

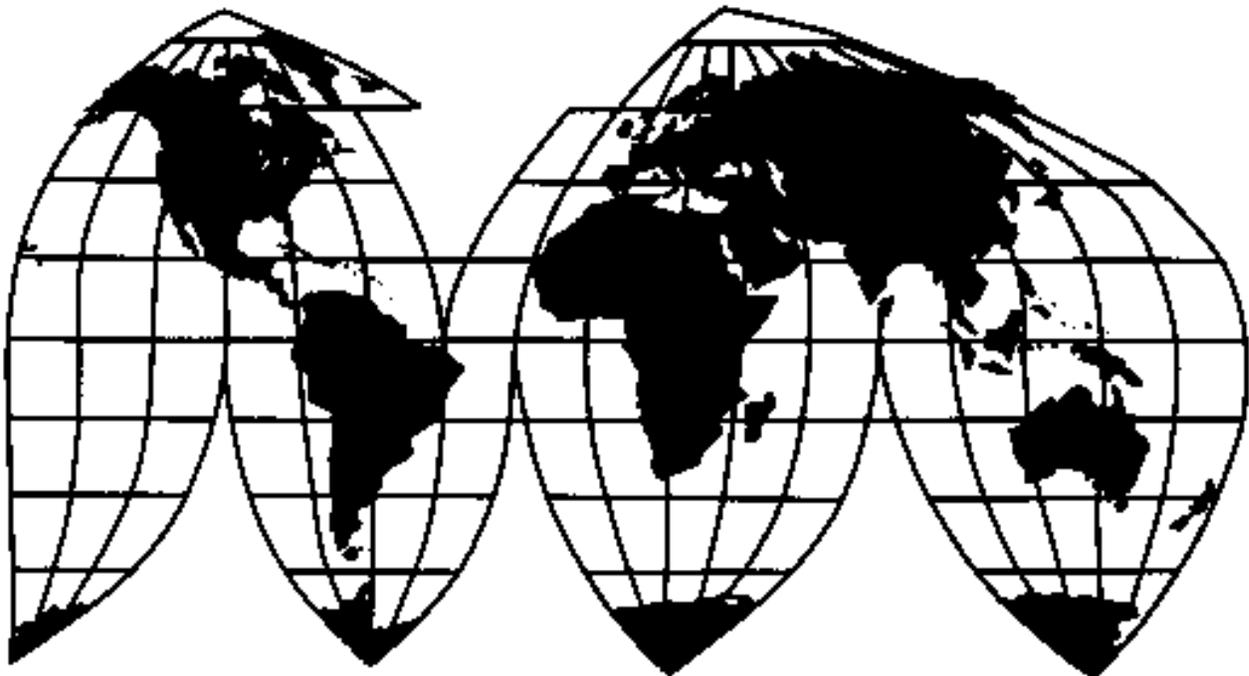
# Carbon Steel Butt-Weld Pipe Fittings From Brazil, China, Japan, Taiwan, and Thailand

Investigation Nos. 731-TA-308-310, 520, and 521  
(Second Review)

**Publication 3809**

**October 2005**

**U.S. International Trade Commission**



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---

### *Staff assigned*

**Christopher Cassise, Investigator**  
**Norman VanToai, Industry Analyst**  
**Bobby Hughes, Economist**  
**David Boyland, Accountant**  
**June Brown, Attorney**  
**Steven Hudgens, Statistician**

**Diane Mazur, Supervisory Investigator**

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

# U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-308-310, 520, and 521 (Second Review)

## CARBON STEEL BUTT-WELD PIPE FITTINGS FROM BRAZIL, CHINA, JAPAN, TAIWAN, AND THAILAND

### DETERMINATIONS

On the basis of the record<sup>1</sup> developed in these subject five-year reviews, the United States International Trade Commission (Commission) determines<sup>2</sup>, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### BACKGROUND

The Commission instituted these reviews on December 1, 2004 (69 F.R. 69952) and determined on March 7, 2005 that it would conduct full reviews (70 F.R. 14713, March 23, 2005). Notice of the scheduling of the Commission's reviews and of a public hearing 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* on May 11, 2005 (70 F.R. 24838). The hearing was held in Washington, DC, on September 7, 2005, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

<sup>2</sup> Commissioner Shara L. Aranoff did not participate in these reviews.



## VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (the Act), that revocation of the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand is likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1</sup>

### I. BACKGROUND

The Commission determined that an industry in the United States was materially injured by reason of less than fair value (“LTFV”) imports of carbon steel butt-weld pipe fittings from Brazil and Taiwan in December 1986, and from Japan, in January 1987.<sup>2</sup> In June 1992, the Commission determined that a U.S. industry was materially injured or threatened with material injury by reason of LTFV imports of carbon steel butt-weld pipe fittings from China and Thailand.<sup>3</sup> Commerce imposed antidumping duty orders on imports of the subject product from Brazil and Taiwan, in December 1986; from Japan, in February 1987; and from China and Thailand (excluding imports from Awaji Sangyo (Thailand Co.) (“Awaji Thailand”), found to have *de minimis* margins), in July 1992.

On August 5, 1999, the Commission determined to conduct expedited reviews of the antidumping duty orders on the subject product from all five countries, and on December 16, 1999, the Commission determined that revocation of the orders would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>4</sup> Commerce published its notice of continuation of the antidumping duty orders on January 6, 2000.

The Commission instituted the second reviews of the orders at issue on December 1, 2004. The Commission found the domestic interested party group response to the notice of institution for each review adequate, and the respondent interested party group responses inadequate, but determined that other circumstances warranted the conduct of a full review.<sup>5</sup> No respondent interested party has made an appearance in these reviews, or otherwise provided any information or argument to the Commission.

Carbon steel butt-weld pipe fittings were within the scope of the Commission’s global safeguard investigation of steel products, Inv. No. TA-201-73, which took place during the period of the instant reviews. From March 20, 2002, through December 4, 2003, safeguard tariffs in the amount of 13 percent *ad valorem* in the first year of relief and 10 percent *ad valorem* in the second year of relief were imposed on imports of carbon steel butt-weld pipe fittings.<sup>6</sup>

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<sup>1</sup> Commissioner Aranoff did not participate in these reviews.

<sup>2</sup> Butt-Weld Pipe Fittings from Brazil and Taiwan, Inv. Nos. 731-TA-308 and 310 (Final), USITC Pub. 1918 (December 1986); Butt-Weld Pipe Fittings from Japan, Inv. No. 731-TA-309 (Final), USITC Pub. 1943 (January 1987) (“Original Determinations on Brazil, Japan, and Taiwan”).

<sup>3</sup> Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520-521 (Final), USITC Pub. 2528 (June 1992) (“Original Determinations on China and Thailand”) (Commission majority found threat of material injury).

<sup>4</sup> Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan and Thailand, Inv. Nos. 731-TA-308-310 and 520-521 (Review), USITC Pub. 3263 (December 1999) (“First Five-Year Review Determinations”).

<sup>5</sup> 70 Fed. Reg. 14713 (March 23, 2005); see also Confidential Staff Report (“CR”)/Public Staff Report (“PR”) at Appendix A, Explanation of Commission Determination on Adequacy in Carbon Steel Butt-Weld Pipe Fittings From Brazil, China, Japan, Taiwan, and Thailand, Inv. Nos. 731-TA-308-310 and 520-521 (Second Review) (Chairman Koplman and Commissioner Hillman dissented and voted to conduct expedited reviews).

<sup>6</sup> CR at I-9, PR at I-7. In other investigations concerning the same product, the Commission in April 1995

(continued...)

## II. SUMMARY

While butt-weld pipe fittings are produced from various materials and come in various sizes, only those produced of carbon steel, and with an inside diameter of under 14 inches, are the subject of these reviews. Such fittings are used to connect sections of pipe, where permanent, welded connections are required. They are distinguished from similar fittings by their beveled edges, which form a shallow channel for the “bead” of weld that fastens the pieces together. The product is used in pipe systems that convey liquids or gases, such as oil, water, natural gas, or steam. As such, demand is derived from construction and maintenance activity in the residential construction, commercial construction, petroleum refining, electric-power generation, shipbuilding, and other industrial-use sectors.

The domestic industry is presently comprised of five producers, four of which provided information to the Commission during these reviews. The responding producers are Weldbend Corp. (“Weldbend”), Trinity Fittings Group, Inc. (“Trinity”), Tube Forgings of America, Inc. (“Tube Forgings”) and Mills Iron Works, Inc. (“Mills”), which represent the overwhelming majority of domestic production. The U.S. market is supplied by the five domestic producers, as well as imports from subject and nonsubject countries.

We note that, while the industry has undergone consolidation and the exit of a number of producers since the original investigations, it has changed little since the first reviews, when the domestic industry consisted of the same five producers that are in operation today. In these reviews, raw material costs have increased significantly, particularly at the end of the review period. While domestic producers were able to maintain healthy levels of profitability by increasing prices, their market share suffered as consumers increasingly turned to lower priced imports. As their U.S. shipments declined, inventories rose and capacity utilization declined. These trends, together with the likely significant increase in subject import volume and likely adverse price effects, lead us to conclude that revocation of the orders on carbon steel butt-weld pipe fittings from the subject countries would lead to continuation or recurrence of material injury to the U.S. industry within a reasonably foreseeable time.

## III. DOMESTIC LIKE PRODUCT AND INDUSTRY

### A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”<sup>7</sup> The Act defines the “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>8</sup> The Commission’s practice in five-year reviews is to look to the like product

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<sup>6</sup> (...continued)

determined that the domestic industry was neither materially injured nor threatened with material injury by reason of imports of carbon steel butt-weld pipe fittings from France, India, Israel, Malaysia, Korea, Thailand (Awaji only), the United Kingdom, and Venezuela that Commerce had found to be sold at LTFV, and, with respect to India and Israel, to be subsidized as well. Certain Carbon Steel Butt-Weld Pipe Fittings from France, India, Israel, Malaysia, The Republic of Korea, Thailand, the United Kingdom, and Venezuela, Inv. Nos. 701-TA-360 and 361 and 731-TA-688-695 (Final), USITC Pub. 2870 (April 1995).

<sup>7</sup> 19 U.S.C. § 1677(4)(A).

<sup>8</sup> 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

definition from the original determinations and any previous reviews and consider whether the record indicates any reason to revisit that definition.<sup>9</sup>

In these five-year reviews, Commerce has defined the subject merchandise as carbon steel butt-weld pipe fittings, under 14 inches in diameter, whether finished or unfinished, currently classifiable under Harmonized Tariff Schedule of the United States (“HTS”) item number 7307.93.30.<sup>10</sup>

The domestic interested parties support the Commission’s definition of the domestic like product from the first five-year reviews, which is consistent with the definition in the original investigations.

The record here contains no information that would warrant a reconsideration of the domestic like product definition. We therefore define the domestic like product in these reviews to be coextensive with the like product definition in the first five-year reviews and the original determinations, as well as with Commerce’s scope.

## **B. Domestic Industry**

Section 771(4)(A) of the Act defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>11</sup>

The domestic interested parties view the domestic industry as encompassing all domestic producers of carbon steel butt-weld pipe fittings, and none advocated the exclusion of any producer as a related party.

The only issue that arises in this second review with respect to our definition of the domestic industry is whether any producers should be excluded under the related parties provision, 19 U.S.C. § 1677(4)(B). Section 771(4)(B) of the Act allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject

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<sup>9</sup> See Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom, Inv. No. 701-TA-380-382 and 731-TA-797-804 (Review), USITC Pub. 3788 (July 2005) at 6; Crawfish Tail Meat from China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 (July 2003) at 4; Steel Concrete Reinforcing Bar from Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 (Feb. 2003) at 4.

<sup>10</sup> Commerce’s definition of the subject merchandise was essentially the same for all five countries. With respect to Brazil, Taiwan, and Japan, Commerce defined the product as:

carbon steel butt-weld pipe fittings, other than couplings, under 14 inches in diameter, whether finished or unfinished, that have been formed in the shape of elbows, tees, reducers, caps, etc., and, if forged, have been advanced after forging. These advancements may include any one or more of the following: coining, heat treatment, shot blasting, grinding, die stamping or painting. These imports are currently classifiable under the Harmonized Tariff Schedule of the United States (“HTS”) item number 7307.93.30.

With respect to China and Thailand, Commerce defined the product as:

carbon steel butt-weld pipe fittings, having an inside diameter of less than 14 inches, imported in either finished or unfinished form. These formed or forged pipe fittings are used to join sections in piping systems where conditions require permanent, welded connections, as distinguished from fittings based on other fastening methods (e.g., threaded, grooved, or bolted fittings). These imports are currently classifiable under the HTS item number 7307.93.30.

CR at I-15, PR at I-13.

<sup>11</sup> 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996).

merchandise, or which are themselves importers.<sup>12</sup> The Commission has also concluded that a domestic producer that does not itself import subject merchandise, or does not share a corporate affiliation with an importer, may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producer was responsible for a predominant proportion of an importer's purchases and the importer's purchases were substantial.<sup>13</sup>

In the original investigations on China and Thailand, the Commission excluded domestic producer Weldbend as a related party, based on its purchases of unfinished pipe fittings from China, which Weldbend converted and sold as its own.<sup>14</sup> In the first five-year reviews, the Commission found that Weldbend was not a related party because it was no longer a converter of unfinished pipe fittings, did not purchase or import the subject merchandise, and no longer indirectly controlled an importer by making large purchases of the subject merchandise.<sup>15</sup> The record of these reviews shows that Weldbend, which did not import any subject product during the review period, purchased subject imports that amounted to a high of \*\*\* percent of its domestic production in 2004 and a low of \*\*\* percent of its domestic production in 2003. The data do not indicate that Weldbend's purchases were such as to control an importer so as to bring it within the related parties provision. Consistent with the Commission's decision in the first reviews, we therefore do not find it appropriate to exclude Weldbend as a related party.

In the first five-year reviews, the Commission did exclude Tube-Line, Inc. ("Tube-Line") as a related party, as it had in the original investigations, based on Tube-Line's relationship to Japanese and Thai producers and exporters of the subject merchandise, and on the fact that it depended on low-cost subject imports for its operations.<sup>16</sup> The Commission noted in the first five-year reviews that "[n]othing in the current record suggests that Tube-Line's situation has changed since the original China/Thailand investigations" with respect to excluding Tube-Line as a related party.<sup>17</sup>

During a portion of the instant review period, domestic producer Tube-Line continued to be a related party through its affiliation with Thai Benkan, a producer of the subject product in Thailand, and with Benkan Corporation, a producer of the subject product in Japan.<sup>18</sup> In 2002, however, Tube-Line was acquired by Ezeflow, Inc., of Quebec, Canada, thereby severing its relationship with the subject country

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<sup>12</sup> The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and
- (3) the position of the related producer vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993).

<sup>13</sup> See, e.g., Foundry Coke from China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 (September 2001) at 8-9.

<sup>14</sup> Original Determinations on China and Thailand, USITC Pub. 2528 at 13-16. The Commission concluded that Weldbend's relationship with the importers was sufficiently close and that it indirectly controlled an importer by making large purchases of the subject merchandise such that the related parties provision applied.

<sup>15</sup> First Five-Year Review Determinations, USITC Pub. 3263 at 6, n.22.

<sup>16</sup> Original Determinations on China and Thailand, USITC Pub. 2528 at 9, n.28, 16, n.50.

<sup>17</sup> First Five-Year Review Determinations, USITC Pub. 3263 at 6.

<sup>18</sup> CR at I-21, n.45; PR at I-17, n.45.

producers.<sup>19</sup> In response to questions posed at the hearing, the domestic interested parties took the position that Tube-Line's acquisition by a Canadian company could support a finding that it was no longer a related party but that evidence was lacking as to whether Tube-Line continued to benefit from subject imports.<sup>20</sup> Tube-Line did not submit data to the Commission, and the record does not indicate that it imported or purchased any subject merchandise during the review period.<sup>21</sup> In view of this and the fact that by the mid-point of the review period it was no longer affiliated with subject country producers, there do not appear to be appropriate circumstances to exclude Tube-Line as a related party. Moreover, because Tube-Line, which is estimated to account for only about \*\*\* percent of domestic production,<sup>22</sup> did not provide any information to the Commission, it is immaterial whether we include or exclude Tube-Line as a related party.

Domestic producer \*\*\* imported small quantities of subject product at the beginning of the review period, representing \*\*\* percent of its domestic production in 1999 and \*\*\* percent in 2000, but there were no imports or purchases thereafter<sup>23</sup> and there are no other bases for excluding \*\*\* as a related party. We therefore do not find it appropriate to exclude \*\*\* from the domestic industry.

We therefore define the domestic industry in these reviews to include all domestic producers of carbon steel butt-weld pipe fittings. The four domestic producers that provided information to the Commission, representing approximately \*\*\* percent of total U.S. production of carbon steel butt-weld pipe fittings, are Mills, an integrated producer, and combination producers Trinity, Tube Forgings, and Weldbend.<sup>24</sup>

#### **IV. CUMULATION**

##### **A. Framework**

Section 752(a) of the Act provides that:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.<sup>25</sup>

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<sup>19</sup> Prior to that, Tube-Line was partially owned by Benkan America, a wholly-owned subsidiary of Benkan Corporation of Japan. First Five-Year Review Determinations, USITC Pub. 3263 at 6.

<sup>20</sup> Weldbend's Posthearing Brief at Exhibit 1, p.2; Trinity's Posthearing Brief at A-5-6; Tube Forgings/Mills' Posthearing Brief at Exhibit I, p.3.

<sup>21</sup> See CR/PR at Tables I-4, III-4.

<sup>22</sup> CR at I-21-22, n.47; PR at I-17, n.47.

<sup>23</sup> CR/PR at Table III-4.

<sup>24</sup> CR at I-21, PR at I-17. Integrated producers begin with seamless pipe as the raw material and perform both forming and finishing operations, whereas combination producers produce some fittings through an integrated process and others through a conversion process. In a conversion process, the producer purchases rough formed or semifinished fittings and performs only machining and finishing operations. CR at I-20, n.42; PR at I-16, n.42.

<sup>25</sup> 19 U.S.C. § 1675a(a)(7).

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. Also, the statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.<sup>26</sup> We note that neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.<sup>27</sup> With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.<sup>28</sup>

The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.<sup>29</sup> Only a “reasonable overlap” of competition is required.<sup>30</sup> In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists. Because of the prospective nature of five-year reviews, the Commission, in addition to its traditional competition factors, has considered factors that are examined in other contexts where cumulation is discretionary.<sup>31</sup>

In the first five-year reviews, the Commission exercised its discretion to cumulate subject imports from Brazil, China, Japan, Taiwan, and Thailand, based on a likely reasonable overlap of competition and

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<sup>26</sup> 19 U.S.C. § 1675a(a)(7).

<sup>27</sup> SAA, H.R. Rep. No. 103-316, vol. I (1994).

<sup>28</sup> For a discussion of the analytical framework of Chairman Koplan and Commissioner Hillman regarding the application of the “no discernible adverse impact” provision, see Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review) USITC Pub. 3274 (Feb. 2000). For a further discussion of Chairman Koplan’s analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263, and 265 (Review) USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplan Regarding Cumulation).

<sup>29</sup> The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

<sup>30</sup> See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff’d sub nom. Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

<sup>31</sup> See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission’s determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallwerken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

no significant differences in other conditions of competition likely to prevail.<sup>32</sup> The Commission majority made no findings on whether subject imports from the subject countries would individually have no discernible adverse impact.<sup>33</sup>

The domestic interested parties urge the Commission to assess cumulatively subject imports from Brazil, China, Japan, Taiwan, and Thailand, as it did in the first reviews, based on a likely reasonable overlap of competition.

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied, as Commerce initiated all the reviews on December 1, 2004.<sup>34</sup>

## **B. Likelihood of No Discernible Adverse Impact**

We find that revocation of any of the individual antidumping duty orders on Brazil, China, Japan, Taiwan, and Thailand would likely have a discernible adverse impact on the domestic industry. Not only did subject producers in each of these countries demonstrate the ability to export subject merchandise to the United States during the review period, but there were some shipments from each country during the period, notwithstanding the orders, although at reduced levels as compared to the original investigation periods.<sup>35</sup> In addition, each country was and remains export-oriented. Moreover, no producers from any of the subject countries have appeared to make any argument against cumulation, including likelihood of no discernible adverse impact.

The volume of subject imports from Brazil increased markedly, from \*\*\* pounds to \*\*\* pounds, during the original period of investigation, 1983 through 1985.<sup>36</sup> During the review period, by contrast, the volume of subject imports from Brazil was only 10,000 pounds, in 2003,<sup>37</sup> likely due to the restraining effect of the order. However, Brazil's exports to all countries during the original period of investigation constituted \*\*\* percent of its total shipments,<sup>38</sup> and UN COMTRADE data<sup>39</sup> show that its exports to other countries during the review period likewise were sizeable and increasing, even if its exports to the United States were at relatively low levels. Brazil's exports to other countries increased from 58,000 pounds in 1999 to 164,000 pounds in 2004.<sup>40</sup>

For China, the volume of subject imports increased from \*\*\* pounds to \*\*\* pounds during the original period of investigation, 1989 through 1991,<sup>41</sup> but were much lower during the review period, ranging from a high of 224,000 pounds in 2001 to a low of 68,000 pounds in 2002.<sup>42</sup> Like Brazil, China

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<sup>32</sup> First Five-Year Review Determinations, USITC Pub. 3263 at 10-11.

<sup>33</sup> See First Five-Year Review Determinations, USITC Pub. 3263 at 7-11.

<sup>34</sup> Notice of Initiation of Five-Year ("Sunset") Reviews, 69 Fed. Reg. 69891 (Dec. 1, 2004).

<sup>35</sup> See CR/PR at Tables I-1, IV-1.

<sup>36</sup> CR/PR at Table I-1.

<sup>37</sup> CR/PR at Table IV-1.

<sup>38</sup> First Five-Year Review CR/PR at Table I-5.

<sup>39</sup> The UN COMTRADE data, which show exports from all the subject countries during the review period (i.e., CR/PR at Figures IV-2-6), may overstate exports of subject product since the data cover a broader category of carbon steel butt-weld pipe fittings (i.e., HTS subheading 7307.93). According to one U.S. producer, it would be reasonable to estimate that 70 percent of the reported exports are subject product, consistent with the proportion of U.S. imports in the broader category that are subject merchandise. CR at IV-7, n.6; PR at IV-5, n.6.

<sup>40</sup> CR/PR at Figure IV-2.

<sup>41</sup> CR/PR at Table I-1.

<sup>42</sup> CR/PR at Table IV-1.

continues to be export-oriented. China exported \*\*\* percent of its total shipments in 1991,<sup>43</sup> and current data show that China's exports to other countries increased from 30.7 million pounds in 1999 to 78.4 million pounds in 2004.<sup>44</sup>

Subject imports from Japan did not increase in volume during the original period of investigation, but were at relatively high levels throughout, ranging from a low of \*\*\* pounds in 1985 to a high of \*\*\* pounds in 1984.<sup>45</sup> During the review period, subject imports from Japan ranged from a high of 292,000 pounds in 1999 to a low of 100 pounds in 2004.<sup>46</sup> In 1985, Japan exported \*\*\* percent of its total shipments of carbon steel butt-weld pipe fittings,<sup>47</sup> and its exports to other countries remain substantial, at 22.0 million pounds in 2004 and reaching a high of 27.2 million pounds in 1999.<sup>48</sup>

The volume of subject imports from Taiwan more than doubled during the original period of investigation, increasing from \*\*\* pounds in 1983 to \*\*\* pounds in 1985.<sup>49</sup> Despite the order, subject imports from Taiwan have maintained a relatively strong presence in the U.S. market, ranging from a high of 4.9 million pounds in 1999 to a low of 1.1 million pounds in 2002.<sup>50</sup> Moreover, Taiwan's total exports, which comprised \*\*\* percent of its total shipments in 1985,<sup>51</sup> remain high. Besides its exports to the United States during the review period, Taiwan's exports to other countries increased from 5.1 million pounds in 2000 to 12.7 million pounds in 2004.<sup>52</sup>

The volume from Thailand of subject imports, while not increasing, ranged from a low of \*\*\* pounds in 1991 to a high of \*\*\* pounds in 1989.<sup>53</sup> During the review period, despite the orders, subject imports from Thailand ranged from a high of \*\*\* pounds in 2001 to a low of \*\*\* pounds in 2004.<sup>54</sup> Subject Thai producers depended heavily on exports during the original period of investigation, with exports of subject product accounting for \*\*\* percent of their total shipments.<sup>55</sup> During the review period, Thailand's exports of subject and nonsubject carbon steel butt-weld pipe fittings to other countries increased from 48.6 million pounds in 1999 to 50.5 million pounds in 2003.<sup>56</sup>

The Commission received no information from any subject country producers in these second reviews. The data showing exports for each country during the review period, however, appear to be consistent with the domestic producers' assertions that the subject countries continue to produce and export the subject merchandise at substantial levels.<sup>57</sup> In addition, there were at least some U.S. imports from each country during some portion of the review period, even with the orders in place, indicating continuing commercial contacts with prospective U.S. purchasers or importers. We thus conclude, based

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<sup>43</sup> First Five-Year Reviews CR/PR at Table I-5.

<sup>44</sup> CR/PR at Figure IV-3.

<sup>45</sup> CR/PR at Table I-1.

<sup>46</sup> CR/PR at Table IV-1.

<sup>47</sup> First Five-Year Reviews CR/PR at Table I-5.

<sup>48</sup> CR/PR at Figure IV-4.

<sup>49</sup> CR/PR at Table I-1.

<sup>50</sup> CR/PR at Table IV-1.

<sup>51</sup> First Five-Year Reviews CR/PR at Table I-5.

<sup>52</sup> CR/PR at Figure IV-5.

<sup>53</sup> CR/PR at Table I-1.

<sup>54</sup> CR/PR at Table IV-1.

<sup>55</sup> First Five-Year Reviews CR/PR at Table I-5.

<sup>56</sup> CR/PR at Figure IV-6.

<sup>57</sup> CR at IV-6, IV-9, IV-11, IV-13, IV-15; PR at IV-5, IV-7, IV-9, IV-11, IV-13.

on each country's substantial exports to the United States during the original investigations, their continued export orientation and significant overall exports during the review period, and their continued presence in the U.S. market, although at reduced levels, that subject imports from each country likely would have a discernible adverse impact absent the orders.

### C. Likelihood of a Reasonable Overlap of Competition

We have considered whether subject imports are likely to compete with each other and with the domestic like product with reference to four factors: 1) fungibility; 2) sales or offers in the same geographic markets; 3) common or similar channels of distribution; and 4) simultaneous presence.<sup>58</sup> We find a likely reasonable overlap of competition among subject imports from all sources and between these imports and the domestic like product if the orders were to be revoked.

In both original determinations, in 1986 with respect to Brazil, Japan, and Taiwan, and in 1992, with respect to China and Thailand, the Commission cumulated the subject imports. It noted in the China-Thailand investigations some dispute among the parties concerning the fungibility of the subject merchandise with the domestic product, but ultimately found they did compete. The record indicated that carbon steel butt-weld pipe fittings from China had not been given an approval rating on the vendor lists of end users in the petroleum, nuclear energy and power generation industries.<sup>59</sup> The Commission found, however, that, even if, as respondents alleged, quality considerations prevented imports from China from competing with U.S. product in the approved market, which constituted 50 percent of the market, imports from China at least competed with imports from Thailand and the U.S. product in the other 50 percent of the market.<sup>60</sup>

In the first five-year reviews, the Commission likewise cumulated subject imports from all five countries, based on a likely reasonable overlap of competition and no significant differences in conditions of competition among the subject imports and between the subject imports and the domestic like product.<sup>61</sup> The Commission found that there was no evidence in the record of that review that suggested that subject imports would not compete with each other and the domestic like product if the orders were revoked.<sup>62</sup>

On the issue of fungibility, the current record indicates a moderately high level of substitutability between domestically produced carbon steel butt-weld pipe fittings and imported subject product.<sup>63</sup> Producers, importers, and purchasers generally reported that carbon steel butt-weld pipe fittings from different countries were always interchangeable, although one purchaser reported that imports from China were only acceptable in low price and low quality situations.<sup>64</sup> While 6 of 9 purchasers responding to the Commission's questionnaires reported that quality was the most important factor in purchasing decisions,

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<sup>58</sup> See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd*, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988); Mukand Ltd. v. United States, Court No. 93-12-00817, Slip Op. 96-120 at 10-11 (Aug. 2, 1996).

<sup>59</sup> CR at I-17, n.33; PR at I-14, n.33.

<sup>60</sup> Original Determinations on China and Thailand, USITC Pub. 2528 at 23.

<sup>61</sup> First Five-Year Review Determinations, USITC Pub. 3263 at 10-11.

<sup>62</sup> First Five-Year Review Determinations, USITC Pub. 3263 at 10.

<sup>63</sup> CR at II-9, PR at II-5.

<sup>64</sup> CR at II-14-16, PR at II-9.

five purchasers listed price as the second most important factor.<sup>65</sup> All responding purchasers require their suppliers to become certified or prequalified with respect to quality, chemistry, strength, or other performance characteristics,<sup>66</sup> and four purchasers indicated that if the orders were revoked they would consider buying more product from the subject countries.<sup>67</sup>

In response to questions from the Commission, the domestic producers indicated that approved manufacturer or vendor lists were not a barrier to competition for product from any country, including China.<sup>68</sup> The lists, used primarily in the petroleum, nuclear energy, and power generation industries, are of suppliers who have been approved through inspections of their manufacturing facilities.<sup>69</sup> The domestic parties discounted the significance of the lists because: most of the foreign producers are named in the lists; the lists are often not followed; some purchasers assume comparable quality if the manufacturers are certified by the International Society for Standardization (“ISO”); and purchasers who use approved manufacturer lists are starting to accept line pipe manufactured in China (and presumably would also start to accept pipe fittings made in China).<sup>70</sup>

With respect to geographic overlap, the record shows that U.S. imports of carbon steel butt-weld pipe fittings were generally dispersed throughout the United States during the review period, as was the U.S. product, and, with respect to simultaneous presence, subject imports from each country were present in the U.S. market at least during some months of the review period (although imports from Brazil only entered the United States in January and February of 2003).<sup>71</sup> On the issue of channels of distribution, both domestic producers and importers make 100 percent of their sales to distributors.<sup>72</sup>

We thus find that there will likely be a reasonable overlap of competition between subject imports from each country and the domestic like product as well as among subject imports from each country. The record does not indicate that the overlap in competition between the subject imports and the domestic product is less than during the original investigations, and may even be higher, given that pipe from China, and consequently pipe fittings, appear to be gaining acceptance among end users that demand higher quality, high performance product. We base our decision to cumulate on the fungibility of the product, the simultaneous presence and geographic overlap of subject imports and the domestic like product, at least during portions of the review period, and the existence of common channels of distribution – conditions that would likely continue in the event of revocation.

For all the foregoing reasons, we exercise our discretion to cumulate subject imports from Brazil, China, Japan, Taiwan, and Thailand in these reviews.<sup>73</sup>

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<sup>65</sup> CR at II-9, PR at II-6.

<sup>66</sup> CR at II-14, PR at II-9.

<sup>67</sup> CR/PR at D-11.

<sup>68</sup> CR at I-17-18, n.33; PR at I-14, n.33.

<sup>69</sup> Prehearing CR at II-10, n.16; PR at II-5.

<sup>70</sup> CR at I-17-18, n.33; PR at I-14, n.33.

<sup>71</sup> CR at IV-5-6, PR at IV-4.

<sup>72</sup> CR at V-7, PR at V-5.

<sup>73</sup> We find no other factors on the record that indicate we should not exercise our discretion to cumulate the subject imports.

## V. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS ARE REVOKED

### A. Legal Standard in a Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>74</sup> The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>75</sup> Thus, the likelihood standard is prospective in nature.<sup>76</sup> The U.S. Court of International Trade has found that “likely,” as used in the sunset review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>77</sup>

<sup>78</sup> <sup>79</sup> <sup>80</sup> <sup>81</sup> <sup>82</sup>

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<sup>74</sup> 19 U.S.C. § 1675a(a).

<sup>75</sup> SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

<sup>76</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>77</sup> See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d without opinion, 05-1019 (Fed. Cir. August 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>78</sup> Chairman Koplan agrees with the Court that “‘likely’ means ‘likely’...” Usinor Industeel, S.A. et al v. United States, No. 01-00006, Slip. Op. 02-39 at 13 (Ct. Int’l Trade April 29, 2002). Because Chairman Koplan also agrees that the term “likely” as used in the statute is not ambiguous, he does not believe that the Commission need supply a synonym for it. Nevertheless, were Chairman Koplan to select a synonym for “likely,” he would accept the Court’s conclusion that “likely” is best equated with “probable,” and that it does not mean “possible.” If some event is likely to happen, under common usage of the term, it probably will happen. If one considers the term “probably” to be tantamount to “more likely than not,” then in the context of a sunset review such as this one, upon revocation of the respective orders either injury probably will continue or recur (more likely than not) or it probably will not continue or recur.

<sup>79</sup> Vice Chairman Okun notes that consistent with her dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” to mean “probable” See Usinor Industeel, S.A. et al v. United States, No. 01-00006, Slip. Op. 02-39 at 13 (Ct. Int’l Trade April 29, 2002). However, she will apply the

(continued...)

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>83</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>84 85</sup>

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>86</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in

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<sup>79</sup> (...continued)

Court’s standard in these reviews and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue. Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 731-TA-707-709 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

<sup>80</sup> Commissioner Hillman interprets the statute as setting out a standard of whether it is “more likely than not” that material injury would continue or recur upon revocation. She assumes that this is the type of meaning of “probable” that the Court intended when the Court concluded that “likely” means “probable”. See Separate Views of Vice Chairman Jennifer A. Hillman Regarding the Interpretation of the Term “Likely”, in Certain Carbon Steel Products from Australia, Belgium, Brazil, Canada, Finland, France, Germany, Japan, Korea, Mexico, The Netherlands, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom (Views on Remand), Invs. Nos. AA1921-197 (Review), 701-TA-231, 319-320, 322, 325-328, 340, 342, and 348-350 (Review), and 731-TA-573-576, 578, 582-587, 604, 607-608, 612, and 614-618 (Review) (Remand), USITC Pub. 3526 (July 2002) at 30-31.

<sup>81</sup> Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

<sup>82</sup> While, for purposes of these reviews, Commissioner Pearson does not take a position on the correct interpretation of “likely,” he notes that he would have made the same determination under any interpretation of “likely” other than equating “likely” with merely “possible.” See Commissioner Pearson’s dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 at 15-17 (June 2004).

<sup>83</sup> 19 U.S.C. § 1675a(a)(5).

<sup>84</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” Id.

<sup>85</sup> In analyzing what constitutes a reasonably foreseeable time, Chairman Koplán examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

<sup>86</sup> 19 U.S.C. § 1675a(a)(1).

the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>87</sup>

## **B. Conditions of Competition**

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>88</sup> The following conditions of competition are relevant to our determinations.

***Demand:*** The demand for carbon steel butt-weld pipe fittings is derived from demand for the products of the industries that purchase them, including oil refining, petrochemical, energy generation, gas production and transmission, commercial construction, and shipbuilding.<sup>89</sup> In the 1986 original determinations, the Commission described fluctuations in apparent U.S. consumption and declining demand for pipe fittings in the energy and energy related sectors.<sup>90</sup> During the subsequent original investigation period, domestic consumption declined irregularly.<sup>91</sup>

The carbon steel butt-weld pipe fittings market is now described as mature, with little new product innovation or development.<sup>92</sup> Demand has been relatively stable over the review period and is not expected to increase significantly in the near future, due in part to a lack of new construction in the refining and petrochemical industries and the lack of any new product development over the review period.<sup>93 94</sup> Even if new refinery construction were approved in the near future, the lead time for such construction is reportedly five to ten years and thus would have no short- or medium-term impact on

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<sup>87</sup> 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. See CR at I-11, PR at I-9. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>88</sup> 19 U.S.C. § 1675a(a)(4).

<sup>89</sup> CR/PR at II-1.

<sup>90</sup> Original Determinations on Brazil, Japan, and Taiwan, USITC Pub. 1918 at 11, 19.

<sup>91</sup> Original Determinations on China and Thailand, USITC Pub. 2528 at 18-19.

<sup>92</sup> Weldbend Prehearing Brief at 5.

<sup>93</sup> CR at II-5, PR at II-3-4.

<sup>94</sup> Vice Chairman Okun disagrees with the statement made by Tube Forgings of America, Inc., and Mills Iron Works, Inc., that attempts to project future demand are at best tangential to the Commission’s analysis. Posthearing Brief of Tube Forgings of America, Inc., and Mills Iron Works, Inc. at Exhibit I, page 8. The assessment of future demand is integral, not tangential to her analysis. The statute directs the Commission to consider whether the likely volume of subject imports if the order under review is revoked would be significant in either absolute terms or relative to the production or consumption in the United States. 19 U.S.C. 1675a(a)(2). It is impossible to evaluate whether volume relative to consumption would be significant without evaluating future consumption. Moreover, she notes that the other statutory factors that she is required to consider with respect to price and impact are also affected by demand conditions in both the domestic and foreign markets.

demand.<sup>95</sup> Apparent U.S. consumption fluctuated but did increase overall during the review period.<sup>96</sup> In response to Commission questions, the domestic producers did not foresee the recent hurricanes in the Gulf States as necessarily contributing to increased demand in the near future, although demand for large-diameter butt-weld pipe fittings, outside the scope of these reviews, might increase.<sup>97</sup>

**Supply:** The domestic industry, which numbered 12 producers in 1986 and seven producers in 1992, has undergone consolidation and the exit of a number of U.S. producers since the original investigations.<sup>98</sup> Although the current five producers are the same as at the time of the first five-year reviews, Trinity noted that it has consolidated certain of its production and distribution facilities since the first reviews, due in part to competitive pressure from imports. Two of its four production facilities were closed and their production equipment transferred to the remaining two facilities. This consolidation is reflected in a \*\*\*, and the fact that 2004 production capacity \*\*\* 2000 capacity.<sup>99</sup>

Although subject imports were at relatively low levels during the review period, likely due to the restraining effect of the orders, the quantity of nonsubject imports surged, particularly toward the end of the review period. At the same time, U.S. producers' U.S. market share has declined over the review period.<sup>100</sup>

**Section 201 Import Relief:** As a result of the Commission's global Section 201 investigation on steel imports, Section 201 relief was in place on imports of carbon steel butt-weld pipe fittings during a portion of the review period, from March 20, 2002, through December 4, 2003. The safeguard tariff on this product was an additional tariff of 13 percent *ad valorem* in the first year of relief and 10 percent *ad valorem* in the second year of relief.<sup>101</sup> The domestic parties assert that the safeguard duties had little or no effect on the market during the time the duties were in place, due to the fact that the imports of carbon steel butt-weld pipe fittings undersold the U.S. product by a wider margin than the safeguard duties and U.S. importers and foreign producers simply absorbed the duties. They note that the safeguard duties did not stem the flow of nonsubject imports during the review period and, moreover, contributed to accelerated purchases of imports in 2001, before the duties were put in place, which in turn led to suppressed demand in 2002.<sup>102</sup>

**Raw Material and Other Costs:** The cost of raw materials (mainly seamless pipe) surged during the review period, particularly in the latter part of the period. The price of seamless standard pipe increased by 107 percent from January 1999 through May 2005, and the price of seamless line pipe increased by 59 percent over the same period.<sup>103</sup> Raw material costs are projected to continue to increase

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<sup>95</sup> Tube Forgings/Mills' Posthearing Brief at 7.

<sup>96</sup> CR/PR at Table C-1.

<sup>97</sup> Weldbend's Posthearing Brief at Exhibit 1, p. 6; Tube Forgings/Mills' Posthearing Brief at 7; Trinity's Posthearing Brief at 8.

<sup>98</sup> CR at I-19-21, PR at I-16-17.

<sup>99</sup> CR at III-1-2, PR at III-1.

<sup>100</sup> CR/PR at Table C-1.

<sup>101</sup> CR at I-9, PR at I-7.

<sup>102</sup> CR at I-9, n.18; PR at I-7, n.18.

<sup>103</sup> CR/PR at V-1.

in the near future.<sup>104</sup> <sup>105</sup> Other costs also increased, particularly toward the end of the review period, including labor, energy, transportation, and health insurance costs.<sup>106</sup> The domestic producers in 2004 were able to increase their prices, partly in anticipation of higher raw material costs in 2004, and thereby realize higher profits in 2004 and interim 2005.<sup>107</sup> However, the higher prices and profits in interim 2005 were accompanied by declining domestic shipments, \*\*\* inventories, declining market share, and substantial unused capacity.<sup>108</sup>

***Substitutability:*** In the 1986 original determinations, the Commission found that all butt-weld pipe fittings, domestic and imported, had to meet industry specifications and could be used interchangeably.<sup>109</sup> The Commission described the domestic product and subject imports as relatively substitutable and the non-approved market as price sensitive, in the subsequent original investigations on China and Thailand.<sup>110</sup>

The current record shows moderately high substitutability between domestically produced carbon steel butt-weld pipe fittings and both subject and nonsubject imports.<sup>111</sup> Producers, importers, and purchasers generally reported that carbon steel butt-weld pipe fittings from different countries were always interchangeable.<sup>112</sup> All responding purchasers require their suppliers to become certified or prequalified with respect to quality, chemistry, strength or performance characteristics,<sup>113</sup> and most markets, except perhaps the more demanding nuclear power industry, are served by imports as well as domestic product.<sup>114</sup> If the product meets quality standards, then price is an important factor in purchasing decisions. Seven out of ten purchasers responding to the Commission's questionnaires indicated that price was the first or second most important factor in selecting a supplier; all ten purchasers reported discounts offered as a very important factor in their purchasing decisions; and nine out of ten purchasers reported lower price as a very important factor.<sup>115</sup> According to the domestic producers, any distinction between approved and nonapproved markets, based on approved manufacturer lists, has diminished since the original investigations and first five-year reviews.<sup>116</sup>

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<sup>104</sup> CR/PR at Figure V-1.

<sup>105</sup> Vice Chairman Okun takes issue with the statement made by Tube Forgings of America, Inc., and Mills Iron Works, Inc., that attempts to project future domestic industry costs are at best tangential to the Commission's analysis. Posthearing Brief of Tube Forgings of America, Inc., and Mills Iron Works, Inc. at Exhibit I, page 8. She considers the projection of future industry costs integral, not tangential to her analysis, particularly with respect to the evaluation of the likely price and impact of imports on the domestic industry if the order is revoked.

<sup>106</sup> CR/PR at V-1.

<sup>107</sup> CR at III-8-13, PR at III-5-8.

<sup>108</sup> CR/PR at Table C-1.

<sup>109</sup> Original Determinations on Brazil, Japan, and Taiwan, USITC Pub. 1918 at 14.

<sup>110</sup> Original Determinations on China and Thailand, USITC Pub. 2528 at 31.

<sup>111</sup> CR at II-9, PR at II-5.

<sup>112</sup> CR at II-14, PR at II-9.

<sup>113</sup> CR at II-14, PR at II-9.

<sup>114</sup> CR at I-17, PR at I-14.

<sup>115</sup> CR/PR at Tables II-1, II-2.

<sup>116</sup> Weldbend's Prehearing Brief at 10-11; Trinity's Prehearing Brief at 20-21; Tube Forgings/Mills' Prehearing Brief at 15-19. As the Commission noted in its Section 201 investigation, approved manufacturer lists "do not appear to have been an insurmountable hurdle" to imports of carbon steel butt-weld pipe fittings entering the U.S.

(continued...)

We find that these conditions of competition in the market for carbon steel butt-weld pipe fittings provide us with a reasonable basis on which to assess the likely effects of revocation of the orders.

### C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping duty orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>117</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>118</sup>

In the 1986 determinations on Brazil, Japan, and Taiwan, the Commission found that the absolute volume of cumulated imports, at 32 million pounds in 1983 and 51 million pounds in 1985, was significant throughout the period of investigation and that subject imports’ market share had increased overall from 47 percent in 1983 to 65 percent in 1985.<sup>119</sup> In the 1992 determinations on China and Thailand, based on threat of material injury, the Commission found a ten-fold increase in Chinese producers’ capacity and production during the period of investigation, a 10 percent increase in Thai producers’ capacity and a 30 percent increase in their production, as well as significant excess capacity in both countries. It further noted that the cumulated imports’ market share had increased slightly and was at all times in excess of one third of the U.S. market and that the United States was a primary export market for both countries.<sup>120</sup>

In the first five-year reviews, which were expedited reviews, the Commission found a likely significant increase in subject import volume in the reasonably foreseeable future were the antidumping orders to be revoked. It reasoned that, although there was limited information on the record concerning the foreign industries, they did appear to be structured as they were during the original investigations. The Commission noted that the antidumping orders had had a significant restraining effect on subject imports, but that, in the absence of contrary information or argument, subject imports would likely increase to a significant level and regain U.S. market share without the orders.<sup>121</sup>

The record evidence in these reviews indicates that the volume of cumulated subject imports likely would be significant if the orders were revoked. The volumes and market shares of the cumulated subject imports were significant during the original investigations, and the low level of subject imports

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<sup>116</sup> (...continued)  
market. Steel, Inv. No. TA-201-73, USITC Pub. 3479 (December 2001), Vol. I at 177.

<sup>117</sup> 19 U.S.C. § 1675a(a)(2).

<sup>118</sup> 19 U.S.C. § 1675a(a)(2)(A-D). This type of product shifting is not at issue in this case. According to the domestic producers, the processes and machines used to manufacture carbon steel butt-weld pipe fittings are not generally used to make other types of steel products. CR at II-2, III-2; PR at II-2, III-1. However, as our analysis of no discernible adverse impact and likely volume indicates, the export orientation of the subject countries leads us to conclude that their exports to other markets during the review period could be shifted back to the U.S. market if the orders are revoked.

<sup>119</sup> Original Determinations on Brazil, Japan, and Taiwan, USITC Pub. 1918 at 16-17.

<sup>120</sup> Original Determinations on China and Thailand, USITC Pub. 2528 at 24-27.

<sup>121</sup> First Five-Year Review Determinations, USITC Pub. 3263 at 15.

during the review period was due to the restraining effect of the orders. Even so, \*\*\* of subject imports has continued to enter the U.S. market despite the high dumping duties imposed by the orders.<sup>122</sup>

Although no information was provided in these reviews on the subject producers' current capacity and production levels, there is no indication that their structures have changed significantly since the original investigations, when their capacity and unused capacity levels were substantial.<sup>123</sup> The data do show that they have significant exports to other countries; and their export orientation and established U.S. distribution networks suggest that they could shift substantial quantities of exports from other countries to the U.S. market. As described in the discussion of no discernible adverse impact, Brazil's exports to other countries increased from 58,000 pounds in 1999 to 164,000 pounds in 2004; China's exports to other countries increased from 30.7 million pounds in 1999 to 78.4 million pounds in 2004; Japan's exports to other countries reached a high of 27.2 million pounds in 1999 and were 22.0 million pounds in 2004; Taiwan's exports to other countries increased from 5.1 million pounds in 2000 to 12.7 million pounds in 2004; and Thailand's subject and nonsubject exports of carbon steel butt-weld pipe fittings increased from 48.6 million pounds in 1999 to 50.5 million pounds in 2003.<sup>124</sup> In the original investigations, all the countries exported a significant amount of their production: in 1985, Brazil exported \*\*\* percent of its total shipments; Japan, \*\*\* percent; and Taiwan, \*\*\* percent; and in 1991, China exported \*\*\* percent of its total shipments, and Thailand, \*\*\* percent of its total shipments.<sup>125</sup>

The United States is an attractive market for exports from other countries because of its large size, steady demand, and high prices. The U.S. market was between 92 million and 129 million pounds in each year of the review period<sup>126</sup> and demand has been relatively steady.<sup>127</sup> Data on the record indicate that U.S. prices are higher than European prices, and that prices in Asian markets are likely even lower. For example, prices in France for a popular size of fitting are \*\*\* percent lower than U.S. prices.<sup>128</sup> The increase in nonsubject imports over the review period further supports our finding that the U.S. market is an attractive one.

Furthermore, the substitutability of the domestic product and subject imports is moderately high, and 5 out of 9 purchasers responding to the Commission's questionnaires identified price as the second most important factor in their purchasing decisions, after quality.<sup>129</sup> Four purchasers stated that they would likely increase their purchases of subject imports if the orders are revoked.<sup>130</sup> We recognize that, given the substitutability of the product generally, subject imports would likely also displace nonsubject

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<sup>122</sup> CR/PR at Table I-1.

<sup>123</sup> At the time of the original investigations, Brazil's capacity increased from \*\*\* pounds in 1983 to \*\*\* pounds in 1985, and its production increased from \*\*\* pounds in 1983 to \*\*\* pounds in 1985; China's capacity increased from \*\*\* pounds in 1989 to \*\*\* pounds in 1991, and its production increased from \*\*\* pounds in 1989 to \*\*\* million pounds in 1991; Japan's capacity was \*\*\* pounds in 1985, and its production increased from \*\*\* pounds in 1984 to \*\*\* pounds in 1985; Taiwan's capacity increased from \*\*\* pounds in 1983 to \*\*\* pounds in 1985, and its production increased from \*\*\* pounds in 1983 to \*\*\* pounds in 1985; and Thailand's subject product capacity increased from \*\*\* pounds in 1989 to \*\*\* pounds in 1991, and its production increased from \*\*\* pounds in 1990 to \*\*\* pounds in 1991. CR at IV-6, n.5; IV-9, n.9; IV-11, n.14; IV-13, n.17; IV-15, n.20; PR at IV-5, n.5; IV-7, n.9; IV-9, n.14; IV-11, n.17; IV-13, n.20.

<sup>124</sup> CR/PR at Figures IV-2 through IV-6.

<sup>125</sup> First Five-Year Reviews CR/PR at Table I-5.

<sup>126</sup> CR/PR at Table C-1.

<sup>127</sup> CR at II-5, PR at II-3.

<sup>128</sup> Weldbend's Posthearing Brief at Exhibit 1, p.8.

<sup>129</sup> CR at II-9, PR at II-6.

<sup>130</sup> CR/PR at D-11.

imports in the U.S. market to some degree in the event of revocation. We nevertheless find that a significant portion of the expected increase in subject imports would be at the expense of domestic product, particularly given the likely lower prices of the subject imports, as described in the next section, on likely price effects.

All carbon steel butt-weld pipe fittings, both domestic product and imports, are sold to distributors.<sup>131</sup> The United States, therefore, has an established distribution system that would facilitate subject producers increasing shipments to the United States if the orders were revoked.<sup>132</sup>

Certain subject country producers face import barriers in third country markets, another factor that points to the likelihood that the volume of subject imports would be significant if the orders were revoked. These include antidumping duty orders against imports from China and Thailand by the European Union, and an order by Mexico against China.<sup>133</sup>

As discussed above, exports from the cumulated subject countries to other countries have been substantial during the review period.<sup>134</sup> The record also indicates that, without the orders, subject country producers would have an incentive to shift exports back to the United States, given the higher prices, size of the U.S. market, steady demand, established distribution system, and import barriers to certain countries in other markets.

Based on the foregoing, we find that the likely volume of subject imports would be significant, both absolutely and relative to domestic consumption and production, if the orders were revoked.

#### **D. Likely Price Effects of Subject Imports**

In evaluating the likely price effects of subject imports if the antidumping duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>135</sup>

In the original determinations, the Commission found that the subject imports and domestic product were relatively substitutable, price was an important factor in purchasing decisions, subject imports consistently undersold the domestic product by significant margins, and domestic prices declined as a result.<sup>136</sup>

In the first five-year reviews, the Commission found that revocation of the orders would likely lead to significant underselling and significant price depression and suppression within a reasonably foreseeable time. It noted that, despite the discipline of the orders, the average unit value for the subject

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<sup>131</sup> CR at V-7, PR at V-5.

<sup>132</sup> See CR at IV-6, n.5; PR at IV-5, n.5.

<sup>133</sup> CR at IV-17-18, PR at IV-15.

<sup>134</sup> Exports to other countries from China alone in 2004, at 78 million pounds, surpassed the level of U.S. production during every year of the review period. CR/PR at Figure IV-3, Table C-1. Although some purchasers predicted demand in China to increase in the near future (CR at II-6, PR at II-4), China's high level of exports indicates that home market demand is far from absorbing Chinese production. Tube Forgings/Mills' Prehearing Brief at 25-26, Posthearing Brief at 12-13.

<sup>135</sup> 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

<sup>136</sup> Original Determinations on Brazil, Japan, and Taiwan, USITC Pub. 1918 at 18-20; Original Determinations on China and Thailand, USITC Pub. 2528 at 27.

imports was lower than that of the domestic product during the first review period and the record indicated that competition in the marketplace was still predominantly based on price.<sup>137</sup>

The limited pricing data in these reviews show that underselling has continued, despite the antidumping duties.<sup>138</sup> The current underselling, as well as the underselling in the original investigations, makes it reasonable to conclude that subject imports would undersell the domestic product if the orders were revoked. We note further that the average unit values of the subject imports were \*\*\* than those of the domestic product during each year of the review period,<sup>139</sup> although we recognize that average unit value data may present product mix issues.<sup>140</sup>

The record shows a moderately high level of substitutability between the domestic product and subject imports, and price continues to be an important factor in purchasing decisions.<sup>141</sup> Purchasers in these reviews have commented that the low price of the subject imports relative to U.S. product would lead them to consider purchasing more subject imports if the orders were revoked.<sup>142</sup>

We thus find that, if the orders are revoked, the subject imports would likely undersell the U.S. product in order to increase their U.S. market share, forcing U.S. producers to consider lowering prices or risk losing market share.

We therefore conclude that, were the orders to be revoked, the likely significant increase in subject import volume at prices that would likely undersell the U.S. product would be likely to have significant adverse price effects on U.S. producers.

### **E. Likely Impact of Subject Imports**

In evaluating the likely impact of imports of subject merchandise if the antidumping duty orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>143</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.<sup>144</sup> As instructed by the statute, we

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<sup>137</sup> First Five-Year Review Determinations, USITC Pub. 3263 at 16.

<sup>138</sup> CR at V-8, PR at V-7, CR/PR at Table V-2. The only price comparisons provided in these reviews were for product from Taiwan. Subject imports from Taiwan undersold the domestic product in 18 of 21 comparisons, at margins ranging from 0.7 to 52.3 percent.

<sup>139</sup> CR/PR at Table C-1.

<sup>140</sup> Weldbend's Prehearing Brief at 20-21; Tube Forgings/Mills' Prehearing Brief at 33-35; Transcript at 92.

<sup>141</sup> CR at II-9, PR at II-5, CR/PR at Tables II-1, II-2.

<sup>142</sup> CR/PR at D-11.

<sup>143</sup> 19 U.S.C. § 1675a(a)(4).

<sup>144</sup> 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In the final results of its expedited sunset review of the antidumping orders, Commerce published likely dumping margins of 52.25 percent for Brazil, 35.06 percent to 182.90 percent for China, 30.83 percent to 65.81 percent for

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have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.<sup>145</sup>

In the 1986 determinations on Brazil, Japan, and Taiwan, the Commission concluded that the significant volume of subject imports, their consistently high import penetration, and underselling by the subject imports while domestic prices declined established material injury by reason of the subject imports.<sup>146</sup> In the 1992 determinations on China and Thailand, the Commission majority found the domestic industry threatened with material injury based on: unused or underutilized capacity in the subject countries and inventory buildup that would lead to an increase in the volume and market share of subject imports; substitutability of the product and price sensitivity of the market which would result in price suppression and depression; and the declining profitability and vulnerability of the domestic industry.<sup>147</sup>

In the first five-year reviews, the Commission found that material injury would likely continue or recur were the antidumping orders to be revoked. It noted that the industry's condition had improved immediately after the orders were imposed, but then began to decline again, and found the domestic industry to be vulnerable.<sup>148</sup>

In the instant reviews, the domestic interested parties contend that material injury is likely to recur were the antidumping duty orders to be revoked, given the likely increase in subject import volume and likely price effects. They claim that the domestic industry is vulnerable, despite an increase in the industry's profitability over the review period.

Given the industry's increased profitability over the review period, particularly toward the end of the period, we cannot find that the industry is vulnerable, that is, in a weakened state as a result of economic factors other than subject imports and thus susceptible to injury as a result.<sup>149</sup> The industry's profit margins were 7.2 percent and 13.3 percent in 2004 and interim 2005, respectively.<sup>150</sup> In addition, other performance and financial indicators of the domestic industry improved over most of the current review period. From 1999 through 2004, the industry's production quantity increased, as did the number of workers, and its capacity utilization improved. The industry's capital expenditures also grew. In addition, the value and unit value of its U.S. shipments and net sales rose, even as costs and SG&A

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<sup>144</sup> (...continued)

Japan, 6.84 percent to 87.30 percent for Taiwan, and 10.68 percent to 52.60 percent for Thailand. 70 Fed. Reg. 39486 (July 8, 2005). These margins are essentially the same as the margins in the original investigations and the first five-year reviews. CR/PR at Table I-2.

<sup>145</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

<sup>146</sup> Original Determinations on Brazil, Japan, and Taiwan, USITC Pub. 1918 at 20.

<sup>147</sup> Original Determinations on China and Thailand, USITC Pub. 2528 at 30-31.

<sup>148</sup> First Five-Year Review Determinations, USITC Pub. 3263 at 18.

<sup>149</sup> Commissioner Hillman and Commissioner Lane note that increased prices and improved profitability, particularly toward the end of the period, came at the expense of market share. This suggests that current profitability levels are not sustainable in that domestic producers will soon have to decide between reducing prices, thereby sacrificing profitability in light of rising costs, or maintaining or even increasing prices further, thereby sacrificing additional sales and market share to lower priced imports. Therefore, Commissioners Hillman and Lane find that the domestic industry, while not presently vulnerable, will likely be vulnerable in the imminent future.

<sup>150</sup> CR/PR at Table C-1.

expenses increased.<sup>151</sup> The industry's profits rose in 2004 and 2005 because of the price increases it was able to realize in the face of rising costs, particularly raw material costs.<sup>152</sup>

However, we find that this level of profitability is not likely to continue if the orders are revoked, given the industry's poor or declining performance in other areas over the review period, particularly its lost volume and market share. The quantity of domestic shipments declined by 5.7 percent from 1999 through 2004, and dropped over 20 percent when interim 2005 is compared to interim 2004. Net sales quantity similarly declined by 9.2 percent from 1999 through 2004, and by over 20 percent during the interim periods. While production levels increased somewhat from 1999 through 2004, production fell sharply, by 31.7 percent, during the interim periods, and the number of workers also dropped, by 4.5 percent in interim 2005. Inventories \*\*\* throughout the period; capacity utilization in interim 2005 dropped to 44.7 percent, its lowest level of the review period; and domestic market share dropped to 44.5 percent in 2005, as \*\*\* for the first time during the review period.<sup>153</sup> We note further that, despite the industry's improved profitability at the end of the period, the industry experienced losses in the first two years of the review period, and it was less profitable in the remainder of the review period than during the original investigations on China and Thailand. The industry's net income for 2004, the most profitable year of the review period, was \*\*\*, of the original investigation period.<sup>154</sup>

Raw material costs rose significantly over the review period, costs in general have increased, and the rise in raw material costs is expected to continue.<sup>155</sup> While the domestic producers were able to raise their prices to cover the increased costs and realized higher profits in 2004 and interim 2005, by the end of the review period they were losing volume and market share. In 2004, a period of strong demand, domestic producers' shipments increased. However, by the end of the review period, they had already lost significant market share to nonsubject imports. It is thus likely that the levels of profitability experienced in 2004 and interim 2005 will not be sustainable as raw material costs continue to rise and imports continue to take U.S. market share. Lifting the orders will only exacerbate the situation by drawing increased volumes of low-priced subject imports into the U.S. market during a time of steady demand.<sup>156</sup> Domestic producers also claim that, even with the orders in place, they are already being constrained in their ability to raise prices sufficiently to cover their increased costs and generate a moderate profit.<sup>157</sup>

We have found that subject import volume is likely to increase significantly were the orders to be revoked, resulting in likely significant price effects, and that the U.S. industry's higher profits at the end

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<sup>151</sup> From 1999 through 2004, the domestic industry's production increased by 3.5 percent; capacity utilization, by 2.0 percent; the number of workers, by 7.0 percent; capital expenditures, by 38.3 percent; the value of U.S. shipments, by 26.7 percent; the unit value of U.S. shipments, by 34.4 percent; net sales value, by 26.1 percent; and unit sales value, by 38.9 percent. During the same period, the industry's costs grew by 12.6 percent, and its SG&A expenses, by 27.0 percent. CR/PR at Table C-1.

<sup>152</sup> CR at III-8-13, PR at III-5-8.

<sup>153</sup> CR/PR at Table C-1.

<sup>154</sup> CR/PR at Table I-1.

<sup>155</sup> CR at V-1-2, PR at V-1.

<sup>156</sup> Apparent U.S. consumption is not expected to increase significantly in the foreseeable future. CR at II-5-6, PR at II-3-4.

<sup>157</sup> Weldbend, for example, points out that in 2005 prices are \*\*\*, that price increases \*\*\*, and that from February 2004 to June 2005, it was \*\*\*. Weldbend's Posthearing Brief at 4-5.

Trinity also provided evidence that it has already begun to \*\*\* despite rising raw material costs. For example, Trinity is currently quoting one customer a price that is \*\*\* in an attempt to make a high-volume sale that would otherwise go to imported product. Similarly, in July 2005, Trinity's \*\*\*. However, even though Trinity \*\*\*, Trinity's Posthearing Brief at 6-7.

of the period have come at the expense of domestic shipment volumes and U.S. market share. We therefore conclude that revocation of the antidumping duty orders would be likely to lead to significant declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and likely negative effects on the domestic industry's development and production efforts within a reasonably foreseeable time.

### **CONCLUSION**

For the foregoing reasons, we determine that revocation of the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan and Thailand would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

## PART I: INTRODUCTION AND OVERVIEW

### BACKGROUND

On December 1, 2004, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the antidumping duty orders on carbon steel butt-weld pipe fittings<sup>1</sup> from Brazil, China, Japan, Taiwan, and Thailand would likely lead to the continuation or recurrence of material injury to a domestic industry within a reasonably foreseeable time.<sup>2</sup> Effective March 7, 2005, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.<sup>3</sup> Information relating to the background and schedule of the reviews is provided in the following tabulation.<sup>4</sup>

Effective date	Action
December 17, 1986	U.S. Department of Commerce (“Commerce”) antidumping duty order with respect to imports from Brazil and Taiwan (51 FR 45152)
February 10, 1987	Commerce’s antidumping duty order with respect to imports from Japan (52 FR 4167)
July 6, 1992	Commerce’s antidumping duty orders with respect to imports from China and Thailand (57 FR 29702, July 6, 1992)
January 6, 2000	Commerce’s continuation of antidumping duty orders after the first five-year reviews (65 FR 753)
December 1, 2004	Commission’s institution of second reviews (69 FR 69952)
March 7, 2005	Commission’s decision to conduct full second reviews (70 FR 14713, March 23, 2005)
May 4, 2005	Commission’s scheduling of the second reviews (70 FR 24838, May 11, 2005)
July 8, 2005	Commerce’s final results of expedited second reviews (70 FR 39486, July 8, 2005)
September 7, 2005	Commission’s hearing <sup>1</sup>
October 18, 2005	Commission’s vote
October 31, 2005	Commission’s determinations to Commerce
<sup>1</sup> App. B contains a list of witnesses who appeared at the hearing.	

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<sup>1</sup> A complete description of the imported products subject to these reviews is presented in the “Subject Product” section of this part of the report.

<sup>2</sup> These reviews are the second reviews of carbon steel butt-weld pipe fittings from these subject countries. The first reviews, completed in December 1999, were expedited reviews. *See Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan, and Thailand, Invs. Nos. 731-TA-308-310, 520, and 521 (Review)*, USITC Publication 3263, December 1999.

<sup>3</sup> The Commission received adequate responses from four U.S. producers of carbon steel butt-weld pipe fittings and therefore determined that the domestic industry response was adequate. The Commission did not receive any responses from the foreign producers and therefore determined the respondent interested group response was inadequate. However, the Commission determined to conduct full reviews because “of the age of the orders in question and in order to examine in detail changes in the conditions of competition in the market.” *See Explanation of Commission Determination on Adequacy*, app. A.

<sup>4</sup> The Commission’s notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission’s web site (internet address [www.usitc.gov](http://www.usitc.gov)). Commissioners’ votes on whether to conduct expedited or full reviews may also be found at the web site.

## STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

*(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*

*(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*

*(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*

*(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*

*(D) in an antidumping proceeding . . . , (Commerce’s findings) regarding duty absorption . . .*

*(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*

*(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*

*(B) existing inventories of the subject merchandise, or likely increases in inventories,*

*(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*

*(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*

*(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--*

*(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*

*(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.*

*(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--*

*(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,*

*(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and*

*(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

*The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.*

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy.” Information obtained during the course of these reviews that relates to the above factors is presented throughout this report.

## **SUMMARY DATA**

A summary of data collected in the reviews is presented in appendix C. U.S. industry data are based on questionnaire responses of four firms that accounted for the vast majority of known U.S. production of carbon steel butt-weld pipe fittings during the review period (January 1999-June 2005). U.S. import data are based on official Commerce statistics.<sup>5</sup> Responses by U.S. producers, importers, and purchasers of carbon steel butt-weld pipe fittings and producers of carbon steel butt-weld pipe fittings in Brazil, China, Japan, Taiwan, and Thailand to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of revocation are presented in appendix D. Table I-1 presents a summary of data from the original investigations and from these reviews.

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<sup>5</sup> U.S. import data from Thailand are based on adjusted Commerce data. One Thai producer, Awaji Thailand, received a *de minimis* margin in Commerce’s original investigation and is thus excluded from the antidumping order. Therefore, U.S. imports from Awaji are considered nonsubject imports from Thailand. U.S. imports identified as being manufactured by Awaji Thailand have been removed from subject U.S. imports from Thailand and have been identified as nonsubject imports from Thailand throughout this report. These imports were identified using proprietary data obtained from U.S. Customs and Border Protection (“Customs”).

Table I-1

## Carbon steel butt-weld pipe fittings: Summary data from the original investigations and current reviews, 1983-1985, 1989-1991, and 1999-2004

(Quantity=1,000 pounds; value=\$1,000; unit values, unit labor costs, and unit financial data are per pound)

Item	1983	1984	1985	1989	1990	1991	1999	2000	2001	2002	2003	2004
U.S. consumption quantity: Amount	68,625	80,561	79,015	95,192	99,365	101,784	103,537	114,332	128,921	110,926	91,981	118,790
Producers' share <sup>1</sup>	***	***	***	***	***	***	64.8	59.3	48.3	56.8	55.3	53.2
Importer's share: <sup>1</sup>												
Brazil	***	***	***	(2)	(2)	(2)	0.0	0.0	0.0	0.0	0.0	0.0
China	(2)	(2)	(2)	***	***	***	0.1	0.1	0.2	0.1	0.1	0.1
Japan	***	***	***	(2)	(2)	(2)	0.3	0.2	0.1	0.1	0.0	0.0
Taiwan	***	***	***	(2)	(2)	(2)	4.8	2.9	2.5	1.0	1.7	2.1
Thailand (subject)	(2)	(2)	(2)	***	***	***	***	***	***	***	***	***
Subtotal	30.4	38.6	36.2	***	***	***	***	***	***	***	***	***
Thailand (nonsubject)	(2)	(2)	(2)	(2)	(2)	(2)	***	***	***	***	***	***
All other countries <sup>1</sup>	***	***	***	***	***	***	19.2	26.5	38.7	32.0	31.3	34.6
Subtotal	(2)	(2)	(2)	(2)	(2)	(2)	***	***	***	***	***	***
Total imports <sup>1</sup>	***	***	***	42.7	37.6	41.3	35.2	40.7	51.7	43.2	44.7	46.8
U.S. import quantity from-- Brazil	***	***	***	(2)	(2)	(2)	0	0	0	0	10	0
China	(2)	(2)	(2)	***	***	***	125	138	224	68	83	177
Japan	***	***	***	(2)	(2)	(2)	292	220	74	101	0.4	0.1
Taiwan	***	***	***	(2)	(2)	(2)	4,952	3,308	3,173	1,076	1,602	2,482
Thailand (subject)	(2)	(2)	(2)	***	***	***	***	***	***	***	***	***
Subtotal	20,880	31,059	28,580	***	***	***	***	***	***	***	***	***
Thailand (nonsubject)	(2)	(2)	(2)	(2)	(2)	(2)	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	19,863	30,273	49,909	35,478	28,812	41,070
Subtotal	(2)	(2)	(2)	(2)	(2)	(2)	***	***	***	***	***	***
All sources	***	***	***	40,602	37,342	42,029	36,481	46,521	66,680	47,945	41,087	55,577

Table continued on next page.

Table I-1--Continued

## Carbon steel butt-weld pipe fittings: Summary data from the original investigations and current reviews, 1983-1985, 1989-1991, and 1999-2004--Continued

(Quantity=1,000 pounds; value=\$1,000; unit values, unit labor costs, and unit financial data are per pound)

Item	1983	1984	1985	1989	1990	1991	1999	2000	2001	2002	2003	2004
U.S. producers'-- Capacity	***	***	***	***	***	***	114,000	114,000	101,000	96,520	87,225	114,000
Production	36,602	51,795	47,580	***	***	***	65,514	64,796	62,606	61,467	48,571	67,809
Capacity utilization <sup>1</sup>	***	***	***	***	***	***	57.5	56.8	62.0	63.7	55.7	59.5
U.S. shipments Quantity	***	***	***	***	***	***	67,056	67,811	62,241	62,981	50,894	63,213
Value	***	***	***	***	***	***	66,437	67,035	70,298	68,053	59,601	84,173
Unit value	***	***	***	***	***	***	\$0.99	\$0.99	\$1.13	\$1.08	\$1.17	\$1.33
Net sales	\$41,621	\$46,298	\$44,908	***	***	***	\$67,448	\$67,913	\$71,306	\$68,589	\$59,979	\$85,048
Operating income	(7,705)	(3,857)	(4,066)	***	***	***	(1,458)	(494)	2,577	3,407	1,013	6,158
Net income	(8,844)	(4,880)	(6,362)	***	***	***	(1,832)	(1,135)	2,122	3,231	1,556	6,479
Operating income to net sales <sup>1</sup>	(18.5)	(8.3)	(9.1)	***	***	***	\$ (2.2)	\$ (0.7)	3.6	5.0	1.7	7.2
Net income to net sales <sup>1</sup>	(21.2)	(10.5)	(14.2)	***	***	***	\$ (2.7)	\$ (1.7)	3.0	4.7	2.6	7.6

<sup>1</sup> In percent.<sup>2</sup> Unavailable or not presented.

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

Source: Data for 1983-1985 are compiled from information collected in the Commission's original antidumping duty investigations on Brazil, Japan, and Taiwan: *Butt-weld Pipe Fittings from Brazil and Taiwan, Invs. Nos. 731-TA-308 and 310 (Final)*, USITC Publication 1918, December 1986 and *Butt-weld Pipe Fittings from Japan, Inv. No. 731-TA-309 (Final)*, USITC Publication 1943, January 1987. Data for 1989-1991 are compiled from information collected in the Commission's original antidumping duty investigations on China and Thailand: *Certain Carbon Steel Butt-weld Pipe Fittings from China and Thailand, Invs. Nos. 731-TA-520 and 521 (Final)*, USITC Publication 2528, June 1992. Data for 1999-2004 are compiled from data submitted in response to Commission questionnaires in the present reviews and from official Commerce statistics.

## THE ORIGINAL INVESTIGATIONS

On February 24, 1986, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured, or was threatened with material injury by reason of imports sold at less than fair value (“LTFV”) from Brazil, Japan, and Taiwan.<sup>6</sup> The Commission completed the original investigations for Brazil and Taiwan (Inv. Nos. 731-TA-308 and 310) in December 1986, determining that an industry in the United States was materially injured by reason of LTFV imports from Brazil and Taiwan.<sup>7</sup> Subsequently, in January 1987, the Commission made an affirmative material injury determination regarding imports of carbon steel butt-weld pipe fittings from Japan (Inv. No. 731-TA-309).<sup>8</sup>

On May 22, 1991, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured, or was threatened with material injury by reason of imports sold at LTFV from China and Thailand.<sup>9</sup> In June 1992, the Commission determined that an industry in the United States was materially injured or threatened with material injury by reason of LTFV imports of carbon steel butt-weld pipe fittings from China and Thailand (Inv. Nos. 731-TA-520-521).<sup>10</sup>

In December 1986, Commerce issued antidumping duty orders on imports of butt-weld pipe fittings from Brazil and Taiwan; on imports of such fittings from Japan in February 1987; and on imports from China and Thailand in July 1992 (the order excluded imports from Awaji Sangyo (Thailand) Co. (“Awaji Thailand”), which Commerce found to have *de minimis* dumping margins).

## THE FIRST FIVE YEAR REVIEWS

On August 5, 1999, the Commission determined that it would conduct expedited reviews of the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand.<sup>11</sup> On December 16, 1999, the Commission determined that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>12</sup> On January 6, 2000, Commerce published its notice of continuation of the antidumping duty orders.<sup>13</sup>

## RELATED INVESTIGATIONS

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<sup>6</sup> The petition was filed by the U.S. Butt-Weld Fittings Committee, an ad hoc organization consisting of U.S. producers Ladish, Mills, and Steel Forgings.

<sup>7</sup> *Butt-Weld Pipe Fittings from Brazil and Taiwan, Invs. Nos. 731-TA-308 and 310 (Final)*, USITC Publication 1918, December 1986, p. 1.

<sup>8</sup> *Butt-Weld Pipe Fittings from Japan, Inv. No. 731-TA-309 (Final)*, USITC Publication 1943, January 1987, p. 1.

<sup>9</sup> The petition was filed by the U.S. Butt-Weld Fittings Group, an ad hoc trade association consisting of U.S. producers Hackney, Ladish, Mills, Steel Forgings, and Tube Forgings.

<sup>10</sup> *Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Invs. Nos. 731-TA-520 and 521 (Final)*, USITC Publication 2528, June 1992, p. 1.

<sup>11</sup> *Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan, and Thailand*, 64 FR 44536 (August 16, 1999). The Commission found that the domestic response was adequate and the respondent foreign industry response was inadequate.

<sup>12</sup> *Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan, and Thailand*, 64 FR 71830 (December 22, 1999).

<sup>13</sup> *Continuation of antidumping duty orders: Certain Carbon Steel Butt-Weld Pipe Fittings from Brazil, Taiwan, Japan, Thailand, and the People’s Republic of China*, 65 FR 753 (January 6, 2000); *see also Final Results of Expedited Sunset Reviews: Certain Carbon Steel Butt-Weld Pipe Fittings from Brazil, Taiwan, Japan, Thailand, and the People’s Republic of China*, 64 FR 67847 (December 3, 1999)

## Title VII Investigations

In February 1994, the U.S. Fittings Group<sup>14</sup> filed a petition alleging that LTFV imports of carbon steel butt-weld pipe fittings from France, India, Israel, Malaysia, Korea, Thailand (Awaji only), the United Kingdom, and Venezuela were materially injuring or threatening to materially injure the domestic industry and that the governments of India and Israel were granting countervailable subsidies to their domestic industries.<sup>15</sup> Commerce determined that imports from France, India, Israel, Malaysia, Korea, Thailand (Awaji only), the United Kingdom, and Venezuela were sold in the United States at LTFV and that the governments of India and Israel were subsidizing their respective domestic industries. However, the Commission determined that the U.S. industry was not materially injured or threatened with material injury by reason of LTFV imports from any of the subject countries nor by reason of subsidized imports from India or Israel.<sup>16</sup> Consequently, Commerce did not issue antidumping or countervailing duty orders against U.S. imports of carbon steel butt-weld pipe fittings from these countries.

### Safeguard Investigations and Import Restraint Mechanisms

In 2001, the Commission conducted a safeguard investigation of steel products (Inv. No. TA-201-73) that included carbon steel-butt weld pipe fittings. Following affirmative determinations of serious injury and remedy recommendations by the Commission, the President issued a proclamation on March 5, 2002, imposing temporary import relief, effective March 20, 2002, for a period not to exceed three years and one day, on imports from selected countries.<sup>17</sup> Import relief relating to carbon steel butt-weld pipe fittings consisted of an additional tariff of 13 percent *ad valorem* on imports in the first year, 10 percent in the second year, and 7 percent in the third year.<sup>18</sup>

On March 5, 2003, the Commission instituted a mid-term review of the President's section 203 import relief, as required by section 204(a)(2) of the Trade Act of 1974.<sup>19</sup> The Commission issued its

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<sup>14</sup> The U.S. Fittings Group was an ad hoc trade association consisting of U.S. producers Hackney, Ladish, Mills, Steel Forgings, and Tube Forgings.

<sup>15</sup> *Certain Carbon Steel Butt-Weld Pipe Fittings from France, India, Israel, Malaysia, The Republic of Korea, Thailand, the United Kingdom, and Venezuela, Invs. Nos. 701-TA-360 and 361 and 731-TA-688-695 (Final)*, USITC Publication 2870, April 1995.

<sup>16</sup> *Ibid.* at p. 1-3.

<sup>17</sup> *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products*, 67 FR 10553 (March 7, 2002). The safeguard measures were applied to imports of subject steel products from all countries except Canada, Israel, Jordan, and Mexico, and developing countries that are members of the World Trade Organization ("WTO"), whose share of total imports of a particular product did not exceed 3 percent (provided that imports that are the product of all such countries with less than 3 percent import share collectively accounted for not more than 9 percent of total imports of the product).

<sup>18</sup> Two U.S. producers, Trinity and Weldbend, stated that the safeguard duties had little to no effect on the market during the time the duties were implemented. Weldbend stated that imports of carbon steel butt-weld pipe fittings undersold U.S. producers by a wider margin than the safeguard duties. Weldbend's posthearing brief, September 16, 2005, exh. 1, p. 1. Trinity concurred with Weldbend's assessment that the safeguard duties had no effect on the market and added that prices in the U.S. market were unaffected as U.S. importers and foreign producers absorbed the duties. Trinity's posthearing brief, September 16, 2005, exh. A, pp. A-1-A-4. Mills and Tube Forgings stated that the safeguard duties did not stem the flow of imported product and even accelerated purchases in 2001 (before the implementation of the duties) resulting in the suppression of demand in 2002, thereby adversely affecting the U.S. producers. Mills and Tube Forgings posthearing brief, September 16, 2005, exh. I, p. 3.

<sup>19</sup> *Steel: Monitoring Developments in the Domestic Industry*, 68 FR 12380-12381 (March 14, 2003).

assessment of the relief on September 19, 2003.<sup>20</sup> The Commission's review noted that, since the safeguard measures were instituted, the U.S. industry producing pipe fittings increased its market share slightly to 39.9 percent from 36.4 percent, that total quantity of imports of pipe fittings declined, and that demand for pipe fittings during the period also declined.<sup>21</sup>

On December 4, 2003, President Bush terminated the steel safeguard tariffs.<sup>22</sup> However, the President directed Commerce to continue an import monitoring system until the earlier of March 21, 2005, or such time as the Secretary of Commerce established a replacement program.<sup>23</sup>

## COMMERCE'S CIRCUMVENTION RULINGS

Since the imposition of the original antidumping duty orders on carbon steel butt-weld pipe fittings, Commerce has conducted two circumvention investigations. On March 31, 1994, Commerce published its affirmative final determination of circumvention of the antidumping order on carbon steel butt-weld pipe fittings from China. Commerce determined that pipe fittings finished in Thailand from unfinished pipe fittings produced in China fell within the scope of the antidumping duty order.<sup>24</sup>

On March 22, 1994, Commerce received a petition from the original petitioners which alleged that unfinished carbon steel butt-weld pipe fittings from Japan were being finished in Thailand by Awaji Thailand, thereby circumventing antidumping duties imposed on imports from Japan. On November 27, 1995, Commerce issued a negative determination of circumvention of the antidumping duty order.<sup>25</sup>

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<sup>20</sup> *Steel: Monitoring Developments in the Domestic Industry, Inv. No. TA-204-9*, USITC Publication 3632, September 2003.

<sup>21</sup> *Steel: Monitoring Developments in the Domestic Industry, Inv. No. TA-204-9*, Volume I, USITC Publication 3632, September 2003, p. xvii.

<sup>22</sup> *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products*, 68 FR 68483 (December 8, 2003).

<sup>23</sup> On March 11, 2005, Commerce published interim final rules for its Steel Import Monitoring and Analysis System ("SIMA"), originally outlined in the President's March 5, 2002, Proclamation on Steel Safeguards. Modifications to SIMA were implemented on June 9, 2005. *Steel Import Monitoring and Analysis System*, 70 FR 12133-12140 (March 11, 2005).

<sup>24</sup> *Certain Carbon Steel Butt-Weld Pipe Fittings from the People's Republic of China; Affirmative Final Determination of Circumvention of Antidumping Duty Order*, 59 FR 15155 (March 31, 1994).

<sup>25</sup> *Certain Carbon Steel Butt-Weld Pipe Fittings from Japan; Negative Preliminary Determination of Circumvention of Antidumping Duty Order*, 60 FR 48686 (September 20, 1995); *Certain Carbon Steel Butt-Weld Pipe Fittings from Japan; Negative Final Determination of Circumvention of Antidumping Duty Order*, 60 FR 58329 (November 27, 1995).

## COMMERCE'S RESULTS OF EXPEDITED REVIEWS

On July 8, 2005, Commerce published its findings that revocation of the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand would likely lead to continuation or recurrence of dumping.<sup>26</sup> Commerce has not conducted any changed circumstances reviews nor issued any duty absorption determinations with respect to these orders. The weighted-average dumping margins (in percent *ad valorem*), as reported by Commerce, for the original investigations, the first five-year reviews, and the second five-year reviews, are presented in the table I-2.

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<sup>26</sup> *Certain Carbon Steel Butt-Weld Pipe Fittings from Brazil, Taiwan, Japan, Thailand, and the People's Republic of China; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 70 FR 39486 (July 8, 2005).

**Table I-2**  
**Carbon steel butt-weld pipe fittings: Weighted-average dumping margins, as reported by**  
**Commerce, for the original investigations, the first five-year reviews, and the second five-year**  
**reviews, by country and firm**

Country and firm	Original investigations	First reviews	Second reviews
	Margin (percent)		
<b>Brazil</b>			
All exporters	52.25	52.25	52.25
<b>China</b>			
China North Industries Corp.	154.72	154.72	154.72
Jilin Provincial Machinery & Equipment Import & Export Corp.	75.23	75.23	75.23
Liaoning Machinery & Equipment Import & Export Corp.	134.79	134.79	134.79
Liaoning Metals	182.90	182.90	182.90
Liaoning Metals & Minerals Import & Export Corp.	103.70	103.70	103.70
Shenyang Billiongold Pipe Fittings Co., Ltd.	110.39	110.39	110.39
Shandong Metals & Minerals Import & Export Corp.	35.06	35.06	35.06
Shenyang Machinery & Equipment Import & Export Corp.	182.90	182.90	182.90
Shenzhen Machinery Industry Corp.	182.90	182.90	182.90
All others	182.90	182.90	182.90
<b>Japan</b>			
Awaji Sangyo, K.K.	30.83	30.83	30.83
Nippon Benkan Kogyo, Ltd., Co.	65.81	65.81	65.81
All others	62.79	62.79	62.79
<b>Taiwan</b>			
Rigid Industries	6.84	6.84	6.84
Chung Ming Pipe Fitting Manufacturing Co., Ltd.	8.57	8.57	8.57
Gei Bey Corp.	87.30	87.30	87.30
Chup Hsin Enterprises	87.30	87.30	87.30
All others	49.46	49.46	49.46
<b>Thailand</b>			
Awaji Sangyo (Thailand) Co.	0.22 ( <i>de minimis</i> )	38.41	n/a
TTU Industrial Corp.	10.68	10.68	10.68
Thai Benken	50.84	50.84	52.60
All others	39.10	39.10	39.10
Source: Various <i>Federal Register</i> notices.			

## COMMERCE'S ADMINISTRATIVE REVIEWS

### Brazil, China, and Japan

Commerce has not conducted any administrative reviews of the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, and Japan since the imposition of the orders.

### Taiwan

Commerce has conducted two administrative reviews of the antidumping duty order on carbon steel butt-weld pipe fittings from Taiwan, as shown in the following tabulation:<sup>27</sup>

Period of review	Date results published	Exporter	Margins (percent)
December 1, 1987 to November 30, 1988	May 2, 1991 (56 FR 20187)	Rigid Industries	6.89
		Chung Ming	8.31
		Gei Bey Corp.	87.30
		Chup Hsin	87.30
		All others	8.31
December 1, 1992 to November 30, 1993	September 26, 1995 (60 FR 49585)	Rigid Industries	4.38
		Chung Ming	5.55
		Gei Bey Corp.	87.30
		Chup Hsin	87.30
		All others	49.46

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<sup>27</sup> Commerce also conducted a scope ruling with regard to the antidumping duty order on imports from Taiwan. Commerce determined that the “sprink-let” is included within the scope of the antidumping duty order. *Scope Rulings*, 57 FR 19602 (May 7, 1992).

## Thailand

Commerce has conducted three administrative reviews of the antidumping duty order on carbon steel butt-weld pipe fittings from Thailand as shown in the following tabulation:

Period of review	Date results published	Exporter	Margins (percent)
July 1, 1995 to June 30, 1996	July 30, 1997 (62 FR 40797)	TTU Industrial Corp.	52.60
July 1, 1997 to June 30, 1998	December 13, 1999 (64 FR 69487)	Thai Benken	0.94
July 1, 2000 to June 30, 2001	February 7, 2003 (68 FR 6409)	Thai Benken	52.60

### DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

Under the provisions of the Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”), commonly known as the “Byrd Amendment,” duties assessed pursuant to an antidumping or countervailing duty order are distributed on an annual basis by the U.S. Customs and Border Protection (“Customs”) to “affected domestic firms.”<sup>28</sup> Since enactment of the CDSOA, the following U.S. producers of carbon steel butt-weld pipe fittings have received the following disbursements:

Domestic firm	U.S. dollars ( <i>actual</i> )				
	2001	2002	2003	2004	2005
Mills	14,417	7,469	2,516	(1)	(2)
Trinity	190,376	72,198	67,953	(1)	(2)
Tube Forgings	201,140	42,845	19,743	(1)	(2)
Weldbend	20,645	3,658	0	(1)	(2)

<sup>1</sup> The 2004 Byrd Amendment disbursements to specific affected domestic firms have not yet occurred. Customs, however, has collected \$2,675 in antidumping duties from imports from China and \$3,753 in antidumping duties from imports from Taiwan to be disbursed.

<sup>2</sup> The 2005 Byrd Amendment disbursements to specific affected domestic firms have not yet occurred. Customs, however, has as of April 30, 2005, collected \$100,815 in antidumping duties from imports from China, \$62,631 from imports from Taiwan, and \$2,693 in antidumping duties from imports from Thailand to be disbursed.

Source: Compiled from Customs CDSOA Annual Reports, retrieved at [www.cbp.gov/xp/cgov/import/add-cvd/](http://www.cbp.gov/xp/cgov/import/add-cvd/).

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<sup>28</sup> Under the provisions of the CDSOA (19 U.S.C. 1675(c)), the term “affected domestic producer” refers to any producer or worker representative that (1) was a petitioner or interested party in support of the petition leading to imposition of an antidumping or countervailing duty order, or antidumping finding, and (2) remains in operation.

## THE SUBJECT PRODUCT

### Definition of the Subject Product

The imported products subject to the antidumping duty orders under review, as defined by Commerce, are:

Carbon steel butt-weld pipe fittings from Brazil, Taiwan, and Japan are defined as carbon steel butt-weld pipe fittings, other than couplings, under 14 inches in diameter, whether finished or unfinished, that have been formed in the shape of elbows, tees, reducers, caps, etc., and, if forged, have been advanced after forging. These advancements may include any one or more of the following: coining, heat treatment, shot blasting, grinding, die stamping or painting. These imports are currently classifiable under the Harmonized Tariff Schedule of the United States (“HTS”) item number 7307.93.30.<sup>29</sup>

Carbon steel butt-weld pipe fittings from Thailand and China are defined as carbon steel butt-weld pipe fittings, having an inside diameter of less than 14 inches, imported in either finished or unfinished form. These formed or forged pipe fittings are used to join sections in piping systems where conditions require permanent, welded connections, as distinguished from fittings based on other fastening methods (e.g., threaded grooved, or bolted fittings). These imports are currently classifiable under the HTS item number 7307.93.30.

### Physical Characteristics, Processing Operations, and End Uses

Butt-weld pipe fittings are used to connect pipe sections where conditions require permanent, welded connections. The beveled edges of butt-weld pipe fittings distinguish them from other types of pipe fittings, such as threaded, grooved, or bolted fittings, which rely on different types of fastening methods. When placed against the end of a beveled pipe or another fitting, the beveled edges of a butt-weld pipe fitting form a shallow channel that accommodates the “bead” of the weld that fastens the two adjoining pieces. Butt-weld pipe fittings can be produced from various materials, including carbon steel, alloy steel, and stainless steel; however, only those butt-weld pipe fittings produced from carbon steel and which are under 14 inches (356 mm) in inside diameter are covered by these reviews. Approximately 90 percent of all butt-weld pipe fittings under 14 inches (356 mm) in inside diameter are of carbon steel.

Carbon steel butt-weld pipe fittings come in several basic shapes, the most common of which are elbows, tees, reducers, and caps. Elbows are two-outlet fittings usually having a 45-degree or 90-degree bend, tees are T-shaped fittings having three outlets, and reducers are two-outlet fittings that connect pipes of two different diameters. Caps are used to seal the end of a pipe. There are further variations within each class of fitting based on differences in the size of one or more of the outlets (for example, there are reducing elbows and reducing tees).

The subject product is utilized in residential, commercial, or industrial pipe systems in chemical synthesis, petroleum refining, electric-power generation, construction, and shipbuilding. Butt-weld pipe fittings join pipes in straight lines and change or divide the flow of fluids (oil, water, natural gas or other gases, or steam). They are welded into permanent, fixed piping systems that convey gases or liquids in plumbing, heating, refrigeration, air-conditioning, automatic fire sprinklers, electrical conduit, irrigation,

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<sup>29</sup> The normal trade relations rate of duty for this subheading is 6.2 percent *ad valorem*. In these reviews, “carbon steel” is interpreted to have the same meaning as “non-alloy” steel in the HTS.

and process-piping systems. Butt-weld pipe fittings are also found in structural applications for construction, where pipes and fittings are used as support members.

The manufacture of carbon steel butt-weld pipe fittings typically begins with seamless carbon steel pipe which is first transformed into the rough shape of an elbow, tee, reducer, etc., through a cold- or hot-forming (or forging) process. At this stage of production the fittings are considered to be in a rough, “as formed,” state. After forming, the pipe often must undergo a “reforming” or “sizing” operation to ensure that the fitting will match the pipe to which it is to be welded. The finishing steps may include shot blasting, or other cleaning, machine beveling, boring and tapering, grinding, die stamping, inspection, and painting.<sup>30</sup>

Carbon steel butt-weld pipe fittings historically were manufactured by firms that entered the production process at various stages. Integrated producers generally begin with seamless pipe as the raw material and perform both forming and machining operations. Converters purchase rough formed or semifinished pipe fittings and perform only machining and finishing operations. Combination producers produce some fittings in an integrated process and others in a conversion process.

All carbon steel butt-weld pipe fittings, whether imported or domestically produced, must meet American Society for Testing and Materials (“ASTM”) and American National Standards Institute (“ANSI”) specifications. In the original investigations, the Commission found the physical characteristics of carbon steel butt-weld pipe fittings from Brazil, Taiwan, and the United States to be very similar, with the fittings being interchangeable in use.<sup>31</sup> The Commission noted that most markets, except possibly the nuclear power industry, where carbon steel butt-weld pipe fittings must be certified, are no longer closed to imported and converted carbon steel butt-weld pipe fittings.<sup>32</sup> With reference to imports from China and Thailand, the parties disagreed in the 1992 investigations about the alleged fungibility of the carbon steel butt-weld pipe fittings from China and Thailand with those manufactured in the United States. In particular, respondents in those investigations pointed to quality considerations that allegedly prevented competition between imports from China and the domestic product in the “approved” sector, which they alleged constituted 50 percent of the domestic market.<sup>33</sup>

Carbon steel butt-weld pipe fittings are priced on an f.o.b. factory/port of entry or f.o.b. warehouse basis. Certain uses of pipe fittings, including gas and oil transmission and power plants, require fittings that can withstand great pressures, and therefore require high-quality butt-weld carbon steel butt-weld pipe fittings that carry a premium price. The majority of the domestic producers in the

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<sup>30</sup> Weldbend estimated that the value added by finishing operations on rough fittings ranged from \*\*\* to \*\*\* percent. Weldbend’s posthearing brief, September 16, 2005, ex. 1, p. 12. Tube Forgings stated that its finishing operations represented \*\*\* to \*\*\* percent of the finished value of the fittings. As an integrated U.S. producer, Trinity estimated that the production of its rough fittings accounted for approximately \*\*\* percent of its costs and thus finishing operations accounted for approximately \*\*\* percent of its overall costs of production. Trinity’s posthearing brief, September 16, 2005, ex. A, p. A-10.

<sup>31</sup> *Butt-Weld Pipe Fittings from Brazil and Taiwan, Invs. Nos. 731-TA-308 and 310 (Final)*, USITC Publication 1918, December 1986, p. 5.

<sup>32</sup> *Ibid.*, pp. 14-15; *Butt-Weld Pipe Fittings from Japan, Inv. No. 731-TA-309 (Final)*, USITC Publication 1943, January 1987, pp. 8-9.

<sup>33</sup> End users, particularly in the petroleum, nuclear energy, and power generation industries, often maintain approved supplier lists of qualified butt-weld pipe fitting manufacturers. During the original investigations, due to quality considerations, butt-weld pipe fittings from China had not been given an approval rating on the vendor lists of these industries. In the present reviews, the parties argue that these lists are no longer a significant barrier to competition for the following reasons: (1) most of the foreign producers are named in the lists, (2) these lists are often not followed, (3) some purchasers assume comparable quality if the manufacturers are certified by the International Society for Standardization (“ISO”), and (4) purchasers who use approved manufacturers lists are beginning to accept line pipe manufactured in China. Trinity’s prehearing brief, August 25, 2005, p. 23 *citing Steel*, Inv. No. TA-201-73, USITC Publication 3479 (December 2001), p. 177; Mills and Tube Forging’s prehearing brief, August 25, 2005, pp. 16-17; Weldbend’s prehearing brief, August 25, 2005, p. 11.

original investigations reported publishing price lists for their distributor customers, which used them to compare and negotiate prices and to place orders. Discount schedules were usually provided with the price lists. Most importers did not publish such lists, but based prices on their costs and the volume of business, or negotiated prices directly with the purchaser.

Almost all domestically produced and imported finished fittings are sold to jobbers or distributors for eventual sale to the end user. Distributors do not stock unfinished fittings. U.S. producers are the only purchasers of unfinished fittings, either importing them directly or purchasing them from U.S. importers or other U.S. producers.

## DOMESTIC LIKE PRODUCT ISSUES

This section presents information related to the Commission's "domestic like product" determination.<sup>34</sup> In its original determinations regarding imports from Brazil, Japan, and Taiwan, the Commission found the appropriate domestic like product to be carbon steel butt-weld pipe fittings, whether finished or unfinished, and found the relevant domestic industry to consist of all producers, whether integrated producers, combination producers, or converters, of butt-weld pipe fittings.<sup>35</sup> In the 1992 investigation concerning imports from China and Thailand, the Commission made a domestic like product determination that was "consistent with past practice," determining the like product to be "all domestically produced carbon steel butt-weld pipe fittings having an inside diameter of less than 14 inches, whether finished or unfinished."<sup>36</sup> In the first five-year reviews, the Commission determined that there was no new information that suggested changing the definition of the domestic like product from the original investigations.<sup>37</sup>

In response to a question soliciting comments regarding the appropriate domestic like product in the Commission's notice of institution of these reviews, the domestic industry stated that they support the definition of the domestic like product to correspond with Commerce's scope language in these second reviews and did not raise any issues regarding the domestic like product definition.<sup>38</sup> No domestic like product issues have been raised by the parties in these reviews.<sup>39</sup>

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<sup>34</sup> The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities, production process, and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

<sup>35</sup> *Butt-Weld Pipe Fittings from Brazil and Taiwan, Invs. Nos. 731-TA-308 and 310 (Final)*, USITC Publication 1918, December 1986, pp. 4-9; *Butt-Weld Pipe Fittings from Japan, Inv. No. 731-TA-309 (Final)*, USITC Publication 1943, January 1987, pp. 5-6.

<sup>36</sup> *Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Invs. Nos. 731-TA-520 and 521 (Final)*, USITC Publication 2528, June 1992, pp. 3-5.

<sup>37</sup> *Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Taiwan, and Japan Invs. Nos. 731-TA-308-310, 520, and 521 (Review)*, USITC Publication 3263, December 1999, p. 5.

<sup>38</sup> Trinity's response to notice of institution, January 21, 2005, p. 19; Weldbend's response to the notice of institution, January 21, 2005, p. 7.

<sup>39</sup> Mills and Tube Forgings's prehearing brief, August 25, 2005, p. 5 ("There is no evidence in the record to suggest that the definition of the domestic like product should be altered for this five-year review"); Weldbend's prehearing brief, August 25, 2005, p. 2.

## U.S. MARKET PARTICIPANTS

### U.S. Producers

The Commission sent producers' questionnaires to five firms identified as U.S. producers of carbon steel butt-weld pipe fittings. Four firms provided the Commission with responses: (1) Mills Iron Works, Inc. ("Mills"); (2) Trinity Fittings Group, Inc. ("Trinity"); (3) Tube Forgings of America, Inc. ("Tube Forgings"); and (4) Weldbend Corp. ("Weldbend").<sup>40</sup> Table I-3 presents the list of responding U.S. producers with each company's U.S. production location, share of reported U.S. production in 2004, and position on the continuation of the antidumping duty orders.

**Table I-3**  
**Carbon steel butt-weld pipe fittings: U.S. producers, U.S. production locations, shares of reported U.S. production in 2004, and positions on the continuation of the antidumping duty orders**

Firm	Production location	Share of production (percent)	Position on continuation of the orders <sup>1</sup>
Mills	Gardena, CA	***	Support
Trinity <sup>2</sup>	Dallas, TX	***	Support
Tube Forgings	Portland, OR	***	Support
Weldbend	Argo, IL	***	Support
<sup>1</sup> Firms stated as supporting the continuation of the antidumping orders do so for the orders on all countries. <sup>2</sup> Trinity is a ***. Source: Compiled from data submitted in response to Commission questionnaires.			

Since the original investigations, the U.S. industry has experienced consolidation and the exit of a number of U.S. producers of carbon steel butt-weld pipe fittings. During the Commission's 1986 investigations on carbon steel butt-weld pipe fittings from Brazil, Japan, and Taiwan, there were 12 U.S. producers of the product. These companies included: (1) Flo-Bend, Inc.; (2) Hackney, Inc.;<sup>41</sup> (3) ITT Grinnell; (4) Ladish Co., Inc.; (5) L.A. Boiler Works, Inc.; (6) Mills; (7) Standard Fittings Co.; (8) Steel Forgings, Inc.; (9) Tube Forgings; (10) Tube-Line Co.; (11) Tube Turns, Inc.; and (12) Weldbend. Six of these 12 U.S. producers were integrated producers (Flo-Bend, L.A. Boiler Works, Ladish, Mills, Standard Fittings, and Steel Forgings).<sup>42</sup> Hackney, ITT Grinnell, Tube Forgings, and Tube Turns were combination producers while Tube Line and Weldbend were exclusively converters of carbon steel butt-weld pipe fittings.

<sup>40</sup> The fifth U.S. producer, TubeLine/Ezeflow, Inc. did not provide the Commission with a questionnaire response. Counsel to Mills and Tube Forgings estimated TubeLine/Ezeflow, Inc.'s share of U.S. production at \*\*\* percent. Mills and Tube Forgings Response to the Notice of Institution, January 21, 2005, p. 20.

<sup>41</sup> Hackney is a wholly owned subsidiary of Trinity.

<sup>42</sup> Integrated producers begin with seamless pipe as the raw material and perform both forming and machining operations. Converters purchase rough formed or semifinished pipe fittings and perform only machining and finishing operations. Combination producers produce some fittings in an integrated process and others in a conversion process.

By the time of the 1992 investigations on U.S. imports from China and Thailand, there were seven U.S. producers of carbon steel butt-weld fittings:<sup>43</sup> (1) Hackney, (2) Ladish, (3) Mills, (4) Steel Forgings, (5) Tube Forgings, (6) Tube-Line, and (7) Weldbend. Ladish, Mills, and Steel Forgings were integrated producers. Hackney, Tube Forgings, Tube-Line, and Weldbend were combination producers.<sup>44</sup> In the 1995 investigations, four U.S. producers accounted for 90 percent of U.S. production of carbon steel butt-weld pipe fittings: (1) Hackney (predecessor to Trinity), (2) Tube Forgings, (3) Tube-Line,<sup>45</sup> and (4) Weldbend.<sup>46</sup> During the first five-year reviews in 1999, four U.S. producers (Mills, Trinity, Tube Forgings, and Weldbend) accounted for approximately \*\*\* percent of 1998 U.S. production of carbon steel butt-weld pipe fittings. Presently, these same four U.S. producers responded to the Commission's notice of institution and stated that they account for \*\*\* percent of total U.S. production of carbon steel butt-weld pipe fittings.<sup>47</sup>

### U.S. Importers

The Commission sent importer questionnaires to 27 firms believed to be importers of carbon steel butt-weld pipe fittings from subject and nonsubject countries, as well as to all U.S. producers.<sup>48</sup> Questionnaire responses containing data were received from 10 companies. Six companies reported that

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<sup>43</sup> ITT Grinnell ceased production of carbon steel butt-weld pipe fittings in 1985. L.A. Boiler Works ceased production in 1988, and Tube Turns ceased production in 1987. Flo-Bend shifted its production to specialty alloy fittings and became a wholly owned subsidiary of Trinity. Both Tube-Line and Weldbend added capital equipment from the time of the 1986 investigations to the 1992 investigation that granted them some integrated production capability, thereby making them combination producers instead of mere converters.

<sup>44</sup> \*\*\*. In its 1992 determination, the Commission excluded Tube-Line and Weldbend from the domestic industry under the related parties provision, stating that "the production processes and financial performance of Tube-Line and Weldbend have been, and remain, dependent on low-cost unfinished imports. Further, inclusion of their data distorts certain domestic industry indicators, especially pricing, productivity, and profitability." *Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Invs. Nos. 731-TA-520 and 521 (Final)*, USITC Publication 2528, June 1992, p. 16.

<sup>45</sup> In 2002, Ezeflow, Inc. of Quebec, Canada acquired Tube-Line. Mills, Trinity, and Tube Forgings have taken the position that after the acquisition by a Canadian firm and the dissolution of its ties with Thai Benken, a producer of the subject product in Thailand and Benkan Corp., a producer of the subject product in Japan, it is reasonable to determine that Tube-Line is no longer a related party. Mills and Tube Forgings posthearing brief, September 16, 2005, exh. I, p. 3; Trinity's posthearing brief, September 16, 2005, exh. A, p. A-5.

<sup>46</sup> Ladish sold its production facilities and brand name to Hackney. Steel Forgings became a specialty products manufacturer and no longer produced carbon steel butt-weld pipe fittings.

In the 1995 investigations, the Commission did not exclude Weldbend from the domestic industry, determining that "Weldbend operates an integrated manufacturing facility, producing a substantial majority of the unfinished fittings it finishes. This stands in contrast to its position principally as a converter dependent on low-cost, unfinished imported fittings during previous investigations." *Certain Carbon Steel Butt-Weld Pipe Fittings from France, India, Israel, Malaysia, The Republic of Korea, Thailand, the United Kingdom, and Venezuela, Invs. Nos. 701-TA-360 and 361 and 731-TA-688-695 (Final)*, USITC Publication 2870, April 1995, pp. I-8-9.

<sup>47</sup> Mills and Tube Forgings response to the notice of institution, January 21, 2005, p. 20. They estimate that Tube-Line, which did not submit a questionnaire response, accounts for \*\*\* percent of U.S. production and that the remainder of U.S. production may be accounted for by specialty fittings makers producing small quantities of subject product. *Ibid.*

<sup>48</sup> The Commission sent questionnaires to those firms identified in the original investigations, along with firms that, based on a review of proprietary data provided by Customs, may have imported carbon steel butt-weld pipe fittings since 1999.

they \*\*\* carbon steel butt-weld pipe fittings during the review period.<sup>49</sup> Table I-4 presents the responding U.S. importers, their locations, and imports, by source, of carbon steel butt-weld pipe fittings in 2004.<sup>50</sup>

**Table I-4**

**Carbon steel butt-weld pipe fittings: Reported U.S. imports, by importer and by source of imports, 2004**

\* \* \* \* \*

**APPARENT U.S. CONSUMPTION, MARKET SHARES, AND RATIO TO U.S. PRODUCTION**

Table I-5 presents apparent U.S. consumption for the review period and table I-6 presents U.S. market shares for the same period. Table I-7 presents U.S. production and the ratio of subject imports to U.S. production during the review period.

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<sup>49</sup> These companies included: \*\*\*.

<sup>50</sup> Reporting U.S. importers accounted for approximately \*\*\* percent of subject U.S. imports in 2004. Compare table I-4 with table IV-1.

Table I-5

**Carbon steel butt-weld pipe fittings: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1999-2004, January-June 2004, and January-June 2005**

Item	1999	2000	2001	2002	2003	2004	Jan.-June	
							2004	2005 <sup>1</sup>
<b>Quantity (1,000 pounds)</b>								
U.S. producers' U.S. shipments	67,056	67,811	62,241	62,981	50,894	63,213	33,263	26,379
U.S. imports from--								
Brazil	0	0	0	0	10	0	0	0
China	125	138	224	68	83	177	134	42
Japan	292	220	74	101	0.4	0.1	0.1	27
Taiwan	4,952	3,308	3,173	1,076	1,602	2,482	934	1,222
Thailand (subject)	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject)	***	***	***	***	***	***	***	***
Other sources	19,863	30,273	49,909	35,478	28,812	41,070	16,299	25,573
Subtotal	***	***	***	***	***	***	***	***
Total imports	36,481	46,521	66,680	47,945	41,087	55,577	23,042	32,880
Apparent consumption	103,537	114,332	128,921	110,926	91,981	118,790	56,305	59,259
<b>Value (\$1,000)</b>								
U.S. producers' U.S. shipments	66,437	67,035	70,298	68,053	59,601	84,173	42,056	44,018
U.S. imports from--								
Brazil	0	0	0	0	66	0	0	0
China	65	86	157	74	55	119	68	27
Japan	213	151	59	114	2	3	3	8
Taiwan	3,746	2,288	2,175	878	1,257	2,146	748	1,348
Thailand (subject)	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject)	***	***	***	***	***	***	***	***
Other sources	14,882	20,921	33,472	26,447	21,145	33,544	12,636	23,930
Subtotal	***	***	***	***	***	***	***	***
Total imports	26,403	31,230	44,348	34,937	29,271	44,228	16,933	30,843
Apparent consumption	92,840	98,265	114,646	102,990	88,872	128,401	58,989	74,861
<sup>1</sup> At the Commission's hearing, the parties maintained their forecasts of flat demand for carbon steel butt-weld pipe fittings in the foreseeable future even in light of the damage done to the Gulf of Mexico oil infrastructure by Hurricane Katrina. They stated that such damage may increase demand for large diameter carbon steel butt-weld pipe fittings, which are outside the scope of these reviews, but not the subject product. Trinity's posthearing brief, September 16, 2005, p. 8; Weldbend's posthearing brief, September 16, 2005, ex. 1, p. 6; Mills and Tube Forgings posthearing brief, September 16, 2005, p. 7.								
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics. U.S. imports identified as being manufactured by Awaji Thailand have been removed from subject U.S. imports from Thailand and have been identified as nonsubject imports from Thailand. These imports were identified using proprietary Customs data.								

**Table I-6**  
**Carbon steel butt-weld pipe fittings: U.S. market shares, 1999-2004, January-June 2004, and January-June 2005**

Item	1999	2000	2001	2002	2003	2004	Jan.-June	
							2004	2005
<b>Quantity (1,000 pounds)</b>								
Apparent consumption	103,537	114,332	128,921	110,926	91,981	118,790	56,305	59,259
<b>Value (1,000 dollars)</b>								
Apparent consumption	92,840	98,265	114,646	102,990	88,872	128,401	58,989	74,861
<b>Share of quantity (percent)</b>								
U.S. producers' U.S. shipments	64.8	59.3	48.3	56.8	55.3	53.2	59.1	44.5
U.S. imports from--								
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.1
Japan	0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Taiwan	4.8	2.9	2.5	1.0	1.7	2.1	1.7	2.1
Thailand (subject)	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject)	***	***	***	***	***	***	***	***
All other sources	19.2	26.5	38.7	32.0	31.3	34.6	28.9	43.2
Subtotal	***	***	***	***	***	***	***	***
Total imports	35.2	40.7	51.7	43.2	44.7	46.8	40.9	55.5
<b>Share of value (percent)</b>								
U.S. producers' U.S. shipments	71.6	68.2	61.3	66.1	67.1	65.6	71.3	58.8
U.S. imports from--								
Brazil	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
China	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Japan	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Taiwan	4.0	2.3	1.9	0.9	1.4	1.7	1.3	1.8
Thailand (subject)	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject)	***	***	***	***	***	***	***	***
All other sources	16.0	21.3	29.2	25.7	23.8	26.1	21.4	32.0
Subtotal	***	***	***	***	***	***	***	***
Total imports	28.4	31.8	38.7	33.9	32.9	34.4	28.7	41.2
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics. U.S. imports identified as being manufactured by Awaji Thailand have been removed from subject U.S. imports from Thailand and have been identified as nonsubject imports from Thailand. These imports were identified using proprietary Customs data.								

Table I-7

## Carbon steel butt-weld pipe fittings: U.S. production and ratio of imports to U.S. production, 1999-2004, January-June 2004, and January-June 2005

Item	1999	2000	2001	2002	2003	2004	Jan.-June	
							2004	2005
<b>Quantity (1,000 pounds)</b>								
U.S. production	65,514	64,796	62,606	61,467	48,571	67,809	33,134	22,622
U.S. imports from--								
Brazil	0	0	0	0	10	0	0	0
China	125	138	224	68	83	177	134	42
Japan	292	220	74	101	0	0	0	27
Taiwan	4,952	3,308	3,173	1,076	1,602	2,482	934	1,222
Thailand (subject)	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject)	***	***	***	***	***	***	***	***
All other sources	19,863	30,273	49,909	35,478	28,812	41,070	16,299	25,573
Subtotal	***	***	***	***	***	***	***	***
Total	36,481	46,521	66,680	47,945	41,087	55,577	23,042	32,880
<b>Ratio of imports to U.S. production (percent)</b>								
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	0.2	0.2	0.4	0.1	0.2	0.3	0.4	0.2
Japan	0.4	0.3	0.1	0.2	0.0	0.0	0.0	0.1
Taiwan	7.6	5.1	5.1	1.8	3.3	3.7	2.8	5.4
Thailand (subject)	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject)	***	***	***	***	***	***	***	***
All other sources	30.3	46.7	79.7	57.7	59.3	60.6	49.2	113.0
Subtotal	***	***	***	***	***	***	***	***
Total	55.7	71.8	106.5	78.0	84.6	82.0	69.5	145.3
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics. U.S. imports identified as being manufactured by Awaji Thailand have been removed from subject U.S. imports from Thailand and have been identified as nonsubject imports from Thailand. These imports were identified using proprietary Customs data.								



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

### **U.S. MARKET PARTICIPANTS AND SEGMENTS**

Carbon steel butt-weld pipe fittings are used in the petrochemical, oil refining, energy generation, gas production and transmission, construction, and shipbuilding industries. These fittings are used in the construction of piping systems and the maintenance of these systems, and demand for these fittings is largely determined by demand for such new construction or maintenance.

### **SUPPLY AND DEMAND CONSIDERATIONS**

#### **U.S. Supply**

##### **Domestic Production**

Based on available information, staff believes that U.S. producers of carbon steel butt-weld pipe fittings are likely to respond to changes in demand with relatively large changes in shipments and that the elasticity of domestic supply is likely to be in the range of 5 to 10. Factors contributing to the relatively large degree of responsiveness of supply are discussed below.

##### ***Industry capacity and inventory levels***

U.S. producers reported that capacity utilization for carbon steel butt-weld pipe fittings increased from 57.5 percent in 1999 to 59.5 percent in 2004. Capacity utilization rates were at a high of 63.7 percent in January-June 2004, but fell to a low of 44.7 percent in interim 2005. These low levels of capacity utilization indicate that domestic producers should be able to increase production easily if prices increase.

Domestic orders of carbon steel butt-weld pipe fittings were largely filled from inventory; 100 percent in the case of \*\*\*, and 70 percent or more for the other domestic producers. For sales from inventories, \*\*\* usually shipped within 24 hours of an order; \*\*\* in one week; \*\*\* in less than two weeks; and \*\*\* in three weeks. Lead times for delivery for sales to order were approximately double the lead times for sales from inventory, except for \*\*\* which was six weeks from time of order.

Importers, such as \*\*\* that supplied all or almost all their orders from inventory had lead times of a week or less. All other responding importers sold only to order. Reported lead times were 2-3 months for \*\*\*, 3-6 months for \*\*\*, and 4 months for \*\*\*.

The ratio of inventories to total shipments for domestic producers was over\*\*\* percent during the period of investigation, with this ratio at\*\*\* percent in January-June 2004 before increasing to \*\*\* percent in interim 2005. Thus, domestic suppliers are likely to have been able to respond to changes in demand from these relatively high inventory levels throughout the period.

##### ***Alternative markets***

\*\*\*. Domestic producers' exports fell from \*\*\* pounds in 1999 to \*\*\* pounds in 2004. Exports were \*\*\* pounds in January-June 2004, before increasing slightly to \*\*\* pounds in interim 2005. Thus, exports accounted for one percent or less of total shipments during the period of review. These low levels indicate that domestic producers are constrained in their ability to shift shipments between the U.S. and other markets in response to price changes. The domestic producers agreed that there are no feasible alternative export markets.

## **Production Alternatives**

Domestic producers agree that there are no viable production alternatives to carbon steel butt-weld pipe fittings. \*\*\* said that the processes and machines do not lend themselves to the production of other types of steel products. \*\*\* tried to identify other products to produce on their equipment, but did not find anything that is economically practical.

## **Subject Imports**

There are practically no data available on the subject industries in Brazil, China, Japan, Taiwan, and Thailand. Some U.N. trade data are available and are presented in Part IV. Domestic producers maintain that there is abundant capacity, available production, and inventories in these countries to respond to any developments in the U.S. market.

There were virtually no imports from Brazil; less than 10,000 pounds only in 2003 (*see* table C-1). Subject imports from China were less than 1 percent of U.S. apparent consumption during the period of review. There were imports from Japan early in the period (accounting for less than one percent of U.S. apparent consumption), and virtually no imports during 2003-05. Subject imports from Taiwan decreased from 5.0 million pounds in 1999 to 1.1 million pounds in 2002. These imports then increased to 2.5 million pounds in 2004 and were 1.2 million pounds in January-June 2005. Subject imports from Thailand declined from a high of \*\*\* pounds in 2001 to \*\*\* pounds in 2004; subject imports from Thailand increased from \*\*\* pounds in January-June 2004 to \*\*\* pounds in interim 2005.

## **Nonsubject Imports**

Imports from nonsubject producers in Thailand fluctuated, but increased from \*\*\* pounds in 1999 to \*\*\* pounds in 2004; these imports increased from \*\*\* pounds in January-June 2004 to \*\*\* pounds in interim 2005. Nonsubject imports from other sources increased from 19.9 million pounds in 1999 to 41.1 million pounds in 2004; these imports increased from 16.3 million pounds in January-June 2004 to 25.6 million pounds in interim 2005.

## **Effects of Revocation on Supply**

Domestic producers of carbon steel butt-weld pipe fittings generally believe that revocation of existing duties would have a substantial adverse effect on the industry. \*\*\* pointed to the history of the market as indicative of allowing any additional imported carbon steel butt-weld pipe fittings into the U.S. market. According to \*\*\*, 25 years ago there were at least 15 full-line manufacturers. Since that time, \*\*\* states, the share of imports has increased dramatically and the domestic industry has contracted accordingly. Currently, there are only three full-line manufacturers, which all have substantial excess capacity. Any further increases in imports will result in further contraction of the domestic industry. For \*\*\* to survive in a domestic market after the duty order had been revoked, it would have to resort to using low cost foreign material to supplement its domestic production, and this would result in the reduction of employment, reduction of capital investment, and reduction in purchases from domestic suppliers of material.

\*\*\* saw the same result based on the same pattern of increasing imports, which would harm \*\*\* business directly with distributors, and as a supplier to other domestic producers. \*\*\* notes that this would be true, especially for imports from China and Taiwan. According to \*\*\*, recent antidumping findings against China in the EU and Mexico would add to the adverse effect of revocation of the orders. These countries would take market share away from domestic producers and also from other import sources, such as Mexico, Malaysia, Korea, etc. and generally drive down prices for all sellers in the

market. This would drive all profits out of the system and very likely lead to \*\*\* shutting the company down.

\*\*\* agreed with these assessments and saw revocation leading to increased imports; falling domestic demand; and lower production, shipments, employment, revenues, cash flow, and capital expenditures. \*\*\* reported that if the orders were revoked it is likely that \*\*\* would have to lay off a substantial number of employees. Since the mid-1980s, when \*\*\* was a large purchaser of imported fittings, \*\*\* has invested millions of dollars to transform itself into an integrated producer better equipped to compete with the increase in imports of finished products. Revocation of the orders would lead to a surge of low-priced imports and an adverse effect on \*\*\* business. Its sales would decline as would production and employment. According to Weldbend, profits would decrease as prices would weaken and it would be difficult to cover increased costs. \*\*\* would have to defer its plans for capital expenditures and plant improvements.

## **U.S. Demand**

Based on available information, consumers of carbon steel butt-weld pipe fittings are likely to respond to changes in the price of carbon steel butt-weld pipe fittings with relatively small changes in their purchases of carbon steel butt-weld pipe fittings. Based on available information on the existence, availability, and commercial viability of substitute products, the elasticity of demand for carbon steel butt-weld pipe fittings is believed to be in the range of 0.5 to 1.0.

### **Demand Characteristics**

There are many end uses for carbon steel butt-weld pipe fittings and this information is presented in Part I of this report. Carbon steel butt-weld pipe fittings are part of a much more extensive system in most of their end-use applications, and only represent, at most, an estimated 15 percent of the total cost of these systems; this estimate, however, depends on a host of factors involving customers' internal production cost structure.

### **Demand Trends**

Apparent U.S. consumption of carbon steel butt-weld pipe fittings has fluctuated but increased from 104 million pounds in 1999 to 119 million in 2004. U.S. apparent consumption was 59 million pounds in January-June 2005, as compared to 56 million pounds in interim 2004.

Producers and importers generally indicated that demand was stable, while one producer thought demand had increased or remained stable, and one saw decreased demand. \*\*\* reported that while demand had been reasonably static, the share of imported product had increased dramatically. \*\*\* reported that it anticipated decreased demand because of the lack of new construction in the refining and petrochemical industries. \*\*\* believed that demand has increased slightly as the economy improved and because of on-going maintenance of existing equipment. On the other hand, \*\*\* reported that demand decreased because the oil and natural gas sector has extended its maintenance and repair cycles. \*\*\* saw no significant change in demand, which generally follows the business cycle, but it reported a shift in U.S. demand to low-priced imports. \*\*\* reported increased demand in China and India. Among importers, \*\*\* felt that the only major change would be if there was substantial investment in new refineries. \*\*\* saw increased growth resulting from the strong U.S. economy, the high price of oil, a vibrant China, new infrastructure, and the need for alternative energy development.

Domestic producers anticipated that no changes in end uses will occur. Producers did not generally anticipate any changes in future demand, except that the maintenance and repair schedules of the oil and gas industries are now longer and the lack of new construction in the refining and petrochemical industries both were expected to reduce future demand.

Purchasers were asked whether demand for carbon steel butt-weld pipe fittings has changed since 1999. Ten firms provided information. Four firms reported that demand had decreased, five reported that demand had increased, and one reported demand was unchanged. Reasons demand had decreased included; lack of skilled labor that is necessary to instal this type of product, substitute products, the U.S. market, cyclical reductions in refinery and chemical plants, and reduced manufacturing in the United States. Reasons reported for increased demand included the increase in the price of oil, growth in world demand, and market growth.

Purchasers were asked whether demand for carbon steel butt-weld pipe fittings will change in the future. Six of the nine responding reported that they expected demand to change in the future. Three expected demand to increase noting reasons such as increases in the price of oil, oil starts, and growth in China increase demand. One purchaser reported that it expected demand to fall because a lack of skilled labor would cause purchasers to sift to products that did not require as much skill to install. The other two firms reported that the price of steel has increased though did not report how this would affect future demand for butt-weld fittings.

Purchasers of carbon steel butt-weld pipe fittings are distributors and did not report extensively on final demand for carbon steel butt-weld pipe fittings. Purchasers generally do not compete with manufacturers or importers of pipe fittings, although \*\*\* reported some competition with their Korean source.

### **Substitute Products**

Producers and importers were requested to provide information on the existence of any products that could be substituted for carbon steel butt-weld pipe fittings. Domestic producers generally felt there were no substitutes for carbon steel butt-weld pipe fittings, except that \*\*\* indicated some substitution from non-welded clamp type fittings. \*\*\* is the recognized trade name for this type of fitting, which is used in low temperature applications in commercial type construction, such as high rise buildings, and light manufacture, e.g. fire protection systems in these types of construction. However, these uses represent a very small share of the market. Importers did not report any substitutes for carbon steel butt-weld pipe fittings, except \*\*\*, who indicated that stainless and alloy butt-weld pipe fittings can be substituted, but that the cost would be prohibitive. Both domestic producers and importers agreed that there had not been any changes in substitutes since 1999, and they did not anticipate any future changes.

Purchasers were asked to report any products that could substitute for carbon steel butt-weld pipe fittings. Seven of eight purchasers reported that there were substitute products. \*\*\* said that polyethylene and fiberglass fittings could be used in place of carbon steel fittings for transporting water, oil, and gas. \*\*\* indicated that stainless steel and copper fittings could be substituted. \*\*\* listed forged steel fittings used in small diameter piping at high pressure; grooved fittings of all sizes used in low pressure and temperature applications; and screwed and flanged iron fittings also could be used in low pressure and temperature applications. \*\*\* said that grooved fittings could be substituted in heating, air conditioning, refrigeration, and process piping. \*\*\* reported stainless steel could be used for high pressure and highly corrosive environments. \*\*\* observed that bends can be used in lieu of elbows and outlets in lieu of tees.

Only two purchasers felt that changes in the price of substitute products had affected the price of carbon steel butt-weld pipe fittings. \*\*\* said that the prices of grooved products, which are more expensive than carbon steel butt-weld pipe fittings, but require less labor, had affected the price of carbon steel butt-weld pipe fittings. \*\*\* reported although stainless steel fittings could be substituted for carbon steel, stainless steel fittings prices did not effect carbon steel fittings because stainless steel is more expensive. No purchasers reported that they felt that there had been any changes in the number or types of products that could be substituted for carbon steel butt-weld pipe fittings since 1999, and only one, \*\*\* felt that there would be any future changes in substitutes. \*\*\* expected that more customers will switch to grooved fittings due to lack of skilled labor.

## **Cost Shares**

Carbon steel butt-weld pipe fittings account for a varying amount of the total cost of the end product in which it is used. In general, 15 percent or less of the share of total cost of the system was represented by carbon steel butt-weld pipe fittings. Thus, price changes for carbon steel butt-weld pipe fittings will likely have a relatively small effect on consumption because carbon steel butt-weld pipe fittings account for a relatively small percentage of the total cost of the end product system in which they are used. Only one purchaser, \*\*\*, provided information on the cost share of carbon steel butt-weld pipe fittings relative to the end products in which they are used. This purchaser indicated that carbon steel butt-weld pipe fittings would represent at most 15 percent of the cost in pipe fabrications.

### **Effects of the Orders on the Industry and of Revocation on Demand**

Only two purchasers addressed the question of whether there had been any changes in the carbon steel butt-weld pipe fittings industry since 1999. \*\*\* agreed that there had been no changes or improvements. They stated that it is a mature industry as far as production, technology, marketing, and end uses; there have been no innovations by the domestic industry or imports for decades. The only noteworthy change has been the rapidly increasing costs of raw materials. Purchasers reported that they did not anticipate any future changes in the industry.

Regarding the possible effects of revocation of the antidumping duty order on individual firms and on the U.S. market, purchasers commented on the possible effects. \*\*\* said it would buy more material from these countries; 80 percent of \*\*\* increase in purchases will come at the expense of other import sources, while 20 percent would come at the expense of domestic vendors. Over time, \*\*\* thought the market as a whole would move towards imports because of lower prices. The domestic producer, \*\*\*, stated in its purchaser questionnaire response that it would have to purchase more foreign product to be competitive with China, Taiwan, Thailand, etc., and would have to idle an extensive part of its domestic capacity. For the market as a whole, \*\*\* believed that one or two of the domestic manufacturers would cease to exist. \*\*\* reported that it would increase purchases of imports and decrease domestic purchases; it expected more domestic manufacturers would close as more imported product entered. \*\*\* reported that it would solicit pricing from certain mills in Thailand to see if they are competitive, however it believed the surge of imports would be largely consumed in the non-approved market. \*\*\* did not see itself affected because it primarily purchased domestic product.

### **SUBSTITUTABILITY ISSUES**

The degree of substitution between domestic and imported carbon steel butt-weld pipe fittings depends upon such factors as relative prices, quality (e.g., grade standards, consistency defect rates, etc.), reliability of supply, and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a moderately high level of substitutability between domestically produced carbon steel butt-weld pipe fittings and carbon steel butt-weld pipe fittings imported from the subject countries and other sources.

## Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase carbon steel butt-weld pipe fittings (table II-1). Six of the nine responding firms reported that quality was the most important factor. Price was listed as the second most important factor by five purchasers. Five purchasers reported availability as the third most important factor.

**Table II-1**  
**Carbon steel butt-weld pipe fittings: Most important factors in selecting a supplier, as reported by purchasers**

Factor	Number of firms reporting		
	Number 1 factor	Number 2 factor	Number 3 factor
Quality	6	2	1
Price	2	5	3
Reliability	1	1	0
Product acceptable to customers	1	0	0
Availability	0	2	5
Range of product offerings	0	0	1

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

Purchasers were asked what factors determined the quality of carbon steel butt-weld pipe fittings. Purchasers responses included: sources have to meet or exceed specifications; sources have to execute a documented quality systems program, such as ISO 9000, ASTM, and ASME specifications; sources have to manufacture to ANSI B 16 standards; dimensions have to be to specification; chemical and mechanical properties have to be met; and supporting documentation must be correct.

Purchasers were asked if they always, usually, sometimes, or never purchased the lowest priced carbon steel butt-weld pipe fittings. No purchasers reported that they always or never purchased the lowest priced product; three usually purchased the lowest priced product; and five sometimes purchased the lowest priced product. Purchasers were also asked if they purchased carbon steel butt-weld pipe fittings from one source although a comparable product was available at a lower price from another source. One purchaser responded that it did not, while six reported that they purchased domestic products to comply with customer requests and to meet specifications, quality, lead times, or delivery.

Purchasers of carbon steel butt-weld pipe fittings were asked to rate the importance of 15 factors in their purchasing decisions (table II-2). All ten responding purchasers reported quality meeting industry standards, product consistency, reliability of supply, and offering discounts were very important. Nine reported price and technical support/service as very important. Seven purchasers reported that product availability and delivery time were very important, and six reported that delivery terms, quality exceeds industry standards, and product range were very important. No other factor was reported to be very important by half of the responding firms. Five purchasers, however, reported that extension of credit, minimum quantity requirements, and lower U.S. transportation costs were somewhat important.

**Table II-2**

**Carbon steel butt-weld pipe fittings: Importance of purchase factors, as reported by purchasers**

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Product availability	7	3	-
Delivery terms	6	3	1
Delivery time	7	3	-
Discounts offered	10	-	-
Extension of credit	3	5	1
Lower price	9	1	-
Minimum quantity requirements	1	5	3
Packaging	3	4	3
Product consistency	10	-	-
Quality meets industry standards	10	-	-
Quality exceeds industry standards	6	3	1
Product range	6	4	-
Reliability of supply	10	-	-
Technical support/service	9	1	-
Lower U.S. transportation costs	4	5	1
Note.—Not all companies gave responses for all factors.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Purchasers of carbon steel butt-weld pipe fittings were asked for a country-by-country comparison of the same 15 factors (table II-3). Compared with product imported from Thailand, U.S. carbon steel butt-weld pipe fittings were rated superior by three purchasers with regard to delivery time and technical support and service, and by two purchasers with respect to delivery terms, minimum quantity requirements, packaging, and lower U.S. transportation costs. Three purchasers rated the U.S. product comparable to product from Thailand for extension of credit, product consistency, and quality meeting or exceeding industry standards. The price of the U.S. product was considered inferior by three purchasers; that is they considered Thailand’s product to be lower priced than the U.S. product.

Table II-3

**Carbon steel butt-weld pipe fittings: Comparisons of product by source, as reported by purchasers**

Factor	U.S. vs. Japan			U.S. vs. Taiwan			U.S. vs. Thailand			U.S. vs. nonsubject sources		
	S	C	I	S	C	I	S	C	I	S	C	I
	<i>Number of firms responding</i>											
Product availability	1	-	-	-	1	-	1	2	-	4	2	-
Delivery terms	1	-	-	-	1	-	2	1	-	2	4	-
Delivery time	1	-	-	1	-	-	3	-	-	6	-	-
Discounts offered	-	-	1	-	1	-	-	1	2	-	4	2
Extension of credit	-	1	-	-	1	-	-	3	-	-	6	-
Lower price <sup>1</sup>	-	-	1	-	-	1	-	-	3	-	1	5
Minimum quantity requirements	-	1	-	-	1	-	2	1	-	2	4	-
Packaging	-	1	-	-	1	-	2	1	-	2	4	-
Product consistency	1	-	-	1	-	-	-	3	-	-	6	-
Quality meets industry standards	-	1	-	1	-	-	-	3	-	-	6	-
Quality exceeds industry standards	1	-	-	1	-	-	-	3	-	-	6	-
Product range	-	1	-	-	1	-	1	2	-	1	3	2
Reliability of supply	-	1	-	-	1	-	1	2	-	-	6	-
Technical support/service	1	-	-	1	-	-	3	-	-	5	1	-
Lower U.S. transportation costs	1	-	-	1	-	-	2	1	-	1	5	-
<p><sup>1</sup> A rating of superior means that the price of the first-listed country's product is generally lower. A rating of inferior means that the price of the first-listed country's product is generally higher.</p> <p>Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.</p> <p>Note.--Not all companies gave responses for all factors.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>												

Only one firm each compared U.S. and Japanese and U.S. and Taiwan product and there were no comparisons of U.S. product with product from the other subject countries. In comparing Japanese and U.S. product, this purchaser rated the U.S. product superior for availability, delivery terms, delivery time, consistency, quality, technical support, and lower U.S. transportation costs. The U.S. and Japanese product were rated as being comparable for extension of credit, quantity requirements, packaging, quality, product range, and reliability of supply. The price of the U.S. product was considered inferior (higher) than the price of Japanese product.

The only responding purchaser that compared the U.S. and Taiwanese product reported that the U.S. product was superior for delivery time, product consistency, quality meeting or exceeding industry standards, technical support/service, and lower U.S. transportation costs. Product from Taiwan and the United States were considered comparable in availability, delivery terms, the offering of discounts, extension of credit, minimum quantity requirements, packaging, product range, and reliability of supply. This purchaser rated the U.S. product inferior on price (higher priced) than the product from Taiwan.

Purchasers were asked if they or their customers specifically order carbon steel butt-weld pipe fittings from one country in particular over other possible sources of supply. Five of eight responding purchasers reported that they ordered from a particular country, generally the United States, but sometimes they would specify Thailand, or countries in Western Europe. \*\*\* added that no single source produced all grades, types, and sizes.

Purchasers were also asked if they required that their suppliers be certified before they would buy product from them. All responding purchasers require their suppliers to become certified or prequalified with respect to quality, chemistry, strength, or other performance characteristics. Only one instance of failure to qualify was reported; \*\*\* reported that \*\*\* failed to stand behind their product on a quality issue.

Purchasers were asked how frequently they and their customers purchased carbon steel butt-weld pipe fittings from specific producers and from specific countries. Six purchasers reported that they always make decisions based on the producer and four reported that they usually sometimes make decisions based on the producer. Four purchasers always make decisions based on the country of origin and six reported that they usually or sometimes make decisions based on the country of origin. Customers usually or sometimes base their decisions on the producer or the country of origin, except one customer always made their decision based on country (see tabulation below).

<u>Purchaser decisions</u>	<u>Always</u>	<u>Usually</u>	<u>Sometimes</u>	<u>Never</u>
Purchaser makes decision based on producer .....	6	1	3	-
Purchaser's customer makes decision based on producer ...	-	5	5	-
Purchaser makes decision based on country .....	4	4	2	-
Purchaser's customer makes decision based on country .....	1	5	4	-

### **Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports**

Producers, importers, and purchasers were asked to report how frequently carbon steel butt-weld pipe fittings from different countries are used in the same applications (table II-4). If purchasers reported that products from different countries were not always used in the same application, they were asked to explain why. Producers, importers, and purchasers generally reported that carbon steel butt-weld pipe fittings from different countries were always interchangeable. \*\*\* said that all ASTM products are interchangeable. \*\*\* reported that imports of carbon steel butt-weld pipe fittings from Japan and Taiwan were acceptable substitutes, but imports from China were only acceptable in low price and low quality situations.

**Table II-4**

**Carbon steel butt-weld pipe fittings: U.S. producers', importers', and purchasers' perceived degree of interchangeability of products produced in the United States and other countries<sup>1</sup>**

Country comparison	U.S. producer				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Brazil	1	-	-	-	3	-	-	-	2	-	1	-
U.S. vs. China	2	-	-	-	3	-	-	-	4	-	1	1
U.S. vs. Japan	2	-	-	-	3	-	1	-	5	2	-	-
U.S. vs. Taiwan	2	-	-	-	5	-	-	-	4	1	1	-
U.S. vs. Thailand	2	-	-	-	3	-	-	-	2	-	1	-
U.S. vs. Other	1	-	-	-	3	-	-	-	2	-	1	-
U.S. vs. nonsubject	2	-	-	-	1	-	1	-	4	-	-	1
Brazil vs. China	2	-	-	-	3	-	-	-	3	-	-	-
Brazil vs. Japan	2	-	-	-	3	-	-	-	3	-	-	-
Brazil vs. Taiwan	2	-	-	-	3	-	-	-	3	-	-	-
Brazil vs. Thailand	2	-	-	-	3	-	-	-	3	-	-	-
Brazil vs. Other	1	-	-	-	3	-	-	-	2	-	-	-
China vs. Japan	2	-	-	-	3	-	-	-	3	-	-	-
China vs. Taiwan	2	-	-	-	3	-	-	-	3	-	-	-
China vs. Thailand	2	-	-	-	3	-	-	-	3	-	-	-
China vs. Other	1	-	-	-	3	-	-	-	2	-	-	-
Japan vs. Taiwan	2	-	-	-	3	-	-	-	3	-	1	-
Japan vs. Thailand	2	-	-	-	3	-	-	-	3	-	1	-
Japan vs. Other	1	-	-	-	3	-	-	-	2	-	1	-
Taiwan vs. Thailand	2	-	-	-	3	-	-	-	3	-	1	-
Taiwan vs. Other	1	-	-	-	3	-	-	-	2	-	1	-

<sup>1</sup> The producers, importers, and purchasers were asked if carbon steel butt-weld pipe fittings produced in the United States and in other countries are used interchangeably.

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

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

Producers and importers were asked to assess how often differences other than price were significant in sales of carbon steel butt-weld pipe fittings from the United States, subject countries, or nonsubject countries (table II-5). No producers reported that differences other than price were always or frequently significant in comparisons between U.S. and subject product from Brazil, China, Japan, Taiwan, or Thailand. Producers reported that in comparisons between the United States and China, Japan, Taiwan, and Thailand, differences other than price were sometimes or never significant in comparisons between U.S. and subject products. One producer reported that differences other than price were sometimes significant in comparisons between U.S. and subject product from Brazil and in comparisons between the United States and other countries. Producers reported that in comparisons between the United States and China, Japan, Taiwan, and Thailand, differences other than price were sometimes or never significant. One importer reported that differences other than price were always significant in sales of carbon steel butt-weld pipe fittings from the United States compared with both subject and nonsubject products; while another reported that differences other than price were sometimes significant in sales of carbon steel butt-weld pipe fittings from the United States compared with both subject and nonsubject products. In the case of comparisons between sales of carbon steel butt-weld pipe fittings from the United States and from Taiwan, one importer reported that differences other than price were always significant, two importers reported that differences other than price were sometimes significant, and one importer that differences were never significant.

**Table II-5**

**Carbon steel butt-weld pipe fittings: U.S. firms' perceived significance of differences other than price between carbon steel butt-weld pipe fittings produced in the United States and carbon steel butt-weld pipe fittings produced in other countries<sup>1</sup>**

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. Brazil	-	-	1	-	1	-	1	-
U.S. vs. China	-	-	1	1	1	-	1	-
U.S. vs. Japan	-	-	1	1	1	-	1	-
U.S. vs. Taiwan	-	-	1	1	1	-	2	1
U.S. vs. Thailand	-	-	1	1	1	-	1	-
U.S. vs. Other	-	-	1	-	1	-	1	-
Brazil vs. China	-	-	1	-	1	-	1	-
Brazil vs. Japan	-	-	1	-	1	-	1	-
Brazil vs. Taiwan	-	-	1	-	1	-	1	-
Brazil vs. Thailand	-	-	1	-	1	-	1	-
Brazil vs. Other	-	-	1	-	1	-	1	-
China vs. Japan	-	-	1	1	1	-	1	-
China vs. Taiwan	-	-	1	1	1	-	1	-
China vs. Thailand	-	-	1	1	1	-	1	-
China vs. Other	-	-	1	-	1	-	1	-
Japan vs. Taiwan	-	-	1	1	1	-	1	-
Japan vs. Thailand	-	-	1	1	1	-	1	-
Japan vs. Other	-	-	1	-	1	-	1	-
Taiwan vs. Thailand	-	-	1	-	1	-	1	-
Taiwan vs. Other	-	-	1	1	1	-	1	-
Thailand vs. Other	-	-	1	-	1	-	1	-

<sup>1</sup> The producer and importers were asked if differences other than price between carbon steel butt-weld pipe fittings produced in the United States and in other countries were a significant factor in their sales of the products.

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

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

## ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were requested to provide comments in their prehearing briefs. Trinity commented on the staff's elasticity estimates; its responses are included below.

### U.S. Supply Elasticity<sup>1</sup>

The domestic supply elasticity for carbon steel butt-weld pipe fittings measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of carbon steel butt-weld pipe fittings. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced carbon steel butt-weld pipe fittings. Earlier analysis of these factors indicated that the U.S. industry can relatively easily increase or decrease shipments to the U.S. market; an estimate in the range of 5 to 10 was suggested.

Trinity reported that the estimate of U.S. supply elasticity may be too high because three factors reduce supply elasticities including: the difficulty which producers have in altering capacity; producers inability to produce other products on the same equipment; and the availability of other markets. According to Trinity, these factors significantly reduce producers ability to reduce production or sales in the domestic market without significant costs but may be more likely to affect the elasticity of supply in the longer run as unprofitable firms are able to leave the market. Trinity did not offer alternative estimates of U.S. supply elasticity.<sup>2</sup>

### U.S. Demand Elasticity

The U.S. demand elasticity for carbon steel butt-weld pipe fittings measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of carbon steel butt-weld pipe fittings. This estimate depends on factors discussed earlier, such as the existence, availability, and commercial viability of substitute products, as well as the component share of cost of carbon steel butt-weld pipe fittings in the production of any downstream products. Based on the available information, the aggregate demand for carbon steel butt-weld pipe fittings is likely to be in a range of -0.5 to -1.0. Purchasers would not likely be very sensitive to changes in the price of carbon steel butt-weld pipe fittings and would continue to demand fairly constant quantities over a considerably wide range of prices. Trinity agreed with this estimate.<sup>3</sup>

### Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.<sup>4</sup> Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between domestic and subject carbon steel butt-weld pipe fittings was estimated to be moderately high and in the range of 3 to 5.

Trinity disagreed with this estimate suggesting that it was too low. Trinity reported that there was evidence in the record of \*\*\*.<sup>5</sup> However, this would be expected in cases when the elasticity of substitution was moderately high in a range of 3 to 5, as a result this estimate is unchanged.

---

<sup>1</sup> A supply function is not defined in the case of a non-competitive market.

<sup>2</sup> Trinity's prehearing brief, pp. 21-22.

<sup>3</sup> Trinity's prehearing brief, p. 22.

<sup>4</sup> The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject product (or vice versa) when prices change.

<sup>5</sup> Trinity's prehearing brief, pp. 22-23.



## PART III: CONDITION OF THE U.S. INDUSTRY

### U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers' capacity, production, and capacity utilization are presented in table III-1. Reported U.S. capacity to produce carbon steel butt-weld pipe fittings decreased during most of the period of review, and increased in 2004 to return to the 1999 capacity level (\*\*\*). Production also decreased during most of the period of review, but increased overall by 3.5 percent from 1999 to 2004. Capacity utilization rates ranged from 63.7 percent in 2002 to 44.7 percent in the first half of 2005.

**Table III-1**

**Carbon steel butt-weld pipe fittings: U.S. producers' capacity, production, and capacity utilization, 1999-2004, January-June 2004, and January-June 2005**

	Calendar year						Jan.-June	
	1999	2000	2001	2002	2003	2004	2004	2005
Capacity (1,000 lbs)	114,000	114,000	101,000	96,520	87,225	114,000	52,000	50,625
Production (1,000 lbs)	65,514	64,796	62,606	61,467	48,571	67,809	33,134	22,622
Capacity utilization (percent)	57.5	56.8	62.0	63.7	55.7	59.5	63.7	44.7
Source: Compiled from data submitted in response to Commission questionnaires.								

\*\*\* reported steady capacity throughout the period reviewed. Two of the four U.S. producers, \*\*\*, reported that there was some change in their carbon steel butt-weld pipe fittings operations during this period. \*\*\*.<sup>1</sup> \*\*\* reported that during the period of review it had to curtail its overtime operations based upon its loss of market share to U.S. imports from nonsubject countries.<sup>2</sup>

\*\*\* U.S. producers reported that they produce other products using the same manufacturing equipment and/or production related employees employed to produce carbon steel butt-weld pipe fittings. \*\*\* reported that it may be feasible to produce carbon steel butt-weld pipe fittings having a diameter from \*\*\* inches and \*\*\* using the same manufacturing equipment, however it has never found it to be \*\*\*.<sup>3</sup>

### U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

As shown in table III-2, the quantity of U.S. shipments of carbon steel butt-weld pipe fittings decreased by 5.7 percent from 1999 to 2004. However, the value of U.S. shipments increased, by 26.7 percent, during this period, as did the average unit value of U.S. shipments, by 34.4 percent. The parties have claimed that increases in the quantity and value of U.S. shipments in 2004 were the result of "panic buying" occurring in the market as rapidly increasing global steel prices resulted in scarcity concerns among end users.<sup>4</sup> Moreover, the increases in the value and the average unit value of U.S. shipments in 2004 reflect the pricing power the U.S. industry possessed during this time and its ability to pass on its

<sup>1</sup> \*\*\*'s U.S. producer questionnaire response, p. 5; Trinity's prehearing brief, August 25, 2005, p. 15.

<sup>2</sup> \*\*\*'s U.S. producer questionnaire response, p. 5.

<sup>3</sup> \*\*\*'s U.S. producer questionnaire response, p. 5.

<sup>4</sup> Transcript of Commission hearing, September 7, 2005 ("Hearing transcript"), p. 28 (Coulas).

increase in raw material costs to its customers.<sup>5</sup> The parties, however, stated that by the end of 2004, this pricing power had eroded considerably as scarcity concerns subsided in the market but raw material costs remained high.<sup>6</sup>

**Table III-2**  
**Carbon steel butt-weld pipe fittings: U.S. producers' shipments, by type, 1999-2004, January-June 2004, and January-June 2005**

Item	Calendar year						Jan.-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<b>Quantity (1,000 pounds)</b>								
U.S. shipments	67,056	67,811	62,241	62,981	50,894	63,213	33,263	26,379
Export shipments	***	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***	***
<b>Value (\$1,000)</b>								
U.S. shipments	66,437	67,035	70,298	68,053	59,601	84,173	42,056	44,018
Export shipments	***	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***	***
<b>Unit value (per pound)</b>								
U.S. shipments	\$0.99	\$0.99	\$1.13	\$1.08	\$1.17	\$1.33	\$1.26	\$1.67
Export shipments	***	***	***	***	***	***	***	***
Average	***	***	***	***	***	***	***	***
<b>Share of quantity (percent)</b>								
U.S. shipments	***	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Note: No U.S. producer reported internal consumption or transfers to related firms.								
Source: Compiled from data submitted in response to Commission questionnaires.								

No U.S. producer reported internal consumption or shipments to related firms of carbon steel butt-weld pipe fittings. \*\*\* U.S. producers reported export shipments. \*\*\* reported \*\*\* export shipments to \*\*\*. \*\*\* reported export shipments to \*\*\*.<sup>7</sup>

<sup>5</sup> Hearing transcript, September 7, 2005, pp. 38-39 (Zidell).

<sup>6</sup> An industry witness at the Commission's hearing stated that seamless pipe (the raw material for the subject product) was one of the only steel products that continues to increase in price because it is produced by the same mills as oil country tubular goods, a product which has experienced increases in demand and price as a result of high oil prices and increased oil drilling and exploration. Trinity's posthearing brief, September 16, 2005, exh. A, p. A-6; Hearing transcript, September 7, 2005, p. 82 (Zidell).

<sup>7</sup> \*\*\*. Weldbend's prehearing brief, August 25, 2005, p. 7.

## U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of carbon steel butt-weld pipe fittings for the review period are presented in table III-3.

**Table III-3**  
**Carbon steel butt-weld pipe fittings: U.S. producers' end-of-period inventories, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

## U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS

\*\*\* purchased imports of the subject product during the review period from one or more of the subject countries.<sup>8</sup> These purchased imports were equal to \*\*\* percent of \*\*\*'s U.S. production during \*\*\*. \*\*\* directly imported carbon steel butt-weld pipe fittings during the review period from one of the subject countries. These imports were equal to \*\*\* percent of \*\*\*'s U.S. production during \*\*\*. Table III-4 presents data on the imports and purchases of imports of carbon steel butt-weld pipe fittings by U.S. producers.

**Table III-4**  
**Carbon steel butt-weld pipe fittings: U.S. producers' imports and purchases of imports, by source, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

## U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of production and related workers (PRWs) engaged in the production of carbon steel butt-weld pipe fittings and the total hours worked by and wages paid to such PRWs during the period for which data were collected in these reviews, are presented in table III-5. From 1999 to 2004, the number of PRWs increased by 7.0 percent,<sup>9</sup> hours worked decreased by 2.3 percent, and hourly wages increased by 11.1 percent. Productivity increased by 6.0 percent during 1999-2004.

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<sup>8</sup> \*\*\*.

<sup>9</sup> \*\*\*. Trinity's response to notice of institution, January 21, 2005, p. 15.

**Table III-5****Carbon steel butt-weld pipe fittings: Average number of production and related workers, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1999-2004, January-June 2004, and January-June 2005**

Item	Calendar year						Jan.-June	
	1999	2000	2001	2002	2003	2004	2004	2005
PRWs ( <i>number</i> )	286	317	323	298	303	306	314	300
Hours worked ( <i>1,000</i> )	774	878	889	755	700	756	390	358
Wages paid ( <i>\$1,000</i> )	11,383	12,612	13,086	12,654	11,684	12,354	6,245	5,705
Hourly wages	\$14.71	\$14.36	\$14.72	\$16.76	\$16.69	\$16.34	\$16.03	\$15.94
Productivity ( <i>pounds per hour</i> )	84.6	73.8	70.4	81.4	69.4	89.7	85.1	63.2
Unit labor costs ( <i>per pound</i> )	\$0.17	\$0.19	\$0.21	\$0.21	\$0.24	\$0.18	\$0.19	\$0.25
Source: Compiled from data submitted in response to Commission questionnaires.								

## FINANCIAL EXPERIENCE OF U.S. PRODUCERS

### Background

This section of the report presents the financial results of four U.S. producers of butt-weld pipe fittings. Financial results are based on U.S. generally accepted accounting principles (“GAAP”) and reflect a mix of financial periods.<sup>10</sup> All revenue on carbon steel butt-weld pipe fittings represents commercial sales.

As noted in a previous section of this report, U.S. producers manufacture carbon steel butt-weld pipe fittings from basic raw materials, further process unfinished fittings (roughs) purchased from other producers, and purchase and resell finished pipe fittings.<sup>11</sup>

Staff conducted a verification of Weldbend on August 15 and 16, 2005. Revisions pursuant to verification are reflected in this report.<sup>12</sup>

### Operations on Carbon Steel Butt-Weld Pipe Fittings

Income-and-loss data for producers of carbon steel butt-weld pipe fittings are presented in table III-6 and on an average unit basis in table III-7.<sup>13</sup> Selected company-specific financial information is presented in table III-8. As shown in table III-8, average unit sales values appear to reflect relatively large inter-company variations in product mix (see also footnote 15). Accordingly, a variance analysis is not presented in this report.

Although company-specific trends were different in some respects, elements such as changes in volume and average unit sales value generally followed the same pattern; e.g., all companies except \*\*\* reported their lowest level of shipments in 2003 followed by subsequent volume increases in 2004.<sup>14</sup>

All companies reported increases in average unit revenue during the latter half of the period. Since product mix changed only marginally, this increase can be attributed primarily to higher period-to-period average sales values.<sup>15</sup> As shown in table III-8, company-specific increases in average per-pound sales values began in 2003 and for most companies continued through the rest of the period. This pattern explains why, despite lower sales volume for 2004 compared to 1999, absolute revenue was higher in 2004. Similarly, interim 2005 revenue was higher compared to interim 2004 even though volume was lower. U.S. producers have indicated that the increase in average sales value in 2004 was generally related to sharp increases in raw material costs.<sup>16</sup> According to Tube Forgings, “\*\*\*.”

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<sup>10</sup> \*\*\*. Staff telephone interview with \*\*\*, July 18, 2005.

<sup>11</sup> The financial results reported in questionnaire responses were intended to capture only company-specific U.S. production; i.e., fittings produced entirely from basic raw material inputs, as well as purchased roughs that were further processed. \*\*\*.

<sup>12</sup> \*\*\*.

<sup>13</sup> CDSOA receipts are included as a separate line item in the “other income” section of table III-6. Treating CDSOA receipts as “other income” would generally be the standard income statement classification for external reporting purposes.

<sup>14</sup> \*\*\*.” E-mail from counsel for Trinity, August 3, 2005. A company official also indicated that \*\*\*. E-mail from \*\*\*, July 21, 2005.

<sup>15</sup> \*\*\*. Staff telephone interview with \*\*\*, July 18, 2005.

<sup>16</sup> In addition to reflecting different levels of integration, company-specific raw material costs vary based on production methods used. For example, Trinity states that it “\*\*\*.” E-mail from counsel for Trinity, August 3, 2005.

Table III-6

## Carbon steel butt-weld pipe fittings: Results of operations, 1999-2004, January-June 2004, and January-June 2005

Item	Calendar and fiscal year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<b>Quantity (1,000 pounds)</b>								
Net sales quantity	67,872	68,368	62,807	63,347	51,152	61,601	33,424	26,551
<b>Value (\$1,000)</b>								
Net sales value	67,448	67,913	71,306	68,589	59,979	85,048	42,374	44,521
Cost of goods sold:								
Raw material	31,582	31,424	32,275	28,698	25,982	43,062	19,670	20,385
Direct labor	5,842	5,868	5,933	5,435	5,088	5,863	3,265	3,194
Other factory costs	22,531	21,187	20,325	20,571	17,950	18,598	10,367	9,331
Total cost of goods sold	59,955	58,479	58,533	54,704	49,020	67,523	33,302	32,910
Gross profit	7,493	9,434	12,773	13,885	10,959	17,525	9,072	11,611
SG&A expenses	8,951	9,928	10,196	10,478	9,946	11,367	5,615	5,697
Operating income or (loss)	(1,458)	(494)	2,577	3,407	1,013	6,158	3,457	5,914
Interest expense	464	690	713	511	467	274	156	118
Other expenses	0	0	0	0	23	0	0	0
CDSOA funds received	0	0	236	244	95	97	0	0
Other income items	90	49	22	91	938	498	184	147
Net income or (loss)	(1,832)	(1,135)	2,122	3,231	1,556	6,479	3,485	5,943
Depreciation (incl. above)	2,407	2,344	1,350	1,371	1,304	1,261	628	605
Estimated cash flow	575	1,209	3,472	4,602	2,860	7,740	4,113	6,548
<b>Ratio to net sales (percent)</b>								
Raw material	46.8	46.3	45.3	41.8	43.3	50.6	46.4	45.8
Direct labor	8.7	8.6	8.3	7.9	8.5	6.9	7.7	7.2
Other factory costs	33.4	31.2	28.5	30.0	29.9	21.9	24.5	21.0
Total cost of goods sold	88.9	86.1	82.1	79.8	81.7	79.4	78.6	73.9
Gross profit	11.1	13.9	17.9	20.2	18.3	20.6	21.4	26.1
SG&A expenses	13.3	14.6	14.3	15.3	16.6	13.4	13.3	12.8
Operating income or (loss)	(2.2)	(0.7)	3.6	5.0	1.7	7.2	8.2	13.3
Net income or (loss)	(2.7)	(1.7)	3.0	4.7	2.6	7.6	8.2	13.3
<b>Number of producers reporting</b>								
Data	4	4	4	4	4	4	4	4
Operating losses	***	***	***	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.								

**Table III-7**

**Carbon steel butt-weld pipe fittings: Results of operations (*per pound*), 1999-2004, January-June 2004, and January-June 2005**

Item	Calendar and fiscal year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<i>Unit value (per pound)</i>								
Net sales	\$0.99	\$0.99	\$1.14	\$1.08	\$1.17	\$1.38	\$1.27	\$1.68
Cost of goods sold:								
Raw material	0.47	0.46	0.51	0.45	0.51	0.70	0.59	0.77
Direct labor	0.09	0.09	0.09	0.09	0.10	0.10	0.10	0.12
Other factory costs	0.33	0.31	0.32	0.32	0.35	0.30	0.31	0.35
Total cost of goods	0.88	0.86	0.93	0.86	0.96	1.10	1.00	1.24
Gross profit	0.11	0.14	0.20	0.22	0.21	0.28	0.27	0.44
SG&A expenses	0.13	0.15	0.16	0.17	0.19	0.18	0.17	0.21
Operating income or (loss)	(0.02)	(0.01)	0.04	0.05	0.02	0.10	0.10	0.22

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

**Table III-8**

**Carbon steel butt-weld pipe fittings: Results of operations, by firm, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

The increase in gross profitability in 2004 reflects a combination of related factors. For example, \*\*\*.<sup>17</sup> \*\*\* indicated that its profitability in 2004 was improved due to the successful pass through of raw material price increases and the \*\*\*.<sup>18</sup>

Higher gross profit margins, in conjunction with stable or declining overall selling, general and administrative (“SG&A”) expenses-to-sales ratios, resulted in higher overall operating income for \*\*\* at the end of the period. In contrast, \*\*\*.<sup>19</sup> This resulted in minimal operating income for \*\*\*.<sup>20</sup>

Notwithstanding the manner in which \*\*\* derived its financial results (see footnote 20), the pattern of its reported profitability may reflect, at least in part, a somewhat different operational structure. For example, although \*\*\* considers itself an integrated producer, the relative share of its fittings purchases was the \*\*\* of any company. In contrast, \*\*\*, which was generally the most comparable to \*\*\* in terms of sales volume and revenue, purchased a relatively small share of its fittings and considers itself the \*\*\*.<sup>21</sup> \*\*\*’s SG&A expense ratios were also generally \*\*\* of \*\*\*’s during the period.<sup>22</sup>

<sup>17</sup> \*\*\*.” Mills’ producer questionnaire response (emphasis added), attachment responding to section II-14.

<sup>18</sup> “\*\*\*.” E-mail from counsel for Trinity, August 3, 2005.

<sup>19</sup> \*\*\*’s SG&A expense ratio was generally in the same range as \*\*\*’s from 1999 through 2003. In 2004 and interim 2005, \*\*\*’s SG&A expense ratio declined compared to \*\*\*’s which contributed to the company’s improved financial results at the end of the period.

<sup>20</sup> \*\*\*.

<sup>21</sup> “\*\*\*.” E-mail from counsel for Trinity, August 3, 2005.

<sup>22</sup> \*\*\*.

## Capital Expenditures

Data on capital expenditures are shown in table III-9.<sup>23</sup> The level of company-specific capital expenditures was relatively constant throughout the period. Cumulatively, \*\*\* accounted for the largest share of total capital expenditures (\*\*\* percent during the period examined), followed by \*\*. \*\*'s relatively large 2003 capital expenditures of \*\*\*,<sup>24</sup>

**Table III-9**  
**Carbon steel butt-weld pipe fittings: Capital expenditures, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

## Assets and Return On Investment

The reported value of assets and calculated return on investment are shown in table III-10. The 2001 reduction in total assets reflects \*\*\*,

**Table III-10**  
**Carbon steel butt-weld pipe fittings: Value of assets and return on investment, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

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<sup>23</sup> \*\*\*.

<sup>24</sup> “\*\*\*.” E-mail from counsel for Trinity, August 3, 2005.

## PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

### U.S. IMPORTS

Data regarding U.S. imports of carbon steel butt-weld pipe fittings, as reported by Commerce, are presented in table IV-1.<sup>1</sup> As shown, U.S. imports from subject sources cumulatively have fluctuated during the period of review, with U.S. import volume in 2004 being \*\*\* percent lower than that in 1999. Generally, U.S. imports from Brazil were nonexistent during the period of review. The volumes of U.S. imports from China and Japan were relatively small and consistent from 1999 to 2004. U.S. imports from Taiwan also fluctuated during the review period, decreasing almost 50 percent from 1999 to 2004. Subject U.S. imports from Thailand decreased \*\*\* percent from 1999 to 2004. U.S. imports from nonsubject sources increased \*\*\* percent from 1999 to 2004.<sup>2</sup>

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<sup>1</sup> U.S. import data from Thailand are based on adjusted Commerce data. One Thai producer, Awaji Thailand, received a *de minimis* margin in Commerce's original investigation and is thus excluded from the antidumping order. Therefore, U.S. imports from Awaji are considered nonsubject imports from Thailand. U.S. imports identified as being manufactured by Awaji Thailand have been removed from subject U.S. imports from Thailand and have been identified as nonsubject imports from Thailand throughout this report. These imports were identified using proprietary Customs data.

<sup>2</sup> According to Commerce data, U.S. imports from nonsubject countries included the following countries, in order of volume in 2004: (1) Mexico (15.4 million pounds), (2) Malaysia (12.8 million pounds), (3) Korea (4.7 million pounds), (4) France (3.0 million pounds), and (5) Italy (1.3 million pounds). These countries accounted for approximately 37.2 million pounds or 91 percent of U.S. imports from nonsubject countries in 2004 (excluding nonsubject imports from Thailand). U.S. imports from Mexico accounted for approximately 37.6 percent of U.S. imports from nonsubject countries in 2004. U.S. imports from Malaysia accounted for approximately 31.2 percent, followed by U.S. imports from Korea (11.5 percent), France (7.3 percent), and Italy (3.2 percent).

During the period of review, nonsubject U.S. imports from Thailand (those produced by Awaji Thailand) increased by \*\*\* percent.

**Table IV-1**  
**Carbon steel butt-weld pipe fittings: U.S. imports, by sources, 1999-2004, January-June 2004, and January-June 2005**

Source	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<b>Quantity (1,000 pounds)</b>								
Brazil	0	0	0	0	10	0	0	0
China	125	138	224	68	83	177	134	42
Japan	292	220	74	101	0.4	0.1	0.1	27
Taiwan	4,952	3,308	3,173	1,076	1,602	2,482	934	1,222
Thailand (subject) <sup>1</sup>	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject) <sup>1</sup>	***	***	***	***	***	***	***	***
All other sources	19,863	30,273	49,909	35,478	28,812	41,070	16,299	25,573
Subtotal	***	***	***	***	***	***	***	***
Total	36,481	46,521	66,680	47,945	41,087	55,577	23,042	32,880
<b>Value (\$1,000)</b>								
Brazil	0	0	0	0	66	0	0	0
China	65	86	157	74	55	119	68	27
Japan	213	151	59	114	2	3	3	8
Taiwan	3,746	2,288	2,175	878	1,257	2,146	748	1,348
Thailand (subject) <sup>1</sup>	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject) <sup>1</sup>	***	***	***	***	***	***	***	***
All other sources	14,882	20,921	33,472	26,447	21,145	33,544	12,636	23,930
Subtotal	***	***	***	***	***	***	***	***
Total	26,403	31,230	44,348	34,937	29,271	44,228	16,933	30,843
<b>Unit value (per pound)</b>								
Brazil	(2)	(2)	(2)	(2)	\$6.59	(2)	(2)	(2)
China	\$0.52	\$0.62	\$0.70	\$1.09	\$0.66	\$0.67	\$0.51	\$0.64
Japan	0.73	0.69	0.81	1.13	6.37	19.08	19.00	0.29
Taiwan	0.76	0.69	0.69	0.82	0.78	0.86	0.80	1.10
Thailand (subject) <sup>1</sup>	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject) <sup>1</sup>	***	***	***	***	***	***	***	***
All other sources	0.75	0.69	0.67	0.75	0.73	0.82	0.78	0.94
Subtotal	***	***	***	***	***	***	***	***
Average	0.72	0.67	0.67	0.73	0.71	0.80	0.73	0.94

Table continued on next page.

Table IV-1--Continued

Carbon steel butt-weld pipe fittings: U.S. imports, by sources, 1999-2004, January-June 2004, and January-June 2005

Source	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<b>Share of quantity (percent)</b>								
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	0.3	0.3	0.3	0.1	0.2	0.3	0.6	0.1
Japan	0.8	0.5	0.1	0.2	0.0	0.0	0.0	0.1
Taiwan	13.6	7.1	4.8	2.2	3.9	4.5	4.1	3.7
Thailand (subject) <sup>1</sup>	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject) <sup>1</sup>	***	***	***	***	***	***	***	***
All other sources	54.4	65.1	74.8	74.0	70.1	73.9	70.7	77.8
Subtotal	***	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Share of value (percent)</b>								
Brazil	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
China	0.2	0.3	0.4	0.2	0.2	0.3	0.4	0.1
Japan	0.8	0.5	0.1	0.3	0.0	0.0	0.0	0.0
Taiwan	14.2	7.3	4.9	2.5	4.3	4.9	4.4	4.4
Thailand (subject) <sup>1</sup>	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Thailand (nonsubject) <sup>1</sup>	***	***	***	***	***	***	***	***
All other sources	56.4	67.0	75.5	75.7	72.2	75.8	74.6	77.6
Subtotal	***	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<p><sup>1</sup> U.S. imports manufactured by Awaji Thailand are not covered by the antidumping duty order on Thailand. In its original investigation, Commerce assigned the Thai producer a <i>de minimis</i> margin.</p> <p><sup>2</sup> Not applicable.</p> <p>Source: Compiled from adjusted Commerce statistics. U.S. imports identified as being manufactured by Awaji Thailand have been removed from subject U.S. imports from Thailand and have been identified as nonsubject imports from Thailand. These imports were identified using proprietary Customs data.</p>								

Figure IV-1 shows U.S. imports of carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand since 1999.

**Figure IV-1**  
**Carbon steel butt-weld pipe fittings: U.S. imports from Brazil, China, Japan, Taiwan, and Thailand, 1999-2004**

\* \* \* \* \*

### **U.S. IMPORTERS' INVENTORIES**

End-of-period inventories were reported only by U.S. importers of the subject product from Taiwan and are shown in table IV-2. U.S. importers did not report any end-of-period inventories for imports from Brazil, China, Thailand (subject or nonsubject), and all other nonsubject countries.

**Table IV-2**  
**Carbon steel butt-weld pipe fittings: U.S. importers' end-of-period inventories of imports, by source, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

### **CUMULATION CONSIDERATIONS**

In assessing whether imports will likely compete with each other and with the domestic like product, the Commission has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical market, (3) common or similar channels of distribution, and (4) simultaneous presence in the market.<sup>3</sup> Issues concerning fungibility and channels of distribution are addressed in Part II of this report. Geographical markets and presence in the market are discussed below.

Based on official Commerce statistics, U.S. imports of carbon steel butt-weld pipe fittings were generally dispersed geographically throughout the United States during the period of review. Primary U.S. Customs districts of entry for imports from Taiwan were Savannah, GA; Chicago, IL; Tampa, FL; Los Angeles, CA; and Houston, TX. The principal U.S. Customs district of entry by far for U.S. imports from Thailand during this period was Houston, TX. Other principal districts of entry for U.S. imports from Thailand included: Los Angeles, CA; Savannah, GA; Chicago, IL; New York, NY; and New Orleans, LA. The reported low volumes of U.S. imports from Brazil, China, and Japan entered the United States primarily through the districts of Chicago, IL; Houston, TX; and New Orleans, LA.

Carbon steel butt-weld pipe fittings from Taiwan and Thailand were imported into the United States in each month during the period examined (except from Taiwan in May of 2002). U.S. imports from Brazil entered the United States only in January and February of 2003. U.S. imports from China and Japan entered the United States sporadically, with U.S. import statistics showing many months during which carbon steel butt-weld pipe fittings did not enter the United States from those countries.

### **THE INDUSTRY IN BRAZIL**

The Commission requested data from the sole producer of carbon steel butt-weld pipe fittings in Brazil, Conforja, S.A. ("Conforja"), which according to the Commission's original investigations and responses to the Commission's notice of institution accounted for 100 percent of Brazil's exports to the

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<sup>3</sup> In the previous five-year review, the Commission exercised its discretion and found it appropriate to cumulate U.S. imports from all five subject sources. *Carbon Steel Butt-weld Pipe Fittings from Brazil, China, Taiwan, and Japan, Invs. Nos. 731-TA-308-310, 520, and 521 (Review)*, USITC Publication 3263, December 1999, p. 11.

United States.<sup>4</sup> Conforja did not provide the Commission with a questionnaire response. U.S. producers claim that Conforja is still in operation and exporting carbon steel butt-weld pipe fittings.<sup>5</sup>

After the imposition of the antidumping duty order on carbon steel butt-weld pipe fittings from Brazil, U.S. imports from Brazil were nonexistent for most of the period of review (1999 through June 2005). Figure IV-2 provides data obtained from the United Nations Commodity Trade Statistics Database (“UN COMTRADE”) regarding exports of “butt-weld fittings, iron/steel except stainless/cast”<sup>6</sup> from Brazil to the United States and to all other countries combined. As shown, exports of carbon steel butt-weld pipe fittings from Brazil were virtually nonexistent during the period reviewed, with an increase to the United States and third countries in 2004.<sup>7</sup>

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<sup>4</sup> *Carbon Steel Butt-weld Pipe Fittings from Brazil, China, Taiwan, and Japan, Invs. Nos. 731-TA-308-310, 520, and 521 (Review)*, USITC Publication 3263, December 1999, p. 22; Trinity’s response to notice of institution, January 21, 2005, p. 17; Weldbend’s response to notice of institution, January 21, 2005, p. 4.

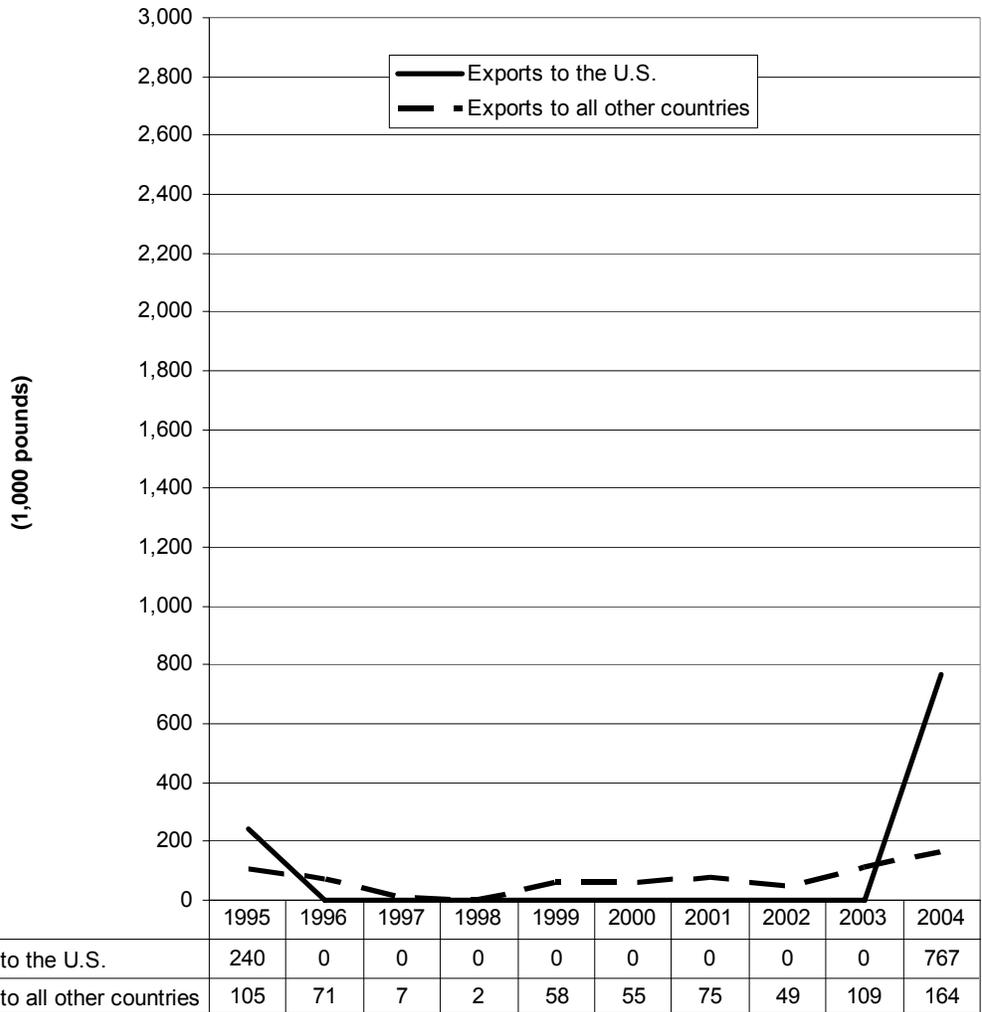
<sup>5</sup> Conforja is now doing business as Uniforja, a cooperative owned by former Conforja employees. Mills and Tube Forgings have stated that it is likely that Uniforja is receiving funds from the Brazilian Economic and Social Development Bank to support the sale of its products, including the subject product. Mills and Tube Forgings also have stated that Uniforja exports steel flanges to the U.S. market and thus has an established U.S. distribution system in place to sell the subject product if the orders were removed. Mills’ and Tube Forgings’ prehearing brief, August 25, 2005, pp. 29-30.

According to data obtained by the Commission in the original investigations, Conforja had a capacity of \*\*\* pounds in 1983, \*\*\* pounds in 1984, and \*\*\* pounds in 1985, production ranging from \*\*\* pounds in 1983 to \*\*\* pounds in 1985, and exported approximately \*\*\* percent of its shipments to the United States in 1985. *Carbon Steel Butt-weld Pipe Fittings from Brazil, China, Taiwan, and Japan, Invs. Nos. 731-TA-308-310, 520, and 521 (Review)*, USITC Publication 3263, December 1999, p. I-30.

<sup>6</sup> The COMTRADE definition of the product is HTS subheading 7307.93. The HTS subheading mentioned in the scope of these reviews is 7307.93.30, a narrower product item number. Thus, the COMTRADE data may include products not within the scope of these reviews. One of the U.S. producers has observed that U.S. import statistics show that the narrower 8-digit classification heading accounted for 70 percent of the U.S. imports in the broader 6-digit category. Weldbend argued that it would be reasonable to conclude that the COMTRADE data would have a similar proportion of subject product in its 6-digit classification heading. Weldbend’s posthearing brief, September 16, 2005, p. 8 n.28.

<sup>7</sup> U.S. producers claim that Brazil is in the midst of a “steel export boom” and that revocation of the antidumping order would unquestionably lead to a dramatic increase in U.S. imports from Brazil. Mills’ and Tube Forgings’ response to notice of institution, January 21, 2005, p. 9.

**Figure IV-2**  
**Carbon steel butt-weld pipe fittings: Exports from Brazil to the United States and to all other countries, 1995-2004**



Source: Compiled from United Nations Statistical Division, Commodity Trade Statistics Database, retrieved at <http://unstats.un.org/unsd/comtrade/>.

## THE INDUSTRY IN CHINA

The Commission requested data from six producers of carbon steel butt-weld pipe fittings in China, none of which provided the Commission with a response.<sup>8</sup> U.S. producers claim that both Liaoning Metals and Shandong are still producing carbon steel butt-weld pipe fittings and are focused heavily on exportation of their products.<sup>9</sup>

After the 1992 imposition of the antidumping duty order on carbon steel butt-weld pipe fittings from China, U.S. imports from China dramatically decreased.<sup>10</sup> During the period of review, exports from China to the United States increased, but have not reached pre-order volume levels.<sup>11</sup> Conversely, exports from China to all other countries more than doubled from 1999 to 2004. Figure IV-3 provides data obtained from UN COMTRADE regarding exports of “butt-weld fittings, iron/steel except stainless/cast”<sup>12</sup> from China to the United States and to all other countries combined.

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<sup>8</sup> These producers are: (1) Shandong Metals & Minerals Import & Export Corp. (“Shandong”); (2) Liaoning Metals & Minerals Import & Export Corp. (“Liaoning Metals”); (3) China North Industries (“China North”); (4) Shenyang Machinery & Equipment Import & Export Corp. (“Shenyang”); (5) Liaoning Machinery & Equipment Import & Export Corp. (“Liaoning”); and (6) Jilin Provincial Machinery & Equipment Import & Export Corp. (“Jilin”). These producers are believed to represent the vast majority of exporting producers in China. Trinity’s response to notice of institution, January 21, 2005, p. 17.

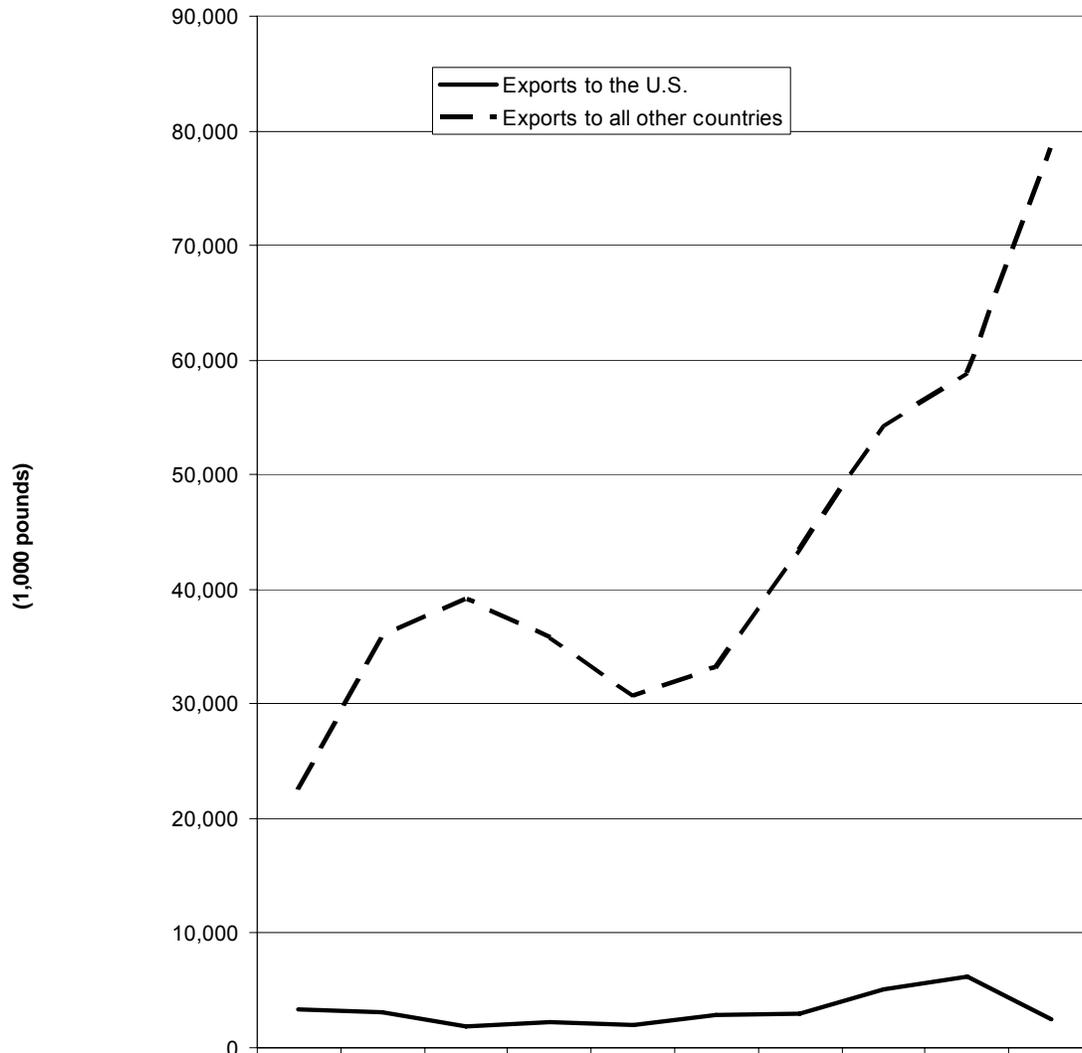
<sup>9</sup> Mills’ and Tube Forgings’ response to notice of institution, January 21, 2005, p. 5. According to data obtained by the Commission in the original investigations, producers in China had a capacity of \*\*\* pounds in 1989, \*\*\* pounds in 1990, and \*\*\* pounds in 1991, production ranging from \*\*\* pounds in 1989 to \*\*\* pounds in 1991, and exported approximately \*\*\* percent of their shipments to the United States in 1991. *Carbon Steel Butt-weld Pipe Fittings from Brazil, China, Taiwan, and Japan, Invs. Nos. 731-TA-308-310, 520, and 521 (Review)*, USITC Publication 3263, December 1999, p. I-31.

<sup>10</sup> U.S. imports from China in 1991 were 27 million pounds. In 1992, U.S. imports from China decreased to approximately 113,000 pounds. Official Commerce statistics.

<sup>11</sup> U.S. import data from China show an increase from 1999 to 2001 then a decrease in 2002 and 2003. Official Commerce statistics. Differences between the UN COMTRADE and U.S. import statistics may be caused by export timing issues and/or reporting discrepancies.

<sup>12</sup> The COMTRADE definition of the product is HTS subheading 7307.93. The HTS subheading mentioned in the scope of these reviews is 7307.93.30, a narrower product item number. Thus, the COMTRADE data may include products not within the scope of these reviews. One of the U.S. producers has observed that U.S. import statistics show that the narrower 8-digit classification heading accounted for 70 percent of the U.S. imports in the broader 6-digit category. Weldbend argued that it would be reasonable to conclude that the COMTRADE data would have a similar proportion of subject product in its 6-digit classification heading. Weldbend’s posthearing brief, September 16, 2005, p. 8 n.28.

**Figure IV-3**  
**Carbon steel butt-weld pipe fittings: Exports from China to the United States and to all other countries, 1995-2004**



Exports to the U.S.	3,304	3,120	1,872	2,184	2,006	2,896	3,006	5,132	6,173	2,534
Exports to all other countries	22,510	35,876	39,105	35,765	30,713	33,135	43,479	54,273	58,791	78,427

Source: Compiled from United Nations Statistical Division, Commodity Trade Statistics Database, retrieved at <http://unstats.un.org/unsd/comtrade/>.

## THE INDUSTRY IN JAPAN

The Commission requested data from three producers of carbon steel butt-weld pipe fittings in Japan, none of which provided the Commission with a response.<sup>13</sup> U.S. producers claim that producers of carbon steel butt-weld pipe fittings in Japan, especially Awaji and Benex, remain committed to exportation of their products to overseas markets as they encounter slowing demand for the subject product in their home market.<sup>14</sup>

After the imposition of the antidumping duty order on carbon steel butt-weld pipe fittings from Japan, U.S. imports from Japan dramatically decreased. During the period of review, exports from Japan to the United States have been relatively low, never reaching pre-order volume levels. Exports from Japan to all other countries also decreased during the period of review. Figure IV-4 provides data obtained from UN COMTRADE regarding exports of “butt-weld fittings, iron/steel except stainless/cast”<sup>15</sup> from Japan to the United States and to all other countries combined.

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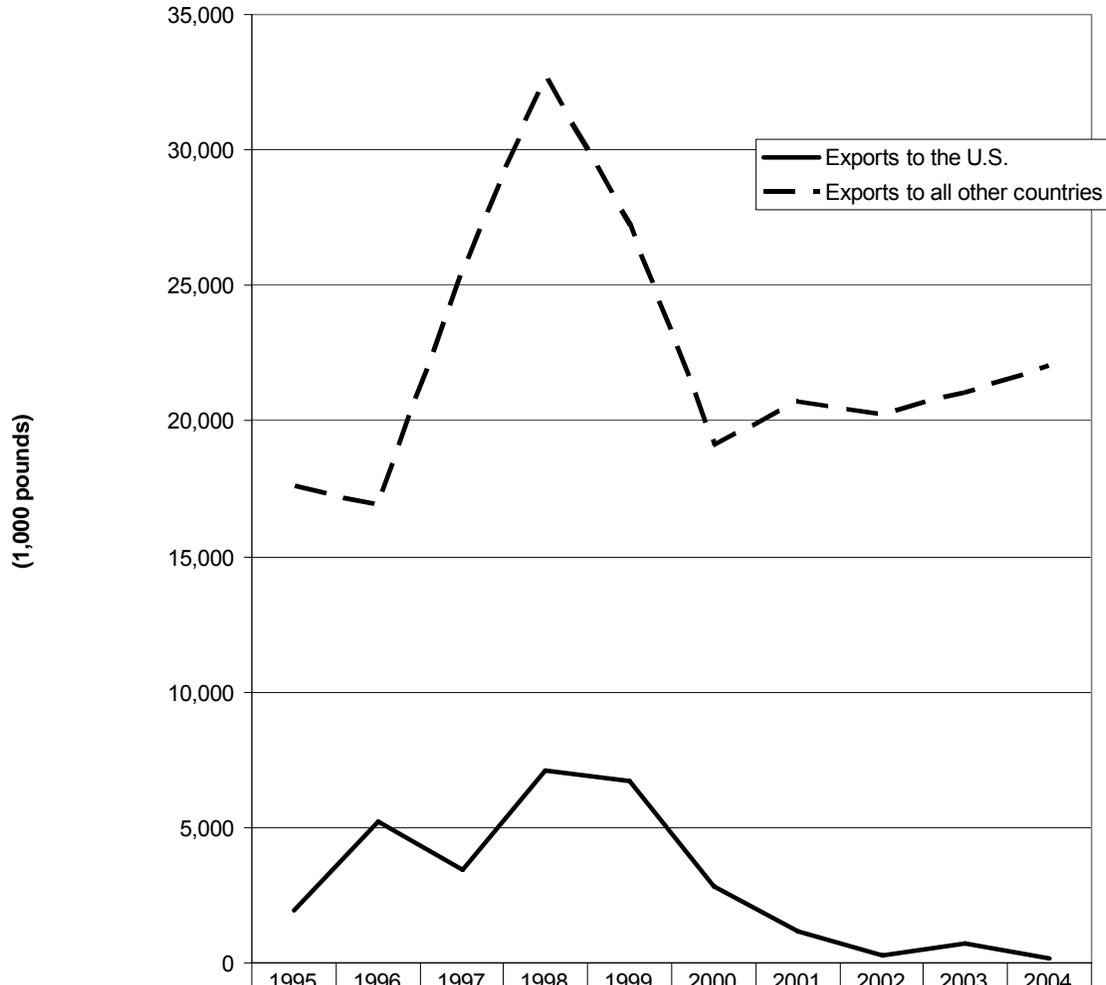
<sup>13</sup> These producers are: (1) Awaji Sangya, K.K. (“Awaji”); (2) Benex Corp. (formally Benkan Corp.) (“Benex”); and (3) Mitsui & Co., Ltd. (“Mitsui”). These producers are believed to represent the vast majority of exporting producers in Japan. Trinity’s response to notice of institution, January 21, 2005, p. 17.

<sup>14</sup> Mills’ and Tube Forgings’ response to notice of institution, January 21, 2005, p. 6. According to data obtained by the Commission in the original investigations, producers in Japan had a capacity of \*\*\* pounds in 1984 and \*\*\* pounds in 1985, production ranging from \*\*\* pounds in 1984 to \*\*\* pounds in 1985, and exported approximately \*\*\* percent of their shipments to the United States in 1985. *Carbon Steel Butt-weld Pipe Fittings from Brazil, China, Taiwan, and Japan, Invs. Nos. 731-TA-308-310, 520, and 521 (Review)*, USITC Publication 3263, December 1999, p. I-30.

<sup>15</sup> The COMTRADE definition of the product is HTS subheading 7307.93. The HTS subheading mentioned in the scope of these reviews is 7307.93.30, a narrower product item number. Thus, the COMTRADE data may include products not within the scope of these reviews. One of the U.S. producers has observed that U.S. import statistics show that the narrower 8-digit classification heading accounted for 70 percent of the U.S. imports in the broader 6-digit category. Weldbend argued that it would be reasonable to conclude that the COMTRADE data would have a similar proportion of subject product in its 6-digit classification heading. Weldbend’s posthearing brief, September 16, 2005, p. 8 n.28.

**Figure IV-4**

**Carbon steel butt-weld pipe fittings: Exports from Japan to the United States and to all other countries, 1995-2004**



Exports to the U.S.	1,940	5,240	3,434	7,096	6,736	2,816	1,162	275	729	155
Exports to all other countries	17,564	16,871	25,502	32,669	27,246	19,074	20,683	20,268	21,010	22,032

Source: Compiled from United Nations Statistical Division, Commodity Trade Statistics Database, retrieved at <http://unstats.un.org/unsd/comtrade/>.

## THE INDUSTRY IN TAIWAN

The Commission requested data from two producers of carbon steel butt-weld pipe fittings in Taiwan, neither of which provided the Commission with a response.<sup>16</sup> U.S. producers claim that producers in Taiwan are still producing carbon steel butt-weld pipe fittings and are focused heavily on exportation of their products.<sup>17</sup>

During the period of review, exports from Taiwan to the United States decreased from 2000 to 2002, then increased from 2002 to 2004, but did not reach the 2000 volume level. Export volume trends from Taiwan to all other destinations increased steadily during the period of review. Figure IV-5 provides data obtained from Directorate General of Customs in Taiwan regarding exports of “butt-weld fittings, iron/steel except stainless/cast”<sup>18</sup> from Taiwan to the United States and to all other countries combined.

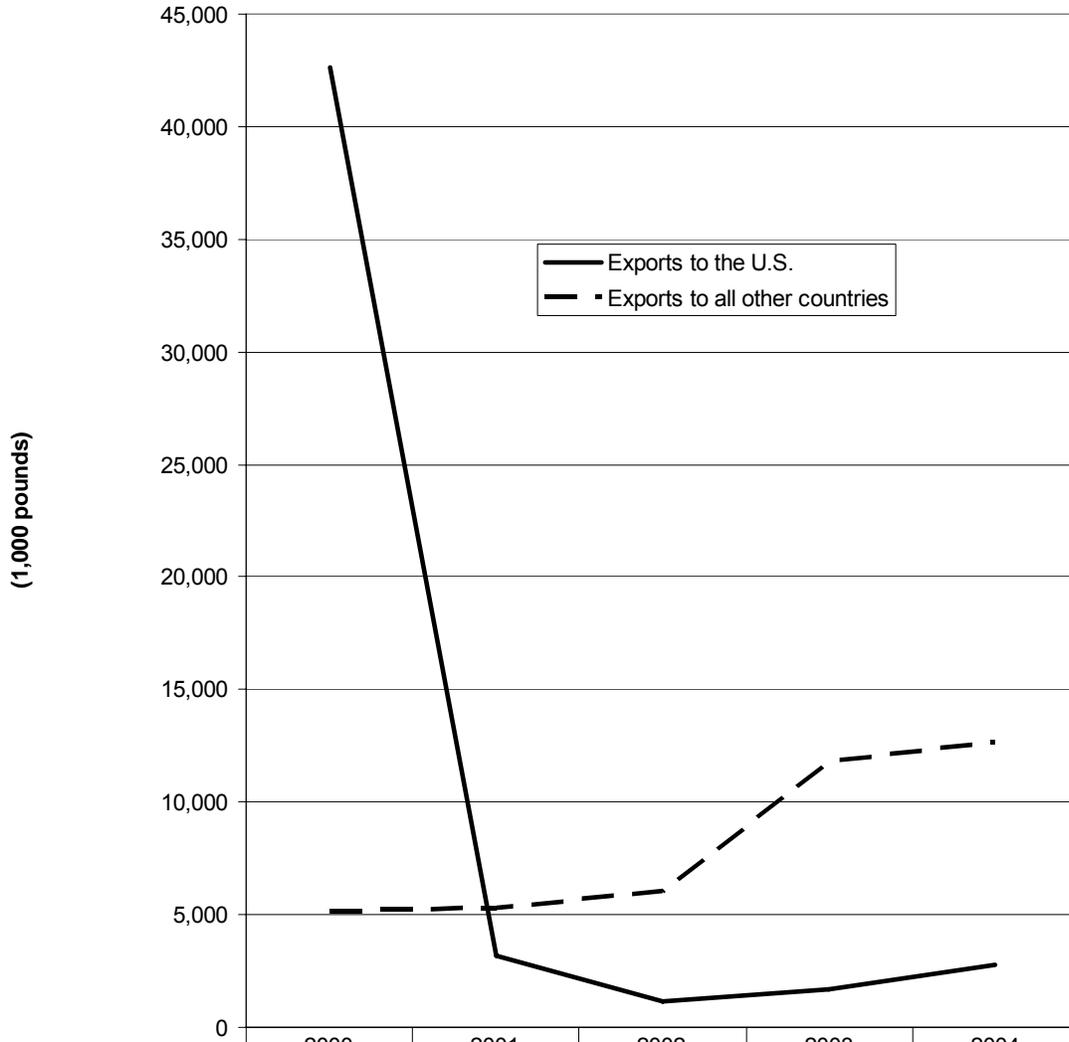
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<sup>16</sup> These producers are: (1) Chup Hsin Enterprises Co., Ltd. (“Chup Hsin”); and (2) Rigid Industries Co., Ltd. (“Rigid Industries”).

<sup>17</sup> Mills’ and Tube Forgings’ response to notice of institution, January 21, 2005, p. 7. According to data obtained by the Commission in the original investigations, producers in Taiwan had a capacity of \*\*\* pounds in 1983, \*\*\* pounds in 1984, and \*\*\* pounds in 1985, production ranging from \*\*\* pounds in 1983 to \*\*\* pounds in 1985, and exported approximately \*\*\* percent of their shipments to the United States in 1985. *Carbon Steel Butt-weld Pipe Fittings from Brazil, China, Taiwan, and Japan, Invs. Nos. 731-TA-308-310, 520, and 521 (Review)*, USITC Publication 3263, December 1999, p. I-31.

<sup>18</sup> The Taiwanese Customs definition of the product is HTS subheading 7307.93. The HTS subheading mentioned in the scope of these reviews is 7307.93.30. The HTS item number mentioned in the scope of these reviews is HTS 7307.93.30, a narrower product item number. Thus, the Taiwanese Customs data may include products not within the scope of these reviews. The UN does not compile trade statistics on Taiwan.

**Figure IV-5**  
**Carbon steel butt-weld pipe fittings: Exports from Taiwan to the United States and to all other countries, 2000-04**



	2000	2001	2002	2003	2004
Exports to the U.S.	42,602	3,186	1,127	1,693	2,789
Exports to all other countries	5,143	5,309	6,049	11,770	12,666

Source: Compiled from Statistical Department, Directorate General of Customs, Ministry of Finance, the Republic of China, Monthly Statistics of Exports, Taiwan District, December 2000-04.

## THE INDUSTRY IN THAILAND

The Commission requested data from two producers of carbon steel butt-weld pipe fittings in Thailand, neither of which provided the Commission with a response.<sup>19</sup> U.S. producers claim that both Thai Benkan and TTU are still producing carbon steel butt-weld pipe fittings and are focused heavily on exportation of their products.<sup>20</sup>

After the 1992 imposition of the antidumping duty order on carbon steel butt-weld pipe fittings from Thailand, U.S. imports from Thailand decreased, albeit not as dramatically as U.S. imports from other subject countries.<sup>21</sup> During the period of review, exports from Thailand to the United States and the rest of the world have remained steady. Figure IV-6 provides data obtained from UN COMTRADE regarding exports of “butt-weld fittings, iron/steel except stainless/cast”<sup>22</sup> from Thailand to the United States and to all others countries combined. The UN COMTRADE did not provide data for 2002 or 2004.

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<sup>19</sup> These producers are: (1) Thai Benkan Co., Ltd. (“Thai Benkan”); and (2) TTU Industrial Corp., Ltd. (“TTU”). These producers are believed to represent the vast majority of exporting producers in China. Trinity’s response to notice of institution, January 21, 2005, p. 17.

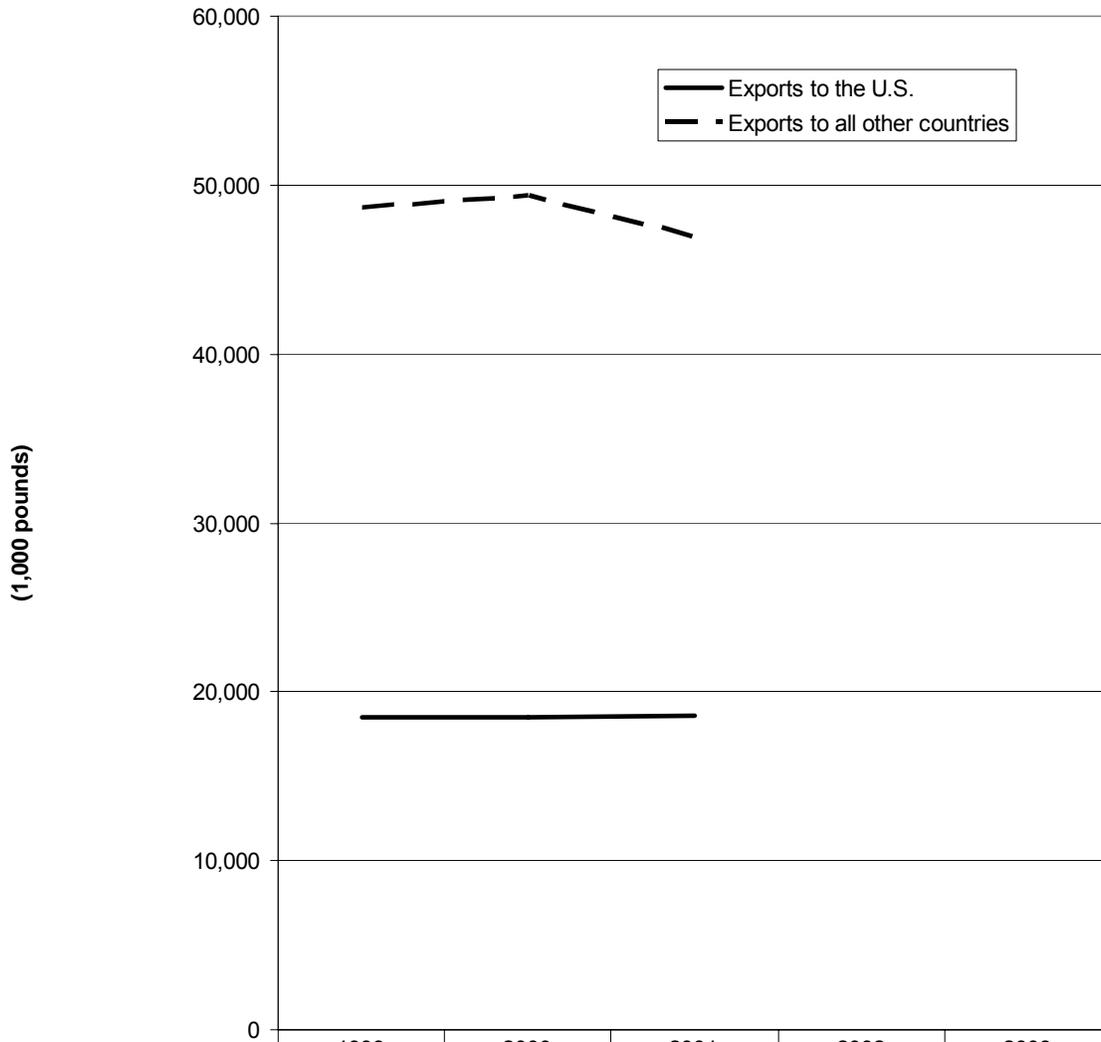
<sup>20</sup> Mills’ and Tube Forgings’ response to notice of institution, January 21, 2005, p. 8. According to data obtained by the Commission in the original investigations, producers in Thailand had a capacity of \*\*\* pounds in 1989, \*\*\* pounds in 1990, and \*\*\* pounds in 1991, production ranging from \*\*\* pounds in 1990 to \*\*\* pounds in 1991, and exported approximately \*\*\* percent of their shipments to the United States in 1991. *Carbon Steel Butt-weld Pipe Fittings from Brazil, China, Taiwan, and Japan, Invs. Nos. 731-TA-308-310, 520, and 521 (Review)*, USITC Publication 3263, December 1999, p. I-32.

<sup>21</sup> U.S. imports from Thailand in 1991 were 10.6 million pounds. In 1992, U.S. imports from Thailand decreased to approximately 7.3 million pounds. Official Commerce statistics.

<sup>22</sup> The COMTRADE definition of the product is HTS subheading 7307.93. The HTS subheading mentioned in the scope of these reviews is 7307.93.30, a narrower product item number. Thus, the COMTRADE data may include products not within the scope of these reviews. One of the U.S. producers has observed that U.S. import statistics show that the narrower 8-digit classification heading accounted for 70 percent of the U.S. imports in the broader 6-digit category. Weldbend argued that it would be reasonable to conclude that the COMTRADE data would have a similar proportion of subject product in its 6-digit classification heading. Weldbend’s posthearing brief, September 16, 2005, p. 8 n.28.

These data do not attempt to segregate nonsubject imports from Thailand (those produced by Awaji Thailand) and thus subject exports to the United States are overstated.

**Figure IV-6**  
**Carbon steel butt-weld pipe fittings: Exports from Thailand to the United States and to all other countries, 1999-2003**



	1999	2000	2001	2002	2003
Exports to the U.S.	18,537	18,511	18,556		19,043
Exports to all other countries	48,595	49,376	46,873		50,523

Source: Compiled from United Nations Statistical Division, Commodity Trade Statistics Database, retrieved at <http://unstats.un.org/unsd/comtrade/>.

## U.S. IMPORTERS' CURRENT ORDERS

U.S. importers were requested to indicate whether their firm imported or arranged for the importation of carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, or Thailand for delivery after June 30, 2005. Of the responding importers, four importers (\*\*\*) responded that they did arrange for importation of the subject product after June 30, 2005. The tabulation below presents the quantity, type, and country of origin of these arranged imports.

\* \* \* \* \*

## ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Since 1996, the European Union has had an antidumping duty order on imports of carbon steel butt-weld pipe fittings from China and Thailand.<sup>23</sup> Original margins were 58.6 percent *ad valorem* for imports from China and 58.9 percent *ad valorem* for imports originating from Thailand. These antidumping duty orders are presently in effect. In 2004, the European Union also commenced an antidumping investigation on carbon steel butt-weld pipe fittings from Taiwan and imposed preliminary margins of 18.17 percent *ad valorem*.<sup>24</sup>

In 2004, Mexico issued an antidumping duty order on carbon steel butt-weld pipe fittings from China. The order imposed an antidumping duty of 81.04 percent *ad valorem* on fittings from China.<sup>25</sup>

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<sup>23</sup> See Council Regulation 964/2003: *Imposing Definitive Anti-dumping Duties on Imports of Certain Tube or Pipe Fittings, of Iron or Steel, Originating in the People's Republic of China and Thailand, and those Consigned from Taiwan, whether Declared as Originating in Taiwan or Not*, June 2, 2003, O.J. L 139/1, June 6, 2003. The order also included certain imports originating in Taiwan as an anti-circumvention measure. Thai Benken, a carbon steel butt-weld pipe fittings producer in Thailand, is not subject to the EU antidumping duty order.

<sup>24</sup> Trinity's prehearing brief, August 25, 2005, p. 39.

<sup>25</sup> Mills' and Tube Forgings' prehearing brief, August 25, 2005, p. 25, n.106; Weldbend's prehearing brief, August 25, 2005, p. 19; Trinity's prehearing brief, August 25, 2005, p. 39.



## PART V: PRICING AND RELATED INFORMATION

### FACTORS AFFECTING PRICES

#### Raw Materials

Prices of the most significant raw material for carbon steel butt-weld pipe fittings have increased substantially, especially in recent years. Figure V-I presents prices of 5"-16", black, seamless standard pipe and seamless line pipe from January 1999 to May 2005.<sup>1</sup> Prices of seamless standard pipe increased from \$\*\*\* per short ton in January 1999 to \$\*\*\* per short ton in May 2005, or by 107 percent. Prices of seamless line pipe increased from \$\*\*\* per short ton in January 1999 to \$\*\*\* per short ton in May 2005, or by 59 percent. \*\*\* reported that prices for scrap steel worldwide began to increase in the fourth quarter of 2003, and this led to substantial increases in the cost of all carbon steel products in 2004-2005. \*\*\* provided a letter from \*\*\* documenting 15 price increases for their tubular products between December 17, 2003, and January 31, 2005.<sup>2</sup> Prices for these products increased an average of 85 to 125 percent across all sizes. \*\*\* reported dramatic increases in the cost of raw materials that caused \*\*\* to institute a series of unprecedented price increases.

Other costs have increased overall, including labor, energy, transportation, and health insurance. According to the petitioner, all of these cost increases have contributed to adverse conditions in the industry. \*\*\* reported that raw material availability had reduced production in 2004. \*\*\* noted that because of substantial unused capacity in the industry, cost increases would not affect the availability of carbon steel butt-weld pipe fittings directly, but that this could not go on indefinitely.

Raw material costs for the industry as a whole (as a share of total cost of goods sold) fluctuated in the range of 52.3 to 63.2 percent during 1999-2004, and were 61.3 percent during January-June 2005.

#### Figure V-1

**Raw material costs: Prices of 5"-16", black, seamless standard pipe and seamless line pipe from January 1999 to May 2005**

\* \* \* \* \*

#### Transportation Costs to the U.S. Market

Transportation costs for carbon steel butt-weld pipe fittings from subject sources to the United States (excluding U.S. inland costs) in 2004 are estimated to vary between 10 to 18 percent of the customs value of the product. Transportation costs from China were approximately 18 percent of the customs value; transportation costs from Japan and Taiwan were approximately 10 percent; Thailand was 14 percent. These estimates are derived from Commerce statistics and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with Customs value.<sup>3</sup>

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<sup>1</sup> Preston Pipe Report, Aug. 2005.

<sup>2</sup> Letter, Feb. 25, 2005, attachment to \*\*\* producer questionnaire response, section IV-B-16.

<sup>3</sup> These estimates are based on HTS subheading 7307.93.30.

## **U.S. Inland Transportation Costs**

In their questionnaires, domestic producers reported that U.S. inland transportation costs were between 1 and 5 of the total delivered cost and importers reported a range of 0 to 7 percent. \*\*\* reported that its transportation costs were currently approximately \*\*\* percent of its cost of goods sold.<sup>4</sup> In recent years, \*\*\* shipping companies have instituted fuel surcharges. Currently, this surcharge is \*\*\* percent and is expected to \*\*\* as fuel prices increase.

U.S. producers, \*\*\* and importers \*\*\* consider their market for carbon steel butt-weld pipe fittings to be national, while the other importers concentrated on the Midwest and the Southwest. Domestic producers also reported that 10 percent or less of their sales occurred within 100 miles of a storage or production facility. \*\*\* reported that the preponderance of their sales were less than 1,000 miles, whereas three quarters of the sales of \*\*\* were shipped to locations over 1,000 miles. Two importers sold the majority of their product within 100 miles of their storage facility, and the remaining three responding importers sold most within 101 and 1,000 miles.

## **Exchange Rates**

Quarterly real and nominal exchange rates reported by the International Monetary Fund for the Brazilian real, the Japanese yen, and the Thailand baht against the U.S. dollar, and quarterly nominal rates reported by the Central Bank of China for the Taiwan dollar against the U.S. dollar, during the period January 1999 to June 2005, are shown in figure V-2.<sup>5</sup>

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<sup>4</sup> Weldbend's Posthearing Brief, Exhibit 1, response to Commissioner Lane's question No. 5.

<sup>5</sup> Real exchange rates are nominal exchange rates adjusted for inflation.

**Figure V-2**  
**Exchange rates: Indices of the nominal and real exchange rates between the subject countries**  
**currencies and the U.S. dollar, by quarters, January 1999-June 2005**

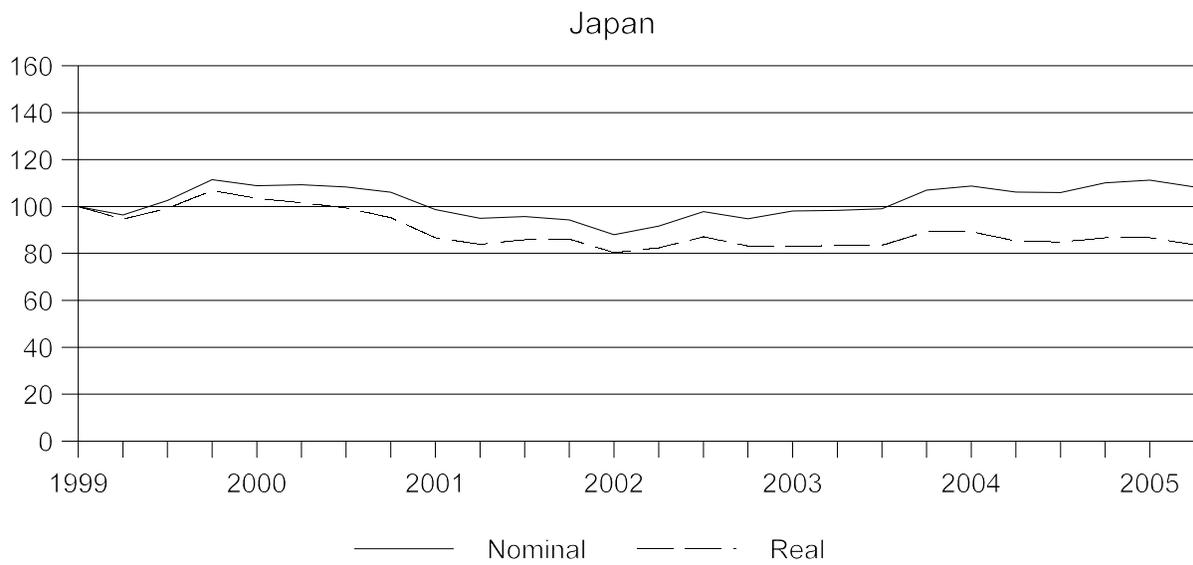
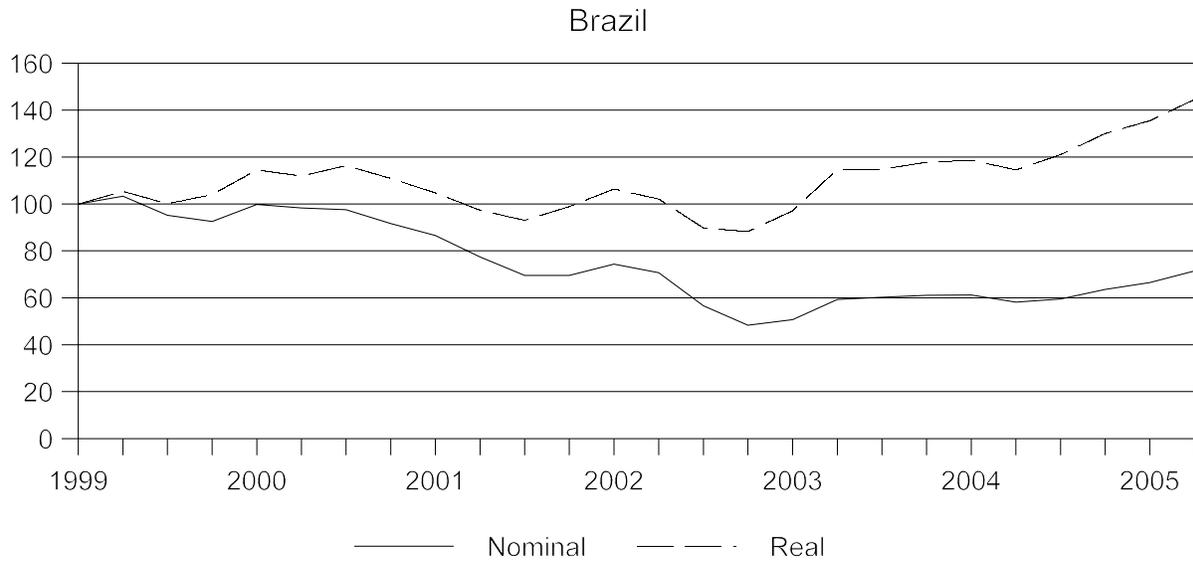
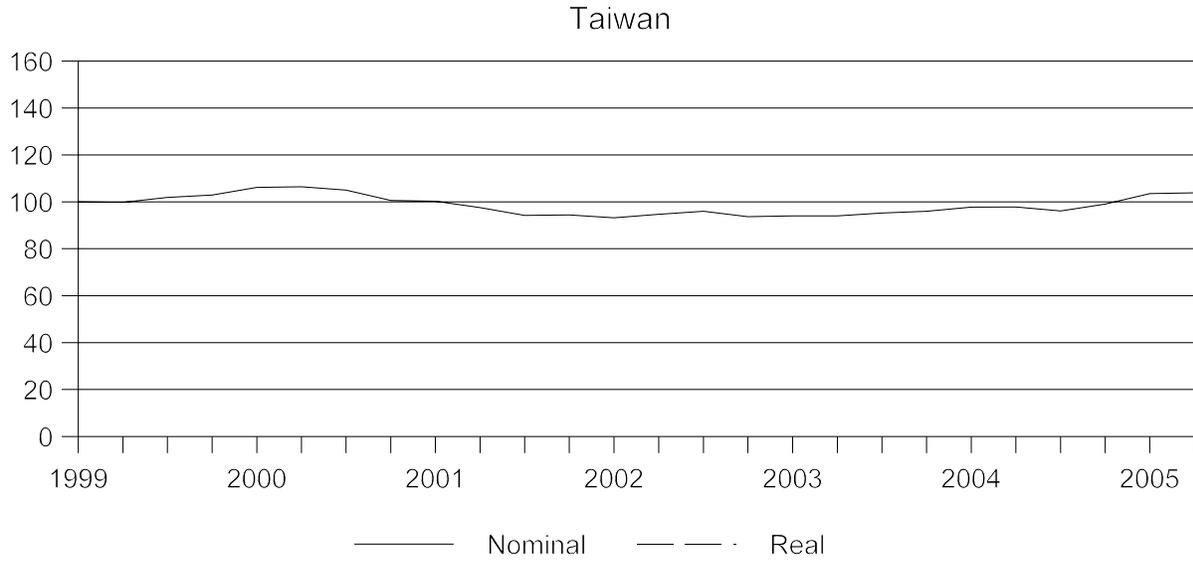


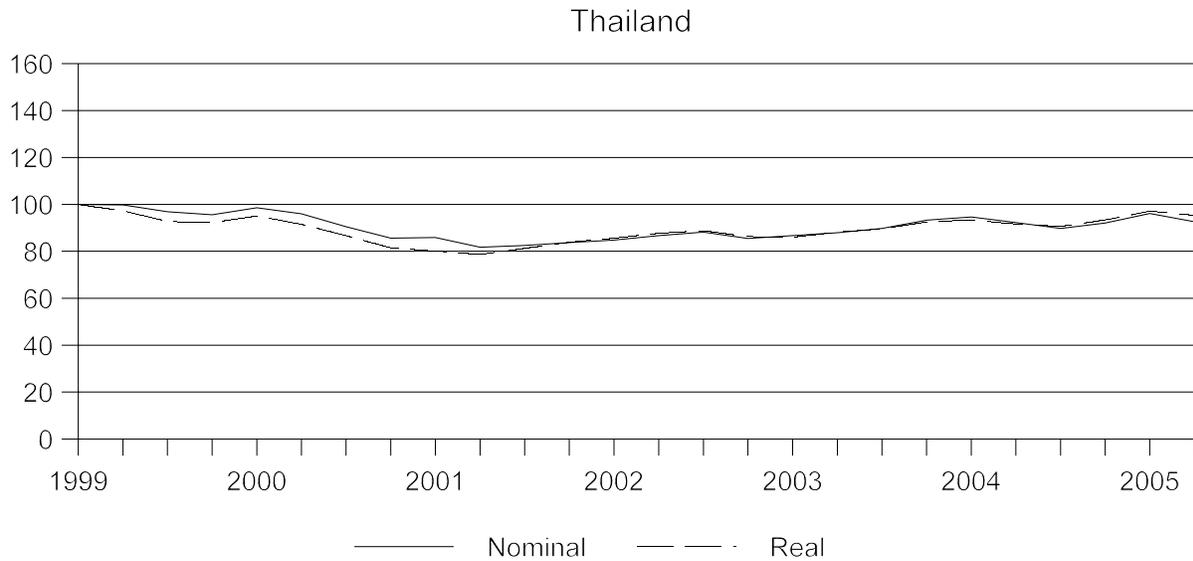
Figure continued on next page.

**Figure V-2--Continued**

**Exchange rates: Indices of the nominal and real exchange rates between the subject countries currencies and the U.S. dollar, by quarters, January 1999-June 2005**



Source: International Monetary Fund, *International Financial Statistics* online at <http://ifs.apdi.net/>, retrieved Aug. 1,



2005 and Central Bank of China at [http://www.cbc.gov.tw/EngHome/Eforeign/Statistics/Emonthly\\_historical.asp](http://www.cbc.gov.tw/EngHome/Eforeign/Statistics/Emonthly_historical.asp), retrieved Aug. 1, 2005.

## PRICING PRACTICES

Suppliers in the U.S. market publish price lists, but determine actual net prices as a fraction of the published price through use of a multiplier of the price lists.<sup>6</sup> The price list can be used for a long period of time, while the multipliers are changed according to market conditions. Prices are not negotiated, but customers make it very clear when they can obtain a lower net price from another source. Historically, \*\*\* used the same price list. But in 2004 and 2005, \*\*\* issued a price list \*\*\* than \*\*\* because \*\*\* to compete more effectively with imports. \*\*\*.

\*\*\* reported significant pricing power in 2004 and was \*\*\* its prices of carbon steel butt-weld pipe fittings \*\*\* the increases in raw material costs.<sup>7</sup> Then, beginning in 2005, as non-subject imports increased and domestic market share decreased, \*\*\* has begun to adjust its prices \*\*\*.<sup>8</sup> \*\*\* reported that increases in the price of pipe have caused them to increase the price of their carbon steel butt-weld pipe fittings. \*\*\* reported that they expected raw material costs to continue rising in the near future.

Importers generally reported pricing their products based on market conditions on a transaction-by-transaction basis, with cost plus whatever the market will support. \*\*\* reported the same multiplier method based on \*\*\*'s price list.<sup>9</sup> \*\*\* believes that imports are usually priced by the multiplier system from \*\*\*'s price list, and are lower in price.<sup>10</sup>

Domestic producers offer discounts, usually for annual volume and sometimes for individual orders. Importers generally offer no discounts, while \*\*\* may have an annual discount with a major distributor, and \*\*\* has an annual volume rebate with a few customers.

Purchases are almost all spot with 30 day payment terms and one percent for early payment. \*\*\* reported that almost all sales in the industry are by individual purchase orders on a regular monthly, weekly, etc. basis. \*\*\* sell their products on a delivered basis, while \*\*\*'s sales are f.o.b. factory with freight paid for minimum order requirements. \*\*\* sells f.o.b. warehouse for orders less than \$\*\*\* and pays the freight for orders larger than \$\*\*\*. Importers' terms are generally net 30 days. Most importers sell on a f.o.b. port, warehouse, or shipping point, but \*\*\* sell on a delivered basis.

Domestic producers and importers sell 100 percent of their sales to distributors. Therefore, producers and importers do not necessarily know the types of end users for their specific products. \*\*\* stated that large end users are oil fields, refineries, petrochemical plants, pulp and paper industry, natural gas distribution, and commercial construction, including fire sprinkler systems, etc. \*\*\* indicated that carbon steel butt-weld pipe fittings represented 5 to 10 percent of the total cost in the oil and gas industry and natural gas transmission and refining applications. \*\*\* reported that carbon steel butt-weld pipe fittings represented a small percent of the total cost of the end use of industrial and commercial piping systems.

## PRICE DATA

The Commission requested U.S. producers and importers of carbon steel butt-weld pipe fittings to provide quarterly data for the total quantity and f.o.b. values of carbon steel butt-weld pipe fittings that were shipped to unrelated customers in the U.S. market. Data were requested for the period January 1999 to June 2005. The products for which pricing data were requested are as follows:

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<sup>6</sup> For example, the published list price might be \$10, but the quoted multiplier of the moment based on market conditions is .25, so the actual net price is \$2.50. See *Certain Carbon Steel Butt-Weld Pipe Fittings from France, India, Israel, Malaysia, The Republic of Korea, Thailand, the United Kingdom, and Venezuela, Invs. Nos. 701-TA-360 and 361 (Final) and 731-TA- 688 through 695 (Final)*, USITC Publication 2870, March 1995, pp. I-94-95 and \*\*\* producer questionnaire response, B-1.

<sup>7</sup> Trinity's post hearing brief, p. 5.

<sup>8</sup> Ibid, and Exhibit 1.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

**Product 1.**—Elbows: Carbon steel butt-weld, 4-inch nominal, 90 degrees, long radius, standard weight fittings.

**Product 2.**—Elbows: Carbon steel butt-weld, 6-inch nominal, 90 degrees, long radius, standard weight fittings.

**Product 3.**—Tees: Carbon steel butt-weld, 4-inch nominal, standard weight fittings.

\*\*\* provided usable pricing data for sales of the requested domestic products. \*\*\* does not manufacture these products. By quantity, pricing data accounted for approximately \*\*\* percent of shipments of domestically produced carbon steel butt-weld pipe fittings in 2004. Pricing data for imports of subject carbon steel butt-weld pipe fittings from Taiwan accounted for approximately \*\*\* percent, by quantity, of imports of carbon steel butt-weld pipe fittings from Taiwan in 2004. All reported price data for imports from Thailand were of nonsubject products from Awaji (Thailand). Accordingly, such data are not included in the pricing data.<sup>11</sup> There were virtually no imports from Brazil. No prices were reported for subject imports from China, Japan, and Thailand.

### Price Trends

Prices for domestic carbon steel butt-weld pipe fittings increased over the period, especially in 2004-05 (tables V-1 and V-2 and figure V-3). Prices for product 1 increased from \$\*\*\* in January-March 1999 to \$\*\*\* in April-June 2005, or by 94 percent. Prices for product 2 increased from \$\*\*\* in January-March 1999 to \$\*\*\* in April-June 2005, or by 54 percent. Prices for product 3 increased from \$\*\*\* in January-March 1999 to \$\*\*\* in April-June 2005, or by 131 percent. Prices for product 3 from Taiwan increased from \$\*\*\* in January-March 1999 to \$\*\*\* in April-June 2005, or by 74 percent.

**Table V-1**

**Carbon steel butt-weld pipe fittings: Weighted-average f.o.b. prices and quantities of domestic products 1 and 2 by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table V-2**

**Carbon steel butt-weld pipe fittings: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling (overselling), by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-3**

**Weighted-average f.o.b. prices of domestic and imported products 1-3, January 1999-June 2005**

\* \* \* \* \*

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<sup>11</sup> These data were reported by \*\*\* and were for imports from \*\*\* in Thailand, which had received a *de minimus* margin from Commerce.

### **Price Comparisons**

The only price comparisons between domestic product and subject imports are for product 3 from Taiwan (table V-2). Imports were priced lower than domestic product in 18 of 21 instances with margins ranging from 0.7 to 52.3 percent. Margins were larger in the latter part of the period as prices had increased overall.



**APPENDIX A**

***FEDERAL REGISTER* NOTICES AND THE COMMISSION'S STATEMENT  
ON ADEQUACY**



**INTERNATIONAL TRADE COMMISSION**

[Investigations Nos. 731-TA-308-310, 520, and 521 (Second Review)]

**Carbon Steel Butt-Weld Pipe Fittings From Brazil, China, Japan, Taiwan, and Thailand**

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of five-year reviews concerning the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand.

**SUMMARY:** The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil,

China, Japan, Taiwan, and Thailand would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;<sup>1</sup> to be assured of consideration, the deadline for responses is January 21, 2005. Comments on the adequacy of responses may be filed with the Commission by February 14, 2005. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** December 1, 2004.

**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202-205-3193), 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. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:** *Background.* On the dates listed below, the Department of Commerce issued antidumping duty orders on the subject imports:

Order date	Product/country	Investigation no.	FR cite
12/17/86 .....	Carbon steel butt-weld pipe fittings/Brazil .....	731-TA-308 .....	51 FR 45152
12/17/86 .....	Carbon steel butt-weld pipe fittings/Taiwan .....	731-TA-310 .....	51 FR 45152
2/10/87 .....	Carbon steel butt-weld pipe fittings/Japan .....	731-TA-309 .....	52 FR 4167
7/6/92 .....	Carbon steel butt-weld pipe fittings/China .....	731-TA-520 .....	57 FR 29702
7/6/92 .....	Carbon steel butt-weld pipe fittings/Thailand .....	731-TA-521 .....	57 FR 29702

Following five-year reviews by Commerce and the Commission, effective January 6, 2000, Commerce issued a continuation of the antidumping duty orders on imports of carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand (65 FR 753). The Commission is now conducting second reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

*Definitions.* The following definitions apply to these reviews:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The *Subject Countries* in these reviews are Brazil, China, Japan, Taiwan, and Thailand.

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original and expedited five-year review determinations, the Commission defined the Domestic Like Product as carbon steel butt-weld pipe fittings having an inside diameter of less than 14 inches, whether finished or unfinished.

(4) The *Domestic Industry* is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original and expedited five-year review determinations, the Commission defined a single Domestic Industry: producers of finished and unfinished carbon steel butt-weld pipe fittings having an inside diameter of less than 14 inches, including integrated producers, converters, and combination producers which perform both

integrated production and conversion. One Commissioner defined the Domestic Industry differently in the original determinations concerning Brazil, Japan, and Taiwan. In the original determinations concerning China and Thailand, the Commission excluded two domestic producers, Tube Line and Weldbend, from the Domestic Industry under the related parties provision. In its expedited five-year review determinations, the Commission once again excluded Tube Line from the Domestic Industry under the related parties provision but found that Weldbend was no longer a related party eligible for exclusion. Certain Commissioners did not exclude Tube Line from the Domestic Industry in the expedited five-year review. For purposes of this notice, you should report information separately on each of the following two Domestic Industries: (1) the Domestic Industry including Tube Line and (2) the Domestic Industry excluding Tube Line.

(5) An *Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign

<sup>1</sup> No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 04-5-102.

expiration date June 30, 2005. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to

the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

manufacturer or through its selling agent.

**Participation in the reviews and public service list.** Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

**Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.** Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

**Certification.** Pursuant to section 207.3 of the Commission's rules, any person submitting information to the

Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

**Written submissions.** Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is January 21, 2005. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is February 14, 2005. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 Fed. Reg. 68036 (November 8, 2002).

Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

**Inability to provide requested information.** Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the

explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

**Information To Be Provided in Response To This Notice of Institution:** If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in each Subject Country that currently export or have exported Subject Merchandise to the

United States or other countries after 1998.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2003 (report quantity data in pounds and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2003 (report quantity data in pounds and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from each Subject Country accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from each Subject Country; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from each Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2003 (report quantity data in pounds and value data in U.S. dollars, landed and duty-paid at the U.S. port but not

including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in each Subject Country accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Countries after 1998, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Countries, and such merchandise from other countries.

(11) (*Optional*) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

**Authority:** These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: November 22, 2004.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 04-26482 Filed 11-30-04; 8:45 am]

BILLING CODE 7020-02-P

## INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-385 and 386 (Second Review)]

### Granular Polytetrafluoroethylene Resin From Italy and Japan

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of five-year reviews concerning the antidumping duty orders on granular polytetrafluoroethylene resin from Italy and Japan.

**SUMMARY:** The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on granular polytetrafluoroethylene resin from Italy and Japan would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;<sup>1</sup> to be assured of consideration, the deadline for responses is January 21, 2005. Comments on the adequacy of responses may be filed with the Commission by February 14, 2005. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

**DATES:** *Effective Date:* December 1, 2004.

**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202-205-3193), 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. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>).

<sup>1</sup> No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 04-5-103, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

required on those entries at the time of entry, or withdrawal from warehouse, for consumption and to continue to collect the cash deposit previously ordered.

This notice is not required by statute but is published as a service to the international trading community.

Dated: November 23, 2004.

**Holly A. Kuga,**

Senior Office Director, Office 4 for Import Administration.

[FR Doc. E4-3415 Filed 11-30-04; 8:45 am]

BILLING CODE 3510-DS-P

**DEPARTMENT OF COMMERCE**

**International Trade Administration**

**Initiation of Five-Year ("Sunset") Reviews**

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

**ACTION:** Notice of initiation of five-year ("sunset") reviews.

**SUMMARY:** In accordance with section 751(c) of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("the Department") is automatically initiating five-year ("sunset") reviews of certain antidumping duty orders. The International Trade Commission is publishing concurrently with this notice its notice of *Institution of Five-Year Review* which covers these same orders.

**FOR FURTHER INFORMATION CONTACT:** Martha V. Douthit, Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce at (202) 482-4340, or Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205-3193.

**SUPPLEMENTARY INFORMATION:**

**Background**

The Department's procedures for the conduct of sunset reviews are set forth in 19 CFR 351.218. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98.3—*Policies Regarding the Conduct of Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

**Initiation of Reviews**

In accordance with 19 CFR 351.218(c), we are initiating the second sunset reviews of the following antidumping duty orders:

DOC case No.	ITC case No.	Country	Product
A-351-602	A-308	Brazil	Carbon Steel Butt-Weld Pipe Fittings
A-583-605	A-310	Taiwan	Carbon Steel Butt-Weld Pipe Fittings
A-588-602	A-309	Japan	Carbon Steel Butt-Weld Pipe Fittings
A-570-814	A-520	China	Carbon Steel Butt-Weld Pipe Fittings
A-549-807	A-521	Thailand	Carbon Steel Butt-Weld Pipe Fittings
A-588-707	A-386	Japan	Granular Polytetrafluoroethylene Resin
A-475-703	A-385	Italy	Granular Polytetrafluoroethylene Resin

**Filing Information**

As a courtesy, we are making information related to sunset proceedings, including copies of the Department's regulations regarding sunset reviews (19 CFR 351.218) and *Sunset Policy Bulletin*, the Department's schedule of sunset reviews, case history information (i.e., previous margins, duty absorption determinations and scope language), and service lists available to the public on the Department's sunset Internet Web site at the following address: <http://ia.ita.doc.gov/sunset/>.

All submissions in these sunset reviews must be filed in accordance with the Department's regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303. Also, we suggest that parties check the Department's sunset Web site for any updates to the service list before filing any submissions. The Department will make additions to and/or deletions from the service list provided on the sunset Web site based on notifications from parties and participation in these reviews. Specifically, the Department will delete from the service list all

parties that do not submit a substantive response to the notice of initiation.

Because deadlines in a sunset review are, in many instances, very short, we urge interested parties to apply for access to proprietary information under administrative protective order ("APO") immediately following publication in the **Federal Register** of the notice of initiation of the sunset review. The Department's regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304-306.

**Information Required From Interested Parties**

Domestic interested parties (defined in sections 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b)) wishing to participate in these sunset reviews must respond not later than 15 days after the date of publication in the **Federal Register** of the notice of initiation by filing a notice of intent to participate. The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice

of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the orders without further review. See 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department's regulations provide that *all parties* wishing to participate in the sunset review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of the notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the International Trade Commission's information requirements. Please consult the Department's regulations for information regarding the Department's

conduct of sunset reviews.<sup>1</sup> Please consult the Department's regulations at 19 CFR part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218(c).

Dated: November 24, 2004.

**Joseph A. Spetrini,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. E4-3414 Filed 11-30-04; 8:45 am]

BILLING CODE 3510-DS-P

**DEPARTMENT OF COMMERCE**

**International Trade Administration**

[A-570-803]

**Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People's Republic of China: Notice of Amended Final Results of Antidumping Duty Administrative Reviews**

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

**ACTION:** Notice of amended final results of antidumping duty administrative reviews.

**EFFECTIVE DATE:** December 1, 2004.

**FOR FURTHER INFORMATION CONTACT:** Tom Martin or Mark Manning at (202) 482-3936 and (202) 482-5253, respectively; Office of AD/CVD Enforcement, Office 4, Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

**SUMMARY:** The Department of Commerce ("the Department") is amending the final results of the administrative reviews of the antidumping duty orders on Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles ("HFHTs") from the People's Republic of China ("PRC") to reflect the correction of ministerial errors in those final results. The period of review ("POR") is February 1, 2002, through January 31, 2003.

<sup>1</sup> In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests for extension of that five-day deadline based upon a showing of good cause.

**SUPPLEMENTARY INFORMATION:**

**Background**

On September 15, 2004, the Department published the final results of administrative reviews of the antidumping duty orders on HFHTs from the PRC. See *Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People's Republic of China: Final Results of Antidumping Duty Administrative Reviews, Final Partial Rescission of Antidumping Duty Administrative Reviews, and Determination Not To Revoke in Part*, 69 FR 55581 (September 15, 2004) ("Final Results"). On September 17, 2004, the petitioner, Ames True Temper, submitted comments alleging that the Department made certain ministerial errors in the Final Results regarding the cash deposit rate for the PRC-wide entity for hammers/sledges, the assessment rate for the PRC-wide entity for all four HFHTs orders, and the assessment instructions for tampers. On September 20, 2004, the respondents<sup>1</sup> filed rebuttal comments.

**Scope of the Review**

The products covered by these administrative reviews are HFHTs comprising the following classes or kinds of merchandise: (1) Hammers and sledges with heads over 1.5 kg (3.33 pounds) (hammers/sledges); (2) bars over 18 inches in length, track tools and wedges (bars/wedges); (3) picks and mattocks (picks/mattocks); and (4) axes, adzes and similar hewing tools (axes/adzes).

HFHTs include heads for drilling hammers, sledges, axes, mauls, picks and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars, and tampers; and steel woodsplitting wedges. HFHTs are manufactured through a hot forge operation in which steel is sheared to required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot blasting, grinding, polishing and painting, and the insertion of handles for handled

<sup>1</sup>The respondents in this review are Shangdong Huarong Machinery Co., Ltd. ("Huarong"), Liaoning Machinery Import & Export Corporation and Liaoning Machinery Import & Export Corporation, Ltd. ("LMC/LIMAC"), Shandong Machinery Import & Export Corporation ("SMC"), and Tianjin Machinery Import & Export Corporation ("TMC").

products. HFHTs are currently provided for under the following Harmonized Tariff Schedule of the United States ("HTSUS") subheadings: 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded from these investigations are hammers and sledges with heads 1.5 kg (3.33 pounds) in weight and under, hoes and rakes, and bars 18 inches in length and under.

The Department has issued four conclusive scope rulings regarding the merchandise covered by these orders: (1) On August 16, 1993, the Department found the "Max Multi-Purpose Axe," imported by the Forrest Tool Company, to be within the scope of the axes/adzes order; (2) on March 8, 2001, the Department found "18-inch" and "24-inch" pry bars, produced without dies, imported by Olympia Industrial, Inc. and SMC Pacific Tools, Inc., to be within the scope of the bars/wedges order; (3) on March 8, 2001, the Department found the "Pulaski" tool, produced without dies by TMC, to be within the scope of the axes/adzes order; and (4) on March 8, 2001, the Department found the "skinning axe," imported by Import Traders, Inc., to be within the scope of the axes/adzes order.

**Amended Final Results**

After reviewing the ministerial error allegations and the rebuttal comments, we have determined that the Department did make clerical errors in completing the Final Results, and we have amended the Final Results accordingly. For a detailed discussion of the Department's analysis of the ministerial error allegations, see Memorandum from Mark Manning, Acting Program Manager, to Holly A. Kuga, Senior Director, "Analysis of Ministerial Error Allegations," dated concurrently with this notice.

Pursuant to section 751(h) of the Tariff Act of 1930, as amended ("the Act"), we have amended the Final Results by correcting a ministerial error that affected the margin for the PRC-wide entity in the hammers/sledges order. We will issue amended cash-deposit instructions to U.S. Customs and Border Protection ("CBP") to reflect the amendment of the final results of these reviews. Pursuant to these amended results, we revised the following dumping margin:

Manufacturer/exporter	Margin (percent)
PRC-wide entity: Hammers/Sledges .....	45.42.

The following information is provided for the information collection: (1) Title of the information collection; (2) OMB control number; (3) summary of the information collection activity; and (4) frequency of collection, description of the respondents, estimated total annual responses, and the total annual reporting and recordkeeping burden for the collection of information.

*Title:* Certification of Blasters in Federal program States and on Indian lands, 30 CFR 955.

*OMB Control Number:* 1029-0083.

*Summary:* This information is being collected to ensure that the applicants for blaster certification are qualified. This information, with blasting tests, will be used to determine the eligibility of the applicant.

*Bureau Form Number:* OSM-74.

*Frequency of Collection:* On occasion.

*Description of Respondents:*

Individuals intent on being certified as blasters in Federal program States and on Indian lands.

*Total Annual Responses:* 29.

*Total Annual Burden Hours:* 76.

Dated: March 17, 2005.

**John R. Craynon,**

*Chief, Division of Regulatory Support.*

[FR Doc. 05-5692 Filed 3-22-05; 8:45 am]

**BILLING CODE 4310-05-M**

## INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-308-310, 520, and 521 (Second Review)]

### Carbon Steel Butt-Weld Pipe Fittings From Brazil, China, Japan, Taiwan, and Thailand

**AGENCY:** United States International Trade Commission.

**ACTION:** Notice of Commission determinations to conduct full five-year reviews concerning the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand.

**SUMMARY:** The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of

these reviews 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, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** March 7, 2005.

**FOR FURTHER INFORMATION CONTACT:**

Mary Messer (202-205-3193), 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. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:** On March 7, 2005, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (69 FR 69952, December 1, 2004) was adequate and that the respondent interested party group responses were inadequate. The Commission also found that other circumstances warranted conducting full reviews.<sup>1</sup> A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

**Authority:** These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: March 17, 2005.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-5702 Filed 3-22-05; 8:45 am]

**BILLING CODE 7020-02-P**

## INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-385 and 386 (Second Review)]

### Granular Polytetrafluoroethylene Resin From Italy and Japan

**AGENCY:** United States International Trade Commission.

**ACTION:** Notice of Commission determination to conduct full five-year reviews concerning the antidumping duty orders on granular polytetrafluoroethylene resin from Italy and Japan.

**SUMMARY:** The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty orders on granular polytetrafluoroethylene resin from Italy and Japan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

**DATES:** *Effective Date:* March 7, 2005.

**FOR FURTHER INFORMATION CONTACT:**

Mary Messer (202) 205-3193, 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. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:** On March 7, 2005, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that both the domestic response and the respondent interested party group response with respect to Japan to its notice of

<sup>1</sup> Chairman Stephen Koplan and Commissioner Jennifer A. Hillman dissenting.

section 766.23 of the EAR, any other person, firm, corporation, or business organization related to any of the Respondents by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of this Order.

*Fourth*, that this Order does not prohibit any export, reexport, or other transaction subject to the EAR where the only items involved that are subject to the EAR are the foreign-produced direct product of U.S.-origin technology.

In accordance with the provisions of Section 766.24(e) and Section 766.23(c) of the EAR, the Respondents and the Related Person, respectively, may, at any time, appeal this Order by filing a full written statement in support of the appeal with the Office of the Administrative Law Judge, U.S. Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022.

In accordance with the provisions of Section 766.24(d) and Section 766.23(c) of the EAR, BIS may seek renewal of this Order by filing a written request not later than 20 days before the expiration date. The Respondents and the Related Person may oppose a request to renew this Order by filing a written submission with the Assistant Secretary for Export Enforcement, which must be received not later than seven days before the expiration date of the Order.

A copy of this Order shall be served on the Respondents and the Related Person, and shall be published in the **Federal Register**.

This Order is effective upon date of publication in the **Federal Register** and shall remain in effect for 180 days.

Entered this 1st day of April, 2005.

**Wendy L. Wysong,**

*Acting Assistant Secretary of Commerce for Export Enforcement.*

[FR Doc. 05-6940 Filed 4-6-05; 8:45 am]

**BILLING CODE 3510-OT-M**

## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-351-504, A-351-503, A-122-503, A-570-502, A-821-801, A-823-801, A-570-001]

#### **Iron Construction Castings From Brazil, Canada, and China; Solid Urea From Russia and Ukraine, and Potassium Permanganate From China: Extension of Time Limit for the Final Results of Sunset Reviews of Antidumping and Countervailing Duty Orders**

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

**DATES:** *Effective Date:* April 7, 2005.

**FOR FURTHER INFORMATION CONTACT:** Martha Douthit at 202-482-5050, or Hilary Sadler, Esq. at 202-482-4340, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230.

#### **Background**

On October 1, 2004, the Department initiated sunset reviews of the antidumping orders on Iron Construction Castings from Brazil, Canada, and China; Solid Urea from Russia and Ukraine, and Potassium Permanganate from China, and the countervailing duty order on Iron Construction Casting from Brazil. Based on adequate responses from the domestic interested parties and inadequate responses from respondent interested parties, the Department of Commerce ("the Department") is conducting expedited sunset reviews of the antidumping duty orders on Iron Construction Castings from Brazil, Canada, and China, Solid Urea from Russia and Ukraine, and Potassium Permanganate from China, and the countervailing duty on Iron Construction Castings from Brazil. The Department's final results of these sunset reviews were originally scheduled for January 31, 2005. On December 17, 2004, the Department extended the final results of these reviews until March 31, 2005.

#### **Extension of Time Limit for Final Results of Reviews**

In accordance with section 751(c)(5)(B) of the Tariff Act of 1930, as amended ("the Act"), the U.S. Department of Commerce ("the Department") may extend the period of time for making its final determination in a sunset review by not more than 90 days if it determines that the review is extraordinarily complicated. As set forth in 751(c)(5)(C)(v) of the Act, the

Department may treat a sunset review as extraordinarily complicated if it is a review of a transition order, as is the case in these proceedings. The Department has determined, pursuant to section 751(c)(5)(C)(v) of the Act, that the sunset reviews of the antidumping duty orders on Iron Construction Casting from Brazil, Canada, and China, Solid Urea from Russia and Ukraine, Potassium Permanganate from China, and the countervailing duty order on Iron Construction Castings from Brazil, are extraordinarily complicated and require additional time for the Department to complete its analysis. Therefore, the Department will extend the deadlines in these proceedings and, as a result, intends to issue the final results of the sunset reviews on Iron Constructions Casting from Brazil, Canada, and China, Solid Urea from Russia, and Ukraine, and Potassium Permanganate from China, on or about Monday, May 2, 2005, 90 days from the original scheduled date of final results of review. This notice is issued and published in accordance with sections 751(c)(5)(B) and 751(c)(5)(C)(v) of the Act.

Dated: March 31, 2005.

**Barbara E. Tillman,**

*Acting Deputy Assistant Secretary for Import Administration.*

[FR Doc. E5-1610 Filed 4-6-05; 8:45 am]

**BILLING CODE 3510-DS-P**

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-351-602, A-588-602, A-570-814, A-583-605, A-549-807, A-475-703, A-588-707]

#### **Carbon Steel Butt-Weld Pipe Fittings From Brazil, Japan, the People's Republic of China, Taiwan, and Thailand, and Granular Polytetrafluoroethylene Resin From Italy and Japan: Extension of Time Limit for the Final Results of Sunset Reviews of Antidumping Duty Orders**

**AGENCY:** Import Administration, International Trade Administration, U.S. Department of Commerce.

**DATES:** *Effective Date:* April 7, 2005.

**FOR FURTHER INFORMATION CONTACT:** Martha Douthit at 202-482-5050, or Hilary Sadler, Esq. at 202-482-4340, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230.

#### **Background**

On December 1, 2004, the Department initiated sunset reviews of the

antidumping duty orders on Carbon Steel Butt-Weld Pipe Fittings from Brazil, Japan, the People's Republic of China, Taiwan, and Thailand, and Granular Polytetrafluoroethylene Resin from Italy and Japan. Based on adequate responses from the domestic interested parties and inadequate responses from respondent interested parties, the Department of Commerce ("the Department") is conducting expedited sunset reviews of the antidumping duty orders on Carbon Steel Butt-Weld Pipe Fittings from Brazil, Japan, the People's Republic of China, Taiwan, and Thailand, and Granular Polytetrafluoroethylene Resin from Italy and Japan. The Department's final results of these sunset reviews are currently scheduled for March 31, 2005.

#### **Extension of Time Limit for Final Results of Reviews**

In accordance with section 751(c)(5)(B) of the Tariff Act of 1930, as amended ("the Act"), the U.S. Department of Commerce ("the Department") may extend the period of time for making its final determination in a sunset review by not more than 90 days, if it determined that the review is extraordinarily complicated. As set forth in 751(c)(5)(C)(v) of the Act, the Department may treat a sunset review as extraordinarily complicated if it is a review of a transition order, as is the case in these proceedings. The Department has determined, pursuant to section 751(c)(5)(C)(v) of the Act, that the sunset reviews of the antidumping duty orders on Carbon Steel Butt-Weld Pipe Fittings from Brazil, Japan, the People's Republic of China, Taiwan, Thailand, and Granular Polytetrafluoroethylene Resin from Italy and Japan, are extraordinarily complicated and require additional time for the Department to complete its analysis. Therefore, the Department will extend the deadlines in these proceedings and, as a result, intends to issue the final results of the sunset reviews on Carbon Steel Weld-Pipe Fittings from Brazil, Japan, the People's Republic of China, Taiwan, and Thailand, and Granular Polytetrafluoroethylene Resin from Italy and Japan, on or about June 29, 2005, 90 days from the original scheduled date of final results of review.

This notice is issued and published in accordance with sections 751(c)(5)(B) and 751(c)(5)(C)(v) of the Act.

Dated: March 31, 2005.

**Barbara E. Tillman,**

*Acting Deputy Assistant Secretary for Import Administration.*

[FR Doc. E5-1609 Filed 4-6-05; 8:45 am]

**BILLING CODE 3510-DS-P**

## **DEPARTMENT OF COMMERCE**

### **International Trade Administration**

[A-122-822]

#### **Notice of Rescission, in Part, of Antidumping Duty Administrative Review: Corrosion-Resistant Carbon Steel Flat Products From Canada**

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

**EFFECTIVE DATE:** April 7, 2005.

#### **FOR FURTHER INFORMATION CONTACT:**

Candice Kenney Weck or Sean Carey at (202) 482-0938 and (202) 482-3964, respectively; AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

The Department received timely requests for an administrative review of the antidumping duty order on corrosion-resistant carbon steel flat products from Canada, with respect to Dofasco Inc. (Dofasco), Impact Steel Canada, Ltd. (Impact Steel), and Stelco Inc. (Stelco). On September 22, 2004, the Department published the initiation of an administrative review of Dofasco, Impact Steel, and Stelco, covering the period August 1, 2003, through July 31, 2004. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part* (69 FR 56745). On November 12, 2004, Impact Steel timely withdrew its request for an administrative review. The request was the only request for an administrative review of Impact Steel.

##### **Rescission, in Part, of the Administrative Review**

Pursuant to the Department's regulations, the Department will rescind an administrative review "if a party that requested the review withdraws the request within 90 days of the date of publication of notice of initiation of the requested review." *See* 19 CFR 351.213(d)(1). Since Impact Steel submitted a timely withdrawal of its request for review, and since this was the only request for a review of Impact

Steel, the Department is rescinding its antidumping administrative review of Impact Steel in accordance with 19 CFR 351.213(d)(1). Based on this rescission, the administrative review of the antidumping duty order on corrosion-resistant carbon steel flat products from Canada covering the period August 1, 2003, through July 31, 2004, now covers the following companies: Dofasco and Stelco.

We are issuing and publishing this determination and notice in accordance with section 777(i) of the Act and 19 CFR 351.213(d)(4).

Dated: April 1, 2005.

**Barbara E. Tillman,**

*Acting Deputy Assistant Secretary for Import Administration.*

[FR Doc. E5-1615 Filed 4-6-05; 8:45 am]

**BILLING CODE 3510-DS-P**

## **DEPARTMENT OF COMMERCE**

### **International Trade Administration**

[A-580-816]

#### **Corrosion Resistant Carbon Steel Flat Products From Korea: Extension of Time Limits for the Preliminary Results of Antidumping Duty Administrative Review**

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

#### **FOR FURTHER INFORMATION CONTACT:**

Lyman Armstrong or Victoria Cho at (202) 482-3601 or (202) 482-5075 respectively, AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Ave, NW., Washington, DC 20230.

##### **Background**

On September 22, 2004, the U.S. Department of Commerce ("Department") published a notice of initiation of the administrative review of the antidumping duty order on corrosion resistant carbon steel flat products from Korea, covering the period August 1, 2003 to July 31, 2004 (69 FR 56745). The preliminary results of this review are currently due no later than May 3, 2005.

##### **Extension of Time Limit of Preliminary Results**

Section 751(a)(3)(A) of the Tariff Act of 1930, as amended ("the Act"), requires the Department to make a preliminary determination within 245 days after the last day of the anniversary month of an order or finding for which

or faxed comments should be submitted by May 26, 2005.

**Carol D. Shull,**

*Keeper of the National Register of Historic Places.*

**Arkansas**

*Benton County*

Springfield to Fayetteville Road—Elkhorn Tavern Segment, (Cherokee Trail of Tears MPS) NW of Elkhorn Tavern within Pea Ridge National Park, Garfield, 05000484

*Johnson County*

Dover to Clarksville Road —Hickeytown Road Segment, (Cherokee Trail of Tears MPS) Hickeytown Rd. E of U.S. 64, Lamar, 05000464

*Randolph County*

Campbell Cemetery, Address Restricted, Imboden, 05000463

**Maryland**

*Baltimore Independent City*

Rombro Building, (Cast Iron Architecture of Baltimore MPS) 22–24 S. Howard St., Baltimore (Independent City), 05000485

**Massachusetts**

*Barnstable County*

Coast Guard Moto Lifeboat CG 36500, berthed at Rock Harbor, Orleans, 05000467

*Essex County*

River Road—Cross Street Historic District, (Farms and Rural Retreats of Topsfield, Massachusetts MPS) Cross, Prospect Sts., River, Salem Rds., Topsfield, 05000465

*Middlesex County*

Higginson, Henry, House, 44 Baker Farm Rd., Lincoln, 05000468  
Sweetser, Warren, House, (Stoneham MRA) 90 Franklin St., Stoneham, 05000466

**Missouri**

*Greene County*

Finkbiner Building, (Springfield, Missouri MPS AD) 509–513 W. Oliver St., Springfield, 05000469

**Nevada**

*Humboldt County*

Winnemucca, 95 S. Bridge St., Winnemucca, 05000471

*Washoe County*

Miller-Rowe—Hologate House, 18 Winter St., Reno, 05000470

*Virginia*

*Albemarle County*

Pantops Farm, 400 Peter Jefferson St., Charlottesville, 05000483

*Harrisonburg Independent City*

Whitesel Brothers, 131 W. Grace St., Harrisonburg (Independent City), 05000472

*Henry County*

Spencer—Penn School, 30 George Taylor Rd., Spencer, 05000482

*Loudoun County*

Taylorstown Historic District (Boundary Increase), 13122 Furnace Mountain, 13090 Taylorstown, 12969 Taylorstown, 12995 Hoysville, and 13000 Hoysville Rds., Taylorstown, 05000474

*Petersburg Independent City*

North Battersea—Pride's Field Historic District, Roughly along the Appomattox River bank, McKenzie, W. High., Upper Appomattox Sts., from 1250 W. High to Fleet Sts., Petersburg (Independent City), 05000475

*Pittsylvania County*

Woodlawn, 5321 Henrys Mill Rd., Vernon Hill, 05000478

*Pulaski County*

Rockwood, 5189 Rockwood Dr., Dublin, 05000473

*Richmond Independent City*

Southern Stove Works, 1215 Hermitage Rd., Richmond (Independent City), 05000480

*Rockingham County*

Massanetta Springs Historic District, 712 Massanetta Springs RD., Harrisonburg, 05000477

*Salem Independent City*

Preston House, 1936 W. Main St., Salem (Independent City), 05000479

*Westmoreland County*

Kinsale Historic District, Roughly along Kinsale Rd, Kinsale Bridge Rd., Sigouney Dr., Great House Rd., and Yeocomico Ln., Kinsale, 05000476

*Wythe County*

Graham's Forge Mill, VA 639, Max Meadows, 05000481

[FR Doc. 05–9339 Filed 5–10–05; 8:45 am]

**BILLING CODE 4312–51–P**

**INTERNATIONAL TRADE COMMISSION**

**[Investigations Nos. 731–TA–308–310, 520, and 521 (Second Review)]**

**Carbon Steel Butt-Weld Pipe Fittings From Brazil, China, Japan, Taiwan, and Thailand**

**AGENCY:** United States International Trade Commission.

**ACTION:** Scheduling of full five-year reviews concerning the antidumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand.

**SUMMARY:** The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty orders on carbon steel butt-weld pipe

fittings from Brazil, China, Japan, Taiwan, and Thailand would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** May 4, 2005.

**FOR FURTHER INFORMATION CONTACT:**

Christopher J. Cassise (202–708–5408), 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. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:**

*Background.*—On March 7, 2005, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (70 FR 14713, March 23, 2005). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

*Participation in the reviews and public service list.*—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

*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 these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

*Staff report.*—The prehearing staff report in the reviews will be placed in the nonpublic record on August 16, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

*Hearing.*—The Commission will hold a hearing in connection with these reviews beginning at 9:30 a.m. on September 7, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before August 30, 2005. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on September 1, 2005, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

*Written submissions.*—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is August 25, 2005. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is September 16,

2005; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before October 6, 2005. On October 6, 2005, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before October 11, 2005, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 Fed. Reg. 68036 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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.

**Authority:** These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: May 5, 2005.

**By order of the Commission.**

*Marilyn R. Abbot, Secretary to the Commission.*

[FR Doc. 05-9347 Filed 5-10-05; 8:45 am]

**BILLING CODE 7020-02-P**

**DEPARTMENT OF JUSTICE**

**Office of Justice Programs**

**Agency Information Collection  
Activities: Proposed Collection;  
Comments Requested**

**ACTION:** 30-day notice of information collection under review: 2005 census of jail inmates.

The Department of Justice (DOJ), Office of Justice Programs (OJP) has submitted the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The proposed information collection is published to obtain comments from the public and affected agencies. This proposed information collection was previously published in the **Federal Register** volume 70, number 41, page 10413 on March 3, 2005, allowing for a 60-day comment period.

The purpose of this notice is to allow for an additional 30 days for public comment until June 10, 2005. This process is conducted in accordance with 5 CFR 1320.10.

Written comments and/or suggestions regarding the items contained in this notice, especially the estimated public burden and associated response time, should be directed to the Office of Management and Budget, Office of Information and Regulatory Affairs, Attention Department of Justice Desk Officer, Washington, DC 20503. Additionally, comments may be submitted to OMB via facsimile to (202) 395-5806. Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agencies estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological

responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.306. Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

This notice is in accordance with sections 751(b) and 777(i)(1) of the Act, and section 351.216(e) of the Department's regulations.

Dated: June 24, 2005.

**Joseph A. Spetrini,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. E5-3597 Filed 7-7-05; 8:45 am]

BILLING CODE 3510-DS-S

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-351-602, A-583-605, A-588-602, A-549-807, A-570-814]

#### **Certain Carbon Steel Butt-Weld Pipe Fittings from Brazil, Taiwan, Japan, Thailand, and the People's Republic of China; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders**

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

**SUMMARY:** On December 1, 2004, the Department of Commerce ("the Department") initiated sunset reviews of the antidumping duty orders on certain carbon steel butt-weld pipe fittings ("pipe fittings") from Brazil, Taiwan, Japan, Thailand, and the People's Republic of China pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and adequate substantive responses filed on behalf of domestic interested parties and inadequate response from respondent interested parties, the Department conducted expedited (120-day) sunset reviews. As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

**EFFECTIVE DATE:** July 8, 2005.

**FOR FURTHER INFORMATION CONTACT:**

Hilary E. Sadler, Esq., Office of Policy for Import Administration, International

Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-4340.

**SUPPLEMENTARY INFORMATION:**

**Background:**

On December 1, 2004, the Department published the notice of initiation of the second sunset reviews of the antidumping duty orders on pipe fittings from Brazil, Taiwan, Japan, Thailand, and the People's Republic of China pursuant to section 751(c) of the Act. *See Initiation of Five-Year ("Sunset") Reviews*, 69 FR 69891 (December 1, 2004). The Department received the Notice of Intent to Participate from Trinity Industries, Inc.<sup>1</sup> ("Trinity"); Weldbend Corp. ("Weldbend"); Tubing Forgings of America, Inc.; and Mills Iron Works, Inc. ("TFA/Mills Iron") (collectively "the domestic interested parties"), within the deadline specified in section 351.218(d)(1)(i) of the Department's Regulations ("Sunset Regulations"). The domestic interested parties claimed interested party status under section 771(9)(C) of the Act, as manufacturers of a domestic-like product in the United States. We received complete substantive responses from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). We received no responses from the respondent interested parties. As a result, pursuant to section 751(c)(5)(A) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited (120-day) sunset review of this order.

**Scope of the Orders:**

The products covered by these orders are pipe fittings from Brazil, Taiwan, Japan, Thailand, and China. Pipe fittings from Brazil, Taiwan, and Japan are defined as carbon steel butt-weld pipe fittings, other than couplings, under 14 inches in diameter, whether finished or unfinished form, that have been formed in the shape of elbows, tees, reducer, caps, etc., and, if forged, have been advanced after forging. These advancements may include any one or more of the following: coining, heat treatment, shot blasting, grinding, die stamping or painting. Such merchandise was classifiable under Tariff Schedules of the United States Annotated

<sup>1</sup>Ladish Co., Inc. was a petitioner in the investigation. Trinity acquired the assets of Ladish relating to the production of carbon steel butt-weld pipe fittings in 1997. See Notice of Intent to Participate from Trinity Industries (December 17, 2004).

("TSUSA") item number 610.8800. These imports are currently classifiable under the Harmonized Tariff Schedule of the United States ("HTSUS") item number 7307.93.30.

Pipe fittings from Thailand and China are defined as carbon steel butt-weld pipe fittings, having an inside diameter of less than 14 inches, imported in either finished or unfinished form. These formed or forged pipe fittings are used to join section in piping systems where conditions require permanent, welded connections, as distinguished from fittings based on other fastening methods (e.g., threaded grooved, or bolted fittings). These imports are currently classifiable under the HTSUS item number 7307.93.30.

The TSUSA and HTSUS subheadings are provided for convenience and customs purposes. The written description remains dispositive as to the scope of the product coverage for each of the orders.

**Analysis of Comments Received**

All issues raised in these reviews are addressed in the "Issues and Decision Memorandum" ("Decision Memo") from Edward Yang, Senior Director, China/NME Office, Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated June 29, 2005, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the orders were to be revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in room B-099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>, under the heading "July 2005." The paper copy and electronic version of the Decision Memo are identical in content.

**Final Results of Reviews**

We determine that revocation of the antidumping duty orders on pipe fittings from Brazil, Taiwan, Japan, Thailand, and the People's Republic of China would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted Average Margin (percent)
<b>Brazil</b>	
All Manufacturers/Producers/Exporters .....	52.25
<b>Taiwan</b>	
Rigid .....	6.84
C.M. ....	8.57
Gei Bay .....	87.30
Chup Hsin .....	87.30
All Others .....	49.46
<b>Japan</b>	
Awajoi Sangyo, K.K. ....	30.83
Nippon Benkan Kogyo, Ltd. Co. ....	65.81
All Others .....	62.79
<b>Thailand</b>	
Thai Benkan Company .....	52.60
TTU Industrial Corp., Ltd. ....	10.68
All Others .....	39.10
<b>People's Republic of China</b>	
China North Industries Corporation .....	154.72
Jilin Provincial Machinery & Equipment Import & Export Corp. ....	75.23
Liaoning Machinery & Equipment Import Export Corp. ....	134.79
Liaoning Metals & Minerals Import & Export Corp. ....	103.70
Shenyang Billiongold Pipe Fittings Co. Ltd. ....	110.39
Shandong Metals & Minerals Import & Export Corp. ....	35.06
Shenyang Machinery & Equipment Import & Export Corp.;	
Liaoning Metals; Shenzhen Machinery Industry Corp.;	
and All Others .....	182.90

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: June 29, 2005.

**Joseph A. Spetrini,**  
Acting Assistant Secretary for Import Administration.

[FR Doc. E5-3596 Filed 6-7-05; 8:45 am]

Billing Code: 3510-DS-S

**DEPARTMENT OF COMMERCE**

**International Trade Administration**

[A-489-501]

**Certain Welded Carbon Steel Pipe and Tube from Turkey: Notice of Initiation of Antidumping Duty New Shipper Review for the Period May 1, 2004, through April 30, 2005.**

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

**EFFECTIVE DATE:** July 8, 2005.)

**SUMMARY:** The Department of Commerce ("the Department") has received a request to conduct a new shipper review of the antidumping duty ("AD") order on certain welded carbon steel pipe and tube from Turkey. In accordance with section 751(a)(2)(B) of the Tariff Act of 1930, as amended ("the Act"), and 19 CFR 351.214, we are initiating an AD new shipper review for Tosçelik Profil ve Sac Endustrisi A.S. ("Tosçelik"), and its affiliated export trading company, Tosyali Dis Ticaret A.S. ("Tosyali").

**FOR FURTHER INFORMATION CONTACT:** Christopher Hargett, Lyman Armstrong, or Victoria Cho, at (202) 482-4161, (202) 482-3601, or (202) 482-5075, respectively; AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

**SUPPLEMENTARY INFORMATION:**

**Background**

On May 31, 2005, the Department received a timely request from Tosçelik, in accordance with 19 CFR 351.214(b), for a new shipper review of the AD order on certain welded carbon steel pipe and tube from Turkey, which has a May anniversary month.<sup>1</sup>

As required by 19 CFR 351.214(b)(2)(i) and (iii)(A), Tosçelik certified that it did not export subject

merchandise to the United States during the period of investigation ("POI"), and that it has never been affiliated with any exporter or producer which exported subject merchandise during the POI.<sup>2</sup> Pursuant to 19 CFR 351.214(b)(2)(iv), the company submitted documentation establishing the date on which it first shipped the subject merchandise to the United States, the date of entry of that first shipment, the volume of that and subsequent shipments, and the date of the first sale to an unaffiliated customer in the United States.<sup>3</sup>

**Initiation of Review**

In accordance with section 751(a)(2)(B) of the Act and 19 CFR 351.214, and based on information on the record, we are initiating an AD new shipper review for Tosçelik. We intend to issue the preliminary results of this new shipper review not later than 180 days after initiation of this review. We intend to issue final results of this review no later than 90 days after the date on which the preliminary results are issued. See 19 CFR 351.214(i).

New Shipper Review Proceeding	Period to be Reviewed
Tosçelik .....	05/01/2004 - 04/30/2005

<sup>2</sup> See submission from the Law Offices of David L. Simon on behalf of Tosçelik Profil ve Sac Endustrisi A.S. to the Department regarding Request for New Shipper Review, Case A-489-501, dated May 31, 2005.

<sup>3</sup> *Id.*

<sup>1</sup> See *Antidumping Duty Order; Welded Carbon Steel Standard Pipe and Tube Products from Turkey*, 51 FR 17784 (May 15, 1986).

## **EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY**

in

*Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan, and Thailand*  
Inv. Nos. 731-TA-308-310 and 520-21 (Second Review).

On March 7, 2005, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).<sup>1</sup>

With regard to each of the reviews, the Commission determined that the domestic interested party group response to the notice of institution was adequate. The Commission received adequate responses to its notice of initiation from four domestic producers, Trinity Industries, Inc., Weldbend Corporation, Tube Forgings of America, Inc. and Mills Iron Works, Inc. Because the Commission received an adequate response from domestic producers accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.

The Commission did not receive a response from any respondent interested parties in the reviews. It therefore determined that the respondent interested party group response to the notice was inadequate with regard to each of the reviews. However, the Commission determined to conduct full reviews in this proceeding because of the age of the orders in question and in order to examine in detail changes in the conditions of competition in the market.

A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (<http://www.usitc.gov>).

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<sup>1</sup>Chairman Koplan and Commissioner Hillman dissented.



**APPENDIX B**  
**HEARING WITNESSES**



## CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

**Subject:** Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan, and Thailand

**Inv. Nos.:** 731-TA-308-310, 520, and 521 (Second Review)

**Date and Time:** September 7, 2005 - 9:30 a.m.

Sessions were held in connection with these second five-year review investigations in the Main Hearing Room, 500 E Street (room 101), SW, Washington, D.C.

### **OPENING REMARKS:**

In Support of Continuation of Orders (**John B. Totaro, Jr.**, Schmeltzer, Aptaker & Shepard, P.C.)

### **In Support of the Continuation of the Antidumping Duty Orders:**

Schmeltzer, Aptaker & Shepard, P.C.  
Washington, D.C.  
on behalf of

Trinity Industries, Inc. ("Trinity")

**Don A. Graham**, President, Trinity Fittings Group, Inc.

**Chris Forbis**, Executive Vice President, Trinity Fittings Group, Inc.

**Cheryl Ellsworth** )  
 ) – OF COUNSEL  
**John B. Totaro, Jr.** )

**In Support of the Continuation of  
the Antidumping Duty Orders (continued):**

Mayer Brown Rowe & Maw LLP  
Washington, D.C.  
on behalf of

Weldbend Corporation (“Weldbend”)

**James J. Coulas, Jr.**, President, Weldbend

**Simeon M. Kriesberg** )  
**Carol J. Bilzi** ) – OF COUNSEL  
**Priti Seksaria Agrawal** )

Nelville Peterson LLP  
Washington, D.C.  
on behalf of

Tube Forgings of America, Inc. (“TFA”)  
Mills Iron Works, Inc. (“Mills Iron”)

**Jay Zidell**, President, TFA

**Kenneth Berger**, President, Mills Iron

**Lawrence J. Bogard** )  
 ) – OF COUNSEL  
**Catherine Chess Chen** )

**CLOSING REMARKS:**

In Support of Continuation of Orders (**Lawrence J. Bogard**, Neville Peterson LLP)

**APPENDIX C**  
**SUMMARY DATA**



**Table C-1**  
**Carbon steel butt-weld pipe fittings: Summary data concerning the U.S. market, 1999-2004, January-June 2004, and January-June 2005**

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

Item	Reported data								Period changes						
	1999	2000	2001	2002	2003	2004	January-June		1999-2004	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Jan.-June 2004-2005
							2004	2005							
<b>U.S. consumption quantity:</b>															
Amount	103,537	114,332	128,921	110,926	91,981	118,790	56,305	59,259	14.7	10.4	12.8	-14.0	-17.1	29.1	5.2
Producers' share (1)	64.8	59.3	48.3	56.8	55.3	53.2	59.1	44.5	-11.6	-5.5	-11.0	8.5	-1.4	-2.1	-14.6
<b>Importers' share (1):</b>															
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0
China	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.0	0.0	0.1	-0.1	0.0	0.1	-0.2
Japan	0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0	-0.3	-0.1	-0.1	0.0	-0.1	-0.0	0.0
Taiwan	4.8	2.9	2.5	1.0	1.7	2.1	1.7	2.1	-2.7	-1.9	-0.4	-1.5	0.8	0.3	0.4
Thailand (subject)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Thailand (nonsubject)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Other sources	19.2	26.5	38.7	32.0	31.3	34.6	28.9	43.2	15.4	7.3	12.2	-6.7	-0.7	3.2	14.2
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	35.2	40.7	51.7	43.2	44.7	46.8	40.9	55.5	11.6	5.5	11.0	-8.5	1.4	2.1	14.6
<b>U.S. consumption value:</b>															
Amount	92,840	98,265	114,646	102,990	88,872	128,401	58,989	74,861	38.3	5.8	16.7	-10.2	-13.7	44.5	26.9
Producers' share (1)	71.6	68.2	61.3	66.1	67.1	65.6	71.3	58.8	-6.0	-3.3	-6.9	4.8	1.0	-1.5	-12.5
<b>Importers' share (1):</b>															
Brazil	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-0.1	0.0
China	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	-0.1	-0.0	0.0	-0.1
Japan	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	-0.2	-0.1	-0.1	0.1	-0.1	-0.0	0.0
Taiwan	4.0	2.3	1.9	0.9	1.4	1.7	1.3	1.8	-2.4	-1.7	-0.4	-1.0	0.6	0.3	0.5
Thailand (subject)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Thailand (nonsubject)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Other sources	16.0	21.3	29.2	25.7	23.8	26.1	21.4	32.0	10.1	5.3	7.9	-3.5	-1.9	2.3	10.5
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	28.4	31.8	38.7	33.9	32.9	34.4	28.7	41.2	6.0	3.3	6.9	-4.8	-1.0	1.5	12.5
<b>U.S. imports from:</b>															
<b>Brazil:</b>															
Quantity	0	0	0	0	10	0	0	0	(2)	(2)	(2)	(2)	(2)	-100.0	(2)
Value	0	0	0	0	66	0	0	0	(2)	(2)	(2)	(2)	(2)	-100.0	(2)
Unit value	(2)	(2)	(2)	(2)	\$6.59	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
<b>China:</b>															
Quantity	125	138	224	68	83	177	134	42	41.8	10.5	62.9	-69.7	22.2	112.6	-68.5
Value	65	86	157	74	55	119	68	27	84.4	33.1	82.2	-52.7	-26.2	117.5	-60.4
Unit value	\$0.52	\$0.62	\$0.70	\$1.09	\$0.66	\$0.67	\$0.51	\$0.64	30.0	20.4	11.9	56.2	-39.6	2.3	25.7
Ending inventory quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
<b>Japan:</b>															
Quantity	292	220	74	101	0.4	0.1	0	27	-100.0	-24.8	-66.6	37.5	-99.6	-65.7	(2)
Value	213	151	59	114	2	3	8	8	-98.8	-29.3	-60.7	92.3	-97.8	2.7	(2)
Unit value	\$0.73	\$0.69	\$0.81	\$1.13	\$6.37	\$19.08	(2)	\$0.29	2514.1	-5.9	17.4	39.8	465.1	199.5	(2)
Ending inventory quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
<b>Taiwan:</b>															
Quantity	4,952	3,308	3,173	1,076	1,602	2,482	934	1,222	-49.9	-33.2	-4.1	-66.1	48.9	54.9	30.9
Value	3,746	2,288	2,175	878	1,257	2,146	748	1,348	-42.7	-38.9	-4.9	-59.6	43.1	70.8	80.4
Unit value	\$0.76	\$0.69	\$0.69	\$0.82	\$0.78	\$0.86	\$0.80	\$1.10	14.3	-8.6	-0.9	19.1	-3.9	10.2	37.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
<b>Thailand (subject):</b>															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
<b>Subtotal:</b>															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
<b>Thailand (nonsubject):</b>															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
<b>Other sources:</b>															
Quantity	19,863	30,273	49,909	35,478	28,812	41,070	16,299	25,573	106.8	52.4	64.9	-28.9	-18.8	42.5	56.9
Value	14,882	20,921	33,472	26,447	21,145	33,544	12,636	23,930	125.4	40.6	60.0	-21.0	-20.0	58.6	89.4
Unit value	\$0.75	\$0.69	\$0.67	\$0.75	\$0.73	\$0.82	\$0.78	\$0.94	9.0	-7.8	-3.0	11.2	-1.6	11.3	20.7
Ending inventory quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
<b>Subtotal:</b>															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
<b>All sources:</b>															
Quantity	36,481	46,521	66,680	47,945	41,087	55,577	23,042	32,880	52.3	27.5	43.3	-28.1	-14.3	35.3	42.7
Value	26,403	31,230	44,348	34,937	29,271	44,228	16,933	30,843	67.5	18.3	42.0	-21.2	-16.2	51.1	82.1
Unit value	\$0.72	\$0.67	\$0.67	\$0.73	\$0.71	\$0.80	\$0.73	\$0.94	10.0	-7.2	-0.9	9.6	-2.2	11.7	27.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

Carbon steel butt-weld pipe fittings: Summary data concerning the U.S. market, 1999-2004, January-June 2004, and January-June 2005

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)															
Item	Reported data							Period changes							
	1999	2000	2001	2002	2003	2004	January-June		1999-2004	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Jan.-June
							2004	2005							2004-2005
U.S. producers:															
Average capacity quantity	114,000	114,000	101,000	96,520	87,225	114,000	52,000	50,625	0.0	0.0	-11.4	-4.4	-9.6	30.7	-2.6
Production quantity	65,514	64,796	62,606	61,467	48,571	67,809	33,134	22,622	3.5	-1.1	-3.4	-1.8	-21.0	39.6	-31.7
Capacity utilization (1)	57.5	56.8	62.0	63.7	55.7	59.5	63.7	44.7	2.0	-0.6	5.1	1.7	-8.0	3.8	-19.0
U.S. shipments:															
Quantity	67,056	67,811	62,241	62,981	50,894	63,213	33,263	26,379	-5.7	1.1	-8.2	1.2	-19.2	24.2	-20.7
Value	66,437	67,035	70,298	68,053	59,601	84,173	42,056	44,018	26.7	0.9	4.9	-3.2	-12.4	41.2	4.7
Unit value	\$0.99	\$0.99	\$1.13	\$1.08	\$1.17	\$1.33	\$1.26	\$1.67	34.4	-0.2	14.3	-4.3	8.4	13.7	32.0
Export shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	286	317	323	298	303	306	314	300	7.0	10.8	1.9	-7.7	1.7	1.0	-4.5
Hours worked (1,000s)	774	878	889	755	700	756	390	358	-2.3	13.4	1.3	-15.1	-7.3	8.0	-8.1
Wages paid (\$1,000s)	11,383	12,612	13,086	12,654	11,684	12,354	6,245	5,705	8.5	10.8	3.8	-3.3	-7.7	5.7	-8.6
Hourly wages	\$14.71	\$14.36	\$14.72	\$16.76	\$16.69	\$16.34	\$16.03	\$15.94	11.1	-2.3	2.5	13.9	-0.4	-2.1	-0.6
Productivity (pounds per hour)	84.6	73.8	70.4	81.4	69.4	89.7	85.1	63.2	6.0	-12.8	-4.6	15.6	-14.8	29.3	-25.7
Unit labor costs	\$0.17	\$0.19	\$0.21	\$0.21	\$0.24	\$0.18	\$0.19	\$0.25	4.9	12.0	7.4	-1.5	16.8	-24.3	33.8
Net sales:															
Quantity	67,872	68,368	62,807	63,347	51,152	61,601	33,424	26,551	-9.2	0.7	-8.1	0.9	-19.3	20.4	-20.6
Value	67,448	67,913	71,306	68,589	59,979	85,048	42,374	44,521	26.1	0.7	5.0	-3.8	-12.6	41.8	5.1
Unit value	\$0.99	\$0.99	\$1.14	\$1.08	\$1.17	\$1.38	\$1.27	\$1.68	38.9	-0.0	14.3	-4.6	8.3	17.7	32.3
Cost of goods sold (COGS)	59,955	58,479	58,533	54,704	49,020	67,523	33,302	32,910	12.6	-2.5	0.1	-6.5	-10.4	37.7	-1.2
Gross profit or (loss)	7,493	9,434	12,773	13,885	10,959	17,525	9,072	11,611	133.9	25.9	35.4	8.7	-21.1	59.9	28.0
SG&A expenses	8,951	9,928	10,196	10,478	9,946	11,367	5,615	5,697	27.0	10.9	2.7	2.8	-5.1	14.3	1.5
Operating income or (loss)	(1,458)	(494)	2,577	3,407	1,013	6,158	3,457	5,914	(3)	66.1	(3)	32.2	-70.3	507.9	71.1
Capital expenditures	747	1,101	681	852	1,536	1,033	441	161	38.3	47.4	-38.1	25.1	80.3	-32.7	-63.5
Unit COGS	\$0.88	\$0.86	\$0.93	\$0.86	\$0.96	\$1.10	\$1.00	\$1.24	24.1	-3.2	9.0	-7.3	11.0	14.4	24.4
Unit SG&A expenses	\$0.13	\$0.15	\$0.16	\$0.17	\$0.19	\$0.18	\$0.17	\$0.21	39.9	10.1	11.8	1.9	17.6	-5.1	27.7
Unit operating income or (loss)	(\$0.02)	(\$0.01)	\$0.04	\$0.05	\$0.02	\$0.10	\$0.10	\$0.22	(3)	66.4	(3)	31.1	-63.2	404.8	115.4
COGS/sales (1)	88.9	86.1	82.1	79.8	81.7	79.4	78.6	73.9	-9.5	-2.8	-4.0	-2.3	2.0	-2.3	-4.7
Operating income or (loss)/ sales (1)	(2.2)	(0.7)	3.6	5.0	1.7	7.2	8.2	13.3	9.4	1.4	4.3	1.4	-3.3	5.6	5.1

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

(2) Not applicable.

(3) Undefined.

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

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

**APPENDIX D**

**U.S. PRODUCERS', U.S. IMPORTERS', U.S. PURCHASERS', AND FOREIGN  
PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE  
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF  
REVOCATION**



**U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE  
LIKELY EFFECTS OF REVOCATION**

U.S. producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of carbon steel butt-weld pipe fittings in the future if the antidumping orders were to be revoked. (Question II-4). Their responses were as follows:

\*\*\*

“Yes. We do anticipate that the character of our operations producing butt-weld fittings would change if the antidumping duty orders were revoked, likely to the point where our ability to continue producing butt-weld fittings would be seriously called into question. Revocation of the orders would result in an increase in the volume of imports from all countries under the orders at prices significantly below ours. This would lead to both a decline in our prices and a reduction of our market share. \*\*\* sells certain sizes and shapes of butt-weld fittings to other US manufacturers and sells to US distributors as well. The increase in low price imports resulting from revocation would harm us in both of these sales channels. Our sales to other US manufacturers would fall as they lost sales to low-priced imports and our sales to distributors would fall in direct competition with imports. The imposition of the antidumping duty orders has been an important element of \*\*\*’s ability to continue operations. Without them our future would be in serious jeopardy. \*\*\*; we do not have a formal business plan to submit to the Commission.”

\*\*\*

“Yes. The documented history of this industry is an excellent indicator of the effect of additional foreign fittings in the USA market. Twenty-five years ago the domestic industry supported at least fifteen full-line manufacturers. Since that time, the levels of foreign product in the US market increased dramatically. As these levels of foreign product commanded a greater share of the US market, the number of domestic producers started and continued to shrink.

To date, there are only three full-line domestic manufacturers. All domestic manufacturers currently have excess capacity that could be used if the current level of foreign products in the US market were reduced. Any increasing levels of foreign product will continue to shrink an already small domestic industry.”

\*\*\*

“Yes. If the orders were to be revoked, it is likely that \*\*\* would have to lay off a substantial number of employees.”

\*\*\*

“Yes. Expect an increase in imports driving prices down below domestic producers’ cost. Levels of foreign product will continue to shrink an already small domestic industry. ”

U.S. producers were asked whether they anticipated any changes in their production capacity, production, U.S. shipments, purchases, or employment relating to the production of carbon steel butt-weld pipe fittings in the future if the antidumping orders were to be revoked. (Question II-15). Their responses were as follows:

\*\*\*

“Yes. Market demand for our products would decrease, lowering our production, shipments, employment, revenues, cash flow, and capital expenditures. This is because the volume of imported fittings would increase if the order was revoked.”

\*\*\*

“Yes. If the antidumping duty orders are revoked, it is clear to us that the volume of imports from the subject countries would increase dramatically, especially for China and Taiwan. We base our concern on the huge volumes of imports from these countries prior to the imposition of the orders, the fact that antidumping determinations against China by the EU and Mexico have eliminated those markets for Chinese suppliers and the general attractiveness of the US market. If the orders are revoked the subject countries will buy their way back into the US market by undercutting the prices for fittings from Mexico, Malaysia, Korea etc., which already undercut our prices. This would have the effect of driving down prices for all sellers in the market and would in short order drive any profits out of the domestic industry. In light of \*\*\*’s financial results in \*\*\*.”

\*\*\*

“Since the mid-1980s, when \*\*\* has invested millions of dollars in equipment and improvements to its \*\*\* plant in order to become a world-class \*\*\* producer. These investments, made in response to import competition in finished products, have transformed our company in the last 15 years. We have ongoing plans to \*\*\* in order to reduce costs and improve efficiency by making our operations \*\*\*. \*\*\*.

The reintroduction of large volumes of low-priced imports into the U.S. market will undermine the efforts we have made over the past decade and a half to become the \*\*\* domestic producer we are today. \*\*\* would expect changes to its operations in the future if the antidumping duty orders from Brazil, China, Japan, Taiwan, and Thailand were to be revoked. Based on the high import volumes from these countries prior to the imposition of the Orders, there is likely to be a surge of low-priced imports if these Orders were to be revoked. Large volumes of low-priced merchandise in the U.S. market would have an adverse effect on \*\*\*’s business. \*\*\*’s sales would likely decline, as would production and employment. Profits would decrease as it would be difficult to maintain price increases to cover the increased costs of raw materials, energy, labor, health insurance and the like. \*\*\* would have to lay off a substantial number of its employees. \*\*\* would also have to defer plans for capital expenditures and plant improvements.”

\*\*\*

“Yes. For \*\*\* to compete and survive in a domestic market where fittings from China (and others) would NOW be permitted, \*\*\* would have to adopt a philosophy of using a certain level of cheap, low cost foreign material to supplement their domestic production. By using this philosophy, the trade off would be the reduction of production workers currently employed, the reduction of capital investment in domestic plant and equipment, and a substantial reduction in the purchases of associated supplies from domestic suppliers currently being used.”

---

U.S. producers were asked to describe the significance of the existing antidumping orders covering carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand in terms of their effects on their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-14). Their responses were as follows:

\*\*\*

“Since the mid-1980s, when \*\*\* has invested millions of dollars in equipment and improvements to its \*\*\* plant in order to become a world-class \*\*\* producer. These investments, made in response to import competition in finished products, have transformed our company in the last 15 years. We have ongoing plans to \*\*\* in order to reduce costs and improve efficiency by making our operations \*\*\*. \*\*\*.

The reintroduction of large volumes of low-priced imports into the U.S. market will undermine the efforts we have made over the past decade and a half to become the \*\*\* domestic producer we are today. \*\*\* would expect changes to its operations in the future if the antidumping duty orders from Brazil, China, Japan, Taiwan, and Thailand were to be revoked. Based on the high import volumes from these countries prior to the imposition of the Orders, there is likely to be a surge of low-priced imports if these Orders were to be revoked. Large volumes of low-priced merchandise in the U.S. market would have an adverse effect on \*\*\*'s business. \*\*\*'s sales would likely decline, as would production and employment. Profits would decrease as it would be difficult to maintain price increases to cover the increased costs of raw materials, energy, labor, health insurance and the like. \*\*\* would have to lay off a substantial number of its employees. \*\*\* would also have to defer plans for capital expenditures and plant improvements.”

\*\*\*

“The current anti-dumping orders have allowed for the existence of a small domestic industry (see answer to II-4). The lack of these orders would have most likely extinguished the current domestic industry.”

\*\*\*

“It would be hard work to overstate the significance of the antidumping duty orders for \*\*\*. Because of them, we continue in business despite our \*\*\*. As a result of the supply crisis in steel products, especially carbon steel pipe, we were able to raise our selling prices in 2004. We were even able to make some sales to customers that were purchasing to avoid possible future price increases, although this was essentially robbing ourselves from future sales. In addition, at that time we were \*\*\*. This allowed us to benefit from the \*\*\*, which improved our 2004 performance. To some extent this has continued into early 2005, but we know that it is only temporary and the result of distortions created by the general steel supply problems and our \*\*\*. We know that our margins will decline as the steel supply situation stabilizes. The Orders will be necessary to prevent imports from the subject countries from driving prices down to levels that will not cover our costs.”

\*\*\*

“We saw the positive impact of the orders most clearly soon after they went into effect, when the volume of fittings imported from the countries covered by the orders declined dramatically, and before imports from other countries increased.”

**U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE  
LIKELY EFFECTS OF REVOCATION**

U.S. importers were asked whether they anticipated any changes in the character of their operations or organization relating to the importation of carbon steel butt-weld pipe fittings in the future if the antidumping orders were to be revoked. (Question II-4). Their responses were as follows:

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“Yes. The documented history of this industry is an excellent indicator of the effect of additional foreign fittings in the USA market. Twenty-five years ago the domestic industry supported at least fifteen full-line manufacturers. Since that time, the levels of foreign product in the US market increased dramatically. As these levels of foreign product commanded a greater share of the US market , the number of domestic producers started and continued to shrink.

To date, there are only three full-line domestic manufacturers. All domestic manufacturers currently have excess capacity that could be used if the current level of foreign products in the US market were reduced. Any increasing levels of foreign product will continue to shrink an already small domestic industry.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

---

U.S. importers were asked whether they anticipated any changes in their imports, U.S. shipments of imports, or inventories of carbon steel butt-weld pipe fittings in the future if the antidumping orders were to be revoked. (Question II-9). Their responses were as follows:

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“It really is impossible to predict any changes resulting from the revocation of the dumping orders. The elimination of the orders would permit market efficiencies or the lack thereof combined with economic factors to be the determinant of imports, shipments, inventories, etc.”

\*\*\*

“No.”

\*\*\*

“Yes. If these orders were lifted it would likely require us to import more product (rough forgings) to remain competitive with higher levels of imports. This consequently would result in a substantial contraction of our domestic production capabilities including major reduction in our production workforce.”

\*\*\*

“We would buy product from the above countries if the duties were removed.”

\*\*\*

“No.”

\*\*\*

“Yes. With increased supply, there would most probably be a softening of overall price levels, unless substantial investments in the refineries and process industries are carried out.”

---

U.S. importers were asked to describe the significance of the existing antidumping orders covering carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand in terms of their effects on their imports, U.S. shipments of imports, and inventories. (Question II-8). Their responses were as follows:

\*\*\*

“\*\*\* associates with quality factories in all parts of the world. Price is important but delivery and quality are also. Sources of supply are located in Canada, Mexico, India, Austria, Italy, Germany, and the US. We have recently used Taiwan. Prices are competitive with other parts of the world but not unusually low.”

\*\*\*

“Dumping duties are not needed, American manufacturer’s refusal to modernize puts them in their own uncompetitive situation. ”

\*\*\*

“None.”

\*\*\*

“None as we do not import from said countries.”

\*\*\*

“Our observations are intuitive not empirical. The only significance has been the establishment of an artificial, anti-competitive market. Downstream industries have been severely hampered while the effect if any on domestic producers could only be short term.”

\*\*\*

No answer provided.

\*\*\*

“If these orders were lifted it would likely require us to import more product (rough forgings) to remain competitive with higher levels of imports. This consequently would result in a substantial contraction of our domestic production capabilities including major reduction in our production workforce.”

\*\*\*

“We do not import from these countries because of the duties.”

\*\*\*

“No effect.”

\*\*\*

“\*\*\* has always aimed at the “high end” of the market (sometimes called “approved market”) and has kept a relatively small part of the overall market.”

## **U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

U.S. purchasers were asked to describe the likely effects of any revocation of the antidumping orders covering carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan, and Thailand in terms of (1) its future activities and (2) the U.S. market as a whole. (Question III-35). Their responses were as follows:

\*\*\*

- (1) "We will buy more material from these countries. \*\*\* percent of our increase in purchases will come at the expense of other import countries. \*\*\* percent of increase will come at the expense of the domestic vendors. Over time (2-5 years) the industry as a whole will move more towards imports due to the fact that these countries are typically the price leader (low price leader)."
- (2) "Probably the same."

\*\*\*

- (1) "We would have to purchase more foreign product to remain competitive versus China, Taiwan, Thailand, etc. in the domestic market, and as a result, we would idle an extensive part of our domestic capacity-- work-force reduction, etc."
- (2) "The market will continue to trend more foreign and in the near future the three major, multi-line domestic manufacturers will be forced to idle capacity, and long term, one or two of the domestic manufacturers would cease to exist."

\*\*\*

- (1) "Force an increase in international purchases and decrease purchases of domestic."
- (2) "Damage to US manufacturers. As demand and inflation declines we could see more US manufacturers closing when more international products come in."

\*\*\*

- (1) "It will not affect our firm much because we primarily purchase domestic product."
- (2) "It will cause the demand for domestic product to increase, causing product shortages and increased prices."

\*\*\*

- (1) "We would solicit pricing from certain mills in Thailand to see if competitive."
- (2) "Imports would surge but would mainly be consumed in the commercial "non-approved" market."

