	1993
	Quantity (pounds)				
Finished fittings:					
Taiwan	1,468,856	1,926,875	1,453,842	715,769	923,582
Other sources	956,086	700,460	697,975	355,350	472,125
Total	2,424,942	2,627,335	2,151,817	1,071,119	1,395,707
Unfinished fittings:					
Taiwan	0	0	0	0	0
Other sources	379,000	374,000	512,000	254,000	229,000
Total	379,000	374,000	512,000	254,000	229,000
Finished and unfinished fittings:					
Taiwan	1,468,856	1,926,875	1,453,842	715,769	923,582
Other sources	1,335,086	1,074,460	1,209,975	609,350	701,125
Total	2,803,942	3,001,335	2,663,817	1,325,119	1,624,707
	Value (1,000 dollars)				
Finished fittings:					
Taiwan	7,618	9,822	6,275	3,016	4,671
Other sources	6,803	4,475	4,475	2,091	3,024
Total	14,421	14,297	10,750	5,107	7,695
Unfinished fittings:					
Taiwan	0	0	0	0	0
Other sources	1,363	1,395	1,869	933	845
Total	1,363	1,395	1,869	933	845
Finished and unfinished fittings:					
Taiwan	7,618	9,822	6,275	3,016	4,671
Other sources	8,166	5,870	6,344	3,024	3,869
Total	15,784	15,692	12,619	6,040	8,540
	Unit value (per pound)				
Finished fittings:					
Taiwan	$5.19	$5.10	$4.32	$4.21	$5.06
Other sources	7.12	6.39	6.41	5.88	6.41
Average	5.95	5.44	5.00	4.77	5.51
Unfinished fittings:					
Taiwan	(2)	(2)	(2)	(2)	(2)
Other sources	3.60	3.73	3.65	3.67	3.69
Average	3.60	3.73	3.65	3.67	3.69
Finished and unfinished fittings:					
Taiwan	5.19	5.10	4.32	4.21	5.06
Other sources	6.12	5.46	5.24	4.96	5.52
Average	5.63	5.23	4.74	4.56	5.26

Footnotes appear on next page.

Footnotes to table 15

[1] Thirteen U.S. importers responded to the Commission's request for information. Four of the 13 could only provide import information based on value. To calculate quantity data, staff determined a ratio of quantity to value for all responding importers of the subject merchandise and multiplied this ratio by the values submitted by these individual companies. Three firms known to have imported the subject product from Taiwan did not respond to the Commission's questionnaire. For these firms, staff used quantities and values of imports as reported to Customs under the appropriate HTS subheadings. The revised imports are estimated to account for over 90 percent of U.S. imports of class 150 stainless steel threaded pipe fittings during 1992.

[2] Not applicable.

Note.--Unit values are calculated using data of firms supplying both quantity and value information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, except as noted.

Table 16
Class 150 stainless steel threaded pipe fittings: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Prices

Marketing Characteristics

Class 150 stainless steel threaded pipe fittings are used in piping systems in chemical plants, petrochemical plants, pharmaceutical plants, food-processing facilities, breweries, waste-treatment facilities, and pulp and paper production facilities.[40] Therefore, the demand for these fittings depends on the demand for piping systems in these different applications. While demand for these products increased in 1991, it fell in 1992 to a level similar to that of 1990. One importer *** reported that while the demand for these fittings on a quantity basis has remained relatively stable, the dollar volume has declined over the past three years. *** attributes this decline to reduced manufacturing costs due to lower nickel prices, upgrades by many manufacturers allowing them to lower production costs, and a decline in the U.S. economy that exerted downward pressure on prices.

Class 150 stainless steel threaded pipe fittings are generally sold on a spot basis. Both U.S. producers and most importers reported using published

[40] According to the petitioner, chemical-processing plants account for approximately 40 percent of the demand for class 150 stainless steel threaded pipe fittings (conference transcript, p. 19).

price lists for their sales of these fittings. Actual transaction prices are, however, discounted from these published prices based on what is known in the industry as a "multiplier." The multiplier refers to the percentage of the list price that the purchaser must pay; for example, if the list price of a product is $10.00 and the multiplier is 30 then the customer would pay $3.00. According to one of the petitioners, ASP, it is selling product with a multiplier in the range of ***, while the Taiwanese are selling at a multiplier of 10 to 13.[41] [42] These multipliers are negotiated with each customer and will vary depending on the type of product, the size of the order, and the type of distributor (e.g., stocking, nonstocking, broker, etc.). Sales terms also vary from customer to customer; however, both U.S. producers and importers reported giving prompt payment discounts ranging from 0.5 to 2.0 percent for payment within 10 days.

Class 150 stainless steel threaded pipe fittings are priced on a per-unit basis and are sold on both an f.o.b. and delivered basis. Most suppliers reported that they arrange the transportation, but in most cases the purchaser pays for it. In general, U.S. producers and importers will pay the transportation costs if the order is above a certain dollar amount, usually in the range of *** after all discounts have been applied.[43] Both U.S. producers and about half of the responding importers reported that transportation costs are not an important factor in their customers' sourcing decisions for class 150 stainless steel threaded pipe fittings. Suppliers estimated that transportation costs generally account for between 1 and 5 percent of the total delivered cost of these fittings; as a result, suppliers can and do ship product throughout the continental United States. During the period for which data were requested, lead times for delivery for domestic fittings ranged from 1 day to 6 weeks.[44] Average lead times for delivery for imported class 150 stainless steel threaded pipe fittings were generally similar and were in the range of 1 to 90 days.[45]

Product Comparisons

Producers and importers were requested to discuss any differences between domestic and imported class 150 stainless steel threaded pipe fittings that would explain price differences and purchasing patterns. Both product and marketing considerations were considered in responding. Comments by these firms are discussed below.

Available information indicates that there is some disagreement as to whether domestic and imported class 150 stainless steel threaded pipe fittings are comparable in quality. U.S. producers state that they believe that their

---

[41] Conference transcript, p. 21, and ***, August 12, 1993.

[42] ASP reported that its multipliers and prices were ***.

[43] ASP reported that the minimum dollar amount that must be met for it to pay transportation costs is ***. However, because of the large discounts given, this amount is similar to the range reported by the other suppliers.

[44] ***.

[45] A few importers reported longer lead times, in the range of 3 to 4 months.

class 150 stainless steel threaded pipe fittings are superior to those imported from Taiwan; however, these firms also state that they believe that the Taiwanese products meet the same general specifications as the domestics and their customers perceive the two to be similar. Importers, on the other hand, state that the class 150 stainless steel threaded pipe fittings imported from Taiwan tend to be lighter in weight and have thinner walls. Furthermore, one importer *** reported that the domestic product has a significantly longer life and is used in more corrosive applications.

U.S. producers and importers were requested to provide the weight and wall thickness for the products for which pricing data were reported. The tabulation on the next page presents the information obtained from those firms that responded. As the tabulation indicates, there are variations in the weight of the products of different suppliers; however, the domestic product is not always the heavier product. Furthermore, there does not appear to be any variation in the wall thickness of the fittings of different suppliers.

Another factor that can affect pricing is the production method used to manufacture a given fitting. Most of the class 150 stainless steel threaded pipe fittings imported from Taiwan are made from castings, whereas the U.S. product is made from castings, forgings, and from bar stock. Class 150 stainless steel threaded pipe fittings machined from bar stock and those made from forgings tend to be more expensive than those produced from castings; one possible reason for this price differential is that fittings machined from bar stock (or forgings) can withstand substantially higher pressures than can cast fittings.[46]

Prices and purchasing patterns can also be affected by "Buy American" policies. While the percentage of these types of sales are small, the prices charged on these sales tend to be higher. ASP reported that the price of a class 150 stainless steel threaded pipe fitting made from a domestically produced casting is higher than that made from a casting imported from Israel and machined in the United States. ASP stated, however, that the higher price is based on higher material costs, not any differences in quality.[47]

* * * * * * *

[46] One importer, ***, reported prices for one of the requested products (product 5) made from both a casting and machined from bar stock. Prices for this product when made from bar stock were higher than those for the cast product; bar stock prices ranged from $*** per unit to $*** per unit, while the range for the cast product was between $*** and $***.

[47] Conference transcript, p. 48.

Price Trends

The Commission requested price and quantity information from U.S. producers and importers for their quarterly sales of class 150 stainless steel threaded pipe fittings to unrelated distributors during the period January 1990-June 1993. Product specifications for which pricing data were requested are as follows:

Product 1: Class 150 stainless steel threaded pipe fittings, 1-inch 90-degree elbow, 304 alloy

Product 2: Class 150 stainless steel threaded pipe fittings, 2-inch 45-degree elbow, 304 alloy

Product 3: Class 150 stainless steel threaded pipe fittings, 2-inch tee, 304 alloy

Product 4: Class 150 stainless steel threaded pipe fittings, 1-inch 90-degree elbow, 316 alloy

Product 5: Class 150 stainless steel threaded pipe fittings, 1/2-inch union, 316 alloy

Usable pricing data were received from two U.S. producers and seven importers of these types of stainless steel threaded pipe fittings. Reported pricing data accounted for approximately *** percent of U.S. producers' reported domestic shipments and 5.6 percent of reported shipments of imports from Taiwan during 1992.

Prices were reported by both petitioners and several importers for all five of the requested products. Both domestic and imported products 1-4 are produced from castings; however, in the case of product 5, the U.S. product is manufactured from bar stock while the majority of the imported product is produced from castings. One importer, ***, reported prices for product 5 that was machined from bar stock. Prices for the imported product are shown separately based on the manufacturing process used (i.e., bar stock or casting); price comparisons are made between the prices of the domestic product and those for ***'s product made from bar stock.

Sales of product 1

Weighted-average f.o.b. prices for product 1 sold by U.S. producers fluctuated with a downward trend during the period January 1990-June 1993 (table 17); these prices were *** percent lower at the end of the period than they were in the beginning. Prices for product 1 imported from Taiwan declined *** percent during that time.

Table 17
Class 150 stainless steel threaded pipe fittings: Weighted-average f.o.b. selling prices, total quantities, and margins of under/(over)selling of U.S.-produced and imported product 1 (1-inch, 90-degree elbow, 304 alloy), by quarters, January 1990-June 1993

* * * * * * *

Sales of product 2

Weighted-average f.o.b. prices for U.S.-produced product 2 fluctuated downward from January 1990 to June 1993, falling *** percent during that time (table 18). Prices for product 2 imported from Taiwan also declined irregularly; however, the decline *** was *** than that displayed by domestic prices.

Table 18
Class 150 stainless steel threaded pipe fittings: Weighted-average f.o.b. selling prices, total quantities, and margins of under/(over)selling of U.S.-produced and imported product 2 (2-inch, 45-degree elbow, 304 alloy), by quarters, January 1990-June 1993

* * * * * * *

Sales of product 3

U.S. producers' prices for product 3 decreased irregularly during the period for which data were collected (table 19); these prices were *** percent lower in April-June 1993 than they were in January-March 1990. U.S. importers' prices for product 3 imported from Taiwan fluctuated and were *** percent lower at the end of the period than they were in the beginning.

Table 19
Class 150 stainless steel threaded pipe fittings: Weighted-average f.o.b. selling prices, total quantities, and margins of under/(over)selling of U.S.-produced and imported product 3 (2-inch tee, 304 alloy), by quarters, January 1990-June 1993

* * * * * * *

Sales of product 4

Weighted-average f.o.b. prices for U.S.-produced product 4 fell fairly steadily from January-March 1990 to April-June 1993, declining *** percent (table 20). Prices for product 4 imported from Taiwan fluctuated during that time but showed ***, falling *** percent.

Table 20
Class 150 stainless steel threaded pipe fittings: Weighted-average f.o.b. selling prices, total quantities, and margins of under/(over)selling of U.S.-produced and imported product 4 (1-inch, 90-degree elbow, 316 alloy), by quarters, January 1990-June 1993

* * * * * * *

Sales of product 5

U.S. producers' prices for product 5 fluctuated during the period for which data were collected but were *** percent lower in April-June 1993 than they were in January-March 1990 (table 21).[48] Prices for product 5 produced from bar stock and imported from Taiwan were reported by *** firm; however, prices were only reported for 4 quarters and ***. Prices were also reported for product 5 made from castings and imported from Taiwan. These prices decreased irregularly, falling *** percent from January-March 1990 to April-June 1993.

Table 21
Class 150 stainless steel threaded pipe fittings: Weighted-average f.o.b. selling prices, total quantities, and margins of under/(over)selling of U.S.-produced and imported product 5 (1/2-inch union, 316 alloy), by quarters, January 1990-June 1993

* * * * * * *

Price Comparisons

In all 60 of the instances where price comparisons were possible, the Taiwanese product was priced below the domestic product; margins ranged from 20.7 to 55.7 percent (tables 17-21).

Lost Sales and Lost Revenues

Neither of the two U.S. producers was able to provide specific information concerning lost sales and lost revenue allegations. These firms did, however, provide call reports which discuss competition between the U.S. product and the lower-priced imports from Taiwan. Absent actual specific allegations, staff contacted 7 of the 13 purchasers named in the call reports and questionnaires to obtain general information concerning competition between domestic and imported class 150 stainless steel threaded pipe fittings; a summary of the information obtained follows.

All of the responding purchasers agreed that the class 150 stainless steel threaded pipe fittings imported from Taiwan are available at prices

[48] These prices are for product 5 machined from bar stock.

lower than the domestic product; while many firms stated that the differential was around 30 percent, some reported that it was as high as 50 percent. Most firms agreed that prices for domestic class 150 stainless steel threaded pipe fittings have declined in the past three years; however, one purchaser noted that the domestic manufacturers recently announced a price increase.[49]

Several purchasers reported that they only buy the domestic product because they have had too many failures with the Taiwanese product. However, a few purchasers stated that there are firms in the market that are willing to use the lower quality Taiwanese product because the price is so low. Problems with the Taiwan product that were mentioned include inconsistent quality, lighter weight, thinner walls, poor threading, and lack of heat treatment.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that from January-March 1990 through January-March 1993, the nominal value of the New Taiwan dollar fluctuated, appreciating overall by 1.6 percent relative to the U.S. dollar (table 22). Adjusted for movements in producer price indexes in the United States and Taiwan, the real value of the Taiwanese currency depreciated 2.1 percent overall relative to the U.S. dollar between January-March 1990 and the first quarter of 1993.

[49] A spokesman for one firm *** stated that he believes prices have fallen as a result of import competition and the poor conditions in the economy (staff interview, September 2, 1993).

Table 22
Exchange rates:[1] Indexes of nominal and real exchange rates of the Taiwanese dollar and indexes of producer prices in the United States and Taiwan,[2] by quarters, January 1990-June 1993

Period	U.S. producer price index	Taiwan producer price index	Nominal exchange rate index	Real exchange rate index[3]
1990:				
Jan.-Mar.....	100.0	100.0	100.0	100.0
Apr.-June.....	99.8	100.8	97.3	98.2
July-Sept.....	101.6	102.8	96.1	97.2
Oct.-Dec.....	104.7	103.8	96.2	95.4
1991:				
Jan.-Mar.....	102.5	103.2	96.3	97.0
Apr.-June.....	101.5	102.7	96.0	97.1
July-Sept.....	101.4	101.9	97.9	98.4
Oct.-Dec.....	101.5	100.3	100.5	99.3
1992:				
Jan.-Mar.....	101.3	98.5	103.9	101.1
Apr.-June.....	102.3	99.1	104.6	101.3
July-Sept.....	102.8	99.1	104.6	100.8
Oct.-Dec.....	102.9	98.9	103.1	99.1
1993:				
Jan.-Mar.....	103.3	99.6	101.6	97.9
Apr.-June.....	104.4[4]	([5])	([5])	([5])

[1] Exchange rates expressed in U.S. dollars per Taiwan dollar.
[2] Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.
[3] The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and Taiwan.
[4] Derived from data for April and May only.
[5] No data available.

Note.--January-March 1990 = 100.

Source: International Monetary Fund, International Financial Statistics, July 1993, and The Bank of China Report, April 1993.

APPENDIX A

FEDERAL REGISTER NOTICES OF THE U.S. INTERNATIONAL TRADE COMMISSION AND THE U.S. DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-658 (Preliminary)]

Class 150 Stainless Steel Threaded Pipe Fittings From Taiwan

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of a preliminary antidumping investigation.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-658 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Taiwan of class 150 stainless steel threaded pipe fittings,[1] provided for in subheadings 7307.19.90, 7307.22.10, 7307.22.50, and 7307.29.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. The Commission must complete preliminary antidumping investigations in 45 days, or in this case by September 16, 1993.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: August 2, 1993.

FOR FURTHER INFORMATION CONTACT: Brad Hudgens (202-205-3189), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

SUPPLEMENTARY INFORMATION:

Background.

This investigation is being instituted in response to a petition filed on August 2, 1993, by Alloy Stainless Products, Totawa NJ; and Capitol Manufacturing Company, Columbus, OH.

Participation in the Investigation and Public Service List.

Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the **Federal Register**. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this preliminary investigation available to authorized applicants 3 under the APO issued in the investigation, provided that the application is made not later than seven (7) days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on August 23, 1993, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Brad Hudgens (202-205-3189) not later than August 19, 1993, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before August 26, 1993, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

[1] For purposes of this investigation, class 150 stainless steel threaded pipe fittings are defined as cast or forged stainless steel products used to connect pipe sections in piping systems where conditions require non-permanent, threaded connections and the ability to withstand normal pressure service (150 pounds per square inch (psi) at 350°F and 300 psi at 20 to 150°F) as well as resistance to corrosion or extreme temperatures, or prevention of metallic contamination to materials in the system. These fittings are generally used for process piping systems such as those in chemical, pharmaceutical, food processing, waste treatment and paper production facilities.

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.12 of the Commission's rules.

Issued: August 3, 1993.

By order of the Commission.

Donna R. Koehnke,

Secretary

[FR Doc. 93-18978 Filed 8-5-93; 8:45 am]

BILLING CODE 7020-02-P

International Trade Administration

[A-583-822]

Initiation of Antidumping Duty Investigation: Class 150 Stainless Steel Threaded Pipe Fittings From Taiwan

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: August 30, 1993.

FOR FURTHER INFORMATION CONTACT: Michelle A. Frederick or David J. Goldberger, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-0186 or (202) 482-4136, respectively.

INITIATION OF INVESTIGATION:

The Petition

On August 2, 1993, we received a petition filed in proper form by Capitol Manufacturing Company and Alloy Stainless Products Co., Inc. (petitioners). At the request of the Department of Commerce (the Department), petitioners filed a supplement to the petition to correct methodological errors and support the data presented on August 16, 1993. In accordance with 19 CFR 353.12, petitioners allege that class 150 stainless steel threaded pipe fittings (SST Pipe Fittings) from Taiwan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

Petitioners have stated that they have standing to file the petition because they are interested parties, as defined under section 771(9)(C) of the Act, and because the petition is filed on behalf of the U.S. industry producing the product subject to these investigations. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, it should file a written notification with the Acting Assistant Secretary for Import Administration.

Scope of Investigation

The products covered by this investigation are Class 150 SST pipe fittings, defined as cast or forged stainless steel products used to connect pipe sections with an ability to withstand normal pressure service (150 pounds per square inch (psi) at 350 degrees Fahrenheit and 300 psi at −20 to 150 degrees Fahrenheit) as well as resistance to corrosion or extreme temperatures, or prevention of metallic contamination to materials in the system. Included in the scope of this investigation are both finished and unfinished Class 150 SST pipe fittings of any size. Unfinished class 150 SST pipe fittings are defined as those products that have been advanced after casting or forging, but which require threading and machining to finish the fittings; finished class 150 SST pipe fittings are defined as those products that have been formed in the shape of elbows, tees, reducers, etc. and have been further advanced after casting or forging, and require no further processing to be acceptable as a finished product to the end user. Class 150 SST pipe fittings are composed of alloys including, but not limited to, 304 and 316, and are manufactured in the shape of 90-degree elbows, 45-degree elbows, street elbows, tees, crosses, couplings, reducing couplings, half-couplings, caps, square head plugs, hex head plugs, hex bushings, unions, locknuts, and welding spuds. Excluded from the scope of investigation are SST pipe fittings manufactured in the shape of nipples.

The products under investigation are currently classifiable under subheadings 7307.19.9030, 7307.19.9060, 7307.19.9080, 7307.22.1000, 7307.22.5000, and 7307.29.0090 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.

United States Price and Foreign Market Value

Petitioners based U.S. price (USP) on c.i.f. U.S. port prices quoted from a Taiwanese manufacturer/exporter of SST pipe fittings to an unrelated U.S. customer. Petitioners calculated USP by subtracting movement charges, based on an ocean freight quote for transporting pipe fittings from Taipei to Baltimore, and adding a five percent value-added tax (VAT) to USP. We recalculated USP based on our VAT methodology described below.

Petitioners based foreign market value (FMV) on home market price quotes for identical merchandise, exclusive of VAT, contained in a market survey. The prices in the survey were delivered prices. Petitioners calculated FMV by subtracting movement charges and home market credit, and adding VAT. FMV was then converted to U.S. dollars using a contemporaneous exchange rate found in the Pittsburgh Post-Gazette.

Petitioners, in order to estimate the home market movement charges, calculated an average freight charge per kilogram based on information contained in the public version of a recent questionnaire response involving similar products from Taiwan. Petitioners reduced this freight charge by ten percent to adjust for ranging in the public version. When we recalculated home market freight charges using petitioners' methodology, however, we increased the average freight charge by ten percent to be conservative in our calculation of a deduction from home market price.

In addition, we made corrections to petitioners' calculations by making a circumstance of sale adjustment for differences in credit expenses and, in accordance with Gray Portland Cement and Clinker from Mexico: Final Results of Antidumping Duty Administrative Review (58 FR 25803, April 28, 1993), we calculated the amount of VAT which would be applicable to home market sales and added the resulting amount to both USP and FMV.

The range of dumping margins based on price-to-price comparisons for SST pipe fittings from Taiwan based on our recalculation is 2.84 to 146.89 percent.

Critical Circumstances

Petitioners, in accordance with section 733(e) of the Act, allege the existence of critical circumstances with regard to imports of SST Pipe Fittings from Taiwan. Because petitioners did not support their allegation in accordance with 19 CFR 353.16(a), we will not investigate whether critical circumstances exist at this time. Petitioners may amend their allegation, however, such an amendment must be made no later than 21 days before the date of the final determination.

Initiation of Investigation

We have examined the petition for SST Pipe Fittings from Taiwan, as amended, and have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of SST Pipe Fittings from Taiwan are being, or are likely to be, sold in the United States at less than fair value. If this investigation proceeds normally, we will make our preliminary determination by January 10, 1994.

ITC Notification

Section 732(d) of the Act requires us to notify the International Trade Commission (ITC) of these actions and we have done so.

Preliminary Determinations by the ITC

The ITC will determine by September 16, 1993, whether there is a reasonable indication that imports of pipe fittings from Taiwan are materially injuring, or threaten material injury to, a U.S. industry. A negative ITC determination in this investigation will result in its termination; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: August 23, 1993.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 93-21010 Filed 8-27-93; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

LIST OF PARTICIPANTS AT THE CONFERENCE

CALENDAR OF THE PUBLIC CONFERENCE

Subject: Class 150 Stainless Steel Threaded Pipe Fittings From Taiwan
Investigation No. 731-TA-658 (Preliminary)

Time and Date: August 23, 1993 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Gilbert Development Group, Inc.
Pittsburgh, PA
On behalf of

American Stainless Products Co., Inc.
Capitol Manufacturing Company

Anthony Auferio, Vice President of Sales
American Stainless Products Co., Inc.

Gene Lamone, Vice President - Sales and Marketing
Capitol Manufacturing Company

Robert Gilbert, President - Gilbert Development Group, Inc.

In Opposition to the Imposition of Antidumping Duties:

Willkie Farr & Gallagher
Washington, DC
On behalf of

Yih Tai Industries, Co., Ltd.

Robert Bowles, Purchasing Manager
Haws Company

James P. Durling)
)--OF COUNSEL
Robert Edwards)

Thompson Hine & Flory
Washington, DC
On behalf of

Merit Brass

Alan Lipp, Vice President - Marketing,
Merit Brass

Mark Sandstrom)--OF COUNSEL

Additional Speaker

Jeffrey Boyko, Executive Vice President
Silbo Industries

APPENDIX C

SUMMARY DATA

Table C-1
Class 150 stainless steel threaded pipe fittings: Summary data concerning the U.S. market, 1990-92, January-June 1992, and January-June 1993

(Quantity=pounds, value=1,000 dollars, unit values, unit labor costs, and unit COGS are per pound, period changes=percent, except where noted)

Item	Reported data			Jan.-June--		Period changes			
	1990	1991	1992	1992	1993	1990-92	1990-91	1991-92	Jan.-June 1992-93
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share: 1/									
All finished fittings	***	***	***	***	***	***	***	***	***
U.S. origin only	***	***	***	***	***	***	***	***	***
Importers' share: 1/									
Taiwan	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share: 1/									
All finished fittings	***	***	***	***	***	***	***	***	***
U.S. origin only	***	***	***	***	***	***	***	***	***
Importers' share: 1/									
Taiwan	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
U.S. importers' imports from--									
Taiwan:									
Imports quantity	1,468,856	1,926,875	1,453,842	715,769	923,582	-1.0	+31.2	-24.5	+29.0
Imports value	7,618	9,822	6,275	3,016	4,671	-17.6	+28.9	-36.1	+54.9
Unit value	$5.19	$5.10	$4.32	$4.21	$5.06	-16.8	-1.7	-15.3	+20.0
Ending inventory qty	421,131	584,001	441,382	472,873	463,023	+4.8	+38.7	-24.4	-2.1
Other sources:									
Imports quantity	1,335,086	1,074,460	1,209,975	609,350	701,125	-9.4	-19.5	+12.6	+15.1
Imports value	8,166	5,870	6,344	3,024	3,869	-22.3	-28.1	+8.1	+27.9
Unit value	$6.12	$5.46	$5.24	$4.96	$5.52	-14.3	-10.7	-4.0	+11.2
Ending inventory qty	56,289	81,415	62,364	53,822	86,198	+10.8	+44.6	-23.4	+60.2
All sources:									
Imports quantity	2,803,942	3,001,335	2,663,817	1,325,119	1,624,707	-5.0	+7.0	-11.2	+22.6
Imports value	15,784	15,692	12,619	6,040	8,540	-20.1	-0.6	-19.6	+41.4
Unit value	$5.63	$5.23	$4.74	$4.56	$5.26	-15.8	-7.1	-9.4	+15.3
U.S. producers'--									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization 1/	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Exports/shipments 1/	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventory/shipments 1/	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Total comp. ($1,000)	***	***	***	***	***	***	***	***	***
Hourly total compensation	***	***	***	***	***	***	***	***	***
Productivity (Lbs./hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales--									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
COGS/sales 1/	***	***	***	***	***	***	***	***	***
Op.income (loss)/sales 1/	***	***	***	***	***	***	***	***	***

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

Source: Compiled from data presented in the body of the report.

APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF CLASS 150 STAINLESS STEEL THREADED PIPE FITTINGS FROM TAIWAN ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND/OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

Responses of U.S. producers to the following questions:

1. Since January 1, 1990, has your firm experienced any actual negative effects on its growth, investment, ability to raise capital, or existing development and production efforts, including efforts to develop a derivative or more advanced version of the product, as a result of imports of class 150 stainless steel threaded pipe fittings from Taiwan?

* * * * * * *

2. Does your firm anticipate any negative impact of imports of class 150 stainless steel threaded pipe fittings from Taiwan?

* * * * * * *

3. Has the scale of capital investments undertaken been influenced by the presence of imports of class 150 stainless steel threaded pipe fittings from Taiwan?

* * * * * * *