

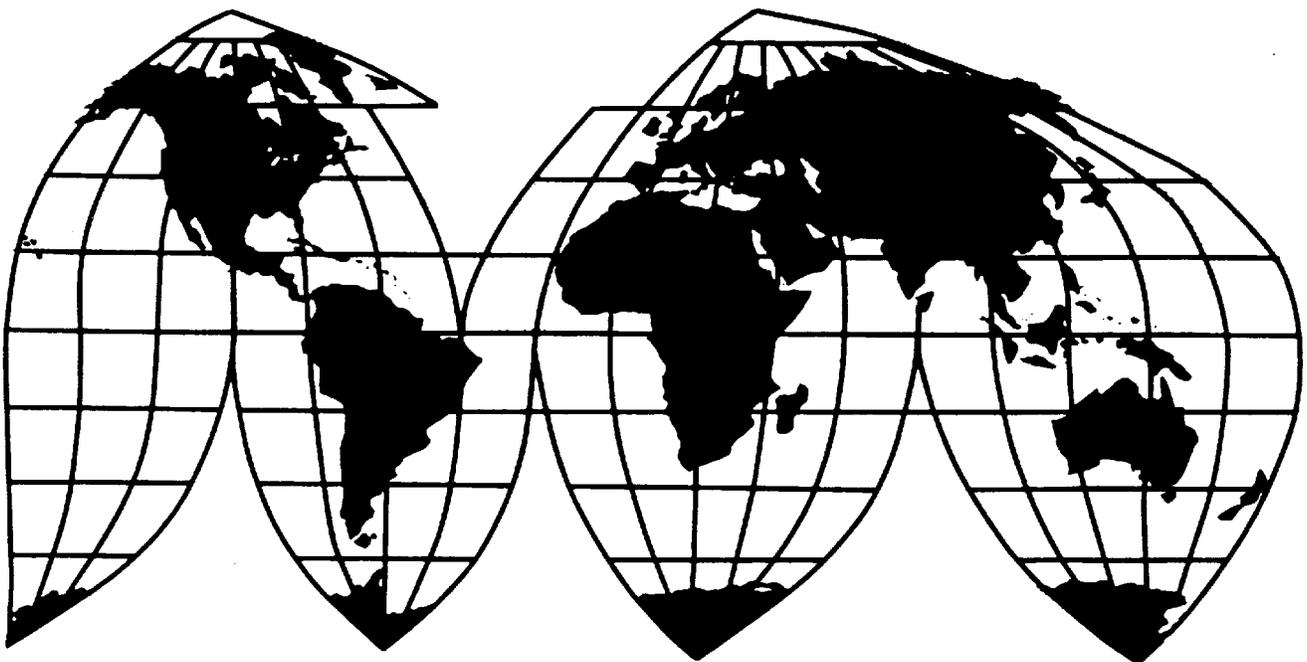
# Certain Stainless Steel Butt-Weld Pipe Fittings From Italy, Malaysia, and the Philippines

Investigation Nos. 731-TA-865-867 (Review)

Publication 3889

November 2006

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigation Nos. 731-TA-865-867 (Review)

## CERTAIN STAINLESS STEEL BUTT-WELD PIPE FITTINGS FROM ITALY, MALAYSIA, AND THE PHILIPPINES

### DETERMINATIONS

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, 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 certain stainless steel butt-weld pipe fittings from Italy, Malaysia, and the Philippines 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 January 3, 2006 (71 F.R. 140) and determined on April 10, 2006 that it would conduct full reviews (71 F.R. 20132, April 19, 2006). 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 30, 2006 (71 F.R. 30695). The hearing was held in Washington, DC, on September 14, 2006; however, no persons requested the opportunity 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)).



## 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 covering certain stainless steel butt-weld pipe fittings from Italy, Malaysia, and the Philippines would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. BACKGROUND

In January 2001, the Commission determined that an industry in the United States was materially injured by reason of imports of certain stainless steel butt-weld pipe fittings from Italy, Malaysia, and the Philippines.<sup>1</sup> On February 23, 2001, the U.S. Department of Commerce (“Commerce”) issued antidumping duty orders covering the subject merchandise from Italy, Malaysia, and the Philippines.<sup>2</sup>

On January 3, 2006, the Commission instituted these reviews pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”), to determine whether revocation of the antidumping duty orders on certain stainless steel butt-weld pipe fittings from Italy, Malaysia, and the Philippines would be likely to lead to continuation or recurrence of material injury to the domestic industry.<sup>3</sup>

On April 10, 2006, the Commission determined that responses to its notice of institution were adequate with respect to the domestic interested party group and the Malaysian respondent interested party group, and therefore decided to conduct a full review with respect to the antidumping duty order on certain stainless steel butt-weld pipe fittings from Malaysia.<sup>4</sup> Although no responses were received from any Italian or Philippine respondent interested party, the Commission decided to conduct full reviews with respect to the antidumping duty orders on certain stainless steel butt-weld pipe fittings from both countries to promote administrative efficiency, in light of its decision to conduct a full review of the antidumping duty order on certain stainless steel butt-weld pipe fittings from Malaysia.<sup>5</sup>

Despite Malaysian interested party Kanzen Tetsu Sdn. Bhd.’s (“Kanzen Tetsu”) initial response to the Commission’s notice of institution stating its willingness to fully participate, no respondent interested party has submitted any brief or argument in these full reviews.<sup>6</sup>

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<sup>1</sup> Certain Stainless Steel Butt-Weld Pipe Fittings From Italy, Malaysia, and the Philippines, 66 Fed. Reg. 8982 (Feb. 5, 2001).

<sup>2</sup> 66 Fed. Reg. 11257 (Feb. 23, 2001).

<sup>3</sup> 71 Fed. Reg. 140 (Jan. 3, 2006).

<sup>4</sup> See Confidential Report (“CR”)/ Public Report (“PR”) at Appendix A.

<sup>5</sup> See CR/PR at Appendix A.

<sup>6</sup> We note that Kanzen Tetsu indicated its willingness to participate in these reviews in its response to the Commission’s notice of institution, only to withdraw its notice of appearance a short time later, after the Commission had determined to conduct full reviews. See Substantive Response to the Commission’s Notice of Institution of Five-year Reviews by Kanzen Tetsu Sdn., Bhd. (Feb. 22, 2006) (“Kanzen Tetsu Response”) at 1; Letter from Hunton & Williams to Secretary Marilyn R. Abbott (July 5, 2006) (withdrawing Kanzen Tetsu from further participation in the reviews).

## II. 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 “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>

In these five-year reviews, Commerce has defined the scope of the antidumping duty orders on certain stainless steel butt-weld pipe fittings from Italy, Malaysia, and the Philippines as follows:

Butt-weld pipe fittings are under 14 inches in outside diameter (based on nominal pipe size), whether finished or unfinished. The product encompasses all grades of stainless steel and ‘commodity’ and ‘specialty’ fittings. Specifically excluded from the definition are threaded, grooved, and bolted fittings, and fittings made from any material other than stainless steel.

The butt-weld fittings subject to these orders are generally designated under specification ASTM A403/A403M, the standard specifications for Wrought Austenitic Stainless Steel Piping Fittings, or its foreign equivalents (e.g., DIN or JIS specifications). This specification covers two general classes of fittings, WP and CR, of wrought austenitic stainless steel fittings of seamless and welded construction covered by the latest revision of ANSI B16.9, ANSI B16.11, and ANSI B16.28. Butt-weld fittings manufactured to specification ASTM A774, or its foreign equivalents, are also covered by these orders.

These orders do not apply to cast fittings. Cast austenitic stainless steel pipe fittings are covered by specifications A351/A351M, A743/743M, and A744/A744M. The butt-weld fittings subject to these orders are currently classifiable under subheading 7307.23.0000 of the Harmonized Tariff Schedule of the United States (HTSUS).<sup>9</sup>

In its original determinations, the Commission defined the domestic like product as stainless steel butt-weld pipe fittings, coextensive with Commerce’s definition of the scope of the investigations.<sup>10</sup>

In their responses to the notice of institution for these reviews, the domestic interested parties and Malaysian respondent interested party Kanzen Tetsu registered their support for the Commission’s

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<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. 96-249 at 90-91 (1979).

<sup>9</sup> Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines; Final Results of the Expedited Five-year (“Sunset”) Reviews of Antidumping Duty Orders, Case Nos. A-475-828, 557-809, and 565-801, 71 Fed. Reg. 26748, 26749 (May 8, 2006) (“Final Review Results”).

<sup>10</sup> Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines, Inv. Nos. 731-TA-865-867 (Final), USITC Pub. 3387 (Jan. 2001) (“Original Determinations”) at 3.

domestic like product definition from the original investigations.<sup>11</sup> The domestic interested parties reiterated their support for this domestic like product definition in their prehearing brief.<sup>12</sup>

We find no new information on the record of these reviews that would warrant finding a different domestic like product definition than that found in the original investigations.<sup>13</sup> We therefore define the domestic like product in these reviews as “stainless steel butt-weld pipe fittings,” coextensive with Commerce’s definition of the scope of the antidumping duty orders.

## **B. Domestic Industry**

### **1. In General**

Section 771(4)(A) of the Act defines the relevant industry as the “domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.”<sup>14</sup>

In its original investigations, the Commission defined the domestic industry as all domestic producers of stainless steel butt-weld pipe fittings, except for \*\*\*.<sup>15</sup> The Commission found that circumstances warranted exclusion of \*\*\* from the domestic industry as a related party due to the magnitude of its subject imports relative to domestic production and evidence that it may have benefitted from such imports.<sup>16</sup>

In these reviews, the domestic interested parties argue that the Commission should include all domestic producers of subject merchandise in its definition of the domestic industry, including \*\*\*, which \*\*\*. They also argue that domestic producer \*\*\* should not be excluded as a related party notwithstanding its importation of subject merchandise over the period of review.<sup>17</sup>

We find that the record of these reviews supports our definition of the domestic industry from the original investigations with one exception: the sole domestic producer excluded from the domestic industry definition as a related party in the original investigations, \*\*\*, no longer qualifies as a related party because \*\*\*.<sup>18</sup>

The only related party issue presented in these reviews concerns \*\*\*. We find that \*\*\* satisfies the definition of a related party as an importer of subject merchandise from \*\*\* over the period of review,

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<sup>11</sup> CR at I-28; PR at I-22. Counsel to Kanzen Tetsu subsequently withdrew its notice of appearance filed in the reviews. CR at I-28 n.46; PR at I-22 n.46.

<sup>12</sup> Domestic Interested Parties’ Prehearing Brief at 6.

<sup>13</sup> See, generally, CR at I-20-28; PR at I-16-22.

<sup>14</sup> 19 U.S.C. § 1677(4)(A).

<sup>15</sup> Original Determinations at 5; Confidential Views of the Commission, Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines, Inv. Nos. 731-TA-865-867 (Final) (“Confidential Views”) at 6.

<sup>16</sup> Original Determinations at 4-5; Confidential Views at 5-6. The Commission concluded that circumstances did not warrant the exclusion of \*\*\*, another related party, from the domestic industry. See Original Determinations at 4; Confidential Views at 5.

<sup>17</sup> Domestic Interested Parties’ Prehearing Brief at 7-8.

<sup>18</sup> CR/PR at Table III-6.

having imported \*\*\*.<sup>19</sup> However, \*\*\* volume of domestic production was over \*\*\* times larger than its volume of subject imports over the period, indicating that \*\*\* primary interest was in domestic production.<sup>20</sup>

Nor is there any correlation between \*\*\* financial performance and its importation of subject merchandise that might suggest that the company benefitted financially from such imports. Although \*\*\* operating profit margin \*\*\*, when it imported subject merchandise, its \*\*\*, though it imported no subject merchandise in those years. Furthermore, in 2005, its operating profit margin \*\*\*.<sup>21 22</sup>

We conclude that circumstances do not warrant the exclusion of \*\*\* from the domestic industry as a related party, and define the domestic industry as all domestic producers of stainless steel butt-weld pipe fittings.<sup>23</sup>

### III. 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>24</sup>

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

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<sup>19</sup> CR/PR at Table III-6.

<sup>20</sup> CR/PR at Table III-6 (\*\*\* domestically produced \*\*\* pounds of stainless steel butt-weld pipe fittings between 2000 and 2005, and imported a total of \*\*\* pounds from \*\*\*).

<sup>21</sup> See CR/PR at Tables III-6, III-11.

<sup>22</sup> Vice Chairman Aranoff does not ordinarily rely on individual-company operating income margins in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic shipments and whether its primary interests lie in domestic production or importation.

<sup>23</sup> At present, there are eight known domestic producers of stainless steel butt-weld pipe fittings: Alaskan Copper Companies, Inc. (“Alaskan Copper”); Felker Brothers Corp.; Flo-Mac, Inc.; Flowline Division of Markovitz Enterprises, Inc. (“Flowline”); Gerlin, Inc.; Jero, Inc.; Shaw Alloy Piping Products, Inc.; and Taylor Forge Stainless, Inc. CR/PR at Table I-5.

<sup>24</sup> 19 U.S.C. § 1675a(a)(7).

a country are likely to have no discernible adverse impact on the domestic industry.<sup>25</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>26</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>27</sup>

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 January 3, 2006.<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 also has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.<sup>31</sup>

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

<sup>26</sup> SAA, H.R. Rep. No. 103-316, vol. I (1994).

<sup>27</sup> For a discussion of the analytical framework of Commissioner 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 Commissioner 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>28</sup> Notice of Initiation of Five-year (“Sunset”) Reviews, 71 Fed. Reg. 91 (January 3, 2006).

<sup>29</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, 937 F. Supp. 910, 915 (Ct. Int’l Trade 1996).

<sup>30</sup> See Mukand, 937 F. Supp. at 916; 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 (Ct. Int’l Trade 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 (Ct. Int’l Trade 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); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int’l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int’l Trade 1988).

## B. Likely Discernible Adverse Impact

We do not find that revocation of any of the individual antidumping duty orders on stainless steel butt-weld pipe fittings from Italy, Malaysia, or the Philippines would likely have no discernible adverse impact on the domestic industry. Subject imports from each subject country were present in the U.S. market throughout the period of review, with subject imports from Malaysia and the Philippines increasing significantly towards the end of the period.<sup>32</sup> According to the information available, the stainless steel butt-weld pipe fittings industry in each subject country is export-oriented, and possesses \*\*\* excess capacity and/or inventories with which to increase exports.<sup>33</sup> In light of the subject foreign producers' export orientation, current presence in the U.S. market, and current and likely underselling,<sup>34</sup> as well as the importance of price to purchasing decisions,<sup>35</sup> we do not find that revocation of any of the individual antidumping duty orders under review would have no discernible adverse impact on the domestic industry.

## C. Likely Reasonable Overlap of Competition

The Commission generally has considered whether subject imports compete with each other and with the domestic like products 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>36</sup> Based on these four factors, in the original investigations, the Commission found a reasonable overlap of competition between subject imports and the domestic like product, and analyzed subject imports on a cumulated basis.<sup>37</sup>

In these reviews, based upon the four factors the Commission customarily considers, 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. The record continues to show that stainless steel butt-weld pipe fittings from Italy, Malaysia, and the Philippines are generally

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<sup>32</sup> CR/PR at Table I-8 (based upon official Commerce import statistics).

<sup>33</sup> See CR/PR at Tables IV-12-16; Section IV.C., *infra*.

<sup>34</sup> See CR/PR at Table V-5 (over the period of review, subject imports undersold the like product in 66 of 74 comparisons at margins ranging from 2.1 to 80.5 percent).

<sup>35</sup> See CR/PR at Tables II-2 (six of seven purchasers rated price as the first or second most important factor in their purchasing decisions), II-3 (five of seven purchasers reported that price is a "very important" purchasing consideration).

<sup>36</sup> See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 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 (Ct. Int'l Trade 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 (Ct. Int'l Trade 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>37</sup> See Original Determinations at 9.

interchangeable.<sup>38</sup> Shipments of subject imports from each country and the domestic like product overlapped to a significant extent during the period of review in terms of input material (i.e., welded or seamless pipe), size, and end-use.<sup>39</sup> A majority of producers, importers, and purchasers responding to the Commission's questionnaire reported that subject imports from each country and the domestic like product are "always" or "frequently" interchangeable.<sup>40</sup> Seven of eight domestic producers reported that non-price differences are only sometimes or never significant in choosing between sources of stainless steel butt-weld pipe fittings.<sup>41</sup>

Subject imports from Italy, Malaysia, and the Philippines enter the United States through many of the same ports, and serve the same geographic markets as the domestic industry, which ships the domestic like product nationwide.<sup>42</sup> Both subject imports and the domestic like product are sold primarily through distributors, and sometimes directly to end-users.<sup>43</sup> The record in these reviews continues to support the Commission's finding from the original investigations that stainless steel butt-weld pipe fittings are sold by distributors that carry both domestic and imported merchandise.<sup>44</sup> Subject imports from Italy, Malaysia, and the Philippines, respectively, and the domestic like product, were generally present in the U.S. market throughout the period of review; in particular, in calendar year 2005, subject imports were present in all months of the year, with the exception of imports from the Philippines in February and March and imports from Italy in December.<sup>45</sup>

For all the foregoing reasons, we exercise our discretion to cumulate subject imports from Italy, Malaysia, and the Philippines in these reviews.<sup>46</sup>

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<sup>38</sup> See, generally, Section IV.B.3., infra.

<sup>39</sup> Compare CR at III-5-7, PR at III-3-4, CR/PR at Tables III-3-4 with CR at IV-12-16, PR at IV-4, CR/PR at Tables IV-8-9.

<sup>40</sup> CR at II-8; PR at II-5; CR/PR at Table II-4. One purchaser reported that subject imports from Malaysia and the Philippines, respectively, and the domestic like product were only "sometimes" interchangeable and no purchaser responded in that fashion for Italy. Id.

<sup>41</sup> CR at II-9; PR at II-6; CR/PR at Table II-5.

<sup>42</sup> See CR at I-25, II-1; PR at I-20, II-1; CR/PR at Table IV-7.

<sup>43</sup> CR/PR at Table I-4.

<sup>44</sup> Original Determinations at 7; CR at I-26; PR at 21.

<sup>45</sup> See CR/PR at Tables IV-1, IV-6.

<sup>46</sup> There is no evidence on the record of differing conditions of competition with respect to subject imports from Italy, Malaysia, and the Philippines that would detract from our determination to consider subject imports on a cumulated basis.

#### IV. WHETHER REVOCATION OF THE ORDERS IS LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

##### 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 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>47</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>48</sup> Thus, the likelihood standard is prospective in nature.<sup>49</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>50 51 52</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination

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<sup>47</sup> 19 U.S.C. § 1675a(a).

<sup>48</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>49</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>50</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>51</sup> For a complete statement of Commissioner Okun’s interpretation of the likely standard, see 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. 701-TA-362 (Review) and 731-TA-707-710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

<sup>52</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), 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 this issue.

may not be imminent, but may manifest themselves only over a longer period of time.”<sup>53</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>54 55</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>56</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if 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>57</sup>

No respondent interested party participated in these reviews, and few subject foreign producers completed foreign producers’ questionnaire responses. The record, therefore, contains limited information with respect to the subject foreign industries, particularly those in Italy and Malaysia.<sup>58</sup> Accordingly, we rely on information available when appropriate, which consists primarily of information from the original investigations, information submitted by questionnaire respondents in these reviews, and other information collected in these reviews.<sup>59 60</sup>

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<sup>53</sup> 19 U.S.C. § 1675a(a)(5).

<sup>54</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>55</sup> In analyzing what constitutes a reasonably foreseeable time, Commissioner Koplan 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>56</sup> 19 U.S.C. § 1675a(a)(1).

<sup>57</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 Final Review Results, supra.

<sup>58</sup> No Italian producer submitted a useable foreign producers’ questionnaire response, though one, \*\*\*, submitted a partial questionnaire response reporting certain data covering both subject and non-subject pipe fittings. CR at IV-17-19; PR at IV-9. Kanzen Tetsu Sdn. Bhd., which reportedly accounted for \*\*\* of Malaysian stainless steel butt-weld pipe fittings production and exports in 2005, failed to complete a questionnaire response. See CR at IV-20 & n.18; PR at IV-10 & n.18.

<sup>59</sup> Under 19 U.S.C. § 1677e(a), the Commission may use the facts otherwise available in reaching a determination when necessary information is not available on the record or an interested party or other person

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## **B. Conditions of Competition and the Business Cycle**

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>61</sup>

In its original determinations, the Commission identified several relevant conditions of competition. The Commission found that demand for stainless steel butt-weld pipe fittings had fluctuated over the period of investigation, and was derived from demand in major end-use industries, which consume the product in the construction of piping systems exposed to extreme temperatures and pressure.<sup>62</sup> The Commission also found that subject imports from each country and the domestic like product are primarily sold through distributors, which sometimes serve as importers, and are at least moderately fungible with one another.<sup>63</sup> Finally, the Commission noted that nonsubject imports were substitutable for subject imports and the domestic like product, and declined in terms of both volume and market share over the period of investigation.<sup>64</sup>

We find the following conditions of competition relevant to our determinations in these reviews.

### **1. Demand Conditions**

Stainless steel butt-weld pipe fittings are used in industrial piping systems to join pipes in straight lines or to change the direction and flow of fluids, where their ability to withstand corrosion and oxidization, as well as extreme temperature and pressure, is important.<sup>65</sup> Demand for stainless steel butt-weld pipe fittings is derived from demand in major end use markets, including the petrochemical, nuclear,

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<sup>59</sup> (...continued)

withholds information requested by the Commission, or fails to provide such information in the time, form, or manner requested.

<sup>60</sup> Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis

superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” SAA at 869.

<sup>61</sup> 19 U.S.C. § 1675a(a)(4).

<sup>62</sup> Original Determinations at 9.

<sup>63</sup> Original Determinations at 9-10.

<sup>64</sup> Original Determinations at 10.

<sup>65</sup> See CR at I-20-23; PR at I-17-18.

food processing, textile, and semiconductor industries, as well as breweries and paper mills.<sup>66</sup> U.S. apparent consumption of stainless steel butt-weld pipe fittings declined at the beginning of the period of review from \*\*\* million pounds in 2000 to 12.4 million pounds in 2001. It then fluctuated at levels below those in the original investigations through 2004 -- 14.1 million pounds in 2002, 12.4 million pounds in 2003, and 15.2 million pounds in 2004 -- before increasing to 17.3 million pounds in 2005.<sup>67</sup>

## 2. Supply Conditions

Similar to the period examined in the original investigations, the U.S. market was supplied by domestic producers and by imports from both subject and non-subject countries over the period of review. The domestic industry market share declined from \*\*\* percent in 2000 to 25.7 percent in 2005, subject import market share declined from \*\*\* percent in 2000 to 11.6 percent in 2005, and non-subject import market share increased from \*\*\* percent in 2000 to 62.7 percent in 2005.<sup>68</sup> Non-subject import volume increased 21.2 percent over the period of review, from 9.0 million pounds in 2000 to 10.9 million pounds in 2005, spurred by increased imports from China and Korea.<sup>69</sup>

Domestic industry capacity declined by \*\*\* percent over the period, from \*\*\* million pounds in 2000 to 7.0 million pounds in 2005,<sup>70</sup> as the American Fittings plant in Travelers Rest, SC closed in 2004 and one of \*\*\*.<sup>71</sup> Domestic industry production also declined by \*\*\* percent over the period from \*\*\* million pounds in 2000 to 4.6 million pounds in 2005.<sup>72</sup>

## 3. Substitutability

As in the original investigations, the record of these reviews indicates that subject imports from each country are moderately fungible with each other and with the domestic like product. Shipments of subject imports from each country and the domestic like product overlapped to a significant extent during the period of review in terms of input material (i.e., welded or seamless pipe), size, and end use.<sup>73</sup> A

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<sup>66</sup> See CR at II-1, II-4; PR at II-1-2.

<sup>67</sup> CR/PR at Table I-8. The 2005 level is lower than that of 1999, the last year of the original investigations. CR/PR at Table I-1. Apparent U.S. consumption during the 2000-2004 period may be understated because American Fittings, a \*\*\* domestic producer in the original investigations, did not respond to the Commission's request for information in the current reviews. The record indicates that American Fittings' plant closed in 2004 and that the producer may have gone into bankruptcy. CR at I-32 n.50; PR at I-24 n.50.

<sup>68</sup> CR/PR at Table I-1.

<sup>69</sup> CR/PR at Table IV-1.

<sup>70</sup> CR/PR at Table I-1.

<sup>71</sup> CR at I-29-30; PR at I-23; CR/PR at Table I-6.

<sup>72</sup> CR/PR at Table I-1.

<sup>73</sup> Compare CR at III-5-7, PR at III-3-4, CR/PR at Tables III-3-4 with CR at IV-12-15, PR at IV-8, CR/PR at Tables IV-8-9. We recognize that the disparate average unit values of subject imports from Italy, Malaysia, and the Philippines, respectively, and the domestic like product, may reflect differences in product mix. See CR/PR at Table C-1. The domestic interested parties acknowledge that subject imports from Malaysia and the Philippines are  
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majority of producers, importers, and purchasers responding to the Commission's questionnaire reported that subject imports from each country and the domestic like product are "always" or "frequently" interchangeable.<sup>74</sup> Two purchasers reported that the domestic like product, and subject imports from Italy and Malaysia, are generally comparable in terms of 15 product characteristics.<sup>75</sup> The record in these reviews supports our finding in the original determinations that stainless steel butt-weld pipe fittings from all sources are generally sold through distributors that typically carry both subject imports and the domestic like product.<sup>76</sup> A majority of all questionnaire respondents reported either that there are no substitutes for stainless steel butt-weld pipe fittings or that they were not aware of any substitutes.<sup>77</sup>

### C. Likely Volume of Subject Imports

In evaluating the likely volume of subject imports were the orders to be 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>78</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>79</sup>

In its original determinations, the Commission found a significant increase in cumulated subject import volume.<sup>80</sup> The Commission found that cumulated subject import volume had increased from \*\*\* pounds in 1997 (\*\*\* percent of apparent consumption), to \*\*\* pounds in 1999 (\*\*\* percent of apparent

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<sup>73</sup> (...continued)

concentrated in the higher-volume, lower-value commodity end of the market, while Italian and domestic producers have focused on higher-value products. See Domestic Interested Parties' Posthearing Brief, Exhibit 1, Responses to Commissioner Questions at 8, 14. However, the record confirms the domestic interested parties' contention that domestic producers continue to produce the complete spectrum of stainless steel butt-weld pipe fittings products. See CR at III-5-6; PR at III-3; CR/PR at Table III-3.

<sup>74</sup> CR at II-8; PR at II-5; CR/PR at Table II-4. One purchaser reported that subject imports from Malaysia and the Philippines, respectively, and the domestic like product were only "sometimes" interchangeable and no purchaser responded in that fashion for Italy. Id.

<sup>75</sup> See CR/PR at Table II-6. One purchaser reported that the domestic like product is comparable to subject imports from Italy in all respects. Id. Another purchaser reported that the domestic like product is comparable to subject imports from Malaysia in most respects, but inferior in terms of discounts and price, and superior in terms of availability, delivery terms, delivery time, technical support, and U.S. transportation costs. Id.

<sup>76</sup> See CR at I-25; PR at I-20; CR/PR at Table I-4; Original Determinations at 7, 9.

<sup>77</sup> See CR at II-4; PR at II-2-3.

<sup>78</sup> 19 U.S.C. § 1675a(a)(2).

<sup>79</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>80</sup> Original Determinations at 11.

consumption), and from \*\*\* pounds in interim 1999 (\*\*\* percent of apparent consumption) to \*\*\* pounds in interim 2000 (\*\*\* percent of apparent consumption).<sup>81</sup>

In these reviews, we find that cumulated subject import volume would likely increase significantly were the orders to be revoked. Subject imports retained a significant presence in the U.S. market over the period of review, with cumulated subject import volume and market share increasing towards the end of the period. These facts demonstrate the subject foreign producers' continued interest in and ability to serve U.S. customers. Cumulated subject import volume declined from 4.6 million pounds in 2000 to 1.8 million pounds in 2001, the year in which the orders were imposed. Subject imports declined further to 1.5 million pounds in 2002, and to 893,000 pounds in 2003, before increasing to 1.2 million pounds in 2004 and to 2.0 million pounds in 2005, largely due to increased imports from Malaysia and, to a lesser degree, the Philippines.<sup>82</sup> Subject import market share followed a similar trend, declining from \*\*\* percent in 2000 to 14.5 percent in 2001, 10.7 percent in 2002, and 7.2 percent in 2003, before increasing to 7.8 percent in 2004 and to 11.6 percent in 2005.<sup>83</sup>

Additionally, based on the information available, we find that the stainless steel butt-weld pipe fittings industries in Italy, Malaysia, and the Philippines possess significant excess capacity or inventories with which they could increase exports to the U.S. market.<sup>84</sup> Although no Italian producer completed a fully usable questionnaire, the information available on the record with respect to Italian exports and capacity suggests that Italian producers possess significant excess capacity.<sup>85</sup> Data obtained from the Global Trade Atlas indicates that Italian exports of stainless steel butt-weld pipe fittings to the world peaked in \*\*\* at \*\*\* pounds, before declining \*\*\* percent to \*\*\* pounds in 2005.<sup>86</sup> However, there is no evidence on the record that the decline in Italian exports of subject merchandise was accompanied by a corresponding decline in the capacity or increase in the domestic shipments of subject Italian producers. Although one importer reported that \*\*\* had gone out of business, other record information indicates that

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<sup>81</sup> Confidential Views at 14-15.

<sup>82</sup> CR/PR at Table I-8.

<sup>83</sup> CR/PR at Table I-9.

<sup>84</sup> The subject industries in Malaysia and the Philippines maintained \*\*\* increasing inventories over the period of review. The Malaysian industry's end-of-period inventories increased from \*\*\* pounds in 2000 to \*\*\* pounds in 2001, \*\*\* pounds in 2002, and to \*\*\* pounds in 2003, declined \*\*\* to \*\*\* pounds in 2004, and then increased further to \*\*\* pounds in 2005. CR/PR at Table IV-13. The Philippine industry's end-of period inventories were \*\*\* in 2000 and 2001, increased to \*\*\* pounds in 2002 and to \*\*\* pounds in 2003, declined \*\*\* to \*\*\* pounds in 2004, and then increased further to \*\*\* pounds in 2005. CR/PR at Table IV-15.

<sup>85</sup> Our finding of significant Italian excess capacity, based on the information available, is \*\*\*. CR at IV-18; PR at IV-9. \*\*\* reports that it maintained a capacity of \*\*\* for all types of pipe fittings, including non-subject fittings, over the period of review, as its production of all fittings declined from \*\*\* pounds in 2000 to \*\*\* pounds in 2004 and 2005. *Id.* \*\*\* also reports that revocation of the antidumping duty order on stainless steel butt-weld pipe fittings from Italy would enable it to increase exports of subject merchandise to the United States. CR at IV-18-19; PR at IV-9-10.

<sup>86</sup> CR/PR at Table IV-12. We recognize that these data may be overstated by the inclusion of non-subject fittings over 14" in diameter. *See id.* at Table IV-12, note 1; *compare id.* at Table IV-1.

\*\*\*, which exported subject merchandise to the United States in 2005.<sup>87</sup> We note that Italian producers were able to increase their exports of stainless steel butt-weld pipe fittings by \*\*\* pounds, or \*\*\* percent, between 2000 and 2001, according to the Global Trade Atlas database.<sup>88</sup>

With respect to Malaysia, questionnaire responses from two of Malaysia's three subject producers indicate that their capacity declined \*\*\* from \*\*\* pounds in 2000 to \*\*\* pounds in 2005, as their production increased from \*\*\* pounds in 2000 to \*\*\* pounds in 2005.<sup>89</sup> The excess capacity reported by these two producers alone in 2005, coupled with their \*\*\* end-of-period inventories of \*\*\* pounds, would have been equal to \*\*\* percent of U.S. apparent consumption in that year.<sup>90</sup>

While the Philippine industry \*\*\* its capacity over the period of review, from \*\*\* pounds in 2000 to \*\*\* pounds in 2005, its production increased only by \*\*\* percent over the period.<sup>91</sup> Consequently, the industry's capacity utilization declined from \*\*\* percent in 2000 to \*\*\* percent in 2005.<sup>92</sup> The subject Philippine industry's excess capacity of \*\*\* pounds in 2005, coupled with its \*\*\* end-of-period inventories of \*\*\* pounds, would have been equal to \*\*\* percent of U.S. apparent consumption in that year.<sup>93</sup>

The information available also indicates that the subject industries in Italy, Malaysia, and the Philippines were highly export-oriented over the period of review. According to the Global Trade Atlas database, Italian exports of stainless steel butt-weld pipe fittings to the world, albeit possibly including non-subject merchandise, were a significant \*\*\* pounds in 2005,<sup>94</sup> which would have been equal to nearly \*\*\* percent of U.S. apparent consumption that year.<sup>95</sup> Malaysian producers that responded to the Commission's questionnaire reported that exports as a share of their shipments increased from \*\*\*

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<sup>87</sup> See Domestic Interested Parties' Posthearing Brief, Exhibit 1, Responses to Commissioner Questions at 14-15.

<sup>88</sup> CR/PR at Table IV-12. We again rely on these data, though possibly over-inclusive, as the facts otherwise available.

<sup>89</sup> CR/PR at Table IV-13.

<sup>90</sup> CR/PR at Tables I-9, IV-13. These data likely understate the excess capacity available to the Malaysian industry due to the failure of Kanzen Tetsu, Malaysia's largest subject producer, to complete a foreign producers' questionnaire response. Kanzen Tetsu's response to the Commission's notice of institution indicates that it produced \*\*\* pounds accounting for \*\*\* percent of Malaysian production of stainless steel butt-weld pipe fittings and exported \*\*\* pounds accounting for \*\*\* percent of subject Malaysian exports to the United States in 2005. Compare Kanzen Tetsu Response at 5 with CR/PR at Table IV-13.

<sup>91</sup> See CR/PR at Table IV-15. Two producers accounting for \*\*\* Philippine production of subject merchandise, \*\*\*, responded to the Commission's foreign producers' questionnaire. See CR at IV-24-25; PR at IV-12. In the original investigations, producers \*\*\* accounted for \*\*\* percent of Philippine production. See CR at IV-24; PR at IV-12. Though \*\*\* reported in its foreign producers' questionnaire response that \*\*\*, all subject merchandise imported into the United States by \*\*\* during the original investigations was \*\*\*, a Philippine company \*\*\*. CR at IV-24-25; PR at IV-12. \*\*\* reported in its foreign producers' questionnaire response that since \*\*\* ceased after 2002, \*\*\*. CR at IV-25; PR at IV-12.

<sup>92</sup> CR/PR at Table IV-15.

<sup>93</sup> CR/PR at Tables I-8, IV-15.

<sup>94</sup> CR/PR at Table IV-12.

<sup>95</sup> See CR/PR at Table I-9.

percent in 2000 to \*\*\* percent in 2005, with \*\*\* percent of their shipments exported to the United States, and only \*\*\* percent of their shipments made in their home market, that year.<sup>96</sup> Kanzen Tetsu, \*\*\* Malaysian producer, reported in its response to the Commission’s notice of institution that it exported \*\*\* percent of its production of subject merchandise to the United States in 2005.<sup>97</sup> The Philippine industry exported \*\*\* percent of its shipments of subject merchandise throughout the period of review, and exported \*\*\* percent of its total shipments to the United States in 2005.<sup>98</sup>

Based on their current presence in the U.S. market, export oriented industries, significant inventory levels, and excess production capacity, we find that the cumulated volume of subject imports is likely to be significant were the orders to be revoked.

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

In evaluating the likely price effects of subject imports were the orders to be 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>99</sup>

In the original investigations, the Commission found that the subject imports consistently undersold the domestic like product by significant margins, thereby depressing and suppressing prices for the domestic like product to a significant degree.<sup>100</sup>

In these reviews, we find that subject imports and the domestic like product are generally substitutable,<sup>101</sup> and that price is an important factor in purchasing decisions, as it was in the original investigations.<sup>102</sup> Six of seven purchasers ranked price as either the first or second most important factor, and five of seven purchasers reported that price was a “very important” factor, in their purchasing

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<sup>96</sup> CR/PR at Table IV-13.

<sup>97</sup> Kanzen Tetsu Response at 5.

<sup>98</sup> CR/PR at Table IV-15. \*\*\* reported that its exports to the United States increased from \*\*\* pounds in 2002 to \*\*\* pounds in 2005, though it \*\*\*. CR at IV-25; PR at IV-12.

<sup>99</sup> 19 U.S.C. § 1675a(a)(3).

<sup>100</sup> Original Determinations at 11-12. The Commission attributed the increase in prices for the domestic like product in the three most recent quarters to strengthening demand, the pendency of the investigations, and, to a certain degree, a rise in raw material costs, and noted that prices remained \*\*\* below their levels from 1997. *Id.* at 12. In that regard, the Commission noted that the average unit value of shipments of the domestic like product declined faster than did raw material costs. *Id.*

<sup>101</sup> *See* Section IV.B.3., *supra*.

<sup>102</sup> *See* Original Determinations at 12.

decisions.<sup>103</sup> Seven of eight domestic producers reported that non-price differences are only sometimes or never significant in choosing among sources of stainless steel butt-weld pipe fittings.<sup>104</sup>

Based on the available data, we find that subject import underselling was significant over the period of review despite the existence of the antidumping duty orders, with subject imports underselling the domestic like product in 66 of 74 pricing product comparisons at margins ranging from 2.1 percent to 80.5 percent.<sup>105</sup> These patterns are similar to those observed during the original investigations.<sup>106</sup> Prices for the domestic like product fluctuated over the period of review, with prices at the conclusion of the period higher than those at the beginning.<sup>107</sup> The price data on the subject imports were too limited to determine trends.<sup>108</sup>

We find that this underselling by subject imports would likely persist were the orders to be revoked, and would likely result in increased subject import market share. The presence of non-subject import competition likely would not limit the ability of subject imports to increase, given that in 2004 and 2005 the average unit values of subject imports from both Malaysia and the Philippines were lower than the average unit value of non-subject imports from China, the largest source of non-subject imports in 2005.<sup>109</sup> We further determine that underselling by subject imports, in conjunction with the likely significant increase in subject import volume, would likely depress or suppress domestic like product prices to a significant degree if the orders are revoked.

We consequently conclude that revocation of the orders would likely result in significant adverse price effects.

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

In evaluating the likely impact of subject imports were the orders to be 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

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<sup>103</sup> CR/PR at Tables II-2-3. Other factors that a majority of purchasers considered as “very important” to their purchasing decisions included quality, product consistency, reliability of supply, and delivery terms. See id.

<sup>104</sup> CR at II-9; PR at II-6; CR/PR at Table II-5.

<sup>105</sup> CR/PR at Table V-5. Although subject imports from Italy oversold the domestic like product in eight of 13 comparisons, we note that these comparisons involved a small volume, \*\*\* units, of subject merchandise. See CR/PR at Tables V-1-4.

<sup>106</sup> See Original Determinations at 11.

<sup>107</sup> CR at V-6; PR at V-5.

<sup>108</sup> CR at V-6; PR at V-5.

<sup>109</sup> CR/PR at Table IV-1; see also Stainless Steel Butt-weld Pipe Fittings Census Import Data 2005 Top Ten, USITC Doc. No. 249597. We note that average unit values may not be directly comparable because of differences in product mix. However, these are the best data available in these reviews. In addition, the average unit value of non-subject imports from Korea, the third-largest source of non-subject imports in 2005, exceeded the average unit value of subject imports from Malaysia in 2004 and 2005, and from the Philippines in 2004. Id.

efforts to develop a derivative or more advanced version of the domestic like product.<sup>110</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>111</sup> As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.<sup>112</sup>

In the original determinations, the Commission found that the significant increase in subject import volume, coupled with their price depressing and suppressing effects, had adversely affected the domestic industry.<sup>113</sup> Domestic industry capacity utilization, sales value, and operating income declined, and inventories and layoffs increased, over the period of investigation.<sup>114</sup> The Commission noted that the modest improvement in domestic industry indicators when the interim periods were compared occurred as other indicators declined, citing continued industry layoffs and testimony that recent price increases, resulting from a temporary boost in demand, were already in retreat.<sup>115</sup>

In these reviews, over the period examined, domestic industry operating and financial performance worsened between 2000 and 2003 before recovering in 2004 and 2005. Domestic industry production declined from \*\*\* pounds in 2000 to 3.5 million pounds in 2003, but increased to 3.9 million pounds in 2004 and to 4.6 million pounds in 2005.<sup>116</sup> Because domestic industry capacity declined from \*\*\* pounds in 2000 to 7.0 million pounds in 2005, the \*\*\* percent decline in domestic industry production over the period resulted in \*\*\* decline in capacity utilization, from \*\*\* percent in 2000 to 65.2 percent in 2005.<sup>117</sup> Domestic industry employment declined from \*\*\* production workers in 2000 to 289 production workers in 2003, before increasing to 322 production workers in 2004 and to 329

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<sup>110</sup> 19 U.S.C. § 1675a(a)(4).

<sup>111</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. Commerce found that revocation of the antidumping duty orders would likely result in the continuation or recurrence of dumping at the following weighted-average margins: with respect to Italian producers, 26.59 percent for Coprosider S.p.A. and 26.59 percent for all others; with respect to Malaysian producers, 7.51 percent for Kanzen Tetsu Sdn. Bhd. and 7.51 percent for all others; and with respect to Philippine producers, 33.81 percent for Enlin Steel Corp., 7.59 percent for Tung Fong Industrial Co., Inc., and 7.59 percent for all others. CR at I-12; PR at I-10.

<sup>112</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>113</sup> Original Determinations at 13-14; Confidential Views at 19-20.

<sup>114</sup> Original Determinations at 13-14; Confidential Views at 19-20.

<sup>115</sup> Original Determinations at 14; Confidential Views at 20.

<sup>116</sup> CR/PR at Table I-1.

<sup>117</sup> CR/PR at Table I-1.

production workers in 2005.<sup>118</sup> Productivity increased over the period, from \*\*\* pounds per hour in 2000 to 7.9 pounds per hour in 2005.<sup>119</sup>

Domestic industry U.S. shipments declined from \*\*\* million pounds in 2000 to 3.4 million pounds in 2003, but recovered to 3.9 million pounds in 2004 and to 4.5 million pounds in 2005.<sup>120</sup> The domestic industry's share of U.S. apparent consumption, by contrast, increased from \*\*\* percent in 2000 to 41.4 percent in 2001, before declining to 32.5 percent in 2002, 27.3 percent in 2003, and 25.7 percent in both 2004 and 2005, a level that was only \*\*\* than at the beginning of the period.<sup>121</sup>

The value of domestic industry U.S. shipments declined from \$\*\*\* million in 2000 to \$26.8 million in 2003, but increased to \$36.2 million in 2004 and to \$43.3 million in 2005.<sup>122</sup> The domestic industry's operating profit margins sank from 8.1 percent in 2000 to 2.7 percent in 2001, to 0.2 percent in 2002, and to negative 2.6 percent in 2003, before recovering to 2.2 percent in 2004 and to 6.1 percent in 2005.<sup>123</sup> The domestic industry's return on investment exhibited a similar trend, declining from 8.1 percent in 2000 to 2.9 percent in 2001, 0.2 percent in 2002, and negative 2.4 percent in 2003, before recovering to 2.6 percent in 2004 and to 7.1 percent in 2005.<sup>124</sup> Domestic industry capital expenditures and R&D expenses fluctuated over the period, though both measures were lower in 2005 than in 2000.<sup>125</sup>

Notwithstanding the domestic industry's declining performance between 2000 and 2003, and lower levels in 2005 than in 2000, we do not find that the domestic industry is currently vulnerable to the continuation or recurrence of material injury, given the industry's recovery in 2004 and 2005. By 2005, the domestic industry's operating profit margin and return on investment had improved to near 2000 levels.

Nevertheless, we do find that were the orders to be revoked, the likely significant increase in subject import volume, coupled with their likely adverse price effects, would likely have a significant negative impact on the domestic industry in terms of output, sales, market share, profits, productivity, return on investments, utilization of capacity, cash flow, inventories, employment, wage growth, ability to raise capital, investment, and the industry's development and production efforts.

## CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on stainless steel butt-weld pipe fittings from Italy, Malaysia, and the Philippines would likely lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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<sup>118</sup> CR/PR at Table III-9.

<sup>119</sup> CR/PR at Table III-9.

<sup>120</sup> CR/PR at Table III-2.

<sup>121</sup> CR/PR at Table I-9.

<sup>122</sup> CR/PR at Table III-2.

<sup>123</sup> CR/PR at Table III-10.

<sup>124</sup> CR/PR at Table III-17.

<sup>125</sup> CR/PR at Table III-15.

## PART I: INTRODUCTION AND OVERVIEW

### BACKGROUND

On January 3, 2006, the U.S. International Trade Commission (“Commission” or “USITC”) 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 certain stainless steel butt-weld pipe fittings (“SSBW pipe fittings”) from Italy, Malaysia, and the Philippines would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective April 10, 2006, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.<sup>1</sup> Information relating to the background and schedule of the reviews is provided in the following tabulation.<sup>2</sup>

Effective date	Action
February 23, 2001	Commerce’s antidumping duty orders (66 FR 11257)
January 3, 2006	Commission’s institution of reviews (71 FR 140)
April 10, 2006	Commission’s decision to conduct full reviews (71 FR 20132, April 19, 2006)
May 5, 2006	Commission’s scheduling of the reviews (71 FR 30695, May 30, 2006)
May 8, 2006	Commerce’s final results of expedited reviews (71 FR 26748)
September 14, 2006	Commission’s hearing <sup>1</sup>
October 31, 2006	Commission’s vote
November 17, 2006	Commission’s determinations transmitted to Commerce

<sup>1</sup> On September 7, 2006, counsel to the domestic industry filed a letter indicating that it would not object to having these reviews decided on the basis of the administrative record without a hearing. Accordingly, the Commission determined not to hear direct testimony in these reviews and instead presented the domestic industry, the sole interested party, with written questions.

### The Original Investigations

On December 29, 1999, a petition was filed with the U.S. Department of Commerce (“Commerce”) and the Commission alleging that an industry in the United States was materially injured and threatened with material injury by reason of dumped imports of SSBW pipe fittings from Germany,

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<sup>1</sup> On April 10, 2006, the Commission determined that the domestic interested party group response to its notice of institution was adequate and that the respondent interested party group response with regard to Malaysia was adequate, and decided to conduct a full review with respect to the antidumping duty order covering SSBW pipe fittings from Malaysia. The Commission found that the respondent interested party group responses with respect to Italy and the Philippines were inadequate (in fact, nonexistent). However, the Commission determined to conduct full reviews concerning SSBW pipe fittings from Italy and the Philippines to promote administrative efficiency in light of its decision to conduct a full review with respect to SSBW pipe fittings from Malaysia.

<sup>2</sup> The Commission’s notice of institution, notice to conduct full reviews, and scheduling notice appear in app. A. The Commission’s statement on adequacy appears in app. B. These documents 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.

Italy, Malaysia, and the Philippines.<sup>3</sup> On November 29, 2000, the Commission issued its final negative determination with respect to the subject imports from Germany.<sup>4</sup> The Commission determined that the subject imports from Germany were negligible for the purposes of the Commission’s analysis of material injury but that there was a potential that such imports would imminently account for more than three percent of total imports. However, the Commission also determined that an industry in the United States was not threatened with material injury by reason of subject imports from Germany sold in the United States at less than fair value (“LTFV”). Subsequently, on December 27, 2000, Commerce made final affirmative dumping determinations with respect to subject imports from Italy, Malaysia, and the Philippines, with margins as follows:<sup>5</sup>

<b>Country</b>	<b>Manufacturer/producer/exporter</b>	<b>Weighted-average margin (percent)</b>
Italy	Coprosider S.p.A.	26.59
	All others	26.59
Malaysia	Kanzen Tetsu Sdn. Bhd.	7.51
	All others	7.51
Philippines	Enlin Steel Corp.	33.81
	Tung Fong Industrial Co., Inc.	33.81
	All others	33.81

The Commission made its final affirmative injury determinations on January 30, 2001<sup>6</sup> and Commerce issued antidumping duty orders on February 23, 2001.<sup>7</sup>

Table I-1 presents a summary of data from the original investigations and from these reviews; figure I-1 shows U.S. imports of SSBW pipe fittings from Italy, Malaysia, the Philippines, and all other sources since 1997.

From the original investigations through the end of the period of review, U.S. consumption has fluctuated. Domestic consumption of SSBW pipe fittings crested in 1999 through 2000, and fluctuated below this level during the period of review, ending about \*\*\* percent below the 2000 level in 2005. During the period of review, domestic producers’ share of U.S. consumption has remained relatively level, except for a spike in 2001. At the same time, there was a marked decrease in both Italy’s and the Philippines’ share of domestic consumption. Malaysia’s share of domestic consumption declined from levels during the original investigations, increasing slightly in 2004 and returning to \*\*\* above the 2000 level in 2005. Nonsubject countries have increased their share of domestic consumption from what it was during the original investigations.

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<sup>3</sup> The petition was filed by Flowline Division of Markovitz Enterprises, Inc. (“Flowline”); Gerlin, Inc.; Shaw Alloy Piping Products, Inc. (“Shaw APP”); and Taylor Forge Stainless, Inc. (“Taylor Forge”). These firms are also the “domestic interested parties” in the current review investigations.

<sup>4</sup> 65 FR 75955, December 5, 2000.

<sup>5</sup> 65 FR 81830, December 27, 2000 (Italy), 65 FR 81825, December 27, 2000 (Malaysia), and 65 FR 81823, December 27, 2000 (Philippines).

<sup>6</sup> 66 FR 8982, February 5, 2001.

<sup>7</sup> 66 FR 11257, February 23, 2001.

**Table I-1**  
**SSBW pipe fittings: Summary data from the original investigations and the current reviews, 1997-99 and 2000-05**

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

Item	1997	1998	1999	2000	2001	2002	2003	2004	2005
U.S. consumption quantity: Amount	17,049	15,524	18,045	***	12,396	14,085	12,414	15,242	17,345
Producers' share <sup>1,2</sup>	***	***	***	***	41.4	32.5	27.3	25.7	25.7
Importers' share:									
Italy <sup>1</sup>	***	***	***	***	6.6	4.1	1.4	0.9	1.1
Malaysia	***	***	***	***	6.3	5.3	5.3	6.7	8.4
Philippines	***	***	***	***	1.6	1.3	0.5	0.2	2.1
Subtotal	***	***	***	***	14.5	10.7	7.2	7.8	11.6
All other countries <sup>1</sup>	***	***	***	***	44.1	56.7	65.5	66.5	62.7
Total imports <sup>1</sup>	57.0	51.7	52.0	***	58.6	67.5	72.7	74.3	74.3
U.S. consumption value:									
Amount	118,335	95,335	104,862	***	79,677	80,712	68,695	88,859	108,274
Producers' share <sup>1,2</sup>	***	***	***	***	49.7	44.8	39.0	40.7	40.0
Importers' share:									
Italy <sup>1</sup>	***	***	***	***	3.2	2.2	1.7	1.3	1.7
Malaysia	***	***	***	***	2.4	2.3	2.4	3.5	4.6
Philippines	***	***	***	***	0.7	0.5	0.3	0.1	1.3
Subtotal	***	***	***	***	6.4	5.0	4.4	4.9	7.6
All other countries <sup>1</sup>	***	***	***	***	44.0	50.1	56.6	54.4	52.4
Total imports <sup>1</sup>	40.3	32.5	31.2	***	50.3	55.2	61.0	59.3	60.0
U.S. imports from <sup>-3</sup>									
Italy:									
Quantity	***	***	***	1,962	822	575	177	138	192
Value	***	***	***	5,938	2,538	1,768	1,155	1,156	1,847
Unit value	\$***	\$***	\$***	\$3.03	\$3.09	\$3.07	\$6.51	\$8.37	\$9.62

Table continued on next page.

**Table I-1--Continued**  
**SSBW pipe fittings: Summary data from the original investigations and the current reviews, 1997-99 and 2000-05**

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

Item	1997	1998	1999	2000	2001	2002	2003	2004	2005
Malaysia:									
Quantity	***	***	***	1,520	781	751	657	1,022	1,460
Value	***	***	***	4,408	1,938	1,878	1,628	3,113	4,984
Unit value	\$***	\$***	\$	\$2.90	\$2.48	\$2.50	\$2.48	\$3.04	\$3.41
Philippines:									
Quantity	***	***	***	1,083	197	187	59	25	357
Value	***	***	***	3,618	588	399	236	68	1,448
Unit value	\$***	\$***	\$	\$3.34	\$2.98	\$2.14	\$4.00	\$2.76	\$4.05
Subtotal, subject countries:									
Quantity	***	***	***	4,564	1,800	1,513	893	1,185	2,009
Value	***	***	***	13,964	5,065	4,045	3,019	4,337	8,279
Unit value	\$***	\$***	\$	\$3.06	\$2.81	\$2.67	\$3.38	\$3.66	\$4.12
All other countries:									
Quantity	***	***	***	8,972	5,461	7,988	8,130	10,132	10,872
Value	***	***	***	56,123	35,043	40,473	38,914	48,348	56,722
Unit value	\$***	\$***	\$	\$6.26	\$6.42	\$5.07	\$4.79	\$4.77	\$5.22
All countries:									
Quantity	9,715	8,021	9,379	13,536	7,261	9,502	9,024	11,318	12,881
Value	47,661	34,823	47,827	70,087	40,108	44,518	41,932	52,685	65,001
Unit value	\$4.91	\$4.34	\$5.10	\$5.18	\$5.52	\$4.69	\$4.65	\$4.66	\$5.05

Table continued on next page.

**Table I-1--Continued**  
**SSBW pipe fittings: Summary data from the original investigations and the current reviews, 1997-99 and 2000-05**

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

Item	1997	1998	1999	2000	2001	2002	2003	2004	2005
U.S. producers <sup>1,2</sup>									
Capacity quantity	***	***	***	***	8,100	8,050	8,062	8,281	7,036
Production quantity	***	***	***	***	4,695	4,599	3,450	3,869	4,588
Capacity utilization <sup>1</sup>	***	***	***	***	58.0	57.1	42.8	46.7	65.2
U.S. shipments: Quantity	***	***	***	***	5,135	4,583	3,390	3,924	4,464
Value	***	***	***	***	39,569	36,194	26,763	36,174	43,273
Unit value	\$***	\$***	\$***	\$***	\$7.71	\$7.90	\$7.89	\$9.22	\$9.69
Ending inventory quantity	***	***	***	***	2,085	1,928	1,812	1,585	1,479
Inventories/total U.S. shipments <sup>1</sup>	***	***	***	***	38.8	40.5	50.8	38.7	31.5
Production workers	***	***	***	***	364	356	289	322	329
Hours worked (1,000 hours)	***	***	***	***	685	648	519	555	584
Wages paid (1,000 dollars)	***	***	***	***	8,530	8,105	6,782	7,707	7,981
Hourly wages	\$***	\$***	\$***	\$***	\$12.45	\$12.52	\$13.06	\$13.88	\$13.66
Productivity (pounds per hour)	***	***	***	***	6.9	7.1	6.6	7.0	7.9
Net sales:									
Quantity	***	***	***	5,379	5,358	4,752	3,565	4,070	4,689
Value	***	***	***	43,698	40,914	37,362	27,858	37,316	45,130
Unit value	\$***	\$***	\$***	\$8.12	\$7.64	\$7.86	\$7.81	\$9.17	\$9.62
Cost of goods sold (1,000 dollars)	***	***	***	30,380	30,622	28,820	21,108	27,548	31,781
Gross profit or (loss) (1,000 dollars)	***	***	***	13,318	10,292	8,542	6,750	9,768	13,349
Operating income or (loss)	***	***	***	3,555	1,113	85	(723)	815	2,769
Unit cost of goods sold	\$***	\$***	\$***	\$5.65	\$5.72	\$6.06	\$5.92	\$6.77	\$6.78
Unit operating income or (loss)	\$***	\$***	\$***	\$0.66	\$0.21	\$0.02	\$(0.20)	\$0.20	\$0.59

Table continued on next page.

**Table I-1--Continued**  
**SSBW pipe fittings: Summary data from the original investigations and the current reviews, 1997-99 and 2000-05**

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

Item	1997	1998	1999	2000	2001	2002	2003	2004	2005
Cost of goods sold/sales <sup>1</sup>	***	***	***	69.5	74.8	77.1	75.8	73.8	70.4
Operating income or (loss)/sales <sup>1</sup>	***	***	***	8.1	2.7	0.2	(2.6)	2.2	6.1

<sup>1</sup> In percent.  
<sup>2</sup> U.S. producers' data for 1997-99 exclude \*\*\*, which was excluded from the domestic industry for the purposes of the original determinations. As a result, ratios do not add to 100.  
<sup>3</sup> Import data for 1997-99 are from the original investigations. Data for Malaysia and the Philippines were from questionnaire responses and data for Italy and nonsubject countries were adjusted downward because of the inclusion of nonsubject or misclassified product in the official Commerce statistics. (Italy's and nonsubject countries' data were reduced by \*\*\* percent in quantity and \*\*\* percent in value.) Import data for 2000-05 are from official Commerce statistics.

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

Note.--Comparison of U.S. producers' data from the original investigations to the current reviews should be made with caution, as one \*\*\* producer, American Fittings, did not respond to the Commission staff's request for information in the current reviews. Evidence on the record indicates that American Fittings' plant closed in 2004 and that the company may have gone into bankruptcy. In the original investigations, American Fittings accounted for \*\*\* percent of the value of U.S. producers' U.S. shipments of SSBW pipe fittings in 1999.

Note.--Data for \*\*\*, which are included in U.S. producers' data for 2000-05, were reported \*\*\*.

Source: *Supplemental Memorandum*, January 16, 2001 (INV-Y-008) for 1997-99. Data for 2000-05 were compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

**Figure I-1**  
**SSBW pipe fittings: U.S. imports from Italy, Malaysia, and the Philippines, 1997-2005**

\* \* \* \* \*

### Previous Investigations on SSBW Pipe Fittings

In March 1988, the Commission determined that an industry in the United States was materially injured by reason of imports of SSBW pipe fittings from Japan that were being sold at LTFV.<sup>8</sup> On March 25, 1988, Commerce published an antidumping duty order covering the imports of subject merchandise from Japan.<sup>9</sup>

In February 1993, the Commission completed its original investigation concerning Korea (Investigation No. 731-TA-563), determining that an industry in the United States was materially injured by reason of imports of SSBW pipe fittings from Korea that Commerce determined were being sold or were likely to be sold at LTFV.<sup>10</sup> On February 23, 1993, Commerce published an antidumping duty order covering the imports of subject merchandise from Korea.<sup>11</sup>

In June 1993, the Commission completed its original investigation concerning Taiwan (Investigation No. 731-TA-564), determining that an industry in the United States was materially injured by reason of imports of SSBW pipe fittings from Taiwan that Commerce determined were being sold or were likely to be sold at LTFV.<sup>12</sup> On June 16, 1993, Commerce published an antidumping duty order covering the imports of subject merchandise from Taiwan.<sup>13</sup>

On July 1, 1999, the Commission instituted expedited five-year reviews on SSBW pipe fittings from Japan, Korea, and Taiwan.<sup>14</sup> On February 22, 2000, the Commission determined that revocation of the antidumping duty orders on SSBW pipe fittings from Japan, Korea, and Taiwan would be likely to lead to a continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>15</sup>

On February 2, 2005, the Commission instituted expedited second five-year reviews on SSBW pipe fittings from Japan, Korea, and Taiwan.<sup>16</sup> The Commission determined on October 3, 2005 that revocation of the antidumping duty orders on SSBW pipe fittings from Japan, Korea, and Taiwan would

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<sup>8</sup> 53 FR 9713, March 24, 1988. See also *Certain Stainless Steel Butt-Weld Pipe Fittings From Japan, Investigation No. 731-TA-376 (Final)*, USITC Publication 2067, March 1988. The petition was filed on behalf of Flowline Corp. (52 FR 11759, April 10, 1987).

<sup>9</sup> 53 FR 9787, March 25, 1988.

<sup>10</sup> 58 FR 11245, February 24, 1993. See also *Certain Stainless Steel Butt-Weld Pipe Fittings From Korea, Investigation No. 731-TA-563 (Final)*, USITC Publication 2601, February 1993. The original investigation resulted from a petition filed with Commerce and the Commission on behalf of Flowline Corp. (57 FR 22486, May 28, 1992).

<sup>11</sup> 58 FR 11029, February 23, 1993.

<sup>12</sup> 58 FR 32363, June 9, 1993. See also *Certain Stainless Steel Butt-Weld Pipe Fittings From Taiwan, Investigation No. 731-TA-564 (Final)*, USITC Publication 2641, June 1993. The original investigation resulted from a petition filed with Commerce and the Commission on behalf of Flowline Corp. (57 FR 22486, May 28, 1992).

<sup>13</sup> 58 FR 33250, June 16, 1993.

<sup>14</sup> 64 FR 35691, July 1, 1999.

<sup>15</sup> 65 FR 9298, February 24, 2000. See also *Stainless Steel Butt-Weld Pipe Fittings From Japan, Korea, and Taiwan, Investigations Nos. 731-TA-376, 563, and 564 (Review)*, USITC Publication 3280, February 2000.

<sup>16</sup> 70 FR 5478, February 2, 2005.

be likely to lead to a continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>17</sup>

### **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.*

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<sup>17</sup> 70 FR 58748, October 7, 2005. See also *Stainless Steel Butt-Weld Pipe Fittings From Japan, Korea, and Taiwan, Investigations Nos. 731-TA-376, 563, and 564 (Second Review)*, USITC Publication 3801, September 2005. Commissioner Shara L. Aranoff did not participate in the reviews.

*(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. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of eight U.S. producers that accounted for virtually all U.S. production of SSBW pipe fittings during 2005. U.S. import data are based on official statistics of the Department of Commerce.<sup>18</sup> Responses by U.S. producers, importers, and purchasers of SSBW pipe fittings and producers of SSBW pipe fittings in Italy, Malaysia, and the Philippines 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.

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<sup>18</sup> Thirty-eight importers’ questionnaire responses accounted for \*\*\* percent of imports of SSBW pipe fittings from Italy, Malaysia, and the Philippines in 2005, based on official Commerce statistics.

## COMMERCE'S RESULTS OF EXPEDITED REVIEWS

On May 8, 2006, Commerce found that revocation of the antidumping duty orders on SSBW pipe fittings from Italy, Malaysia, and the Philippines would likely lead to continuation or recurrence of dumping as follows:<sup>19</sup>

Country	Manufacturer/producer/exporter	Weighted-average margin (percent)
Italy	Coprosider S.p.A	26.59
	All others	26.59
Malaysia	Kanzen Tetsu Sdn. Bhd.	7.51
	All others	7.51
Philippines	Enlin Steel Corp.	33.81
	Tung Fong Industrial Co., Inc	7.59
	All others	7.59

In its final results concerning the antidumping duty orders, Commerce explains that it “normally determines that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of an order and import volumes for the subject merchandise declined significantly.”<sup>20</sup> With respect to the subject reviews, it noted that it has not completed any administrative reviews concerning SSBW pipe fittings from Italy, Malaysia, or the Philippines since the issuance of the orders.<sup>21</sup> It also noted that the volume of U.S. imports from Italy has fluctuated since the issuance of the continuation of the orders, and remained “significantly below pre-order volumes.”<sup>22</sup> With regard to imports of SSBW pipe fittings from Malaysia, Commerce noted that “while imports during 2001-2003 were well below pre-order levels, import volumes rose in 2004 and 2005, with 2005 imports approaching the level of imports in 2000,”<sup>23</sup> the year prior to the imposition of the order. Imports of SSBW pipe fittings from the Philippines fluctuated during the period 2001-05, remaining substantially below pre-order volumes.<sup>24</sup> Commerce noted that “if companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the order were removed.”<sup>25</sup>

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<sup>19</sup> 71 FR 26748, May 8, 2006. Commerce’s notice is presented in app. A.

<sup>20</sup> *Issues and Decision Memorandum for the Final Results of the Expedited Five-Year (“Sunset”) Reviews of the Antidumping Duty Orders on Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia and the Philippines*, International Trade Administration, Department of Commerce, May 8, 2006, p. 5 (71 FR 26748).

<sup>21</sup> *Ibid.*

<sup>22</sup> *Ibid.*

<sup>23</sup> *Ibid.*, p. 6.

<sup>24</sup> *Ibid.*

<sup>25</sup> *Ibid.*

## COMMERCE'S ADMINISTRATIVE REVIEWS

Five administrative reviews of the antidumping duty orders on SSBW pipe fittings from Italy, Malaysia, and/or the Philippines were requested. All were subsequently withdrawn by the interested party(s) as shown in the following tabulation:

Action	Period of review	Date results published
Administrative reviews - Italy and Malaysia <sup>1</sup>	02/01/2001 - 01/31/2002	03/27/2002 (67 FR 14696)
Administrative review rescinded - Italy <sup>2</sup>		05/22/2002 (67 FR 35960)
Administrative review rescinded - Malaysia <sup>3</sup>		05/29/2002 (67 FR 37391)
Administrative review - Malaysia <sup>4</sup>	02/01/2002 - 01/31/2003	03/25/2003 (68 FR 14394)
Administrative review rescinded - Malaysia <sup>5</sup>		04/21/2003 (68 FR 19513)
Administrative review - Malaysia <sup>6</sup>	02/01/2003 - 01/31/2004	03/26/2004 (69 FR 15788)
Administrative review rescinded - Malaysia <sup>7</sup>		05/24/2004 (69 FR 29518)
Administrative review - Malaysia <sup>8</sup>	02/01/2004 - 01/31/2005	03/23/2005 (70 FR 14643)
Administrative review rescinded - Malaysia <sup>9</sup>		07/21/2005 (70 FR 42039)
Administrative reviews - Malaysia and Philippines <sup>10</sup>	02/01/2005 - 01/31/2006	04/05/2006 (71 FR 17077)
Administrative reviews rescinded - Philippines <sup>11</sup>		07/07/2006 (71 FR 38620)
Administrative reviews partially rescinded - Malaysia <sup>12</sup>		07/12/2006 (71 FR 39304)
Administrative review rescinded - Malaysia <sup>13</sup>		07/20/2006 (71 FR 41205)

<sup>1</sup> Italy: Union Piping S.P.A, and Coprosider S.P.A.; Malaysia: Schultz (Mfg.) Sdn. Bhd.

<sup>2</sup> Union Piping S.P.A, and Coprosider S.P.A. withdrew their request on April 25, 2002.

<sup>3</sup> Schultz (Mfg.) Sdn. Bhd withdrew its request on February 28, 2002.

<sup>4</sup> Malaysia: Schultz (Mfg.) Sdn. Bhd.

<sup>5</sup> Schultz (Mfg.) Sdn. Bhd withdrew its request on March 31, 2003.

<sup>6</sup> Malaysia: Schultz (Mfg.) Sdn. Bhd.

<sup>7</sup> Schultz (Mfg.) Sdn. Bhd withdrew its request on March 31, 2004.

<sup>8</sup> Malaysia: Schultz (Mfg.) Sdn. Bhd.

<sup>9</sup> Schultz (Mfg.) Sdn. Bhd withdrew its request on March 23, 2005.

<sup>10</sup> Malaysia: Kanzen Tetsu Sdn. Bh. Sapura-Schulz Hydroforming Sdn Bhd.; and Schultz (Mfg.) Sdn. Bhd. Philippines: Tung Fong Industrial Co., Inc. and Enlin Steel Corp.

<sup>11</sup> Tung Fong Industrial Co., Inc. and Enlin Steel Corp.

<sup>12</sup> Sapura-Schulz Hydroforming Sdn Bhd.

<sup>13</sup> Kanzen Tetsu Sdn. Bhd.

Source: Cited *Federal Register* notices.

In response to a challenge before the Court of International Trade (“CIT”) by Tung Fong Industrial Co., Inc. (“Tung Fong”), a producer and exporter of subject merchandise in the Philippines, the CIT, on April 7, 2004, issued an Order and Opinion remanding two issues to Commerce. On May 25, 2005, Commerce issued remand results that amended the final determination of sales at LTFV on subject imports from the Philippines to a weighted-average margin of 7.59 percent for Tung Fong beginning April 2, 2005. In addition, as the margin assigned to “all others” in the final determination was based upon the margin Commerce calculated for Tung Fong, the same 7.59 percent weighted-average margin is also applicable to “all others.”<sup>26</sup> The CIT affirmed Commerce’s remand results on March 23, 2005.

#### **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 U.S. Customs and Border Protection (“Customs”) to “affected firms.”<sup>27</sup> Since the enactment of the CDSOA, five U.S. producers of SSBW pipe fittings have received fiscal year disbursements of antidumping duties collected on subject imports from Italy, Malaysia, and the Philippines. These disbursements, broken out by country, are shown in the following tabulation:

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<sup>26</sup> 70 FR 30087, May 25, 2005.

<sup>27</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.

**Table I-2**  
**SSBW pipe fittings: CDSOA claims and disbursements, Federal fiscal years 2002-05<sup>1</sup>**

Year	Order	Claimant	Share of yearly allocation	Certification amount <sup>2</sup>	Amount disbursed
			Percent	Dollars	
2002	A-475-828 (Italy)	Gerlin	16.5	3,681,631	4,348
		Markovitz Enterprises	18.8	4,215,056	4,978
		Shaw Alloy Piping Products	29.2	6,524,192	7,705
		Taylor Forge Stainless	35.5	7,951,753	9,391
		Subtotal	100.0	22,372,632	26,423
	A-557-809 (Malaysia)	Gerlin	16.5	3,681,631	2,339
		Markovitz Enterprises	18.8	4,215,056	2,678
		Shaw Alloy Piping Products	29.2	6,524,192	4,145
		Taylor Forge Stainless	35.5	7,951,753	5,051
		Subtotal	100.0	22,372,632	14,212
	A-565-801 (Philippines)	Gerlin	16.5	3,681,631	0
		Markovitz Enterprises	18.8	4,215,056	0
		Shaw Alloy Piping Products	29.2	6,524,192	0
		Taylor Forge Stainless	35.5	7,951,753	0
		Subtotal	100.0	22,372,632	0
2003	A-475-828 (Italy)	Gerlin	15.7	5,646,591	32,015
		Markovitz Enterprises	17.5	6,279,835	35,605
		Shaw Alloy Piping Products	33.3	11,952,358	67,767
		Taylor Forge Stainless	33.5	12,012,361	68,107
		Subtotal	100.0	35,891,145	203,495
	A-557-809 (Malaysia)	Gerlin	15.7	5,648,600	4,032
		Markovitz Enterprises	17.5	6,282,135	4,484
		Shaw Alloy Piping Products	33.3	11,955,918	8,534
		Taylor Forge Stainless	33.5	12,016,701	8,578
		Subtotal	100.0	35,903,354	25,628
	A-565-801 (Philippines)	Gerlin	15.7	5,650,939	39,621
		Markovitz Enterprises	17.5	6,284,813	44,066
		Shaw Alloy Piping Products	33.3	11,960,063	83,857
		Taylor Forge Stainless	33.5	12,021,752	84,290
		Subtotal	100.0	35,917,567	251,834
Table continued on next page.					

**Table I-2--Continued**  
**SSBW pipe fittings: CDSOA claims and disbursements, Federal fiscal years 2002-05<sup>1</sup>**

Year	Order	Claimant	Share of yearly allocation	Certification amount <sup>2</sup>	Amount disbursed
			Percent	Dollars	
2004	A-475-828 (Italy)	Flowline Div. of Markovitz Enterprises	18.1	8,109,913	16,125
		Gerlin	16.4	7,342,561	14,600
		Shaw Alloy Piping Products	32.2	14,413,879	28,660
		Taylor Forge Stainless	33.3	14,925,228	29,677
		Subtotal	100.0	44,791,581	89,062
	A-557-809 (Malaysia)	Flowline Div. of Markovitz Enterprises	18.1	8,142,634	39,174
		Gerlin	16.4	7,372,553	35,469
		Shaw Alloy Piping Products	32.2	14,476,672	69,647
		Taylor Forge Stainless	33.3	14,989,098	72,113
		Subtotal	100.0	44,980,957	216,403
	A-565-801 (Philippines)	Flowline Div. of Markovitz Enterprises	18.1	8,105,730	5,994
		Gerlin	16.4	7,339,302	5,427
		Shaw Alloy Piping Products	32.2	14,405,494	10,652
		Taylor Forge Stainless	33.3	14,918,437	11,031
		Subtotal	100.0	44,768,963	33,104
2005	A-475-828 (Italy)	Flo-Mac	10.3	6,779,783	4,024
		Flowline Div. of Markovitz Enterprises	16.1	10,605,346	6,295
		Gerlin	14.7	9,673,633	5,742
		Shaw Alloy Piping Products	29.4	19,373,693	11,499
		Taylor Forge Stainless	29.6	19,539,648	11,597
		Subtotal	100.0	65,972,103	39,156
	A-557-809 (Malaysia)	Flo-Mac	4.9	3,044,833	10,442
		Flowline Div. of Markovitz Enterprises	17.0	10,615,719	36,407
		Gerlin	15.5	9,682,756	33,207
		Shaw Alloy Piping Products	31.1	19,395,499	66,517
		Taylor Forge Stainless	31.4	19,561,082	67,085
Subtotal	100.0	62,299,889	213,658		

Table continued on next page.

**Table I-2--Continued**  
**SSBW pipe fittings: CDSOA claims and disbursements, Federal fiscal years 2002-05<sup>1</sup>**

Year	Order	Claimant	Share of yearly allocation	Certification amount <sup>2</sup>	Amount disbursed
			Percent	Dollars	
2005	A-565-801 (Philippines)	Flo-Mac	4.9	3,044,833	1,260
		Flowline Div. of Markovitz Enterprises	17.0	10,611,996	4,390
		Gerlin	15.5	9,679,547	4,005
		Shaw Alloy Piping Products	31.1	19,383,316	8,019
		Taylor Forge Stainless	31.4	19,551,503	8,089
		Subtotal	100.0	62,271,195	25,763

<sup>1</sup> The Federal fiscal year is October 1-September 30.  
<sup>2</sup> Qualifying expenditures incurred by domestic producers since the issuance of an order.  
 Note.—Because of rounding, percent shares may not add to 100.0.  
 Source: Customs' CDSOA Annual Reports 2001-05, found at [http://www.cbp.gov/xp/cgov/import/add\\_cvd/cont\\_dump/](http://www.cbp.gov/xp/cgov/import/add_cvd/cont_dump/).

### THE SUBJECT PRODUCT

The imported product subject to the antidumping duty orders under review, as defined by Commerce, is

“ . . . certain stainless steel butt-weld pipe fittings (butt-weld fittings). Butt-weld pipe fittings are under 14 inches in outside diameter (based on nominal pipe size), whether finished or unfinished. The product encompasses all grades of stainless steel and “commodity” and “specialty” fittings. Specifically excluded from the definition are threaded, grooved, and bolted fittings, and fittings made from any material other than stainless steel.

The butt-weld fittings subject to these orders are generally designated under specification ASTM A403/A403M, the standard specification for Wrought Austenitic Stainless Steel Piping Fittings, or its foreign equivalents (e.g., DIN or JIS specifications). This specification covers two general classes of fittings, WP and CR, of wrought austenitic stainless steel fittings of seamless and welded construction covered by the latest revision of ANSI B16.9, ANSI B16.11, and ANSI B16.28. Butt-weld fittings manufactured to specification ASTM A774, or its foreign equivalents, are also covered by these orders.

These orders do not apply to cast fittings. Cast austenitic stainless steel pipe fittings are covered by specifications A351/A351M, A743/743M, and A744/A744M. The butt-weld fittings subject to these orders are currently classifiable under subheading 7307.23.0000 of the Harmonized Tariff Schedule of the United States (HTSUS).”<sup>28</sup>

<sup>28</sup> 71 FR 26749, May 8, 2006. Commerce’s scope language for the final results of its expedited five-year reviews of these antidumping duty orders in this most recent *Federal Register* notice agrees with the language published in its original antidumping duty orders (66 FR 11257, February 23, 2001).

## U.S. Tariff Treatment

Table I-3 presents current tariff rates for SSBW pipe fittings. The subject merchandise is currently classifiable under the Harmonized Tariff Schedule of the United States (“HTS”) subheading 7307.23.00. This subheading provides for SSBW pipe fittings regardless of diameter.

**Table I-3**  
**SSBW pipe fittings: Tariff rates, 2006**

HTS subheading <sup>1</sup>	Article description <sup>2</sup>	General <sup>3</sup>	Special <sup>4</sup>	Column 2 <sup>5</sup>
		Rates (percent <i>ad valorem</i> )		
7307.23.00	Tube or pipe fittings (for example, coupling, elbows, sleeves), of iron or steel:  Other, of stainless steel Butt welding fittings	5.0	Free <sup>6</sup>	45.0

<sup>1</sup> While HTS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.  
<sup>2</sup> An abridged description is provided for convenience; however, an unabridged description may be obtained from the respective headings, subheadings, and legal notes of the HTS.  
<sup>3</sup> Normal trade relation rates, formerly known as the most-favored-nation duty rate, applicable to imports from Italy, Malaysia, and the Philippines.  
<sup>4</sup> For eligible goods under the Generalized System of Preferences, Automotive Products Trade Act, Australian Free Trade Agreement, Caribbean Basin Economic Recovery Act, Andean Trade Preference Act, Israel Free Trade Agreement, Jordan Free Trade Agreement, Chile Free Trade Agreement, Morocco Free Trade Agreement Implementation Act, Dominican Republic-Central America Free Trade Agreement Implementation Act, Bahrain Free Trade Agreement, and NAFTA-originating goods of Canada and Mexico.  
<sup>5</sup> Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.  
<sup>6</sup> Imports under the Singapore Free Trade Agreement are eligible for a tariff rate of 1.2 percent *ad valorem*.

Source: Harmonized Tariff Schedule of the United States, 2006.

## THE PRODUCT

The imported product subject to these investigations is SSBW pipe fittings less than 355.6 mm (14 inches) in outside diameter (based on nominal pipe size),<sup>29</sup> whether finished or unfinished.<sup>30</sup> The product encompasses all grades of stainless steel and “commodity” and “specialty” fittings.<sup>31</sup>

<sup>29</sup> The diameter of welded and seamless stainless steel pipe is measured by nominal sizes; however, nominal sizes up to 12 inches are not actual measurements of outside diameter. For example, nominal 12-inch pipe is 12.750 inches in outside diameter, whereas nominal 14-inch pipe is 14.000 inches in outside diameter. See Iron and Steel Society, “Table 11-13: Dimensions of Welded and Seamless Stainless Steel Pipe,” *Steel Products Manual: Stainless Steels*, March 1999, p. 244.

<sup>30</sup> *Finished* butt-weld pipe fittings require no further processing to be acceptable as a finished product to the end user. *Unfinished* butt-weld pipe fittings require at least one more processing step (e.g., forming, coining (sizing), heat treatment, shot blasting, machining, grinding, die stamping, or painting) to be acceptable as a finished product.

<sup>31</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings From Germany, Investigation No. 731-TA-864 (Final)*, USITC Publication 3372, November 2000, p. I-4. Petitioners distinguished “commodity” from “specialty” fittings on the basis of size as “. . . common parlance within the industry and marketplace often refers to large-diameter fittings as ‘specialty’ fittings and those below 14 inches as ‘commodity’ fittings. This terminology reflects the fact that small (continued...)

## Physical Characteristics and Uses<sup>32</sup>

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 fastening methods. When placed against the matching beveled end of a pipe or another fitting, the beveled edges form a shallow channel that accommodates the “bead” of the weld that fastens the two adjoining pieces.

Only those butt-weld fittings of stainless steel which are under 14 inches in outside diameter are covered by these investigations. For tariff purposes, the term “stainless steel” includes by definition all grades of steel containing by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other alloying elements.<sup>33</sup> Stainless steel imparts to fittings resistance to corrosion and oxidation, as well as the ability to withstand extreme temperature and pressure.

The predominant stainless steel grades for butt-weld fittings sold in the United States are dual certified 304/304L and 316/316L.<sup>34</sup> In the 2000 investigations, petitioners reported that “all grades of austenitic SSBW pipe fittings are or can be produced in the United States.”<sup>35</sup> However, the Italian respondent disagreed, alleging that “Taylor Forge, Gerlin, and Flowline declined to offer bids for 321/347 material” and that “Alloy Piping Products . . . submitted bids for less than 10 percent of the products on the request for quotation.” The Italian respondent asserted that petitioners “simply do not provide products that are not contained in their price lists.”<sup>36</sup>

Butt-weld fittings are available in several basic shapes, such as elbows, returns, tees, crosses, reducers, caps, and stub-ends (shown in figure I-2). Elbows are two-outlet fittings, commonly with 45-degree or 90-degree bends; returns are also two-outlet fittings with a 180-degree bend; tees are “T”-shaped fittings having three outlets; crosses have four outlets; and reducers are two-outlet fittings that connect pipes of different diameters. Caps close off the end of a pipe or a fitting. Stub-ends are welded to the pipe and when combined with a flange (a collar-type piece with holes for connecting bolts), the

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<sup>31</sup> (...continued)

diameter fittings are ‘stock’ items that producers and distributors are expected to hold in inventory in large numbers, while large-diameter fittings are perceived as a ‘special order’ item.”

<sup>32</sup> The discussion in this section is from the following Commission reports: *Certain Stainless Steel Butt-Weld Pipe Fittings From Germany, Investigation No. 731-TA-864 (Final)*, USITC Publication 3372, November 2000, p. I-4; *Stainless Steel Butt-Weld Pipe Fittings From Japan, Korea, and Taiwan, Investigations Nos. 731-TA-376, 563, and 564 (Review)*, USITC Publication 3280, February 2000, p. I-7.

<sup>33</sup> Note 1(e) defining stainless steel, Ch. 72, Iron and Steel, HTS, p. 72-1.

<sup>34</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings From Germany, Investigation No. 731-TA-864 (Final)*, USITC Publication 3372, November 2000, p. I-4. Under the American Iron and Steel Institute (AISI) system, stainless steel alloy grades are designated in three-digit numeric series, based on contents of chromium, nickel, and certain other elements. One- or two-letter suffixes indicate variations in the content of certain alloying elements (e.g., “L” for low carbon, or the chemical symbol for the presence of a particular element). The 300 Series classification includes both austenitic and austenitic-ferritic (duplex) stainless steels of varying chromium-nickel grades with other alloying elements, particularly nitrogen and molybdenum. The austenitic stainless steels contain lower chromium (16.0-26.0 percent) and higher nickel (5.0-34.0 percent) contents than do duplex stainless steels with higher chromium (23.0-28.0 percent) and lower nickel (2.5-5.0 percent) contents. Information about the various stainless steel alloy classifications are compiled from the Iron and Steel Society, *Steel Products Manual, Stainless Steels*, Warrendale, PA, March 1999, “Overview of Stainless Steels,” pp. 1-2; table 2-1 “Stainless Steels, Cast or Heat Chemical Ranges and Limits,” pp. 17-22; and appendix I “Typical Applications of Selected Stainless Steels,” pp. 251-255; and from ASM International, *ASM Specialty Handbook, Stainless Steel*, Material Park, OH, 1994, pp. 5-12 and pp. 13-38.

<sup>35</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings From Germany, Investigation No. 731-TA-864 (Final)*, USITC Publication 3372, November 2000, p. I-4.

<sup>36</sup> *Ibid.*

combination permits quick connection with other similarly equipped pipes. This configuration is particularly useful when periodic changes of pipes are required or where on-site welding would be difficult. Each of these basic product categories includes a wide range of fittings which vary by size, alloy type, wall thickness, and intended application. In general, SSBW pipe fittings are utilized by a variety of industries in “process” operations (piping systems) to join pipes in straight lines or to change the direction or flow of fluids.

### **Manufacturing Facilities and Production Employees**

SSBW pipe fittings less than 14 inches in outside diameter are cold-formed from seamless or welded stainless steel pipe. However, stub-ends are usually hot-forged, generally from stainless steel bar.<sup>37</sup> The production process is similar among the different shapes available, including elbows, returns, tees, crosses, reducers, and caps, although steps related to forming the fitting vary depending on shape. Some elements of the production process for a particular type of fitting may differ from one manufacturer to another, but the basics of the process are very similar throughout the world.<sup>38</sup>

To manufacture an elbow by the cold-forming process, a piece of pipe that has been cut to the proper length is shaped under hydraulic pressure by being pushed over a mandrel to achieve the desired interior diameter and degree of bend, followed by resizing in a press to achieve the desired outside diameter. The resulting form is annealed (heat treated) to relieve metallurgical stresses that build up during the cold-working process. Some larger sizes may require additional forming and annealing steps to ensure uniform surfaces and wall thicknesses. After annealing, the blanks are quenched in water and the oxide scale that formed on exposed surfaces during the heat-treating process is removed by immersing the blanks in a pickling bath. The final sizing operation is performed in a press to achieve the required tolerances.<sup>39</sup> Ends of the unfinished elbows are then machined to the exact size and a bevel is added for welding purposes. The machined elbow is degreased before being passivated in a hot dilute nitric acid solution to give the surface a corrosion-resistant character. Additional finishing steps may include grinding, die-stamping, inspection, and possibly painting to produce the finished fitting.

Most other butt-weld fittings shapes are manufactured in a similar manner with certain differences in forming methods. Tees, for example, are formed by putting a pipe section in a “T”-shaped die and applying hydraulic pressure.

In response to a question on whether other products are produced on the same equipment and/or with the same employees used to produce SSBW pipe fittings, five U.S. producers stated that they had done so. Two U.S. producers reported that they are able to switch production between SSBW pipe fittings and other products in response to relative change in the price of SSBW pipe fittings vis-a-vis the price of the other product. Other products reportedly produced included aluminum, copper, nickel, and other alloy butt-weld fittings, carbon fittings, stainless forgings, and customer material conversion.

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<sup>37</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings from Korea and Taiwan*, USITC Publication 2534, July 1992, p. I-6.

<sup>38</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings From Germany, Investigation No. 731-TA-864 (Final)*, USITC Publication 3372, November 2000, p. I-6.

<sup>39</sup> End users generally require that subject fittings meet specifications set by the American Society of Testing and Materials (“ASTM”), the American National Standards Institute (“ANSI”), the Manufacturers Standardization Society (“MSS”), and/or the American Society of Mechanical Engineers (“ASME”) Boilers and Pressure Vessel Code.

**Figure I-2**  
**Some typical SSBW pipe fittings**



45-degree elbow



90-degree elbow



180-degree return



straight tee



straight cross



concentric reducer



cap



stub-end

Source: Flowline Division, Markovitz Enterprises, Inc.

The domestic manufacturing sector for SSBW pipe fittings includes integrated producers and combination producers.<sup>40</sup> Generally, integrated producers begin with stainless steel pipe as their raw material and perform various forming, machining, and finishing operations to produce the finished fittings. Combination producers produce some finished fittings via the integrated process, and other finished fittings by converting unfinished purchased fittings, performing only machining and finishing operations.<sup>41</sup>

Unfinished fittings (referred to as “blanks”) are sold to machine shops for further processing and are not specifically produced for inventory, but are sold to fill special orders. Blanks are unusable until finished and must be machined, sized, beveled, cleaned, and finally labeled to become finished fittings which meet industry specifications.<sup>42</sup> The expertise to convert blanks to finished fittings was noted by several domestic producers to be much lower than that required for manufacturing fittings.

### **Channels of Distribution<sup>43</sup>**

SSBW pipe fittings are sold nationwide, either directly to end users or in most cases to distributors, who then sell piping systems to petrochemical and chemical plants, petroleum refineries, pharmaceutical plants, food and beverage processing facilities, waste-water treatment facilities, semiconductor-equipment producers, and nuclear power plants. In the original investigations, the domestic producers asserted that as distributors typically carry butt-weld fittings supplied by a number of domestic and foreign producers, it is increasingly common for a customer’s order to be filled with commingled domestically produced and imported products to which the vast majority of customers do not object. Some end users maintain an approved manufacturers list (“AML”), which distributors refer to when filling an order for these customers. Such AMLs reportedly include both domestic and foreign producers of butt-weld fittings.

In the original investigations, petitioners and respondents did not agree as to the extent to which AMLs are used in the industry. Petitioners estimated that AMLs accounted for less than 10 percent of total sales in the United States, but also asserted that the “share of the U.S. market using AMLs has declined in size and importance in recent years.” On the other hand, they noted that subject imports have been accepted at AML accounts in the United States as the producers in the countries subject to these investigations attained higher production standards; moreover, as the price premium rose for AML product, more end users allegedly accepted lower-priced, non-AML product. In contrast, respondents indicated that AMLs are still widely used and characterize a large and important segment of the market, and asserted that the AML segment was growing. End-use markets for which AMLs were considered important included chemicals, petrochemicals, petroleum refining, and nuclear applications. Further, respondents contended that only producers who were on an end user’s AML could supply product for a project; non-AML producers were not eligible. Moreover, in contrast to the assertion of petitioners that producers from each of the subject countries were on various AMLs, the respondents claimed that German and Italian producers were generally AML-certified but not Philippine producers (nor Malaysian producers); hence, even though imports from the Philippines may meet technical specifications and could theoretically compete with other foreign and domestic products, they allegedly were unable to compete in the AML market segment. In its original determinations, the Commission noted that the record reflected

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<sup>40</sup> Questionnaire responses indicate that three U.S. producers (\*\*\*) purchased and/or imported some unfinished fittings during the period examined, whereas five producers (\*\*\*) did not. Therefore, of the responding U.S. producers, three companies appear to be combination producers, while five appear to be integrated producers, based on current operations.

<sup>41</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings from Korea*, USITC Publication 2601, February 1993, p. I-6.

<sup>42</sup> *Ibid.*, p. I-7.

<sup>43</sup> The discussion in this section is from the following Commission report: *Certain Stainless Steel Butt-Weld Pipe Fittings From Germany, Investigation No. 731-TA-864 (Final)*, USITC Publication 3372, November 2000, pp. I-7-8.

that subject imports and the domestic like product were all sold in both the AML and non-AML markets.<sup>44</sup>

Table I-4 presents data on channels of distribution for U.S. producers and importers of the subject merchandise. The majority of U.S. production, as well as almost all imports from Italy, Malaysia, the Philippines, and all other sources, are sold to distributors.

**Table I-4**  
**SSBW pipe fittings: Channels of distribution for U.S. producers' and U.S. importers' U.S. shipments from all sources, 2000-05**

Item	2000	2001	2002	2003	2004	2005
<b>Quantity (1,000 pounds)</b>						
U.S. producers' U.S. shipments--						
To distributors	***	3,861	3,621	2,890	3,235	3,494
To end users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from Italy--						
To distributors	***	***	***	***	***	***
To end users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from Malaysia--						
To distributors	***	***	***	***	***	***
To end users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from the Philippines--						
To distributors	***	***	***	***	***	***
To end users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from all other sources--						
To distributors	***	***	***	***	***	***
To end users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from all sources--						
To distributors	2,311	1,623	2,763	1,518	2,709	3,467
To end users	***	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.						

### **Interchangeability and Customer and Producer Perceptions**

Information on the interchangeability of SSBW pipe fittings produced in the United States and other countries, and on customer and producer perceptions of SSBW pipe fittings, is presented in Part II of this report.

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<sup>44</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines, Investigations Nos. 731-TA-865-867 (Final)*, USITC Publication 3387, January 2001, p. 10. The Commission did note that there was some evidence that subject imports from Malaysia and the Philippines were not as widely approved for AML sales as subject imports from Italy and the domestic like product.

## Price

A wide variety of SSBW pipe fittings is produced in the United States and in other countries. Information on prices of SSBW pipe fittings produced in the United States, Italy, Malaysia, and the Philippines during January 2000-March 2006 is presented in Part V of this report. Prices were found to vary widely among the specific types of SSBW pipe fittings for which data were obtained and also among country sources.

## DOMESTIC LIKE PRODUCT ISSUES

In its original determinations the Commission found the appropriate domestic like product to be SSBW pipe fittings corresponding with Commerce's scope of the subject merchandise.<sup>45</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 producers and the counsel for the respondent party, Kanzen Tetsu Sdn. Bhd ("Kanzen Tetsu"),<sup>46</sup> agreed with the definition of the domestic like product set forth in the previous investigations' determinations.

## U.S. MARKET PARTICIPANTS

### U.S. Producers

The Commission sent producers' questionnaires to 19 firms which were identified as producers in the petition, as well as other producers identified in the original investigations, and other companies identified by the respondents. Eight firms reported that they had not produced SSBW pipe fittings during the period of review.<sup>47</sup> In addition to the "domestic interested parties," four other companies (Alaskan Copper Companies, Inc. ("Alaskan Copper"); Felker Brothers Corp. ("Felker"); Flo-Mac, Inc.; and Jero, Inc.) provided useful data. Table I-5 presents a list of eight U.S. producers, with each company's U.S. production location(s), position on the continuation of the antidumping duty orders, share of U.S. production in 2005, and share of value of U.S. producers' shipments in 2005.<sup>48</sup> The eight producers are believed to account for a substantial majority of the SSBW pipe fittings produced in the United States.

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<sup>45</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines, Investigations Nos. 731-TA-865-867 (Final)*, USITC Publication 3387, January 2001, p. 3. The Commission did consider, but rejected, the argument to include SSBW pipe fittings of an outside diameter of 14 inches or greater in the domestic like product definition. The Commission found that differences in the factors considered warranted not including large-diameter SSBW pipe fittings. These included limited interchangeability and differences in distribution, in manufacturing process, and in perception. *Certain Stainless Steel Butt-weld Pipe Fittings from Germany*, Investigation No. 731-TA-864 (Final), Publication 3372, November 2000, pp. 7-8.

<sup>46</sup> On July 5, 2005, counsel for Kanzen Tetsu withdrew its entry of appearance in these reviews.

<sup>47</sup> These include \*\*\*.

<sup>48</sup> The following companies did not respond to the Commission's questionnaire: American Fittings, \*\*\*. Evidence on the record indicated that the American Fittings' plant in Travelers Rest, SC was closed in 2004, and the company may have gone into bankruptcy. Boyanoski, John, "State Looks At Workers' Allegations," found at <http://greenvilleonline.com/news/2005/01/07/2005010756321.htm>, retrieved on August 4, 2006.

**Table I-5**

**SSBW pipe fittings: U.S. producers, production locations, their shares of reported U.S. production and shipments in 2005, and their positions on continuing the antidumping duty orders**

Firm	Production location(s)	Position on continuing the antidumping duty orders	Share of reported 2005 production (percent)	Share of reported value of 2005 U.S. shipments (percent)
Alaskan Copper <sup>1</sup>	Seattle, WA	***	***	***
Felker	Marshfield, WI	***	***	***
Flo-Mac	Los Angeles, CA	***	***	***
Flowline	New Castle, PA Whiteville, NC	Support	***	***
Gerlin	Carol Stream, IL	Support	***	***
Jero	Florence, KY	***	***	***
Shaw APP <sup>2</sup>	Shreveport, LA	Support	***	***
Taylor Forge	North Branch, NJ	Support	***	***

<sup>1</sup> Alaskan Copper is owned by Alco Investment Co., Seattle, WA. \*\*\*.  
<sup>2</sup> Shaw APP is owned by The Shaw Group, Baton Rouge, LA.

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

None of the domestic producers reported being related to an exporter or an importer of the subject product. One firm, \*\*\*, reported imports from subject countries. No firms reported purchases from subject countries. None of the responding U.S. producers produced subject product in a foreign trade zone, nor did any report being involved in a toll agreement. Data on domestic producers' imports and purchases of the subject product are presented in Part III of this report.

Changes in U.S. producers' operations since February 23, 2001 (the date the antidumping duty orders were issued) are presented in table I-6. As previously mentioned, American Fittings' plant in Traveler's Rest, SC was reportedly closed in 2004. In addition to the four U.S. producers reporting changes, four firms reported no changes.

**Table I-6**

**SSBW pipe fittings: U.S. producers' changes in operations since February 23, 2001**

\* \* \* \* \*

**U.S. Importers**

For these reviews, the petitioners identified 29 importers believed to be importing SSBW pipe fittings from Italy, Malaysia, and the Philippines.<sup>49</sup> The Commission identified another 20 importers through proprietary Customs data, that may have imported SSBW pipe fittings from the subject countries during the period of review. The Commission sent importer questionnaires to all of these 49 importers, as

<sup>49</sup> Domestic interested parties' submission of February 22, 2006, exhibit 3.

well as to all U.S. producers. Thirty-eight firms responded to Commission questionnaires. Twenty-four firms reported that they had not imported SSBW pipe fittings during the period of review. The remaining 14 firms accounted for \*\*\* percent of 2005 U.S. imports from subject countries, as measured by official statistics of the Department of Commerce. These included one U.S. producer: \*\*\*. Two U.S. producers, \*\*\*, reported importing from other countries. None of the other U.S. importers reported being related to a U.S. producer or to another importer of the subject product. None of the responding U.S. importers entered subject product into or withdrew it from foreign trade zones or bonded warehouses. Table I-7 presents data on responding importers, their locations, and shares of 2005 imports from subject countries and all other sources.

**Table I-7**  
**SSBW pipe fittings: U.S. importers, their locations, and their shares of reported U.S. imports in 2005**

\* \* \* \* \*

**U.S. Purchasers**

The Commission staff sent questionnaires to 32 firms believed to be purchasers of the subject merchandise. In response, seven purchasers provided data, and several other firms reported that they did not purchase the subject merchandise.

**APPARENT U.S. CONSUMPTION AND MARKET SHARES**

Table I-8 presents apparent U.S. consumption for the review period, and table I-9 presents U.S. market shares for the same period.<sup>50</sup> The quantity of apparent U.S. consumption of SSBW pipe fittings declined by \*\*\* percent in 2001, then fluctuated in 2002 and 2003, before rising at the end of the period. The value of apparent U.S. consumption followed a similar pattern. Reasons cited by U.S. producers for the trends in consumption during the period of review include the fluctuating condition of the overall U.S. market, natural disasters, and increased demand, particularly at the end of the period from energy sectors such as petroleum, ethanol, and biofuel.

U.S. producers' share of the U.S. market, in terms of quantity and value, increased to 41.4 percent and 49.7 percent, respectively, in 2001, the year the antidumping duty orders took effect, then generally decreased over the remaining review period. Subject countries' market share decreased sharply in 2001, and continued to decline before rising in 2004 and 2005. The market share for all other sources also declined in 2001, but increased in the following two years before leveling off in 2004 above the 2000 level.

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<sup>50</sup> Apparent U.S. consumption may be understated because one \*\*\* U.S. producer, American Fittings, did not respond to the Commission staff's request for information in the current reviews. Evidence on the record indicates that American Fittings' plant closed in 2004 and that the company may have gone into bankruptcy. In the original investigations, American Fittings accounted for \*\*\* percent of the value of U.S. producers' U.S. shipments of SSBW pipe fittings in 1999. The absence of data from American Fittings also affects the data on U.S. market shares.

Table I-8

**SSBW pipe fittings: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2000-05**

Item	2000	2001	2002	2003	2004	2005
<b>Quantity (1,000 pounds)</b>						
U.S. producers' U.S. shipments	***	5,135	4,583	3,390	3,924	4,464
U.S. imports from--						
Italy	1,962	822	575	177	138	192
Malaysia	1,520	781	751	657	1,022	1,460
Philippines	1,083	197	187	59	25	357
Subtotal	4,564	1,800	1,513	893	1,185	2,009
Other sources	8,972	5,461	7,988	8,130	10,132	10,872
Total imports	13,536	7,261	9,502	9,024	11,318	12,881
Apparent consumption	***	12,396	14,085	12,414	15,242	17,345
<b>Value (\$1,000)</b>						
U.S. producers' U.S. shipments	***	39,569	36,194	26,763	36,174	43,273
U.S. imports from-- <sup>1</sup>						
Italy	5,938	2,538	1,768	1,155	1,156	1,847
Malaysia	4,408	1,938	1,878	1,628	3,113	4,984
Philippines	3,618	588	399	236	68	1,448
Subtotal	13,964	5,065	4,045	3,019	4,337	8,279
Other sources	56,123	35,043	40,473	38,914	48,348	56,722
Total imports	70,087	40,108	44,518	41,932	52,685	65,001
Apparent consumption	***	79,677	80,712	68,695	88,859	108,274
<sup>1</sup> Landed, duty-paid.						
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.						

**Table I-9**  
**SSBW pipe fittings: U.S. market shares, 2000-05**

Item	2000	2001	2002	2003	2004	2005
<b>Quantity (1,000 pounds)</b>						
Apparent consumption	***	12,396	14,085	12,414	15,242	17,345
<b>Value (1,000 dollars)</b>						
Apparent consumption	***	79,677	80,712	68,695	88,859	108,274
<b>Share of quantity (percent)</b>						
U.S. producers' U.S. shipments	***	41.4	32.5	27.3	25.7	25.7
U.S. imports from--						
Italy	***	6.6	4.1	1.4	0.9	1.1
Malaysia	***	6.3	5.3	5.3	6.7	8.4
Philippines	***	1.6	1.3	0.5	0.2	2.1
Subtotal, subject sources	***	14.5	10.7	7.2	7.8	11.6
All other sources	***	44.1	56.7	65.5	66.5	62.7
Total imports	***	58.6	67.5	72.7	74.3	74.3
<b>Share of value (percent)</b>						
U.S. producers' U.S. shipments	***	49.7	44.8	39.0	40.7	40.0
U.S. imports from--						
Italy	***	3.2	2.2	1.7	1.3	1.7
Malaysia	***	2.4	2.3	2.4	3.5	4.6
Philippines	***	0.7	0.5	0.3	0.1	1.3
Subtotal, subject sources	***	6.4	5.0	4.4	4.9	7.6
All other sources	***	44.0	50.1	56.6	54.4	52.4
Total imports	***	50.3	55.2	61.0	59.3	60.0
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.						

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

### **MARKET CHARACTERISTICS**

Important end-use markets for SSBW pipe fittings are the petrochemical, nuclear, food processing, textile, and semiconductor industries, and breweries and paper mills. In most cases, producers and importers sell to distributors that in turn sell to firms in these industries.

During January 2000 through March 2006, the majority of shipments of both U.S.-produced and imported SSBW pipe fittings went to distributors. For U.S. producers, the share of sales to distributors ranged from about \*\*\* percent in 2000 to a high of \*\*\* percent in 2003, with the remainder going directly to end users. For importers of product from the subject countries, shipments to distributors consistently accounted for \*\*\* percent or more of total shipments in each of the six years between 2000 and 2005. U.S. producers tend to market their SSBW pipe fittings over a broader geographical area than importers. Seven of the eight producers reported that they sell nationally, while one sells in the Northwest. In the case of imports from the subject countries, two responding importers reported that they sell nationally, one reported that it sells in the entire U.S. market, one reported that it sells in the Midwest and the West Coast, one sells on the West Coast, and one sells in the Northeast.

While four U.S. producers \*\*\* together accounted for about 70 percent of U.S. producers' shipments during 2005, a large share of the market is also supplied by a number of other suppliers. These other suppliers of SSBW pipe fittings include smaller producers, importers of product from the subject countries, and importers from nonsubject sources including China and others. Responses from purchaser questionnaires show that most buyers contact three or more potential suppliers before making a purchase. Purchaser responses also indicate that price is an important purchasing consideration, as discussed further in this section.

### **SUPPLY AND DEMAND CONSIDERATIONS**

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

##### **Domestic Industry**

Domestic supply responsiveness depends upon such factors as the level of industry capacity utilization, the level of inventories, the availability of export markets, and the flexibility of shifting production equipment to other products.

The available data in these reviews suggest that the SSBW pipe fitting industry is likely to have a high degree of flexibility in expanding output and U.S. shipments in response to an increase in price. The main factors contributing to this degree of supply responsiveness are low industry capacity utilization rates and high ratios of inventories to shipments. U.S. producers' capacity utilization rates ranged from a low of 43 percent in 2003 to a high of \*\*\* percent in 2000. The ratio of U.S. producers' end-of-period inventories to their total shipments ranged from a high of \*\*\* percent in 2000 to a low of 32 percent in 2005. U.S. producers' export shipments as a percentage of total shipments ranged from a low of \*\*\* percent in 2000 to highs of 5 percent in 2003 and 2005. When U.S. producers were asked about the ease of shifting sales from the U.S. market to foreign markets, none reported that such a shift would be feasible. Some firms cited such factors as low prices from foreign suppliers that would make it difficult to compete in other markets.

Five of eight producers reported that they have manufactured other products using the equipment used to manufacture SSBW pipe fittings. The products include butt-weld fittings made from aluminum, carbon, copper, nickel, and alloys. In addition to butt-weld fittings, other kinds of fittings, including long tangent/belled end fittings and brewery quality fittings, are also produced.

## Foreign Supply

The ability of SSBW pipe fitting producers from Italy, Malaysia, and the Philippines to increase or decrease shipments of SSBW pipe fittings to the U.S. market depends upon such factors as capacity utilization rates, planned expansions in capacity, current inventory levels, current levels of both home market sales and exports to markets other than the United States, and the potential for the diversion of shipments to the United States. While some complete foreign producer data for examining this issue are available for Malaysia and the Philippines, only one foreign producer from Italy provided sparse data.

During the 2000-05 period, Malaysian producers reported capacity utilization rates for SSBW pipe fittings ranging from a low of \*\*\* percent in \*\*\* to a high of \*\*\* percent in \*\*\*. This suggests that these producers have some capability to expand production for export. The firms' ratio of inventories to total shipments was \*\*\* percent in 2005. The majority of Malaysian shipments go to \*\*\*. Shipments to \*\*\* ranged from a high of \*\*\* percent of total shipments in \*\*\* to a low of \*\*\* percent in \*\*\*. \*\*\* shares of these shipments went to the Malaysian home market and the European Union ("EU") during these years. Exports to the United States ranged from a low of \*\*\* percent of total shipments in \*\*\* to a high of \*\*\* percent in \*\*\*. These data suggest that Malaysian suppliers may have the potential to shift sales from \*\*\* and other markets to the United States.

During the 2000-05 period, Philippine producers reported capacity utilization rates for SSBW pipe fittings ranging from a low of \*\*\* percent in \*\*\* to a high of \*\*\* percent in \*\*\*. This suggests that these producers have some capability to expand production for export. The firms' ratio of inventories to total shipments was \*\*\* percent in 2005. The majority of Philippine shipments go to \*\*\*. Shipments to \*\*\* ranged from a high of \*\*\* percent of total shipments in \*\*\* to a low of \*\*\* percent in \*\*\*. \*\*\* shares of these shipments went to the EU during these years. Exports to the United States of finished SSBW pipe fittings ranged from a low of \*\*\* percent of total shipments in \*\*\* to a high of \*\*\* percent in \*\*\*. These data suggest that Philippine suppliers may have the potential to shift sales from \*\*\* and other markets to the United States.

## U.S. Demand

The demand for SSBW pipe fittings is a derived demand that depends upon the level of activity in important end-use markets for the products. Overall U.S. demand for SSBW pipe fittings, as measured by apparent consumption, fluctuated during the 2000-05 period, ranging from a high of \*\*\* million pounds in 2000 a low of 12.4 million pounds in both 2001 and 2003.<sup>1</sup>

Producers and importers were asked how demand for SSBW pipe fittings in the United States had changed since 2000, and purchasers were asked how it had changed since 2001. Among responding producers, six reported that demand had increased and one reported that it is unchanged. For responding importers, five reported that demand had increased, three reported that it was unchanged, and one reported that it had decreased. Among responding purchasers, four reported that demand had increased and two reported that it is unchanged. Factors cited by questionnaire respondents in explaining increased demand included a strong economy, rising oil prices, and increases in refinery capacity and maintenance.

## Substitutes

When asked to list substitute products for SSBW pipe fittings, the majority of all questionnaire respondents either indicated that there are no substitutes or reported that they were not aware of any substitutes. Five of 7 purchasers, 10 of 12 importers from all sources, and 5 of 8 U.S. producers did not

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<sup>1</sup> In their posthearing brief, the domestic interested parties attributed the weak demand during part of the period to the economic downturn that occurred during the review period (see posthearing brief, p. 4).

list any substitutes. Substitutes mentioned included butt-weld fittings of carbon steel and other kinds of pipe fittings.

### Cost Share

When asked to estimate the cost of SSBW pipe fittings that they manufacture as a share of the total cost of products in which they are used, just one of eight U.S. producers was able to provide estimates. \*\*\* estimated that the cost of such fittings accounts for about 10 percent of the cost of the end uses in both the chemical and petrochemical industries, and 30 percent of end uses in the power industry.

When asked to estimate the cost of SSBW pipe fittings that they import from Italy, Malaysia, and the Philippines as a share of the total cost of products in which they are used, two of five importers were able to provide usable estimates. One firm stated that SSBW pipe fittings account for 20 percent of the cost of end uses in both the pharmacy and food industries, and 60 percent in the paper industry. Another reported that they account for 10 to 15 percent of the total cost of end uses in the chemical, petrochemical, and refinery industries.

### SUBSTITUTABILITY ISSUES

The degree of substitutability between domestic products and subject imports, between domestic products and nonsubject imports, between subject imports from different sources, and between subject and nonsubject imports is discussed in this section. The information is based mainly on questionnaire responses of producers, importers, and purchasers.<sup>2</sup>

Some of the information relating to substitutability was obtained from responses of seven purchasers, all distributors. Of these seven firms, two are located in the Midwest, one is located in the Gulf Region, one is in the Northeast, two are in the Mid-Atlantic area, and one is located in the Southeast. All seven purchasers bought U.S.-produced SSBW pipe fittings and imports from nonsubject countries during 2000-05, one has also purchased from Italy, and two have also purchased from Malaysia. None purchased imports from the Philippines. The combined purchase data for these firms are presented in table II-1.

**Table II-1**  
**SSBW pipe fittings: Value of purchases (in thousands of dollars) from various sources, as reported by U.S. purchasers, 2000-05**

\* \* \* \* \*

Purchasers were asked whether they had purchased SSBW pipe fittings from Italy, Malaysia, and/or the Philippines before 2001, and also whether their purchasing pattern had changed after 2001. Of the seven purchasers, four reported that they had not purchased from any of the subject countries prior to 2001. Of the three firms that reported purchases from these countries, two stated that they had discontinued purchases from these sources because of the antidumping duty orders and one reported that its purchasing pattern is unchanged.<sup>3</sup>

Purchasers were also asked whether they or their customers ever specifically order SSBW pipe fittings from one country over other possible sources of supply. Four of the seven purchasers answered “no” and three answered “yes.” One of the firms that answered “yes” stated that when it has a choice it

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<sup>2</sup> The Commission sent purchaser questionnaires to 32 firms: seven provided responses, with several other firms reporting that they do not purchase SSBW pipe fittings.

<sup>3</sup> This firm, \*\*\*, purchased product from \*\*\* throughout 2000-05.

chooses the European product over the Asian product because the European product is widely accepted by its customers.

In addition, purchasers were asked whether certain grades/types/sizes of SSBW pipe fittings are available from only a single source (domestic or foreign, including both subject and nonsubject countries). All seven purchasers answered “no.”

### **Factors Affecting Purchasing Decisions**

When asked to rank the three most important factors involved in purchasing decisions, purchasers listed quality and price most frequently. Of the seven purchasers that responded, a majority ranked quality and price among the top two factors (table II-2).

**Table II-2**  
**SSBW pipe fittings: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers**

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Availability	0	1	1
Price	2	4	1
Quality	4	2	0
Other <sup>1</sup>	1	0	5

<sup>1</sup> Other factors include customer acceptance, delivery, reliability and service.

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

In addition to these rankings, purchasers were also asked to report whether the factors shown in table II-3 are “very important,” “somewhat important,” or “not important” in their purchasing decisions. The factors firms cited most often as “very important” were overall quality meets industry standards (seven firms), product consistency (six firms), reliability of supply (five firms), price (five firms), and delivery terms (five firms).

Purchasers were asked whether buying a product that is produced in the United States is an important factor in their purchases of SSBW pipe fittings. In response, six purchasers stated “no” and one stated “yes.”<sup>4</sup>

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<sup>4</sup> Two of the seven purchasers reported that a small percentage of their purchases of SSBW pipe fittings is required either by law or by their customers to be domestically produced. One reported that 5 percent of its purchases are required by law to be domestically produced and five percent are required by its customers to be domestically produced. The other purchaser reported that 20 percent are required by law to be domestically produced and 10 percent are required by its customers to be domestically produced.

**Table II-3**  
**SSBW pipe fittings: Importance of purchasing factors, as reported by U.S. purchasers**

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Availability	4	3	-
Delivery terms	5	2	-
Delivery time	4	3	-
Discounts offered	3	4	-
Extension of credit	3	4	-
Price	5	2	-
Minimum quantity requirements	2	4	1
Packaging	3	3	1
Product consistency	6	1	-
Quality meets industry standards	7	-	-
Quality exceeds industry standards	3	3	1
Product range	3	3	1
Reliability of supply	5	2	-
Technical support/service	2	5	-
U.S. transportation costs	2	3	2

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

### Comparisons of Domestic Products and Subject Imports

In order to determine whether U.S.-produced SSBW pipe fittings can generally be used in the same applications as imports from the subject countries, producers, importers, and purchasers were asked whether the product can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. As shown in table II-4, a majority of questionnaire respondents reported that the products are always or frequently interchangeable. One purchaser reported that there is a perception in the United States that imports from Malaysia and the Philippines are only sometimes interchangeable with the U.S.-produced product.<sup>5</sup>

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<sup>5</sup> This company, \*\*\*, said that there is a perception in the United States that products imported from developing countries cannot possibly be of the same quality as U.S.-made goods.

**Table II-4**

**SSBW pipe fittings: Interchangeability of product from the United States and subject and nonsubject sources<sup>1</sup>**

Country comparison	U.S. producers					U.S. importers					Purchasers				
	A	F	S	N	0	A	F	S	N	0	A	F	S	N	0
U.S. vs. Italy	6	1	0	0	1	5	1	1	0	5	2	1	0	0	4
U.S. vs. Malaysia	6	1	0	0	1	4	1	1	0	6	1	1	1	0	4
U.S. vs. Philippines	6	1	0	0	1	4	1	1	0	6	1	1	1	0	4
U.S. vs. nonsubject	6	1	0	0	1	5	1	1	0	5	4	2	1	0	0

<sup>1</sup> Producers, importers, and purchasers were asked if SSBW pipe fittings produced in the United States and in other countries are used interchangeably.

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

In addition to questions concerning interchangeability, producers and importers were also asked to compare U.S.-produced products with imports from each of the subject countries in terms of product differences other than price such as quality, availability, product range, and other characteristics, as a factor in their sales of SSBW pipe fittings. Seven of eight producers reported that the differences are sometimes or never significant (table II-5). Among the few importers that responded to this question, the responses were varied between always, sometimes, and never.

**Table II-5**

**SSBW pipe fittings: U.S. producers' and importers' perceived importance of factors other than price in sales of products produced in the United States and in other countries<sup>1</sup>**

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. Italy	0	0	3	4	1	2	0	0	1	9
U.S. vs. Malaysia	0	0	3	4	1	2	0	1	1	8
U.S. vs. Philippines	0	0	3	4	1	2	0	1	1	8
U.S. vs. nonsubject	0	0	3	4	1	3	0	1	1	7

<sup>1</sup> Producers and importers were asked if differences other than price between SSBW pipe fittings produced in the United States and in other countries are a significant factor in their firms' sales of SSBW pipe fittings.

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

Purchasers also were asked to compare U.S.-produced SSBW pipe fittings with imported SSBW pipe fittings from Italy, Malaysia, and the Philippines in 15 specified characteristics, noting whether the domestic product was superior, comparable, or inferior to the imported product. The results for two responding purchasers are shown in table II-6. One purchaser indicated that the U.S. product is inferior with regard to price and discounts offered; superior in availability, delivery terms, delivery time, technical support/service, and U.S. transportation costs; and comparable in all other characteristics to the Malaysian product. In the case of the United States and Italy, one purchaser indicated that the products are comparable in all respects.

## Comparisons of Domestic Products and Nonsubject Imports

In addition to comparing U.S.-produced SSBW pipe fittings with imports from the subject countries, producers and importers were asked to compare the U.S. product with imports from nonsubject countries in terms of interchangeability and product differences, and purchasers were asked to compare them in terms of interchangeability. A majority of questionnaire respondents regard the products to be always or frequently interchangeable. In terms of product differences other than price, responses generally indicated that the differences are sometimes or never significant. A few purchasers provided comparisons of the U.S.-produced products with imports from various nonsubject countries including Austria, Canada, China, Germany, Korea, and Taiwan in the 15 characteristics shown in table II-6. While responses were varied, the U.S. product was often ranked superior in availability and delivery time, but was usually ranked inferior with regard to price (the U.S. product is priced higher).

## Comparisons of Subject Imports and Nonsubject Imports

Producers and importers were also asked to compare the imported product from the subject countries with imports from nonsubject countries in terms of interchangeability and product differences other than price, and purchasers were asked to compare them in terms of interchangeability. A majority of questionnaire respondents reported that the products to be always or frequently interchangeable. In terms of product differences, responses generally indicated that such differences are sometimes or never significant. One purchaser compared imports from Malaysia with imports from China and Korea in the 15 characteristics shown in table II-6. It ranked Malaysia inferior to China in price, but comparable in all other characteristics. It ranked Malaysia comparable to Korea in all 15 characteristics. Another purchaser ranked the imported product from Italy comparable to imports from both Canada and Germany.

**Table II-6**  
**SSBW pipe fittings: Comparisons between U.S.-produced and subject products from Italy and Malaysia, as reported by two U.S. purchasers**

Factor	U.S. vs Italy			U.S. vs Malaysia		
	S	C	I	S	C	I
	<i>Number of firms responding</i>					
Product availability	-	1	-	1	-	-
Delivery terms	-	1	-	1	-	-
Delivery time	-	1	-	1	-	-
Discounts offered	-	1	-	-	-	1
Extension of credit	-	1	-	-	1	-
Lower price	-	1	-	-	-	1
Minimum quantity requirements	-	1	-	-	1	-
Packaging	-	1	-	-	1	-
Product consistency	-	1	-	-	1	-
Quality meets industry standards	-	1	-	-	1	-
Quality exceeds industry standards	-	1	-	-	1	-
Product range	-	1	-	-	1	-
Reliability of supply	-	1	-	-	1	-
Technical support/service	-	1	-	1	-	-
U.S. transportation costs	-	1	-	1	-	-
Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.						
Source: Compiled from data submitted in response to Commission questionnaires.						

## **Comparisons of Subject Products from the Subject Countries**

U.S. producers and importers of SSBW pipe fittings from all sources were further asked to compare imports from the three subject countries both in terms of interchangeability and product differences other than price. A majority of questionnaire respondents reported that the products are always or frequently interchangeable. In terms of product differences, responses generally indicated that such differences are sometimes or never significant.

### **ELASTICITY ESTIMATES**

This section discusses the elasticity estimates. Parties were encouraged to comment on these estimates as an attachment to their prehearing brief, but no comments were provided.

#### **U.S. Supply Elasticity<sup>6</sup>**

The domestic supply elasticity for SSBW pipe fittings measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price for these products. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the existence of inventories, and the availability of alternative markets for SSBW pipe fittings. Because of the low rate of industry capacity utilization and the availability of substantial inventories, it is likely that this elasticity is high; an estimate in the range of 5 to 10 is suggested.

#### **U.S. Demand Elasticity**

The U.S. demand elasticity for SSBW pipe fittings measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of this product. 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 the SSBW pipe fittings in the production of downstream products. Because of a lack of close substitute products, the aggregate demand for SSBW pipe fittings is likely to be inelastic; a range of -0.01 to -0.5 is suggested.

#### **Substitution Elasticity**

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on the information available, the elasticity of substitution between U.S.-produced SSBW pipe fittings imported from Italy, Malaysia, and the Philippines is estimated to be in the range of 3 to 5. The elasticity for imports from Italy may be somewhat higher than for the other two countries.

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<sup>6</sup> A supply function is not defined in the case of a non-competitive market.

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

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

Table III-1 presents the responding U.S. producers' production capacity, production, and capacity utilization from 2000 to 2005.<sup>1</sup> U.S. producers' production capacity was well below apparent U.S. consumption of SSBW pipe fittings in each year during the review period. Over the review period, the U.S. SSBW pipe fitting producers reported steady production capacity, except for a 15-percent drop in 2005. This drop in 2005 was mainly due to \*\*\*. Industry production declined between 2000 and 2003, with the largest drop (of 25 percent) between 2002 and 2003,<sup>2</sup> and rose 12.1 percent in 2004 and 18.6 percent in 2005.

Five U.S. producers reported that during the period of review they produced other products on the same equipment and machinery used in the production of SSBW pipe fittings. These other products included aluminum, copper, nickel, and other alloy butt-weld fittings; carbon steel fittings; stainless forgings; and customer material conversion. Two firms reported that they are able to switch production between SSBW pipe fittings and other products in response to a relative change in the price of SSBW pipe fittings vis-a-vis the price of the other product. One firm, \*\*\*, reported that there is a "very small cost to switch."

**Table III-1**

**SSBW pipe fittings: U.S. producers' production capacity, production, and capacity utilization of finished product, by firm, 2000-05**

\* \* \* \* \*

Concerning constraints on capacity, all but one of the eight producers, \*\*\*, reported being constrained by available personnel. The following capacity constraints were also reported: \*\*\* reported excess overtime, \*\*\* demand, \*\*\* sales order levels, \*\*\* machine operation speed, \*\*\* lack of funds for capital expenditures, \*\*\* market pricing, and \*\*\* high levels of imported foreign fittings.

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

U.S. producers' shipments are shown in table III-2. The quantity and value of U.S. commercial shipments declined between 2000 and 2003. Both the quantity and value of U.S. commercial shipments increased in 2004 and 2005, with quantity below and value above 2000 levels. \*\*\* of the U.S. producers reported internal transfers. \*\*\* indicated transfers to related firms, which accounted for an average of \*\*\* percent and \*\*\* percent of the quantity and value, respectively, of its U.S. shipments in all reporting periods. Five firms reported exports of SSBW pipe fittings. The quantity of U.S. producers' exports of SSBW pipe fittings was less than 5 percent of their total shipments during the period. Export markets included Canada, Chile, and Mexico. The unit value per pound of all shipments decreased in 2001 before rising again in 2002, and surpassed 2000 levels in 2004 and 2005.

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<sup>1</sup> Those companies that were sent a producers' questionnaire and stated that they did not produce the subject product were \*\*\*. Those companies that were sent a producers' questionnaire and did not respond were: \*\*\*.

<sup>2</sup> \*\*\*, who reported the largest declines, noted that these were due to reductions in the number of orders. \*\*\* indicated that this was as a result of a downturn in the domestic U.S. economy and increased imports from China and Malaysia.

**Table III-2**  
**SSBW pipe fittings: U.S. producers' shipments, by source, 2000-05**

Item	Calendar year					
	2000	2001	2002	2003	2004	2005
<b>Quantity (1,000 pounds)</b>						
U.S. commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	***	5,135	4,583	3,390	3,924	4,464
Export shipments	***	232	173	176	168	231
Total shipments	***	5,367	4,756	3,566	4,092	4,695
<b>Value (1,000 dollars)</b>						
U.S. commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	***	39,569	36,194	26,763	36,174	43,273
Export shipments	***	1,569	1,299	1,358	1,428	2,070
Total shipments	***	41,138	37,493	28,121	37,602	45,343
<b>Unit value (per pound)</b>						
U.S. commercial shipments	\$***	\$***	\$***	\$***	\$***	\$***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	***	7.71	7.90	7.89	9.22	9.69
Export shipments	***	6.76	7.51	7.72	8.50	8.96
Average, all shipments	***	7.66	7.88	7.89	9.19	9.66
<sup>1</sup> Not applicable. Source: Compiled from data submitted in response to Commission questionnaires.						

In the original investigations, the Commission explored fungibility issues raised by the respondents, and the extent to which the product mix from the subject countries overlapped with one another and with the domestic like product in terms of size, degree of processing (finished or unfinished), and raw materials (welded or seamless pipe).<sup>3 4</sup> The issues of raw materials and size for U.S. producers

<sup>3</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines*, Investigations Nos. 731-TA-865-867 (Final), USITC Publication 3387, January 2001, p. IV-5.

<sup>4</sup> In its determinations, the Commission found that while “there were some differences in product mix . . . the available data suggest that subject imports from Italy, Malaysia, and the Philippines are at least moderately fungible with one another and with the domestic like product.” *Ibid.*, p. 13.

are discussed below. The degree of processing is discussed in Part I of this report. These issues as they pertain to subject imports are discussed in Part IV of this report.

### Welded Pipe vs. Seamless Pipe

U.S. producers were asked to provide the quantities and values of their U.S. shipments of SSBW pipe fittings, differentiating between products produced with welded pipe and products produced with seamless pipe. U.S. shipments of both welded and seamless SSBW pipe fittings fluctuated over the period, increasing in quantity in 2001, declining in 2002 and 2003, then increasing in 2004 and, for welded product, in 2005. While U.S. shipments of welded product, both in terms of quantity and value, reached their highest levels during the period of review in 2005, the value of U.S. shipments of seamless product fell to a lesser extent than its quantity during the 2000-05 period. Table III-3 presents U.S. producers' shipments of welded and seamless product.

### Size

U.S. producers were also asked to provide quantity and value data for SSBW pipe fittings that were under 6 inches in outside diameter and products that were between 6 inches and under 14 inches in outside diameter. U.S. shipments of both categories declined between 2000 and 2003, before increasing in 2004 and 2005. Table III-3 presents U.S. producers' shipments by size.

**Table III-3**  
**SSBW pipe fittings: U.S. producers' shipments, by types, 2000-05**

Item	2000	2001	2002	2003	2004	2005
<b>Quantity (1,000 pounds), Value (\$1,000)</b>						
<b>Welded:</b>						
U.S. shipments:						
<i>Quantity</i> of commercial shipments	1,595	2,179	1,943	1,657	1,833	2,258
<i>Value</i> of commercial shipments	12,216	13,410	12,651	10,446	14,212	17,268
<b>Seamless:</b>						
U.S. shipments:						
<i>Quantity</i> of commercial shipments	1,055	1,119	1,044	747	843	756
<i>Value</i> of commercial shipments	11,726	11,547	10,635	8,430	10,985	11,487
<b>Under 6 inches in outside diameter:</b>						
U.S. shipments:						
<i>Quantity</i> of commercial shipments	1,024	1,020	866	619	742	1,205
<i>Value</i> of commercial shipments	11,067	10,283	8,745	7,040	9,207	14,408
<b>Between 6 inches and under 14 inches in outside diameter:</b>						
U.S. shipments:						
<i>Quantity</i> of commercial shipments	1,720	1,595	1,470	1,088	1,159	1,225
<i>Value</i> of commercial shipments	12,875	11,378	11,415	8,766	11,398	13,100
Note: Data do not reconcile to other U.S. producers' shipment tables due to reporting differences.						
Source: Compiled from data submitted in response to Commission questionnaires.						

## Grade of Stainless Steel

U.S. producers were asked to provide the approximate shares of their U.S. production of SSBW pipe fittings in 2005 of different grades of steel. U.S. producers reported average production shares of stainless steel grades 304/304L and 316/316L of 50 percent and 38 percent, respectively. All other grades of stainless steel represented an average of 12 percent of U.S. production. Three producers reported producing over 60 percent of 304/304L, three producers between 40 and 50 percent, and the remaining firms between 30 to 40 percent. With regard to 316/316L grade steel, two producers reported that it represented 50 percent of production, two others reported 40 percent, and the remaining firm reported between 20 and 40 percent.

## U.S. Shipments by Market Segment

Table III-4 presents U.S. producers' shipments by market segment. Five producers were unable to report such data, four of them reportedly because their SSBW pipe fittings were sold through distributors. The remaining three producers,<sup>5</sup> representing \*\*\* percent of 2005 total U.S. production and \*\*\* percent of total U.S. producers' U.S. shipments, reported that the majority of their U.S. shipments was to the petrochemical market, followed by the food processing and the paper mill industries.

**Table III-4**  
**SSBW pipe fittings: Reported U.S. producers' shipments, by types, 2005**

\* \* \* \* \*

## U.S. PRODUCERS' INVENTORIES

Table III-5 presents data on U.S. producers' end-of-period inventories of SSBW pipe fittings during the review period. U.S. producers' end-of-period inventories declined overall during the period of review. The ratio of inventories to production declined from its peak in 2000 through 2002, increased in 2003, then declined through the end of the period, to a period low in 2005. The ratios of inventories to U.S. shipments and inventories to total shipments also peaked in 2000, before declining in 2001, increasing through 2003, and then declining through the end of the period, to a period low in 2005.

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<sup>5</sup> The following companies responded: \*\*\*.

**Table III-5  
SSBW pipe fittings: U.S. producers' end-of-period inventories, 2000-05**

Item	Calendar year					
	2000	2001	2002	2003	2004	2005
Inventories (1,000 pounds) <sup>1</sup>	***	2,085	1,928	1,812	1,585	1,479
Ratio of inventories to production (percent)	***	44.4	41.9	52.5	41.0	32.2
Ratio of inventories to U.S. shipments (percent)	***	40.6	42.1	53.5	40.4	33.1
Ratio of inventories to total shipments (percent)	***	38.8	40.5	50.8	38.7	31.5

<sup>1</sup> End-of-period inventories do not reconcile exactly to beginning inventories plus production less shipments due to minor reporting anomalies. \*\*\*. Ratios were calculated based on data from firms that were able to provide both inventory and production or shipment information.

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

### U.S. PRODUCERS' IMPORTS AND PURCHASES<sup>6</sup>

U.S. producers reported no purchases of subject merchandise from subject countries, and only two producers, \*\*\*, reported purchases of SSBW pipe fittings from all other countries. U.S. producers did report purchases from other domestic producers. Only one producer, \*\*\*, reported imports from a subject country, \*\*\*. \*\*\*, along with \*\*\*, reported importing from nonsubject countries.<sup>7</sup>

Four companies (\*\*\*) reported purchasing or importing SSBW pipe fittings because they did not manufacture the required type or size. Three producers (\*\*\*) noted the requirement of a quick delivery as a reason, two (\*\*\*) reported needing to do so to complete an order due to an out-of-stock product, and one producer (\*\*\*) stated that it was able to purchase certain items cheaper (from other domestic producers) than it is able to manufacture them. Producers' import and purchase data are reported in table III-6 and table III-7.

Table III-8 presents U.S. producers' imports and purchases by degree of processing (finished or unfinished) and by source. In 2000, producers reported that, in terms of quantity, their total finished purchases were approximately the same as total unfinished purchases. This changed in 2001 through 2003, when producers reported that their total finished purchases exceeded their unfinished purchases. This difference diminished in 2004 and 2005, though total finished purchases were still greater than unfinished purchases. The majority of producers' reported purchases, for both finished and unfinished product, was made from nonsubject countries.

**Table III-6  
SSBW pipe fittings: U.S. producers' production, imports, purchases of imports, and ratios of imports and purchases of imports to U.S. production, by firm, 2000-05**

\* \* \* \* \*

<sup>6</sup> In the original investigations, the Commission found that appropriate circumstances existed to exclude \*\*\* from the domestic industry. \*\*\* imported SSBW pipe fittings from \*\*\*. Its subject imports were much higher than its domestic production, and the ratio of its subject imports to domestic production increased over most of the period of investigation, suggesting that \*\*\*'s primary interest was in importation rather than in domestic production.

<sup>7</sup> \*\*\* stated that the reason for importing was that "unfinished fittings are imported to reduce manufacturing costs and improve profitability. Fittings are imported to remain competitive with the other U.S. domestic producers." \*\*\* noted that it did so as "cost is significantly lower."

**Table III-7**  
**SSBW pipe fittings: U.S. producers' imports and purchases, by source, 2000-05**

\* \* \* \* \*

**Table III-8**  
**SSBW pipe fittings: U.S. producers' imports and purchases of finished and unfinished product, by source, 2000-05**

\* \* \* \* \*

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

U.S. producers' employment data are presented in table III-9. The number of production and related workers declined between 2000 and 2003 by \*\*\*, before rising almost 14 percent through 2005. Reflecting this trend in employment, hours worked and wages paid followed a similar trend. Hourly wages generally increased over the period of review, only declining (slightly) between 2004 and 2005. Productivity increased irregularly over the period of review, while unit labor costs also fluctuated, rising in 2003 and 2004 and ending the period above the 2000 level. The exceptions to this general trend were \*\*\*, which reported a steady decline in productivity over the period of review. The average productivity over the period of review varied among firms, from a low of \*\*\* pounds per hour for \*\*\*, \*\*\* pounds per hour for \*\*\*; and \*\*\* pounds per hour for \*\*\*.

Part of the decline in employment in 2001 can be attributed to layoffs at \*\*\* plant. In addition, \*\*\* also reported a decline in its average number of workers from \*\*\* in 2000 to \*\*\* in 2001, which it attributed to low market demand for subject merchandise. In 2004, \*\*\* increased its average number of workers from \*\*\* to \*\*\* and incurred an increase in unit labor costs as a result of \*\*\*.

**Table III-9**  
**SSBW pipe fittings: U.S. producers' average number of production and related workers, hours worked, wages paid to such workers, hourly wages, productivity, and unit labor costs, 2000-05**

Item	Calendar year					
	2000	2001	2002	2003	2004	2005
Workers ( <i>number</i> )	***	364	356	289	322	329
Hours worked ( <i>1,000</i> )	***	685	648	519	555	584
Hours worked per worker	***	1,883	1,819	1,796	1,725	1,776
Wages paid ( <i>\$1,000</i> )	***	8,530	8,105	6,782	7,707	7,981
Hourly wages	\$***	\$12.45	\$12.52	\$13.06	\$13.88	\$13.66
Productivity ( <i>pounds per hour</i> )	***	6.9	7.1	6.6	7.0	7.9
Unit labor costs ( <i>per pound</i> )	\$***	\$1.82	\$1.76	\$1.97	\$1.99	\$1.74

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

## FINANCIAL EXPERIENCE OF U.S. PRODUCERS

### Background

\*\*\* producers of SSBW pipe fittings provided financial data.<sup>8</sup> The responding producers are believed to represent the substantial majority of U.S. production. A small share of SSBW pipe fittings was transferred to related companies (\*\*\* percent in terms of sales value in 2005); \*\*\* that reported transfers.<sup>9</sup>

The company records underlying the financial data of Flowline were reviewed at Commission offices. The office review adjustments have been incorporated in this final report. The financial data of Flowline were changed to \*\*\*. The adjustments for Flowline after the office review resulted in \*\*\*.

### Operations on SSBW Pipe Fittings

The results of the responding U.S. producers' SSBW pipe fittings operations are presented in table III-10. Net sales quantity, value, and operating income decreased continuously from 2000 to 2003. However, all three indicia increased between 2003 and 2005: sales values were up markedly (62 percent), driven by increases in both sales quantities (32 percent) and per-unit sales values (23 percent). The operating loss reported by the industry in 2003 changed to operating income in 2004, and then increased again in 2005 (although it was still below the 2000 level). The ratio of the domestic industry's operating loss to net sales in 2003 was negative 2.6 percent, while its operating income ratio in 2005 was 6.1 percent. Per-unit net sales values increased by \$1,355 per 1,000 pounds in 2004 and then by another \$456 in 2005, outpacing increases in per-unit total costs of \$951 and \$66, respectively, resulting in an operating income of \$591 per 1,000 pounds in 2005 compared to an operating loss of \$203 per 1,000 pounds in 2003, a net increase of \$794 per 1,000 pounds. Overall, responding U.S. producers reported operating losses in one of six fiscal years between 2000 and 2005, specifically in 2003.

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<sup>8</sup> The producers with a fiscal year end other than December 31 are \*\*\*. \*\*\* trade and shipment data were also based on its fiscal years. Financial data of \*\*\* contain many inconsistencies. Despite several requests by the Commission staff, \*\*\* did not respond to the inquiries. Gerlin formed a subsidiary, Core Pipe Products, Inc., in September 2005 to acquire the assets of Tubetec, Inc. \*\*\*.

<sup>9</sup> \*\*\* reported transfers to related companies. It explained that transfer sales reflected fair market value because \*\*\*.

**Table III-10**  
**SSBW pipe fittings: Results of operations of U.S. producers, fiscal years 2000-05**

Item	Fiscal year					
	2000	2001	2002	2003	2004	2005
	<b>Quantity (1,000 pounds)</b>					
Commercial sales	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Related company	***	***	***	***	***	***
Total net sales	5,379	5,358	4,752	3,565	4,070	4,689
	<b>Value (\$1,000)</b>					
Commercial sales	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Related company	***	***	***	***	***	***
Total net sales	43,698	40,914	37,362	27,858	37,316	45,130
COGS	30,380	30,622	28,820	21,108	27,548	31,781
Gross profit	13,318	10,292	8,542	6,750	9,768	13,349
SG&A expenses	9,763	9,179	8,457	7,473	8,953	10,580
Operating income (loss)	3,555	1,113	85	(723)	815	2,769
Interest expense	543	600	537	500	568	597
Other expense	1,129	1,104	897	917	579	2,871
CDSOA funds	0	63	384	855	1,468	2,689
Other income	34	14	72	860	515	30
Net income (loss)	1,917	(514)	(893)	(425)	1,651	2,020
Depreciation/amortization	1,271	1,217	1,158	847	694	617
Cash flow	3,188	703	265	422	2,345	2,637
	<b>Unit value (per 1,000 pounds)</b>					
Net sales	\$8,124	\$7,636	\$7,862	\$7,814	\$9,169	\$9,625
COGS	5,648	5,715	6,065	5,921	6,769	6,778
Gross profit	2,476	1,921	1,798	1,893	2,400	2,847
SG&A expenses	1,815	1,713	1,780	2,096	2,200	2,256
Operating income (loss)	661	208	18	(203)	200	591
Table continued on next page.						

**Table III-10--Continued**

**SSBW pipe fittings: Results of operations of U.S. producers, fiscal years 2000-05**

Item	Fiscal year					
	2000	2001	2002	2003	2004	2005
	<b>Ratio to net sales (percent)</b>					
COGS	69.5	74.8	77.1	75.8	73.8	70.4
Gross profit	30.5	25.2	22.9	24.2	26.2	29.6
SG&A expenses	22.3	22.4	22.6	26.8	24.0	23.4
Operating income (loss)	8.1	2.7	0.2	(2.6)	2.2	6.1
	<b>Number of firms reporting</b>					
Operating losses	***	3	4	2	3	***
Data	***	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.						

The results of operations by firm are presented in table III-11. While \*\*\* incurred operating losses in five of six years,<sup>10</sup> \*\*\* generated operating income in all periods, even though \*\*\* operating income margins decreased from 2004 to 2005. While \*\*\* sales quantities and values increased from 2004 to 2005, its operating income decreased somewhat from 2004 to 2005 due to \*\*\*. \*\*\* experienced lower profitability, i.e., lower operating income and margins, between 2004 and 2005. \*\*\*. \*\*\* explained in its supplemental questionnaire response that the reported values of transfer sales to related firms reflected fair market value because \*\*\*.

**Table III-11**

**SSBW pipe fittings: Results of operations of U.S. producers (by firm), fiscal years 2000-05**

\* \* \* \* \*

Selected cost data of the producers on their operations for the subject products are presented in table III-12. Total unit COGS increased continuously between 2000 and 2005, except for a minor decrease in 2003, with substantial increases between 2003 and 2005, due primarily to a substantial increase in raw material costs.<sup>11</sup> Unit SG&A expenses increased substantially between 2002 and 2005, particularly for \*\*\*.<sup>12</sup>

<sup>10</sup> \*\*\*.

<sup>11</sup> \*\*\*.

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

**Table III-12****SSBW pipe fittings: Operating costs of U.S. producers, fiscal years 2000-05**

Item	Fiscal year					
	2000	2001	2002	2003	2004	2005
COGS:	<b>Unit value (per 1,000 pounds)</b>					
Raw materials	\$3,027	\$3,082	\$3,198	\$3,224	\$3,677	\$3,938
Direct labor	654	636	742	647	764	783
Factory overhead	1,967	1,997	2,125	2,049	2,328	2,056
Total COGS	5,648	5,715	6,065	5,921	6,769	6,778
SG&A expenses:						
Selling expenses	719	789	832	1,020	1,085	1,059
G&A expenses	1,096	924	947	1,077	1,115	1,197
Total SG&A expenses	1,815	1,713	1,780	2,096	2,200	2,256
Total costs	7,463	7,428	7,844	8,017	8,968	9,034
Source: Compiled from data submitted in response to Commission questionnaires.						

Three producers, \*\*\*, reported some purchased unfinished fittings in their overall sales and related costs. The results of the conversion operations are summarized and presented in table III-13. While \*\*\*,<sup>13</sup> \*\*\*. The average conversion cost of unfinished fittings into finished fittings as a share of the average cost of finished fittings for all reporting firms ranged from \*\*\* percent in 2000 to \*\*\* percent in 2004, and was \*\*\* percent in 2005.

**Table III-13****SSBW pipe fittings: Conversion cost to transform unfinished fittings into finished fittings, as reported by three U.S. producers, fiscal years 2000-05**

\*       \*       \*       \*       \*       \*       \*

A variance analysis showing the effects of prices and volume on the producers' net trade sales of SSBW pipe fittings, and of costs and volume on their total cost, is shown in table III-14. The analysis is summarized at the bottom of the table. Operating income decreased by \$0.8 million between 2000 and 2005. The decrease in operating income between 2000 and 2005 resulted mainly from increased costs/expenses (\$7.4 million) and a decreased sales quantity (\$0.4 million), which was partially offset by the positive effect of higher selling prices (\$7.0 million).

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<sup>13</sup> \*\*\*.

**Table III-14**

**SSBW pipe fittings: Variance analysis of operations of U.S. producers between fiscal years 2000 and 2005**

Item	Between fiscal years					
	2000-05	2000-01	2001-02	2002-03	2003-04	2004-05
	<b>Value (\$1,000)</b>					
Net sales:						
Price variance	7,037	(2,613)	1,075	(171)	5,512	2,139
Volume variance	(5,605)	(171)	(4,627)	(9,333)	3,946	5,675
Total net sales variance	1,432	(2,784)	(3,552)	(9,504)	9,458	7,814
Cost of sales:						
Cost variance	(5,298)	(361)	(1,661)	513	(3,450)	(43)
Volume variance	3,897	119	3,463	7,199	(2,990)	(4,190)
Total cost variance	(1,401)	(242)	1,802	7,712	(6,440)	(4,233)
Gross profit variance	31	(3,026)	(1,750)	(1,792)	3,018	3,581
SG&A expenses:						
Expense variance	(2,069)	546	(316)	(1,128)	(421)	(265)
Volume variance	1,252	38	1,038	2,112	(1,059)	(1,362)
Total SG&A variance	(817)	584	722	984	(1,480)	(1,627)
Operating income variance	(786)	(2,442)	(1,028)	(808)	1,538	1,954
Summarized as:						
Price variance	7,037	(2,613)	1,075	(171)	5,512	2,139
Net cost/expense variance	(7,367)	185	(1,978)	(615)	(3,871)	(309)
Net volume variance	(456)	(14)	(126)	(21)	(102)	124
Note.--Unfavorable variances are shown in parentheses; all others are favorable.						
Source: Compiled from data submitted in response to Commission questionnaires.						

## Capital Expenditures and Research and Development Expenses

The U.S. producers' capital expenditures and research and development (R&D) expenses are presented in table III-15. Capital expenditures fluctuated over the period: they decreased from 2000 to 2001, increased substantially in 2002, due to \*\*\*,<sup>14</sup> decreased in 2003, increased in 2004 because of \*\*\* capital spending in that year,<sup>15</sup> and decreased somewhat in 2005 from 2004. R&D expenses fluctuated over the period. \*\*\* reported R&D expenses. Capital expenditures by individual firms are presented in table III-16.

**Table III-15**

**SSBW pipe fittings: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2000-05**

Item	Fiscal year					
	2000	2001	2002	2003	2004	2005
	Value (\$1,000)					
Capital expenditures	1,015	765	1,690	505	888	510
R&D expenses	***	***	***	***	***	***

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

**Table III-16**

**SSBW pipe fittings: Capital expenditures by U.S. producers, by firm, fiscal years 2000-05**

\*   \*   \*   \*   \*   \*   \*

## Assets and Return on Investment

U.S. producers were requested to provide data on their assets used in the production and sales of SSBW pipe fittings during the period for which data were collected in order to assess their return on investments ("ROI"). Although ROI can be computed in different ways, a commonly used method is income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROI as operating income divided by total assets used in the production and sale of SSBW pipe fittings. Data on the U.S. producers' total assets and their ROI are presented in table III-17.

Total assets, especially net book value of property, plant, and equipment ("PPE"), utilized by the U.S. producers in their operations generally decreased between 2000 and 2005, due mainly to the allocation of assets used to manufacture SSBW pipe fittings and limited new capital expenditures.<sup>16</sup> Since the U.S. producers' operating income increased substantially from 2004 to 2005, their ROI improved from an income ratio of 2.6 percent in 2004 to a ratio of 7.1 percent in 2005. The trend of ROI over the period was very similar to the trend of the operating income margin shown in table III-10.

<sup>14</sup> \*\*\*.

<sup>15</sup> \*\*\*, July 26, 2006.

<sup>16</sup> Both Flowline's and Gerlin's PPE acquisition cost and their net book value decreased in 2003 and 2005 compared to the previous years. Flowline and Gerlin explained in their supplemental questionnaire responses that the decreases in these periods \*\*\*. Shaw APP's PPE \*\*\*. Shaw APP explained in its supplemental questionnaire response that the decrease was mainly due to \*\*\*. Alaskan Copper also explained in its supplemental questionnaire responses that \*\*\*.

**Table III-17**

**SSBW pipe fittings: Value of assets and return on investment of U.S. producers, fiscal years 2000-05**

Item	Fiscal year					
	2000	2001	2002	2003	2004	2005
	<b>Value (\$1,000)</b>					
Current assets:						
A. Cash and equivalents	279	1,223	1,323	1,019	1,262	2,555
B. Trade receivables (net)	6,811	6,071	4,942	4,319	6,114	6,797
C. Inventory	26,649	21,729	20,543	18,225	17,072	21,371
D. All other current	635	532	579	493	255	2,980
Total current	34,374	29,555	27,387	24,056	24,703	33,703
Non-current assets:						
A. Productive facilities <sup>1</sup>	25,820	25,450	25,453	24,585	26,354	24,696
B. Productive facilities (net) <sup>2</sup>	9,619	8,573	7,855	6,502	6,202	5,186
C. Other non-current	145	81	46	(60)	(54)	(40)
Total non-current	9,764	8,654	7,901	6,442	6,148	5,146
Total assets	44,138	38,209	35,288	30,498	30,851	38,849
	<b>Value (\$1,000)</b>					
Operating income (loss)	3,555	1,113	85	(723)	815	2,769
	<b>Ratio of operating income to total assets (percent)</b>					
Return on investment	8.1	2.9	0.2	(2.4)	2.6	7.1
<sup>1</sup> Original cost of property, plant, and equipment (PPE). <sup>2</sup> Net book value of PPE (original cost less accumulated depreciation).						
Source: Compiled from data submitted in response to Commission questionnaires.						



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

### U.S. IMPORTS

Imports of SSBW pipe fittings into the United States from all sources based on official import statistics of the Department of Commerce are presented in table IV-1. Official statistics are presented in this report because they are believed to be the most accurate measure of imports of SSBW pipe fittings, as the level of importer coverage from Commission questionnaires was low.<sup>1 2</sup> Although the HTS subheading includes some products outside of the scope of the antidumping duty orders (i.e., including nonsubject fittings 14 inches and over in outside diameter), it is believed that the vast majority of imports under the HTS subheading consists of merchandise under 14 inches in outside diameter (subject product).<sup>3</sup>

The quantity of imports of SSBW pipe fittings from subject countries fluctuated, declining between 2000 and 2003, dropping by 60.6 percent from 2000 to 2001 before increasing in 2004 and 2005 to a level still less than half of the 2000 level. Imports of subject merchandise from Italy and the Philippines declined from 2000 to 2004, and rose in 2005 to still well below the 2000 level. Imports from Malaysia also decreased from 2000 to 2003, although not as dramatically, and rose in 2004 and again in 2005. In contrast, imports of SSBW pipe fittings from nonsubject countries, while falling 39.1 percent from 2000 to 2001, rose over the remaining period of review, ending the period 21.2 percent above the 2000 level. Moreover, the share of the quantity of imports represented by nonsubject countries' imports grew from 66.3 percent in 2000 to 84.4 percent in 2005.

None of the importers reported being related to foreign exporters of subject merchandise in the subject countries. No reporting importers entered SSBW pipe fittings into or withdrew them from foreign trade zones or bonded warehouses.

One importer, \*\*\*, noted that prior to the antidumping duty order, it imported subject merchandise from Italy. These imports ended in 2001, largely as a result of an increase in price, which \*\*\* attributed to the imposition of the antidumping duty order. \*\*\* also noted that the Italian product was already priced higher, and that the Italian producer was only used for specialty items. In addition, the Italian mill, \*\*\*, that the importer used reportedly went out of business, making it harder to obtain product from Italy. Furthermore, the importer stated that it had also ceased importing from the Philippines, mainly due to price increases.<sup>4</sup>

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<sup>1</sup> Thirty-eight importers' questionnaire responses were received, of which three reported imports of SSBW pipe fittings from Italy (accounting for 24.5 percent of official imports in 2005), three reported imports of SSBW pipe fittings from Malaysia (accounting for 19.1 percent of official imports in 2005), five reported imports of SSBW pipe fittings from the Philippines (accounting for 106.7 percent of imports in 2005, though this was an anomaly as reported imports accounted for less than 22 percent for all other years in the period of review), and eight reported imports of SSBW pipe fittings from nonsubject countries.

<sup>2</sup> Importers identified through proprietary Customs data that may have imported SSBW pipe fittings from the subject countries during the period that did not respond to the importers' questionnaire and the countries they were believed to have imported SSBW pipe fittings from include \*\*\*.

<sup>3</sup> In the original investigations, questionnaire data were used for Malaysia and the Philippines. \*\*\* imports of SSBW pipe fittings 14 inches and over in outside diameter were reported from Malaysia. \*\*\* pounds, valued at \*\*\*, were reported being imported from the Philippines, and only in one year. Due to inadequate questionnaire coverage, official Commerce and Customs statistics were used for Italian and nonsubject imports. These imports were reduced by \*\*\* percent in quantity and \*\*\* percent in value to adjust for nonsubject or misclassified fittings. *Certain Stainless Steel Butt-Weld Pipe Fittings From Germany, Investigation No. 731-TA-864 (Final)*, USITC Publication 3372, November 2000, pp. IV-1-2 and C-5.

<sup>4</sup> Staff telephone interview with \*\*\*.

**Table IV-1**

**SSBW pipe fittings: U.S. imports of finished and unfinished product combined, by sources, 2000-05**

<b>Item</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Quantity (1,000 pounds)</b>						
Italy	1,962	822	575	177	138	192
Malaysia	1,520	781	751	657	1,022	1,460
Philippines	1,083	197	187	59	25	357
Subtotal, subject	4,564	1,800	1,513	893	1,185	2,009
China	356	302	633	971	2,338	3,432
Japan	426	144	24	18	2	1
Korea	694	592	1,503	1,071	1,972	2,107
Taiwan	1,377	859	1,336	812	1,134	1,331
Other sources	6,119	3,564	4,492	5,258	4,686	4,002
Subtotal, nonsubject	8,972	5,461	7,988	8,130	10,132	10,872
Total imports	13,536	7,261	9,502	9,024	11,318	12,881
<b>Landed, duty-paid value (\$1,000)</b>						
Italy	5,938	2,538	1,768	1,155	1,156	1,847
Malaysia	4,408	1,938	1,878	1,628	3,113	4,984
Philippines	3,618	588	399	236	68	1,448
Subtotal, subject	13,964	5,065	4,045	3,019	4,337	8,279
China	825	727	1,880	2,705	9,658	15,253
Japan	2,937	741	168	122	398	52
Korea	2,208	1,573	3,734	2,817	6,253	8,291
Taiwan	5,239	3,124	4,979	2,788	4,270	5,601
Other sources	44,914	28,879	29,712	30,482	27,769	27,524
Subtotal, nonsubject	56,123	35,043	40,473	38,914	48,348	56,722
Total imports	70,087	40,108	44,518	41,932	52,685	65,001
Table continued on next page.						

**Table IV-1--Continued**  
**SSBW pipe fittings: U.S. imports of finished and unfinished product combined, by sources,**  
**2000-05**

Item	2000	2001	2002	2003	2004	2005
	Unit value ( <i>per pound</i> )					
Italy	\$3.03	\$3.09	\$3.07	\$6.51	\$8.37	\$9.62
Malaysia	2.90	2.48	2.50	2.48	3.04	3.41
Philippines	3.34	2.98	2.14	4.00	2.76	4.05
Average, subject	3.06	2.81	2.67	3.38	3.66	4.12
China	2.32	2.40	2.97	2.79	4.13	4.44
Japan	6.90	5.16	6.86	6.63	166.09	45.10
Korea	3.18	2.66	2.48	2.63	3.17	3.94
Taiwan	3.80	3.63	3.73	3.43	3.77	4.21
Other sources	7.34	8.10	6.61	5.80	5.93	6.88
Average, nonsubject	6.26	6.42	5.07	4.79	4.77	5.22
Average, all imports	5.18	5.52	4.69	4.65	4.66	5.05
Share of quantity ( <i>percent</i> )						
Italy	14.5	11.3	6.1	2.0	1.2	1.5
Malaysia	11.2	10.8	7.9	7.3	9.0	11.3
Philippines	8.0	2.7	2.0	0.7	0.2	2.8
Subtotal, subject	33.7	24.8	15.9	9.9	10.5	15.6
China	2.6	4.2	6.7	10.8	20.7	26.6
Japan	3.1	2.0	0.3	0.2	( <sup>1</sup> )	( <sup>1</sup> )
Korea	5.1	8.1	15.8	11.9	17.4	16.4
Taiwan	10.2	11.8	14.1	9.0	10.0	10.3
Other sources	45.2	49.1	47.3	58.3	41.4	31.1
Subtotal, nonsubject	66.3	75.2	84.1	90.1	89.5	84.4
Total imports	100.0	100.0	100.0	100.0	100.0	100.0
Table continued on next page.						

**Table IV-1--Continued**  
**SSBW pipe fittings: U.S. imports of finished and unfinished product combined, by sources,**  
**2000-05**

Item	2000	2001	2002	2003	2004	2005
	Share of value (percent)					
Italy	8.5	6.3	4.0	2.8	2.2	2.8
Malaysia	6.3	4.8	4.2	3.9	5.9	7.7
Philippines	5.2	1.5	0.9	0.6	0.1	2.2
Subtotal, subject	19.9	12.6	9.1	7.2	8.2	12.7
China	1.2	1.8	4.2	6.5	18.3	23.5
Japan	4.2	1.8	0.4	0.3	0.8	0.1
Korea	3.2	3.9	8.4	6.7	11.9	12.8
Taiwan	7.5	7.8	11.2	6.6	8.1	8.6
Other sources	64.1	72.0	66.7	72.7	52.7	42.3
Subtotal, nonsubject	80.1	87.4	90.9	92.8	91.8	87.3
Total imports	100.0	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Less than 0.05 percent.						
Source: Compiled from official Commerce statistics.						

Another importer, \*\*\*, stated that prior to 2000 it purchased SSBW pipe fittings from a U.S. producer, \*\*\*, and that it had switched to completely importing from China, a nonsubject country, as “the market had dictated a lower cost source.”<sup>5</sup>

Two of the responding importers reported that if the antidumping duty order(s) were to be revoked, the intended increase in importation of SSBW pipe fittings would only marginally replace their imports from nonsubject countries. Seven other importers reported that they had no intention of increasing importation of SSBW pipe fittings, and the remaining four did not respond.

Tables IV-2 and IV-3 present imports, by source, of finished and unfinished SSBW pipe fittings, respectively. Only four importers reported importing unfinished SSBW pipe fittings.<sup>6</sup> Three reported importing unfinished SSBW pipe fittings from nonsubject countries, and two companies reported importing SSBW pipe fittings from a subject country.<sup>7</sup>

U.S. imports by importer and by source for 2005 are presented in table IV-4. Several importers did not import in 2005, but did so in other years of the review period.

<sup>5</sup> Staff telephone interview with \*\*\*. In this telephone interview \*\*\* also stated that unlike domestic producers, Chinese exporters treat short radius and long radius pipe fittings the same in terms of price. In addition, \*\*\* reported that domestic producers tend to use price lists, while Chinese producers/exporters price off of cost.

<sup>6</sup> These companies were \*\*\*.

<sup>7</sup> \*\*\* reported importing unfinished subject merchandise from \*\*\* in a limited number of years.

**Table IV-2**  
**SSBW pipe fittings: U.S. imports of finished product, by sources, 2000-05**

\* \* \* \* \*

**Table IV-3**  
**SSBW pipe fittings: U.S. imports of unfinished product, by sources, 2000-05**

\* \* \* \* \*

**Table IV-4**  
**SSBW pipe fittings: Reported U.S. imports, by importers and by sources, 2005**

\* \* \* \* \*

**Ratios of Imports to Production**

U.S. production and ratios of U.S. imports to U.S. production during the period of review are presented in table IV-5. The ratio of imports from Italy and the Philippines to U.S. production declined between 2000 and 2004 before increasing in 2005 to well below 2000 levels. While the ratio of imports from Malaysia to U.S. production also decreased between 2000 and 2002, the ratio increased from 2003 through 2005, ending above the 2000 level.

**Table IV-5**  
**SSBW pipe fittings: U.S. production and ratios of imports to U.S. production, 2000-05**

Item	Calendar year					
	2000	2001	2002	2003	2004	2005
<b>Quantity (1,000 pounds)</b>						
U.S. production	***	4,695	4,599	3,450	3,869	4,588
<b>Ratios of imports to U.S. production (percent)</b>						
U.S. imports from --						
Italy	***	17.5	12.5	5.1	3.6	4.2
Malaysia	***	16.6	16.3	19.0	26.4	31.8
Philippines	***	4.2	4.1	1.7	0.6	7.8
Subtotal	***	38.3	32.9	25.9	30.6	43.8
All other sources	***	116.3	173.7	235.7	261.9	237.0
Total imports	***	154.7	206.6	261.6	292.5	280.8
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.						

## Cumulation Considerations

In assessing whether subject imports compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets; (3) the existence of common or similar channels of distribution; and (4) whether the subject imports are simultaneously present in the market.

In the original investigations, the Commission cumulated subject imports from Italy, Malaysia, and the Philippines, based on evidence in the record of geographic overlap, simultaneous presence, similar channels of distribution, and at least moderate fungibility among the subject imports from the three countries and between the subject imports and the domestic like product. The Commission found that there was a reasonable overlap of competition among the subject imports from the three countries and between those imports and the domestic like product.<sup>8</sup>

Information on the degree of fungibility among the subject imports and between the subject imports and the domestic like product in the current reviews, and information on geographical markets, is provided in Part II of this report. Information on channels of distribution is presented in Part I.

Table IV-6 presents monthly subject imports from each country during the last year of the period of review, 2005. Table IV-7 presents U.S. imports from subject countries by customs district during 2005.

**Table IV-6**  
**SSBW pipe fittings: U.S. imports from subject countries, monthly, 2005**

Month	Italy	Malaysia	Philippines
<b>Quantity (1,000 pounds)</b>			
January	8	99	3
February	21	116	0
March	8	135	0
April	26	135	9
May	15	177	1
June	11	86	12
July	47	57	10
August	29	196	58
September	4	95	79
October	16	129	54
November	6	164	70
December	0	71	62
Total imports	192	1,460	357
Source: Compiled from official Commerce statistics.			

<sup>8</sup> *Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines, Invs. Nos. 731-865-867 (Final)*, USITC Publication 3387, January 2001, p. 9.

**Table IV-7**  
**SSBW pipe fittings: U.S. imports from subject countries, by customs district, 2005**

Customs district	Italy	Malaysia	Philippines
Quantity (1,000 pounds)			
Boston, MA	0	0	20
Buffalo, NY	0	79	7
Charleston, SC	0	32	2
Chicago, IL	3	169	38
Columbia-Snake, OR	0	79	21
Dallas-Ft. Worth, TX	7	0	0
Detroit, MI	2	0	0
Houston-Galveston, TX	173	711	113
Los Angeles, CA	0	43	96
Minneapolis, MN	0	0	11
Mobile, AL	0	45	4
New Orleans, LA	0	16	0
New York, NY	7	62	24
Norfolk, VA	0	32	0
Ogdensburg, NY	0	7	0
Philadelphia, PA	0	119	17
Savannah, GA	( <sup>1</sup> )	37	3
Seattle, WA	0	30	0
Total	192	1461	356

<sup>1</sup> Less than 500 pounds.

Source: Compiled from official Commerce statistics.

## Welded Pipe vs. Seamless Pipe

U.S. importers were asked to provide quantities and values of their imports of SSBW pipe fittings produced with welded pipe and produced with seamless pipe. U.S. imports of both welded and seamless SSBW pipe fittings fluctuated over the period, rising at the end of the review period. While the welded product, both in terms of quantity and value, reached its highest import levels in the period of review in 2005, the quantity and value of seamless product in 2005 were below 2000 levels. Table IV-8 presents U.S. imports by type.

**Table IV-8**  
**SSBW pipe fittings: U.S. imports of welded and seamless product, by sources, 2000-05**

\*   \*   \*   \*   \*   \*   \*

### Size

U.S. importers were also asked to provide quantity and value data on SSBW pipe fittings that were under 6 inches in outside diameter and products that were between 6 inches and under 14 inches in outside diameter. U.S. shipments of imports of both categories fluctuated over the period of review. The majority of reported imports of both size categories was imported from nonsubject countries. Table IV-9 presents U.S. imports by size.

**Table IV-9**  
**SSBW pipe fittings: U.S. imports, by size, 2000-05**

\*   \*   \*   \*   \*   \*   \*

Importers were asked to provide 2005 commercial shipments of finished SSBW pipe fittings by market segment. The three responding importers separately reported commercial shipments to the food processing, petrochemical, water, and wastewater market segments.<sup>9</sup>

## U.S. IMPORTERS' INVENTORIES

U.S. importers' end-of-period inventories are presented in table IV-10. A majority of their inventories consisted of finished product from subject countries.<sup>10</sup>

**Table IV-10**  
**SSBW pipe fittings: U.S. importers' end-of-period inventories of finished and unfinished product, by sources, 2000-05**

\*   \*   \*   \*   \*   \*   \*

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<sup>9</sup> The responding importers were \*\*\*. These shipments may not be representative of imports in general, as they accounted for less than 1 percent of total 2005 U.S. shipments of imports.

<sup>10</sup> \*\*\* represented \*\*\* of reported finished SSBW pipe fittings imports from subject and nonsubject countries. \*\*\* represented \*\*\* of reported unfinished SSBW pipe fittings imports from nonsubject countries, while \*\*\* represented \*\*\* of reported unfinished SSBW pipe fittings imports from nonsubject countries.

## U.S. IMPORTERS' CURRENT ORDERS

Table IV-11 presents U.S. importers' current orders of SSBW pipe fittings (either already imported or arranged for importation) from subject countries for delivery after December 31, 2005.

**Table IV-11**

**SSBW pipe fittings: U.S. importers' current orders for delivery after December 31, 2005**

\* \* \* \* \*

### THE INDUSTRY IN ITALY

In the response to the notice of institution in these reviews, counsel for the domestic interested parties identified nine manufacturers/exporters of SSBW pipe fittings in Italy.<sup>11</sup> Five additional potential Italian producers of SSBW pipe fittings were identified by Commission staff.<sup>12</sup> Questionnaires were successfully faxed to all of the identified firms. Seven firms provided a response, one of which, \*\*\*, reported producing subject merchandise.<sup>13</sup> Commission staff also transmitted a telegram soliciting data concerning the SSBW pipe fittings industry in Italy from U.S. embassy staff in Rome. The response received confirmed information already noted in this report.

In the original investigation, one Italian producer, Coprosider, S.p.A. ("Coprosider"), was believed to have accounted for \*\*\* of the Italian exports of subject merchandise to the United States. Coprosider estimated that it accounted for \*\*\* percent of total Italian production of SSBW pipe fittings in 1999. Coprosider did not respond to the questionnaire in these reviews.<sup>14</sup>

\*\*\*.

\*\*\* provided only sparse data in its questionnaire response in these reviews. It reported an overall capacity of \*\*\* pounds in each year during the period of review. The same equipment was reported used to produce all grades of stainless steel, carbon steel and alloy steel pipe fittings, up to 56 inches, including subject merchandise. This production was \*\*\* pounds for years 2000-05, respectively. \*\*\* did not report its production quantity of subject merchandise, but only reported the finished production value (in thousand dollars) of \*\*\* for the years 2000-05, respectively. It did not provide specific shipment data from Italy, but did report principal export markets of \*\*\*. It did not report any unfinished production or shipments. Exports to the United States of SSBW pipe fittings 14 inches or greater in outside diameter were reported by \*\*\* only from Italy in \*\*\*. Furthermore, it stated that it did not have any plans to import SSBW pipe fittings into the United States. In response to the question if it anticipates any changes in its production capacity, production, home market shipments, exports to the United States and other markets, or inventories related to SSBW pipe fittings in the future if the antidumping orders were to be revoked, \*\*\* responded that while its production capacity would not change, it would have more possibilities to increase its exports to the United States without the order in place. It also stated that, while it was unable to describe the actual significance of the antidumping duty order on it, the antidumping order represented a barrier to possible sales of SSBW pipe fittings. \*\*\* reported that demand within both the United States and its home market, Italy, as well as in other

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<sup>11</sup> The companies were Bassi Luigi & Co., Coprosider, Curvinox, Elvinox, Gam Raccordi, Gelmi Inox, Nuova Steelcom, Rivit, and Vignati Fittings.

<sup>12</sup> The companies were Bianchi Group, Filmag Italia, M.E.G.A., Metalfar Prodotti Industriali, and Petrol Raccord.

<sup>13</sup> Responding firms included Bianchi Group, Gam Raccordi, M.E.G.A., Metalfar Prodotti Industriali, Nuova Steelcom, Petrol Raccord, and Rivit. The remaining Italian companies, including Coprosider, have not responded to the Commission's numerous attempts to contact them to obtain questionnaire responses.

<sup>14</sup> According to \*\*\*.

markets has remained unchanged since 2000; furthermore, it does not anticipate any changes in the future.

Table IV-12 presents data obtained from the Global Trade Atlas for exports of SSBW pipe fittings from Italy to the United States. Italian exports to the United States over the period of review declined year-over-year, except for a spike in 2001 of \*\*\* percent, and \*\*\* increase from 2004 to 2005. In contrast, Italian exports to all other countries increased from 2000 to 2003, before declining over the remaining review period, although ending the period more than \*\*\* percent above 2000 levels.<sup>15</sup>

**Table IV-12**  
**SSBW pipe fittings: Italy's exports, 2000-05**

\* \* \* \* \*

### THE INDUSTRY IN MALAYSIA

In the original investigation, the Commission identified three producers in Malaysia: (1) Schulz (Mfg) Sdn. Bhd., (“Schulz Malaysia”); (2) Amalgamated Industrial Stainless Steel Sdn. Bhd. (“Amalgamated”); and (3) Kanzen Tetsu Sdn. Bhd. (“Kanzen Tetsu”). In their response to the Commission’s notice of institution in these current five-year reviews, the domestic interested parties identified the same three firms in Malaysia. Counsel for Kanzen Tetsu, in its response to the Commission’s notice of institution, listed the following three Malaysian producers: Kanzen Tetsu; Sapura-Schulz Hydroforming Sdn. Bhd. (“Sapura-Schulz”); and S.P. United Industry Sdn. Bhd. (“S.P. United”). Commission staff identified four other companies believed to produce SSBW pipe fittings in Malaysia.<sup>16</sup> Questionnaires were successfully faxed to all eight of the identified firms. Five firms provided a response, of which two firms, \*\*\*, provided useable data, and the remaining firms reported not producing subject merchandise.<sup>17</sup> Commission staff also transmitted a telegram soliciting data concerning the SSBW pipe fitting industry in Malaysia from U.S. embassy staff in Kuala Lumpur. The telegram response received presented export data based on a HTS category other than that under which the subject product is classified.

In their questionnaire responses in the original investigations, \*\*\* estimated that it accounted for \*\*\* percent of total Malaysian production of subject merchandise in 1999, \*\*\* estimated that it accounted for \*\*\* percent of total production, and \*\*\* estimated that it accounted for \*\*\* percent of total production. In its response to the Commission’s notice of institution for the current reviews, Kanzen Tetsu estimated that it accounted for approximately \*\*\* percent of SSBW pipe fittings production in Malaysia, and approximately \*\*\* percent of total exports from Malaysia to the United States in 2005.<sup>18</sup> Kanzen Tetsu, according to its website, has an annual production capacity of 15,000 metric tons (33.07 million pounds) for pipes and 1,320 metric tons (2.91 million pounds) for fittings.<sup>19</sup> Kanzen Tetsu is a subsidiary of FACB Industries (“FACB”) Inc. Bhd. In 2004, FACB completed its acquisition of Kanzen Tetsu, when it acquired the remaining 30-percent stake from IOI Corp. Bhd. In 2003, FACB, through a joint venture with Tianjin Pipe Corp., reportedly the largest seamless API pipe

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<sup>15</sup> Commerce’s official statistics of imports from Italy into the United States differed from those of Global Trade Atlas’ export data, especially in 2001, where Commerce reported a decrease of 58.1 percent.

<sup>16</sup> These firms were Anggerik Laksana Sdn Bhd., International Hwashen Corp., Mainchain International Inc., and Mei Techno Co., Ltd.

<sup>17</sup> The companies that did not respond were Kanzen Tetsu, Mainchain International, and Sapura-Schultz.

<sup>18</sup> Kanzen Tetsu withdrew its participation from the proceedings on July 5, 2005, and did not provide a response to the Commission’s questionnaire.

<sup>19</sup> <http://www.kanzen-tetsu.com/profile.htm>, retrieved July 20, 2006. The website also shows that Kanzen Tetsu produces SSBW pipe fittings ranging from ½ to 10 inches.

manufacturer in China and fourth largest worldwide, opened a plant in Tianjin, China with an annual SSBW pipe fittings production capacity of 400 metric tons (881,840 pounds). The joint venture, Kanzen TPCO, will reportedly enable FACB to “further enhance its market leader position as a global player in the manufacturing of stainless steel welded pipes and fittings, and tap into the vast potential market in China.”<sup>20 21</sup>

On October 13, 2003, Sumimata Sdn. Bhd. (“Sumimata”), a wholly owned subsidiary of Sapura Industrial Bhd., entered into an Asset Sale Agreement with Schulz Manufacturing Sdn. Bhd. (“Schulz”) for the proposed acquisition of the Malaysian butt-weld fittings business of Schulz.<sup>22</sup> This agreement was completed in June 2005, and Sumimata was renamed Sapura-Schulz Hydroforming Sdn. Bhd.<sup>23</sup>

\*\*\* stated that its SSBW pipe fittings plant ceased operation in \*\*\*, at which time it also ceased exports to the United States. In addition, it reported that it does not anticipate any changes in the character of its operations or organization in the future. \*\*\*, which produced only finished SSBW pipe fittings, reported no changes or anticipated changes in the character of its operations or organization, nor any significant changes in production technology related to SSBW pipe fittings since 2001. It noted that demand within the United States and its home market, as well as in other markets has increased since 2000. \*\*\* also responded that \*\*\*.

Table IV-13 presents the reported quantity and value data for the two responding Malaysian producers/exporters. Capacity utilization increased over the period of review \*\*\* increasing its production, the majority of which was exported to \*\*\*, representing \*\*\* percent of its total exports in 2005. \*\*\* exports to the United States increased \*\*\* during the period of review, representing \*\*\* of its total exports in 2005, up from \*\*\* percent in 2000. \*\*\* reported exports to the United States were finished SSBW pipe fittings. Table IV-14 presents data obtained from the Global Trade Atlas for exports of SSBW pipe fittings from Malaysia to the United States.

**Table IV-13**  
**SSBW pipe fittings: Data reported by firms in Malaysia, 2000-05**

\* \* \* \* \*

**Table IV-14**  
**SSBW pipe fittings: Malaysia’s exports, 2000-05**

\* \* \* \* \*

## THE INDUSTRY IN THE PHILIPPINES

In their responses to the notice of institution in these reviews, counsel for the domestic interested parties and counsel for Kanzen Tetsu identified two manufacturers/exporters of SSBW pipe fittings in the Philippines.<sup>24</sup> Two other producers of SSBW pipe fittings were also identified by Commission

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<sup>20</sup> FACB Announcement, [www.facbgroup.com/facbi/filelibrary/announcement/Ann.25-11-02.pdf](http://www.facbgroup.com/facbi/filelibrary/announcement/Ann.25-11-02.pdf), retrieved July 20, 2006. Kanzen TPCO Ltd. website, [www.kanzen-tpco.com](http://www.kanzen-tpco.com), retrieved July 20, 2006.

<sup>21</sup> Domestic interested parties stated that as a result of this manufacturing facility in China, Malaysian SSBW pipe fittings that would have been exported to China will likely be redirected to other (third-country) markets, such as the United States. Domestic interested parties’ response to notice of institution, p. 14.

<sup>22</sup> Sapura Industrial, Bhd., 2004 Director’s Report and Audited Financial Statements, January 31, 2005.

<sup>23</sup> Sapura Industrial, Bhd., 2005 Director’s Report and Audited Financial Statements, January 31, 2006.

<sup>24</sup> Enlin Steel Corp. (“Enlin Steel”) and Tung Fong Industrial Co., Inc. (“Tung Fong”).

staff.<sup>25</sup> Questionnaires were successfully faxed to all of the identified firms. All four firms (Enlin Steel, Haitima, Tung Fong, and Vinox) provided a response, but only two provided usable data. \*\*\* reported not producing subject merchandise. Commission staff also transmitted a telegram soliciting data concerning the SSBW pipe fitting industry in the Philippines from U.S. embassy staff in Manila. No response was received.

In the original investigation, \*\*\*, which were the only producers or exporters that provided useable questionnaire data, were believed to have accounted for virtually \*\*\* percent of the Philippines' production and exports of the subject product to the United States during 1999. \*\*\*, in its response to the Commission's questionnaire in these reviews, reported that the company \*\*\*.<sup>26</sup> In its questionnaire response in the original investigation, \*\*\* reported that it was the only producer for \*\*\*. Furthermore, \*\*\* in its questionnaire response in the original investigation, reported that it \*\*\*. \*\*\*, in its response to the Commission's questionnaire in these reviews, reported that during 2001 through 2002 it used \*\*\*.

\*\*\*. \*\*\* reported that its exports of finished SSBW pipe fittings to the United States in 2005 of \*\*\* pounds, were greater than its exports in 2001 and 2002, \*\*\* pounds and \*\*\* pounds, respectively. It also reported that total exports of finished SSBW pipe fittings were greater at the end of the period of review, led by exports to \*\*\* which grew from \*\*\* pounds in 2001 to \*\*\* pounds in 2005. \*\*\* also stated that it exported unfinished SSBW pipe fittings \*\*\*. These exports were \*\*\* pounds, \*\*\* pounds, and \*\*\* pounds in 2001, 2002, and 2005, respectively.

\*\*\* reported that its production capacity was limited largely by \*\*\*. It noted that its average production capacity rose in 2005, from \*\*\* pounds to \*\*\* pounds, as a result of \*\*\*. It stated that \*\*\*. \*\*\* also reported that \*\*\*. It noted that demand in the United States has increased since 2000, principally due to the increase in the number of energy projects, and in other markets due to an increase in demand from China, India, and other Asian countries.

\*\*\*, in its response to the Commission's questionnaire in these reviews, reported that its exports to the United States decreased from \*\*\* pounds in 2000 to \*\*\* in 2003, before rising to \*\*\* pounds in 2005. It reported that it increased its sales to \*\*\*, from \*\*\* pounds in 2000 to \*\*\* pounds in 2005. \*\*\*, \*\*\*. \*\*\* specifically noted, when asked about any changes to its operations, that it experienced a "\*\*\*\*." It also reported that it \*\*\*. In regard to demand, \*\*\* stated that due to pressure from Chinese exports, the majority of imports in the United States are now from China, and demand in other markets has decreased since 2000. In response to the anticipated continued erosion of market share by Chinese exports, \*\*\* stated that it would \*\*\*.

Table IV-15 presents the quantity and value data, respectively, for the two responding producers/exporters in the Philippines. Their combined capacity utilization fluctuated between a low of \*\*\* percent in \*\*\* to a high of \*\*\* percent in \*\*\*, with an average of \*\*\* percent over the period of review.

Table IV-16 presents data obtained from the Global Trade Atlas for exports of SSBW pipe fittings from the Philippines to the United States.

**Table IV-15**  
**SSBW pipe fittings: Data reported by firms in the Philippines, 2000-05**

\* \* \* \* \*

**Table IV-16**  
**SSBW pipe fittings: The Philippines' exports, 2000-05**

\* \* \* \* \*

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<sup>25</sup> Haitima Corp. and Vinox Manufacturing Co. Ltd.

<sup>26</sup> \*\*\*.

## THE WORLD MARKET

In its response to the Commission's notice of institution, Kanzen Tetsu indicated that "since the imposition of the orders, U.S. demand for SSBW pipe fittings has increased substantially mainly because high oil prices have led to greater oil drilling, and because a number of large infrastructure projects have been undertaken. World demand has also increased, fueled largely by greater demand for steel products from China and India. The higher demand has caused U.S. and world market prices for SSBW pipe fittings to increase markedly, particularly during the last two to three years."<sup>27</sup> Increased demand for inputs of SSBW pipe fittings, including stainless steel piping, stainless steel, and raw materials such as nickel, have also put upward pressure on these prices, and thus on the input costs of SSBW pipe fittings.

Counsel for the domestic interested parties, in its response to the Commission's notice of institution, indicated that "the most significant development in relation to U.S. supply and demand conditions since the time of the original investigation has been the development of a large SSBW pipe fittings industry within China, which has shipped much of its output to the United States."<sup>28</sup> As evidence of this, the domestic interested parties cited the rapid growth in imports of SSBW pipe fittings into the United States from China, which grew from around 356,000 pounds in 2000 to around 3.43 million pounds in 2005. \*\*\*, in response to a question about its expectations of future market conditions for SSBW pipe fittings, stated that it found it "impossible to forecast," "given the amount of imports to the United States coming from China, the question is a matter of when the U.S. market is saturated with China manufactured fittings."

## ANTIDUMPING DUTY ORDERS IN OTHER COUNTRIES

There are no known antidumping duty orders in effect covering SSBW pipe fittings from Italy, Malaysia, or the Philippines in any countries other than the United States.

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<sup>27</sup> Counsel for Kanzen Tetsu response to the Commission's notice of institution, pp. 5-6.

<sup>28</sup> Domestic interested parties' response to notice of institution, p. 12.



## **PART V: PRICING AND RELATED INFORMATION**

### **FACTORS AFFECTING PRICING**

#### **Raw Material Costs**

Raw material costs account for a large share of the cost of producing SSBW pipe fittings. During 2000-05, these costs consistently ranged between 53 percent and 58 percent of the cost of goods sold annually. The chief raw material input used in making these products is stainless steel.

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

Transportation costs of all SSBW pipe fittings shipped to the United States from Italy, Malaysia, and the Philippines averaged 2.2 percent, 5.2 percent, and 4.3 percent of the respective customs values of these imports during 2005, as derived from official import data.<sup>1</sup> Since the HTS subheading for SSBW pipe fittings includes pipe fittings with an outside diameter of 14 inches or greater in addition to the subject products, the transportation cost calculations for the subject products from the three countries are not exact.

#### **Transportation Costs in the U.S. Market**

Transportation costs on U.S. inland shipments of SSBW pipe fittings generally account for a small to moderate share of the delivered price of these products. For the U.S. producers that provided meaningful estimates, these costs ranged from 0.5 percent to 12 percent of the delivered price. Estimates in the range of 2 to 4 percent were most common. Among importers of product from the subject countries that provided estimates, U.S. inland transportation costs ranged from 1 percent to 20 percent of the delivered price. Estimates of less than 10 percent were most common.

Producers were asked to estimate the shares of their sales that occurred within 100 miles of their storage or production facility, between 101 and 1,000 miles, and over 1,000 miles. All U.S. producers reported that the majority of their sales are for distances of over 100 miles. The shares of shipments within 100 miles by producers ranged from 1 to 20 percent. Similarly, all four importers that provided estimates indicated that the majority of their sales is for distances of over 100 miles. The shares of shipments within 100 miles by these importers ranged from 0 to 40 percent.

#### **Exchange Rates**

Nominal and real exchange rates for the currencies of Italy, Malaysia, and the Philippines in relation to the U.S. dollar are presented in figure V-1 on a quarterly basis for the period January-March 2000 through January-March 2006.<sup>2</sup> In the case of Italy, the data show that the euro appreciated relative to the dollar in both nominal and real terms over the period, although the dollar recovered moderately during 2005. For Malaysia, the ringgit remained largely stable in both nominal terms and real terms

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<sup>1</sup> The estimated cost was obtained by subtracting the customs value from the c.i.f. value of the imports for 2005 and then dividing by the customs value.

<sup>2</sup> Real exchange rates were calculated by adjusting the nominal rates for movements in producer prices in the United States and in the subject countries. Real exchange rates could not be computed for Malaysia and the Philippines for the entire period because of the lack of a consistent producer price series for these countries in some quarters.

**Figure V-1**  
**Exchange rates: Indexes of the nominal and real exchange rates of the Italian Euro, the Malaysian ringgit, and the Philippine peso relative to the U.S. dollar, by quarters, January-March 2000- January-March 2006**

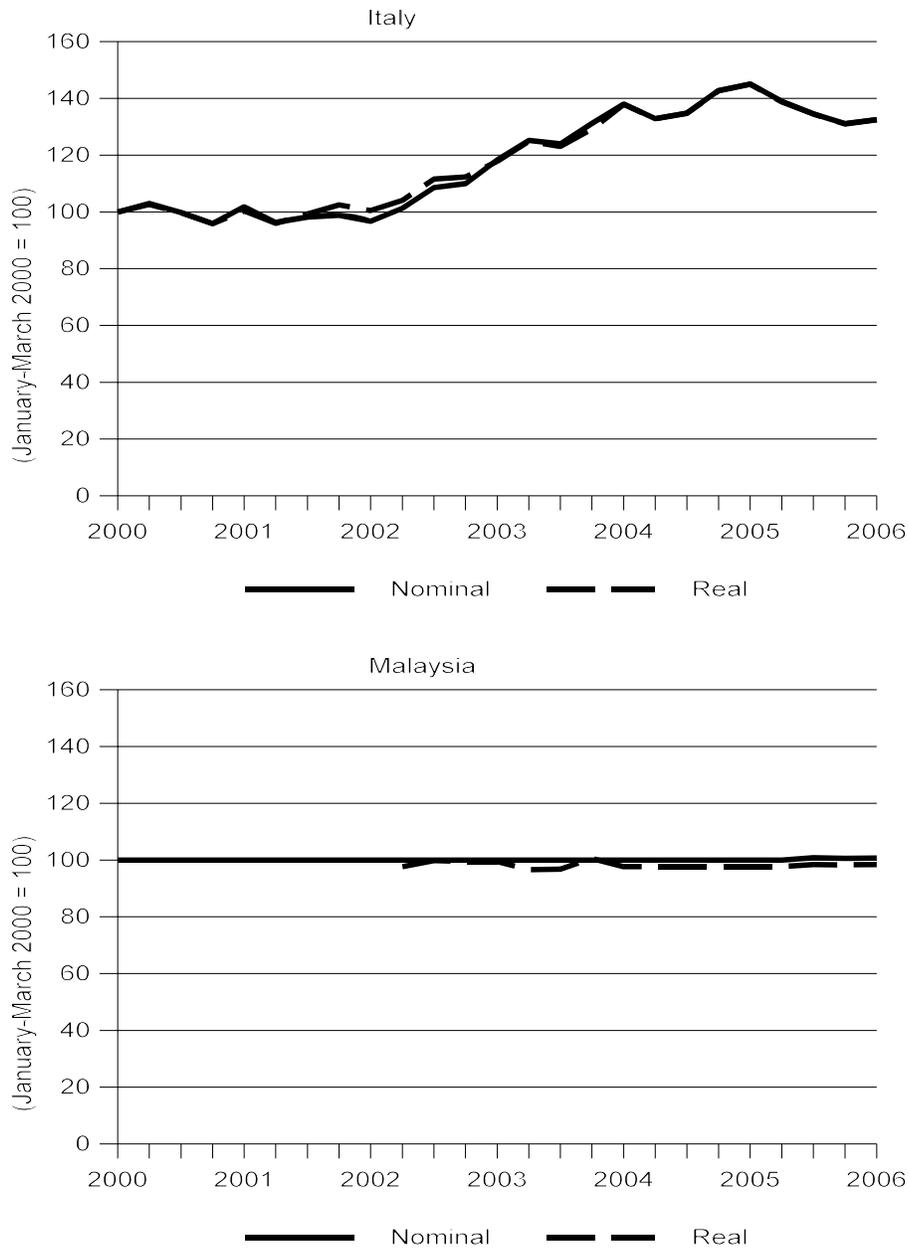
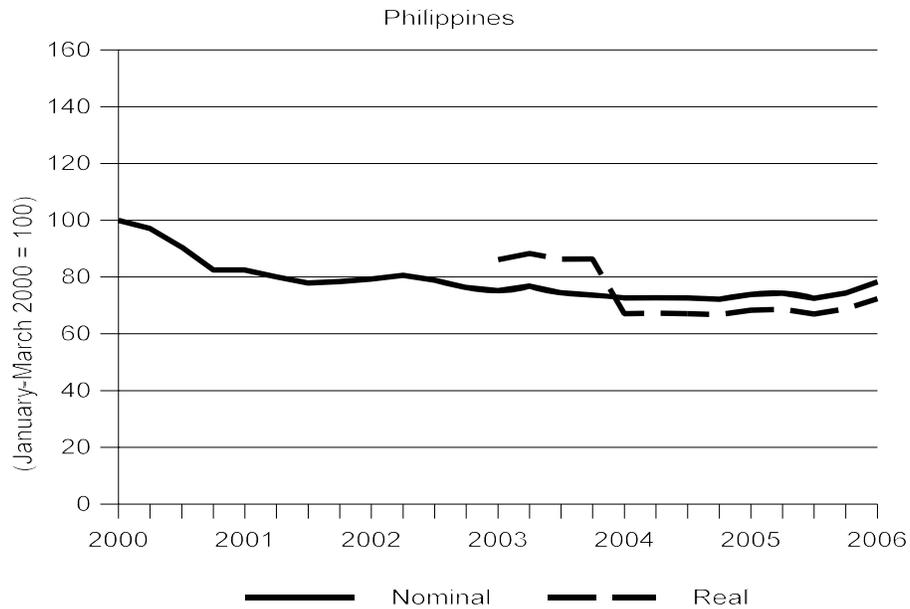


Figure continued on next page.

**Figure V-1--Continued**

**Exchange rates: Indexes of the nominal and real exchange rates of the Italian Euro, the Malaysian ringgit, and the Philippine peso relative to the U.S. dollar, by quarters, January-March 2000-January-March 2006**



Source: IMF International Financial Statistics, July 2006 and various earlier issues.

during the quarters where the real exchange rates could be computed.<sup>3</sup> For the Philippines, the peso declined overall in nominal terms during the period, and in real terms during those quarters where real exchange rates could be computed.

### PRICING PRACTICES

Several methods of arriving at prices were reported by U.S. producers and by importers of SSBW pipe fittings from the subject countries. Five of eight producers reported that they make use of price lists in their negotiations. In addition, one firm mentioned labor costs and another mentioned manufacturing costs as factors taken into account in arriving at a price, and another mentioned costs plus a markup. Still another reported that it engages in transaction negotiations on each quote. Among importers from the subject countries, one reported that it determines its selling price on the basis of prevailing market prices, two work off list prices in arriving at a transaction price, two arrive at their prices on the basis of markups from costs, and two make use of transaction-by-transaction negotiations.

Discount policies vary within this industry. Five of eight U.S. producers reported that they provide quantity discounts based on such factors as the size of a transaction or on annual volume. In addition, five of eight producers also provide discounts of 0.5 to 1 percent for early payment of accounts. Among importers of product from the subject countries, just two firms reported that they provide

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<sup>3</sup> Effective September 2, 1998, the official rate of the Malaysian ringgit was pegged to the dollar at a fixed rate. Effective July 21, 2005, the exchange rate has operated as a managed float, with its value being determined by economic fundamentals and maintained against a trade-weighted index of Malaysia's major trading partners (IMF International Financial Statistics, September 2005, p. 1061).

discounts based upon volume. One importer reported that its discounts are based upon the size of the order, the payment history, and the total yearly volume. The other reported that its discounts are based upon total volume, as well as the geography and competitive pressures. Both of these importers offer discounts (one percent and two percent) for the early payment of accounts.

In the case of both U.S. producers and importers from the subject countries, prices are most commonly quoted on an f.o.b. basis, although some firms quote on a delivered basis. One importer also reported that it quotes on a c.i.f. landed, duty-paid value basis. Seven of the eight U.S. producers and four of the six responding importers of product from the subject countries reported that they arrange transportation for their customers. All of the U.S. producers and most of the importers reported that they do not sell SSBW pipe fittings over the internet. One importer reported some internet sales.

Five of eight U.S. producers and five of the seven responding importers from the subject countries sell entirely on a spot basis. Of the other three producers, contract sales account for 5 percent to 35 percent of total sales. Contracts in this industry have reported average durations ranging from 45 days to two years with prices and/or quantities fixed during the contract period. In some cases meet-or-release provisions apply.

### PRICE DATA

The Commission asked U.S. producers and importers of SSBW pipe fittings from Italy, Malaysia, and the Philippines to provide quarterly data for the total quantity and f.o.b value of SSBW pipe fittings that were shipped to unrelated purchasers in the U.S. market for the period January 2000 through March 2006. The products for which pricing data were requested are as follows:

**Product 1.**--Finished elbows, welded, 3" nominal OD, 90 degrees long radius, Schedule 10S, grade 304/304L

**Product 2.** -- Finished elbows, welded, 6" nominal OD, 90 degrees long radius, Schedule 10S, grade 304/304L

**Product 3.**-- Finished tees, welded, 3" nominal OD, Schedule 10S, grade 304/304L

**Product 4.**-- Finished elbows, welded, 2" nominal OD, 90 degrees long radius, Schedule 10S, grade 316/316L

Five U.S. producers provided useable data for all four products in all quarters, and four importers provided price data for some quarters.<sup>4</sup> Sales of the four representative products accounted for a very small percentage of total sales, since a broad range of products are available from both producers and importers. The price data reported by producers accounted for one percent of their total sales of SSBW pipe fittings in 2005. Price data on imports from Malaysia accounted for less than one percent of total imports of this product from Malaysia in 2005. Price data on imports from the Philippines accounted for about three percent of total imports of this product in 2005. No price data were reported for imports from Italy in 2005.

### Price Trends

Weighted-average quarterly prices for the four products are shown in tables V-1 through V-4 and

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<sup>4</sup> The five producers are \*\*\*. The companies reporting import prices from the subject countries are \*\*\*. \*\*\* sold imports of all four products from the Philippines during 2000, 2001, and the first quarter of 2002. However, all of \*\*\* actual imports from the Philippines occurred prior to 2000. It did not import from the Philippines during 2000-05.

in figure V-2 for the period January-March 2000 through January-March 2006. The data show that U.S. producer prices increased overall during this period, despite frequent fluctuations. Price data on imported products from the three subject countries were too limited to determine trends.

**Table V-1**

**SSBW pipe fittings: Weighted-average f.o.b. prices and quantities of domestic and imported product 1<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2000-March 2006**

Period	United States		Italy			Malaysia		
	Price (per unit)	Quantity (units)	Price (per unit)	Quantity (units)	Margin (percent)	Price (per unit)	Quantity (units)	Margin (percent)
<b>2000:</b>								
Jan.-Mar.	\$11.39	4,684	\$***	***	***	\$***	***	***
Apr.-June	11.90	4,454	***	***	***	***	***	***
July-Sept.	12.03	3,338	-	-	-	-	-	-
Oct.-Dec.	10.77	2,982	***	***	***	***	***	***
<b>2001:</b>								
Jan.-Mar.	11.01	3,433	***	***	***	-	-	-
Apr.-June	10.10	4,068	-	-	-	-	-	-
July-Sept.	9.97	3,018	-	-	-	-	-	-
Oct.-Dec.	10.05	3,191	-	-	-	-	-	-
<b>2002:</b>								
Jan.-Mar.	9.46	3,103	-	-	-	-	-	-
Apr.-June	9.22	4,145	-	-	-	***	***	***
July-Sept.	9.18	2,714	-	-	-	-	-	-
Oct.-Dec.	9.62	2,338	-	-	-	-	-	-
<b>2003:</b>								
Jan.-Mar.	10.27	2,477	-	-	-	-	-	-
Apr.-June	11.00	1,791	-	-	-	-	-	-
July-Sept.	9.25	3,772	-	-	-	-	-	-
Oct.-Dec.	9.33	3,398	-	-	-	-	-	-
<b>2004:</b>								
Jan.-Mar.	10.73	2,325	-	-	-	-	-	-
Apr.-June	11.46	1,892	-	-	-	-	-	-
July-Sept.	10.16	2,181	-	-	-	-	-	-
Oct.-Dec.	10.96	1,396	-	-	-	-	-	-
<b>2005:</b>								
Jan.-Mar.	14.84	1,644	-	-	-	***	***	***
Apr.-June	12.17	1,620	-	-	-	-	-	-
July-Sept.	14.59	1,584	-	-	-	***	***	***
Oct.-Dec.	14.24	2,187	-	-	-	-	-	-
<b>2006:</b>								
Jan.-Mar.	15.49	986	-	-	-	-	-	-

Table continued on next page.

**Table V-1--Continued**

**SSBW pipe fittings: Weighted-average f.o.b. prices and quantities of domestic and imported product 1<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2000-March 2006**

Period	United States		Philippines			All subject countries		
	Price (per unit)	Quantity (units)	Price (per unit)	Quantity (units)	Margin (percent)	Price (per unit)	Quantity (units)	Margin (percent)
<b>2000:</b>								
Jan.-Mar.	\$11.39	4,684	\$***	***	***	\$***	***	***
Apr.-June	11.90	4,454	***	***	***	***	***	***
July-Sept.	12.03	3,338	***	***	***	***	***	***
Oct.-Dec.	10.77	2,982	***	***	***	***	***	***
<b>2001:</b>								
Jan.-Mar.	11.01	3,433	***	***	***	***	***	***
Apr.-June	10.10	4,068	***	***	***	***	***	***
July-Sept.	9.97	3,018	-	-	-	-	-	-
Oct.-Dec.	10.05	3,191	-	-	-	-	-	-
<b>2002:</b>								
Jan.-Mar.	9.46	3,103	***	***	***	***	***	***
Apr.-June	9.22	4,145	-	-	-	***	***	***
July-Sept.	9.18	2,714	-	-	-	-	-	-
Oct.-Dec.	9.62	2,338	-	-	-	-	-	-
<b>2003:</b>								
Jan.-Mar.	10.27	2,477	-	-	-	-	-	-
Apr.-June	11.00	1,791	-	-	-	-	-	-
July-Sept.	9.25	3,772	-	-	-	-	-	-
Oct.-Dec.	9.33	3,398	-	-	-	-	-	-
<b>2004:</b>								
Jan.-Mar.	10.73	2,325	-	-	-	-	-	-
Apr.-June	11.46	1,892	-	-	-	-	-	-
July-Sept.	10.16	2,181	-	-	-	-	-	-
Oct.-Dec.	10.96	1,396	-	-	-	-	-	-
<b>2005:</b>								
Jan.-Mar.	14.84	1,644	-	-	-	***	***	***
Apr.-June	12.17	1,620	-	-	-	-	-	-
July-Sept.	14.59	1,584	***	***	***	***	***	***
Oct.-Dec.	14.24	2,187	***	***	***	***	***	***
<b>2006:</b>								
Jan.-Mar.	15.49	986	***	***	***	***	***	***

<sup>1</sup> Finished elbows, welded, 3" nominal OD, 90 degrees long radius, Schedule 10S, grade 304/304L.

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

Table V-2

SSBW pipe fittings: Weighted-average f.o.b. prices and quantities of domestic and imported product 2<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2000-March 2006

Period	United States		Italy			Malaysia		
	Price (per unit)	Quantity (units)	Price (per unit)	Quantity (units)	Margin (percent)	Price (per unit)	Quantity (units)	Margin (percent)
<b>2000:</b>								
Jan.-Mar.	\$44.93	2,373	\$***	***	***	\$***	***	***
Apr.-June	46.07	1,322	-	-	-	***	***	***
July-Sept.	48.62	873	***	***	***	-	-	-
Oct.-Dec.	46.72	1,172	-	-	-	***	***	***
<b>2001:</b>								
Jan.-Mar.	45.16	827	***	***	***	-	-	-
Apr.-June	43.45	1,179	***	***	***	-	-	-
July-Sept.	43.21	841	-	-	-	-	-	-
Oct.-Dec.	41.99	1,383	-	-	-	-	-	-
<b>2002:</b>								
Jan.-Mar.	42.54	770	-	-	-	***	***	***
Apr.-June	39.66	1,099	-	-	-	-	-	-
July-Sept.	41.64	796	-	-	-	-	-	-
Oct.-Dec.	41.67	655	-	-	-	-	-	-
<b>2003:</b>								
Jan.-Mar.	43.48	537	-	-	-	-	-	-
Apr.-June	43.92	454	-	-	-	-	-	-
July-Sept.	38.17	416	-	-	-	-	-	-
Oct.-Dec.	42.56	994	-	-	-	-	-	-
<b>2004:</b>								
Jan.-Mar.	46.46	660	-	-	-	-	-	-
Apr.-June	40.39	588	-	-	-	-	-	-
July-Sept.	46.64	715	-	-	-	-	-	-
Oct.-Dec.	42.48	768	-	-	-	-	-	-
<b>2005:</b>								
Jan.-Mar.	50.43	524	-	-	-	-	-	-
Apr.-June	43.33	827	-	-	-	-	-	-
July-Sept.	56.43	390	-	-	-	***	***	***
Oct.-Dec.	56.03	818	-	-	-	***	***	***
<b>2006:</b>								
Jan.-Mar.	60.08	575	-	-	-	***	***	***

Table continued on next page

**Table V-2--Continued**

**SSBW pipe fittings: Weighted-average f.o.b. prices and quantities of domestic and imported product 2<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2000-March 2006**

Period	United States		Philippines			All subject countries		
	Price (per unit)	Quantity (units)	Price (per unit)	Quantity (units)	Margin (percent)	Price (per unit)	Quantity (units)	Margin (percent)
<b>2000:</b>								
Jan.-Mar.	\$44.93	2,373	\$***	***	***	\$***	***	***
Apr.-June	46.07	1,322	***	***	***	***	***	***
July-Sept.	48.62	873	***	***	***	***	***	***
Oct.-Dec.	46.72	1,172	***	***	***	***	***	***
<b>2001:</b>								
Jan.-Mar.	45.16	827	***	***	***	***	***	***
Apr.-June	43.45	1,179	-	-	-	***	***	***
July-Sept.	43.21	841	-	-	-	-	-	-
Oct.-Dec.	41.99	1,383	-	-	-	-	-	-
<b>2002:</b>								
Jan.-Mar.	42.54	770	***	***	***	***	***	***
Apr.-June	39.66	1,099	-	-	-	-	-	-
July-Sept.	41.64	796	-	-	-	-	-	-
Oct.-Dec.	41.67	655	-	-	-	-	-	-
<b>2003:</b>								
Jan.-Mar.	43.48	537	-	-	-	-	-	-
Apr.-June	43.92	454	-	-	-	-	-	-
July-Sept.	38.17	416	-	-	-	-	-	-
Oct.-Dec.	42.56	994	-	-	-	-	-	-
<b>2004:</b>								
Jan.-Mar.	46.46	660	-	-	-	-	-	-
Apr.-June	40.39	588	-	-	-	-	-	-
July-Sept.	46.64	715	-	-	-	-	-	-
Oct.-Dec.	42.48	768	-	-	-	-	-	-
<b>2005:</b>								
Jan.-Mar.	50.43	524	-	-	-	-	-	-
Apr.-June	43.33	827	-	-	-	-	-	-
July-Sept.	56.43	390	***	***	***	***	***	***
Oct.-Dec.	56.03	818	***	***	***	***	***	***
<b>2006:</b>								
Jan.-Mar.	60.08	575	***	***	***	***	***	***

<sup>1</sup> Finished elbows, welded, 6" nominal OD, 90 degrees long radius, Schedule 10S, grade 304/304L.

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

Table V-3

SSBW pipe fittings: Weighted-average f.o.b. prices and quantities of domestic and imported product 3<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2000-March 2006

Period	United States		Italy			Malaysia		
	Price (per unit)	Quantity (units)	Price (per unit)	Quantity (units)	Margin (percent)	Price (per unit)	Quantity (units)	Margin (percent)
<b>2000:</b>								
Jan.-Mar.	\$20.25	780	-	-	-	\$***	***	***
Apr.-June	19.91	757	\$***	***	***	***	***	***
July-Sept.	18.54	655	-	-	-	-	-	-
Oct.-Dec.	19.47	724	-	-	-	***	***	***
<b>2001:</b>								
Jan.-Mar.	18.76	443	***	***	***	-	-	-
Apr.-June	18.02	438	-	-	-	-	-	-
July-Sept.	17.02	473	-	-	-	-	-	-
Oct.-Dec.	17.72	444	-	-	-	-	-	-
<b>2002:</b>								
Jan.-Mar.	16.85	547	-	-	-	-	-	-
Apr.-June	15.61	729	-	-	-	***	***	***
July-Sept.	16.21	509	-	-	-	-	-	-
Oct.-Dec.	16.24	493	-	-	-	-	-	-
<b>2003:</b>								
Jan.-Mar.	16.97	267	-	-	-	-	-	-
Apr.-June	17.23	340	-	-	-	-	-	-
July-Sept.	17.98	347	-	-	-	-	-	-
Oct.-Dec.	17.57	392	-	-	-	-	-	-
<b>2004:</b>								
Jan.-Mar.	17.50	250	-	-	-	-	-	-
Apr.-June	17.67	577	-	-	-	-	-	-
July-Sept.	20.22	397	-	-	-	-	-	-
Oct.-Dec.	14.69	532	-	-	-	-	-	-
<b>2005:</b>								
Jan.-Mar.	21.16	237	-	-	-	-	-	-
Apr.-June	17.10	485	-	-	-	-	-	-
July-Sept.	23.73	399	-	-	-	-	-	-
Oct.-Dec.	21.75	444	-	-	-	-	-	-
<b>2006:</b>								
Jan.-Mar.	22.37	171	-	-	-	-	-	-

Table continued on next page.

**Table V-3--Continued**

**SSBW pipe fittings: Weighted-average f.o.b. prices and quantities of domestic and imported product 3<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2000-March 2006**

Period	United States		Philippines			All subject countries		
	Price (per unit)	Quantity (units)	Price (per unit)	Quantity (units)	Margin (percent)	Price (per unit)	Quantity (units)	Margin (percent)
<b>2000:</b>								
Jan.-Mar.	\$20.25	780	\$***	***	***	\$***	***	***
Apr.-June	19.91	757	***	***	***	***	***	***
July-Sept.	18.54	655	***	***	***	***	***	***
Oct.-Dec.	19.47	724	***	***	***	***	***	***
<b>2001:</b>								
Jan.-Mar.	18.76	443	***	***	***	***	***	***
Apr.-June	18.02	438	***	***	***	***	***	***
July-Sept.	17.02	473	***	***	***	***	***	***
Oct.-Dec.	17.72	444	***	***	***	***	***	***
<b>2002:</b>								
Jan.-Mar.	16.85	547	***	***	***	***	***	***
Apr.-June	15.61	729	-	-	-	***	***	***
July-Sept.	16.21	509	-	-	-	-	-	-
Oct.-Dec.	16.24	493	-	-	-	-	-	-
<b>2003:</b>								
Jan.-Mar.	16.97	267	-	-	-	-	-	-
Apr.-June	17.23	340	-	-	-	-	-	-
July-Sept.	17.98	347	-	-	-	-	-	-
Oct.-Dec.	17.57	392	-	-	-	-	-	-
<b>2004:</b>								
Jan.-Mar.	17.50	250	-	-	-	-	-	-
Apr.-June	17.67	577	-	-	-	-	-	-
July-Sept.	20.22	397	-	-	-	-	-	-
Oct.-Dec.	14.69	532	-	-	-	-	-	-
<b>2005:</b>								
Jan.-Mar.	21.16	237	-	-	-	-	-	-
Apr.-June	17.10	485	-	-	-	-	-	-
July-Sept.	23.73	399	***	***	***	***	***	***
Oct.-Dec.	21.75	444	***	***	***	***	***	***
<b>2006:</b>								
Jan.-Mar.	22.37	171	***	***	***	***	***	***

<sup>1</sup> Finished tees, welded, 3" nominal OD, Schedule 10S, grade 304/304L.

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

Table V-4

SSBW pipe fittings: Weighted-average f.o.b. prices and quantities of domestic and imported product 4<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2000-March 2006

Period	United States		Italy			Malaysia		
	Price (per unit)	Quantity (units)	Price (per unit)	Quantity (units)	Margin (percent)	Price (per unit)	Quantity (units)	Margin (percent)
<b>2000:</b>								
Jan.-Mar.	\$6.97	8,613	\$***	***	***	\$***	***	***
Apr.-June	7.57	4,114	***	***	***	***	***	***
July-Sept.	7.06	5,114	-	-	-	***	***	***
Oct.-Dec.	7.21	4,928	-	-	-	-	-	-
<b>2001:</b>								
Jan.-Mar.	6.64	6,200	***	***	***	-	-	-
Apr.-June	6.22	6,249	-	-	-	-	-	-
July-Sept.	5.99	5,693	-	-	-	-	-	-
Oct.-Dec.	5.73	6,342	-	-	-	-	-	-
<b>2002:</b>								
Jan.-Mar.	5.70	5,617	-	-	-	-	-	-
Apr.-June	5.61	5,419	-	-	-	-	-	-
July-Sept.	5.62	4,817	-	-	-	-	-	-
Oct.-Dec.	5.74	5,205	-	-	-	-	-	-
<b>2003:</b>								
Jan.-Mar.	6.15	3,499	-	-	-	-	-	-
Apr.-June	6.39	2,513	-	-	-	-	-	-
July-Sept.	5.78	4,652	-	-	-	-	-	-
Oct.-Dec.	5.97	3,906	-	-	-	-	-	-
<b>2004:</b>								
Jan.-Mar.	6.29	4,165	-	-	-	-	-	-
Apr.-June	7.04	2,798	-	-	-	-	-	-
July-Sept.	6.62	3,466	-	-	-	-	-	-
Oct.-Dec.	7.34	3,661	-	-	-	-	-	-
<b>2005:</b>								
Jan.-Mar.	7.32	4,104	-	-	-	***	***	***
Apr.-June	7.64	3,174	-	-	-	***	***	***
July-Sept.	8.71	2,372	-	-	-	-	-	-
Oct.-Dec.	9.33	3,737	-	-	-	-	-	-
<b>2006:</b>								
Jan.-Mar.	9.36	2,332	-	-	-	-	-	-

Table continued on next page.

**Table V-4--Continued**

**SSBW pipe fittings: Weighted-average f.o.b. prices and quantities of domestic and imported product 4<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2000-March 2006**

Period	United States		Philippines			All subject countries		
	Price (per unit)	Quantity (units)	Price (per unit)	Quantity (units)	Margin (percent)	Price (per unit)	Quantity (units)	Margin (percent)
<b>2000:</b>								
Jan.-Mar.	\$6.97	8,613	\$***	***	***	\$***	***	***
Apr.-June	7.57	4,114	***	***	***	***	***	***
July-Sept.	7.06	5,114	***	***	***	***	***	***
Oct.-Dec.	7.21	4,928	***	***	***	***	***	***
<b>2001:</b>								
Jan.-Mar.	6.64	6,200	***	***	***	***	***	***
Apr.-June	6.22	6,249	***	***	***	***	***	***
July-Sept.	5.99	5,693	***	***	***	***	***	***
Oct.-Dec.	5.73	6,342	-	-	-	-	-	-
<b>2002:</b>								
Jan.-Mar.	5.70	5,617	***	***	***	***	***	***
Apr.-June	5.61	5,419	-	-	-	-	-	-
July-Sept.	5.62	4,817	-	-	-	-	-	-
Oct.-Dec.	5.74	5,205	-	-	-	-	-	-
<b>2003:</b>								
Jan.-Mar.	6.15	3,499	-	-	-	-	-	-
Apr.-June	6.39	2,513	-	-	-	-	-	-
July-Sept.	5.78	4,652	-	-	-	-	-	-
Oct.-Dec.	5.97	3,906	-	-	-	-	-	-
<b>2004:</b>								
Jan.-Mar.	6.29	4,165	-	-	-	-	-	-
Apr.-June	7.04	2,798	-	-	-	-	-	-
July-Sept.	6.62	3,466	-	-	-	-	-	-
Oct.-Dec.	7.34	3,661	-	-	-	-	-	-
<b>2005:</b>								
Jan.-Mar.	7.32	4,104	-	-	-	***	***	***
Apr.-June	7.64	3,174	-	-	-	***	***	***
July-Sept.	8.71	2,372	-	-	-	-	-	-
Oct.-Dec.	9.33	3,737	-	-	-	-	-	-
<b>2006:</b>								
Jan.-Mar.	9.36	2,332	-	-	-	-	-	-

<sup>1</sup> Finished elbows, welded, 2" nominal OD, 90 degrees long radius, Schedule 10S, grade 316/316L.

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

**Figure V-2**  
**SSBW pipe fittings: Weighted-average net prices of domestic and imported products 1-4, by quarter, January 2000-March 2006**

\* \* \* \* \*

**Price Comparisons**

Prices of imports from Italy were higher than prices of U.S.-produced SSBW pipe fittings in the majority of comparisons,<sup>5</sup> whereas prices of imports from Malaysia and the Philippines were consistently lower than prices of the domestic product. Breakouts of margins of underselling/overselling are shown in the table below.

**Table-V-5**  
**SSBW pipe fittings: Instances of underselling/overselling and the range of margins, by countries, January 2000- March 2006**

Country	Underselling		Overselling	
	Number of instances	Range (percent)	Number of instances	Range (percent)
Italy	5	2.1 to 41.5	8	20.8 to 127.9
Malaysia	22	38.2 to 80.5	0	--
Philippines	39	24.0 to 66.1	0	--

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

Although Italian SSBW pipe fittings oversold the U.S. product in the majority of price comparisons, \*\*\* of the reported quantity of Italian product used in the comparisons undersold the U.S. product.

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<sup>5</sup> In the original investigation, imports from Italy were priced higher than U.S. product in 13 out of 20 comparisons (see *Certain Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines, Investigation Nos. 731-TA-865-867 (Final)*, USITC Publication 3387, January 2001, p. V-21).



**APPENDIX A**  
***FEDERAL REGISTER* NOTICES**



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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation Nos. 731-TA-865-867  
(Review)]

**Stainless Steel Butt-Weld Pipe Fittings  
From Italy, Malaysia, and the  
Philippines**

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

**ACTION:** Institution of five-year reviews  
concerning the antidumping duty orders  
on stainless steel butt-weld pipe fittings  
from Italy, Malaysia, and the  
Philippines.

**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 stainless  
steel butt-weld pipe fittings from Italy,  
Malaysia, and the Philippines 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 February 22,  
2006. Comments on the adequacy of  
responses may be filed with the  
Commission by March 20, 2006. 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:** January 3, 2006.

<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. 06-5-145,  
expiration date June 30, 2008. Public reporting  
burden for the request is estimated to average 10  
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.

**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](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 February 23, 2001, the  
Department of Commerce ("Commerce")  
issued antidumping duty orders on  
imports of stainless steel butt-weld pipe  
fittings from Italy, Malaysia, and the  
Philippines (66 FR 11257). The  
Commission is conducting 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 Commerce.

(2) The *Subject Countries* in these  
reviews are Italy, Malaysia, and the  
Philippines.

(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  
determinations, the Commission  
defined the *Domestic Like Product* as all  
finished and unfinished butt-weld  
fittings having an outside diameter  
(based on nominal pipe size) of less  
than 14 inches, coextensive with  
Commerce's scope.

(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 determinations, the Commission defined the *Domestic Industry* as all domestic producers of the *Domestic Like Product*.

(5) The *Order Date* is the date that the antidumping duty orders under review became effective. In these reviews, the *Order Date* is February 23, 2001.

(6) 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 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's designated agency ethics official has advised that a 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 February 22, 2006. 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 March 20, 2006. 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 FR 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 since the *Order Date*.

(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 2005 (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 each *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2005 (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 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 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 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 2005 (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 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* from each *Subject Country* 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 each *Subject Country* since the *Order Date*, 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 each *Subject Country*, 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: December 22, 2005.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-24585 Filed 12-30-05; 8:45 am]

**BILLING CODE 7020-02-U**

pipe fittings from Italy, Malaysia, and the Philippines.

**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 stainless steel butt-weld pipe fittings from Italy, Malaysia, and the Philippines 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:** April 10, 2006.

**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 April 10, 2006, 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 (71 FR 140, January 3, 2006) was adequate and that the respondent interested party group response with respect to Malaysia was adequate and decided to conduct a full review with respect to the order covering stainless steel butt-weld pipe fittings from Malaysia. The Commission found that the respondent interested party group responses with respect to Italy and the Philippines were inadequate. However, the Commission determined to conduct full reviews concerning stainless steel butt-weld pipe fittings from Italy and the Philippines to promote administrative

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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation Nos. 731-TA-865-867  
(Review)]

**Stainless Steel Butt-Weld Pipe Fittings  
From Italy, Malaysia, and the  
Philippines**

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

**ACTION:** Notice of Commission  
determinations to conduct full five-year  
reviews concerning the antidumping  
duty orders on stainless steel butt-weld

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efficiency in light of its decision to conduct a full review with respect to stainless steel butt-weld pipe fittings from Malaysia. 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 § 207.62 of the Commission's rules.

Issued: April 13, 2006.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. E6-5886 Filed 4-18-06; 8:45 am]

**BILLING CODE 7020-02-P**

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**DEPARTMENT OF COMMERCE****International Trade Administration**

[A-475-828, A-557-809, A-565-801]

**Stainless Steel Butt-Weld Pipe Fittings  
from Italy, Malaysia, and the  
Philippines; Final Results of the  
Expedited Five-year ("Sunset")  
Reviews of Antidumping Duty Orders****AGENCY:** Import Administration,  
International Trade Administration,  
Department of Commerce.**SUMMARY:** On January 3, 2006, the  
Department of Commerce (the  
Department) initiated sunset reviews of  
the antidumping duty orders on

stainless steel butt-weld pipe fittings (butt-weld pipe fittings) from Italy, Malaysia, and the Philippines 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 an adequate substantive response filed on behalf of domestic interested parties, and no response from respondent interested parties, the Department conducted expedited (120-day) sunset reviews of these antidumping duty orders. 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 at the levels identified below in the "Final Results of Review" section of this notice.

**EFFECTIVE DATE:** May 8, 2006.

**FOR FURTHER INFORMATION CONTACT:** Deborah Scott, AD/CVD Operations, Office 7, or Dana Mermelstein, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-2657 or (202) 482-1391, respectively.

**SUPPLEMENTARY INFORMATION:**

**Background**

On January 3, 2006, the Department initiated sunset reviews of the antidumping duty orders on butt-weld pipe fittings from Italy, Malaysia, and the Philippines pursuant to section 751(c) of the Act. See *Initiation of Five-year ("Sunset") Reviews*, 71 FR 91 (January 3, 2006). The Department received a notice of intent to participate from four domestic interested parties, Flowline Division of Markovitz Enterprises, Inc. (Flowline), Gerlin, Inc. (Gerlin), Shaw Alloy Piping Products, Inc. (formerly Alloy Piping Products, Inc.) (Shaw Alloy), and Taylor Forge Stainless, Inc. (Taylor Forge) (collectively, domestic interested parties), within the deadline specified in section 351.218(d)(1)(i) of the Department's regulations. Domestic interested parties claimed interested party status under section 771(9)(C) of the Act as U.S. producers of a domestic like product. We received a complete substantive response from domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). However, we did not receive any responses from any respondent interested parties. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department

conducted expedited sunset reviews of these orders.

**Scope of the Orders**

For purposes of these orders, the product covered is certain stainless steel butt-weld pipe fittings (butt-weld fittings). Butt-weld pipe fittings are under 14 inches in outside diameter (based on nominal pipe size), whether finished or unfinished. The product encompasses all grades of stainless steel and "commodity" and "specialty" fittings. Specifically excluded from the definition are threaded, grooved, and bolted fittings, and fittings made from any material other than stainless steel.

The butt-weld fittings subject to these orders are generally designated under specification ASTM A403/A403M, the standard specification for Wrought Austenitic Stainless Steel Piping Fittings, or its foreign equivalents (e.g., DIN or JIS specifications). This specification covers two general classes of fittings, WP and CR, of wrought austenitic stainless steel fittings of seamless and welded construction covered by the latest revision of ANSI B16.9, ANSI B16.11, and ANSI B16.28. Butt-weld fittings manufactured to specification ASTM A774, or its foreign equivalents, are also covered by these orders.

These orders do not apply to cast fittings. Cast austenitic stainless steel pipe fittings are covered by specifications A351/A351M, A743/743M, and A744/A744M.

The butt-weld fittings subject to these orders are currently classifiable under subheading 7307.23.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these orders is dispositive.

**Analysis of Comments Received**

All issues raised in these cases are addressed in the "Issues and Decision Memorandum" from Stephen Claeys, Deputy Assistant Secretary for AD/CVD Operations, Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated May 3, 2006 (Decision Memorandum), which is hereby adopted by this notice. The issues discussed in the Decision Memorandum include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail if the orders were revoked. Parties can find a complete discussion of all issues raised in these sunset reviews and the corresponding recommendations in this public

memorandum, which is on file in room B-099 of the main Department building.

In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at <http://ia.ita.doc.gov/frn/>. The paper copy and electronic version of the Decision Memorandum are identical in content.

**Final Results of Sunset Reviews**

We determine that revocation of the antidumping duty orders on butt-weld pipe fittings from Italy, Malaysia, and the Philippines would likely lead to continuation or recurrence of dumping at the following percentage weighted-average margins:

Manufacturers/ Exporters/Producers	Weighted-Average Margin (Percent)
<b>Italy.</b>	
Coprosider S.p.A. ....	26.59
All Others .....	26.59
<b>Malaysia.</b>	
Kanzen Tetsu Sdn. Bhd. ....	7.51
All Others .....	7.51
<b>The Philippines.</b>	
Enlin Steel Corporation	33.81
Tung Fong Industrial Co., Inc. ....	7.59
All Others .....	7.59

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. Timely notification of the return or 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 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: April 27, 2006.

**David M. Spooner,**  
Assistant Secretary for Import Administration.  
[FR Doc. E6-6937 Filed 5-5-06; 8:45 am]

**BILLING CODE 3510-DS-S**

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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation Nos. 731-TA-865-867  
(Review)]

**Stainless Steel Butt-Weld Pipe Fittings  
From Italy, Malaysia, and the  
Philippines**

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

**ACTION:** Scheduling of full five-year  
reviews concerning the antidumping  
duty orders on stainless steel butt-weld  
pipe fittings from Italy, Malaysia, and  
the Philippines.

**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 stainless steel butt-weld pipe  
fittings from Italy, Malaysia, and the  
Philippines 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).

**DATES:** *Effective Date:* May 5, 2006.

**FOR FURTHER INFORMATION CONTACT:**  
Nathanael Comly (202-205-3174),  
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](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 April 10, 2006, 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 (71 FR 20132,  
April 19, 2006). 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 § 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  
§ 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 8, 2006,  
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 the  
reviews beginning at 9:30 a.m. on  
September 12, 2006, 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 September 5, 2006. 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 8, 2006, 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 business 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 September 1, 2006. 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 21, 2006; 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 September 21, 2006. On October 13, 2006, 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 17, 2006, 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 §§ 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 § 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II

(C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to § 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 §§ 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.

By order of the Commission.

Issued: May 18, 2006.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. E6-8195 Filed 5-26-06; 8:45 am]

**BILLING CODE 7020-02-P**

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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 May 5, 2006, the Commission established a schedule for the conduct of the final phase of the subject reviews (71 FR 30695, May 30, 2006). The Commission is revising its schedule.

The Commission's new schedule for the reviews is as follows: requests to appear at the hearing must be filed with the Secretary to the Commission not later than September 7, 2006; the prehearing conference will be held at the U.S. International Trade Commission Building at 9:30 a.m. on September 12, 2006; the hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on September 14, 2006; the deadline for filing posthearing briefs is September 25, 2006; the Commission will make its final release of information on October 19, 2006; and final party comments are due on October 23, 2006.

For further information concerning these reviews see the Commission's notice cited above and 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).

**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: August 2, 2006.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. E6-12867 Filed 8-7-06; 8:45 am]

**BILLING CODE 7020-02-P**

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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation Nos. 731-TA-865-867  
(Review)]

**Stainless Steel Butt-Weld Pipe Fittings  
From Italy, Malaysia, and the  
Philippines**

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

**ACTION:** Revised schedule for the subject  
full five-year reviews.

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**EFFECTIVE DATE:** August 8, 2006.

**FOR FURTHER INFORMATION CONTACT:**

Nathanael Comly (202-205-3174),  
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

**APPENDIX B**  
**STATEMENT ON ADEQUACY**



## EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

*Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines*, Inv. Nos. 731-TA-865-867 (Review)

On April 10, 2006, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(3)(B).

The Commission determined that four domestic producer responses, filed by Flowline Division of Markovitz Enterprises, Inc., Gerlin, Inc., Shaw Alloy Piping Products, Inc., and Taylor Forge Stainless, Inc., were individually adequate. Because the four producers that filed adequate responses account for the majority of domestic production of stainless steel butt-weld pipe fittings, the Commission further determined that the domestic interested party group response was adequate.

The Commission also received a response to its notice of institution by Malaysian producer Kanzen Tetsu Sdn., Bhd (“Kanzen”). The Commission determined that this response was individually adequate, and further that it constituted an adequate Malaysian respondent interested party group response because Kanzen accounts for a majority of the production of stainless steel butt-weld pipe fittings in Malaysia, and a majority of the exports of subject merchandise from Malaysia to the United States. Accordingly, the Commission determined to proceed to a full review in *Stainless Steel Butt-Weld Pipe Fittings from Malaysia*.

The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from Italy and the Philippines and, therefore, determined that the respondent interested party group response with respect to each of these countries was inadequate. However, the Commission determined to conduct full reviews concerning subject imports from Italy and the Philippines to promote administrative efficiency in light of its decision to conduct a full review in *Stainless Steel Butt-Weld Pipe Fittings from Malaysia*.

A record of the Commissioners’ votes is available from the Office of the Secretary and the Commission’s web site (<http://www.usitc.gov>).



**APPENDIX C**  
**SUMMARY DATA**



Table C-1

## SS butt-weld pipe fittings: Summary data concerning the U.S. market, 2000-05

(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					
	2000	2001	2002	2003	2004	2005	2000-05	2000-01	2001-02	2002-03	2003-04	2004-05
U.S. consumption quantity:												
Amount	***	12,396	14,085	12,414	15,242	17,345	***	***	13.6	-11.9	22.8	13.8
Producers' share (1)	***	41.4	32.5	27.3	25.7	25.7	***	***	-8.9	-5.2	-1.6	-0.0
Importers' share (1):												
Italy	***	6.6	4.1	1.4	0.9	1.1	***	***	-2.5	-2.7	-0.5	0.2
Malaysia	***	6.3	5.3	5.3	6.7	8.4	***	***	-1.0	-0.0	1.4	1.7
Philippines	***	1.6	1.3	0.5	0.2	2.1	***	***	-0.3	-0.8	-0.3	1.9
Subtotal	***	14.5	10.7	7.2	7.8	11.6	***	***	-3.8	-3.5	0.6	3.8
Other sources	***	44.1	56.7	65.5	66.5	62.7	***	***	12.7	8.8	1.0	-3.8
Total imports	***	58.6	67.5	72.7	74.3	74.3	***	***	8.9	5.2	1.6	0.0
U.S. consumption value:												
Amount	***	79,677	80,712	68,695	88,859	108,274	***	***	1.3	-14.9	29.4	21.8
Producers' share (1)	***	49.7	44.8	39.0	40.7	40.0	***	***	-4.8	-5.9	1.8	-0.7
Importers' share (1):												
Italy	***	3.2	2.2	1.7	1.3	1.7	***	***	-1.0	-0.5	-0.4	0.4
Malaysia	***	2.4	2.3	2.4	3.5	4.6	***	***	-0.1	0.0	1.1	1.1
Philippines	***	0.7	0.5	0.3	0.1	1.3	***	***	-0.2	-0.2	-0.3	1.3
Subtotal	***	6.4	5.0	4.4	4.9	7.6	***	***	-1.3	-0.6	0.5	2.8
Other sources	***	44.0	50.1	56.6	54.4	52.4	***	***	6.2	6.5	-2.2	-2.0
Total imports	***	50.3	55.2	61.0	59.3	60.0	***	***	4.8	5.9	-1.8	0.7
U.S. imports from:												
Italy:												
Quantity	1,962	822	575	177	138	192	-90.2	-58.1	-30.0	-69.2	-22.2	39.0
Value	5,938	2,538	1,768	1,155	1,156	1,847	-68.9	-57.3	-30.4	-34.7	0.1	59.7
Unit value	\$3.03	\$3.09	\$3.07	\$6.51	\$8.37	\$9.62	217.9	2.0	-0.4	111.8	28.6	14.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Malaysia:												
Quantity	1,520	781	751	657	1,022	1,460	-3.9	-48.6	-3.8	-12.5	55.6	42.8
Value	4,408	1,938	1,878	1,628	3,113	4,984	13.1	-56.0	-3.1	-13.3	91.2	60.1
Unit value	\$2.90	\$2.48	\$2.50	\$2.48	\$3.04	\$3.41	17.7	-14.4	0.7	-0.9	22.9	12.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Philippines:												
Quantity	1,083	197	187	59	25	357	-67.0	-81.8	-5.5	-68.4	-58.0	1342.1
Value	3,618	588	399	236	68	1,448	-60.0	-83.7	-32.2	-40.8	-71.1	2021.2
Unit value	\$3.34	\$2.98	\$2.14	\$4.00	\$2.76	\$4.05	21.3	-10.8	-28.3	87.2	-31.1	47.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:												
Quantity	4,564	1,800	1,513	893	1,185	2,009	-56.0	-60.6	-16.0	-41.0	32.7	69.5
Value	13,964	5,065	4,045	3,019	4,337	8,279	-40.7	-63.7	-20.1	-25.4	43.7	90.9
Unit value	\$3.06	\$2.81	\$2.67	\$3.38	\$3.66	\$4.12	34.7	-8.0	-5.0	26.4	8.3	12.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Other sources:												
Quantity	8,972	5,461	7,988	8,130	10,132	10,872	21.2	-39.1	46.3	1.8	24.6	7.3
Value	56,123	35,043	40,473	38,914	48,348	56,722	1.1	-37.6	15.5	-3.9	24.2	17.3
Unit value	\$6.26	\$6.42	\$5.07	\$4.79	\$4.77	\$5.22	-16.6	2.6	-21.1	-5.5	-0.3	9.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All sources:												
Quantity	13,536	7,261	9,502	9,024	11,318	12,881	-4.8	-46.4	30.9	-5.0	25.4	13.8
Value	70,087	40,108	44,518	41,932	52,685	65,001	-7.3	-42.8	11.0	-5.8	25.6	23.4
Unit value	\$5.18	\$5.52	\$4.69	\$4.65	\$4.66	\$5.05	-2.5	6.7	-15.2	-0.8	0.2	8.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on next page.

**Table C-1--Continued**  
**SSBW pipe fittings: Summary data concerning the U.S. market, 2000-05**

(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					
	2000	2001	2002	2003	2004	2005	2000-05	2000-01	2001-02	2002-03	2003-04	2004-05
U.S. producers:												
Average capacity quantity . . . . .	***	8,100	8,050	8,062	8,281	7,036	***	***	-0.6	0.1	2.7	-15.0
Production quantity . . . . .	***	4,695	4,599	3,450	3,869	4,588	***	***	-2.0	-25.0	12.1	18.6
Capacity utilization (1) . . . . .	***	58.0	57.1	42.8	46.7	65.2	***	***	-0.8	-14.3	3.9	18.5
U.S. shipments:												
Quantity . . . . .	***	5,135	4,583	3,390	3,924	4,464	***	***	-10.7	-26.0	15.8	13.8
Value . . . . .	***	39,569	36,194	26,763	36,174	43,273	***	***	-8.5	-26.1	35.2	19.6
Unit value . . . . .	***	\$7.71	\$7.90	\$7.89	\$9.22	\$9.69	***	***	2.5	-0.0	16.8	5.2
Export shipments:												
Quantity . . . . .	***	232	173	176	168	231	***	***	-25.4	1.7	-4.5	37.5
Value . . . . .	***	1,569	1,299	1,358	1,428	2,070	***	***	-17.2	4.5	5.2	45.0
Unit value . . . . .	***	\$6.76	\$7.51	\$7.72	\$8.50	\$8.96	***	***	11.0	2.8	10.2	5.4
Ending inventory quantity . . . . .	***	2,085	1,928	1,812	1,585	1,479	***	***	-7.5	-6.0	-12.5	-6.7
Inventories/total shipments (1) . . . . .	***	38.8	40.5	50.8	38.7	31.5	***	***	1.7	10.3	-12.1	-7.2
Production workers . . . . .	***	364	356	289	322	329	***	***	-2.2	-18.8	11.4	2.2
Hours worked (1,000s) . . . . .	***	685	648	519	555	584	***	***	-5.5	-19.8	7.0	5.2
Wages paid (\$1,000s) . . . . .	***	8,530	8,105	6,782	7,707	7,981	***	***	-5.0	-16.3	13.6	3.6
Hourly wages . . . . .	***	\$12.45	\$12.52	\$13.06	\$13.88	\$13.66	***	***	0.6	4.4	6.2	-1.6
Productivity (pounds per hour) . . . . .	***	6.9	7.1	6.6	7.0	7.9	***	***	3.7	-6.4	4.8	12.7
Unit labor costs . . . . .	***	\$1.82	\$1.76	\$1.97	\$1.99	\$1.74	***	***	-3.0	11.5	1.3	-12.7
Net sales:												
Quantity . . . . .	5,379	5,358	4,752	3,565	4,070	4,689	-12.8	-0.4	-11.3	-25.0	14.2	15.2
Value . . . . .	43,698	40,914	37,362	27,858	37,316	45,130	3.3	-6.4	-8.7	-25.4	34.0	20.9
Unit value . . . . .	\$8.12	\$7.64	\$7.86	\$7.81	\$9.17	\$9.62	18.5	-6.0	3.0	-0.6	17.3	5.0
Cost of goods sold (COGS) . . . . .	30,380	30,622	28,820	21,108	27,548	31,781	4.6	0.8	-5.9	-26.8	30.5	15.4
Gross profit or (loss) . . . . .	13,318	10,292	8,542	6,750	9,768	13,349	0.2	-22.7	-17.0	-21.0	44.7	36.7
SG&A expenses . . . . .	9,763	9,179	8,457	7,473	8,953	10,580	8.4	-6.0	-7.9	-11.6	19.8	18.2
Operating income or (loss) . . . . .	3,555	1,113	85	(723)	815	2,769	-22.1	-68.7	-92.4	(3)	(3)	239.7
Capital expenditures . . . . .	1,015	765	1,690	505	888	510	-49.8	-24.6	120.9	-70.1	75.8	-42.6
Unit COGS . . . . .	\$5.65	\$5.72	\$6.06	\$5.92	\$6.77	\$6.78	20.0	1.2	6.1	-2.4	14.3	0.1
Unit SG&A expenses . . . . .	\$1.82	\$1.71	\$1.78	\$2.10	\$2.20	\$2.26	24.3	-5.6	3.9	17.8	4.9	2.6
Unit operating income or (loss) . . . . .	\$0.66	\$0.21	\$0.02	(\$0.20)	\$0.20	\$0.59	-10.6	-68.6	-91.4	(3)	(3)	194.8
COGS/sales (1) . . . . .	69.5	74.8	77.1	75.8	73.8	70.4	0.9	5.3	2.3	-1.4	-1.9	-3.4
Operating income or (loss)/ sales (1) . . . . .	8.1	2.7	0.2	(2.6)	2.2	6.1	-2.0	-5.4	-2.5	-2.8	4.8	4.0

(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 statistics of the U.S. Department of Commerce.

**APPENDIX D**

**RESPONSES OF U.S. PRODUCERS, IMPORTERS, PURCHASERS, AND  
FOREIGN PRODUCERS/EXPORTERS CONCERNING THE SIGNIFICANCE  
OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF  
REVOCATION**



**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDERS  
AND THE LIKELY EFFECTS OF REVOCATION**

**The Commission requested U.S. producers to describe any anticipated changes to the character of their operations or organization relating to the importation of SSBW pipe fittings in the future if the antidumping duty orders covering imports of SSBW pipe fittings from Italy, Malaysia, and/or the Philippines were revoked. (Question II-4.) The following are quotations from the responses of U.S. producers.**

\*\*\*

SSBW commodity fittings market share is expected to decrease. Eventually, \*\*\* may have to exit the market.

\*\*\*

We may be forced to reduce domestic production if the market for these products is negatively impacted by additional supply.

\*\*\*

No.

\*\*\*

Revocation would result in negative price pressure, reduced profits, reduced employment levels and less funds for capital improvement.

\*\*\*

No.

\*\*\*

We would expect \*\*\* reduction in our volume and profit within one year.

**The Commission requested U.S. producers to describe the significance of the existing antidumping duty orders covering imports of SSBW pipe fittings from Italy, Malaysia, and/or the Philippines in terms of their effect on their firms' 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-19.) The following are quotations from the responses of U.S. producers.**

\*\*\*

The existing antidumping orders help to preserve a portion of the U.S. market for U.S. domestic producers. The antidumping orders have had a significant impact upon volumes imported from Italy and the Philippines.

\*\*\*

The antidumping duty orders have had a positive affect on our overall operations by allowing a portion of the market to remain available to U.S. producers.

\*\*\*

Certainly aids in our ability/attempt to compete against imports, however, other countries such as China, making up the difference.

\*\*\*

We cannot precisely quantify the effect of these orders on our operations, however, we believe that they have helped to offset the negative impact that imports from other counties have had on our industry. They have helped to stabilize prices somewhat, and made it more feasible for us to produce a greater % of our product from start to finish, thereby allowing us to hire more workers.

\*\*\*

No effect.

\*\*\*

The existing antidumping duties have stabilized our market enabling us to make a small profit on a product that was not profitable before. The duties have also made it possible to add more volume to our shop with lower unit cost.

**The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values relating to the production of SSBW pipe fittings in the future if the existing antidumping duty orders were revoked. (Question II-20.) The following are quotations from the responses of U.S. producers.**

\*\*\*

If the orders were to be revoked, our firm would anticipate that volumes of imports would increase from the subject countries, particularly the Philippines and Malaysia. With no antidumping duties, the possibility exists/increases for circumvention, should the U.S. domestic producers file dumping suits against China, or other countries.

\*\*\*

As mentioned, we would need to reduce any affected manufacturing operations with expectations that major cutbacks would be needed.

\*\*\*

No. Other countries have already moved in and captured additional market share.

\*\*\*

If these orders were revoked, we believe we would see a sharp increase in imports from these countries, resulting in price depression, lower profitability, increased purchases of unfinished fittings, reduced employment levels and less capital available for investment in equipment to increase productivity.

\*\*\*

No.

\*\*\*

We would expect reductions in cash flow, profits, and revenues within six months if the antidumping duty orders were revoked. We would anticipate a 15% reduction in sales, profits, and revenues due to these countries trying to buy their way back into our market. We would also have to have work force changes due to reduced sales and profits.

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDERS  
AND THE LIKELY EFFECTS OF REVOCATION**

**The Commission requested U.S. importers to describe any anticipated changes to the character of their operations or organization relating to the importation of SSBW pipe fittings in the future if the antidumping duty orders covering imports of SSBW pipe fittings from Italy, Malaysia, and/or the Philippines were revoked. (Question II-4.) The following are quotations from the responses of importers.**

\*\*\*

\*\*\*

\*\*\*

No. Buy from China (Hong Kong) now.

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

\*\*\*

We may buy from these countries again.

\*\*\*

No.

\*\*\*

No

\*\*\*

\*\*\*

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

**The Commission requested U.S. importers to describe any anticipated future increases in their importation of SSBW pipe fittings from Italy, Malaysia, and/or the Philippines if the antidumping duty order(s) were to be revoked, and to what extent the increased imports from those countries replace their imports from nonsubject countries. (Question II-5.) The following are quotations from the responses of importers.**

\*\*\*

Do not know.

\*\*\*

Marginally.

\*\*\*

At this point we don't anticipate increasing imports of these products.

\*\*\*

None! We do not and have not imported stainless from any other country.

\*\*\*

Very marginally.

\*\*\*

We don't buy from these countries.

\*\*\*

There would not be any reason to replace imports from other countries to Italy, Malaysia or the Philippines.

\*\*\*

There would be no change.

\*\*\*

None.

\*\*\*

No.

\*\*\*

No.

**The Commission requested U.S. importers to describe the significance of the existing antidumping duty orders covering imports of SSBW pipe fittings from Italy, Malaysia, and/or the Philippines in terms of their effect on their imports, U.S. shipments of imports, and inventories. (Question II-11.) The following are quotations from the responses of importers.**

\*\*\*

\*\*\*. The existing antidumping orders help to preserve a portion of the U.S. market for U.S. domestic producers. The antidumping orders have had a significant impact on volumes imported from Italy and the Philippines.

\*\*\*

None.

\*\*\*

Minimal. Not significant.

\*\*\*

Since we are a small company we have very limited knowledge on this product.

\*\*\*

\*\*\*.

\*\*\*

Our sales of Italian products are nil. Our sales from Malaysia are considerably smaller. Our sales from other countries have increased.

\*\*\*

N/A.

\*\*\*

These duties have had no significant affect on our operations. Most of our import products-butt weld are from Korea.

\*\*\*

\*\*\*.

\*\*\*

Little effect.

\*\*\*

Does not affect our business.

\*\*\*

None.

\*\*\*

Not available for us, since we import stainless steel butt weld fittings from 2005.

**The Commission requested U.S. importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of SSBW pipe fittings in the future if the existing antidumping duty orders were revoked. (Question II-12.) The following are quotations from the responses of importers.**

\*\*\*

\*\*\*

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

\*\*\*

Yes, but not significantly.

\*\*\*

No.

\*\*\*

\*\*\*

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

**U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDERS  
AND THE LIKELY EFFECTS OF REVOCATION**

**The Commission requested U.S. purchasers to describe the significance of the existing antidumping duty orders covering imports of stainless steel butt-weld pipe fittings from Italy, Malaysia and/or the Philippines in terms of their effect on their firms' future activities and the U.S. market as a whole. (Question III-35.) The following are quotations from the responses of purchasers.**

\*\*\*

(1) Activities of firm—More competition for China—even less domestic (U.S.) Product.

(2) Entire U.S. market— It might reduce the Chinese share of the market.

\*\*\*

(1) Activities of firm—Our firm does not consider Italy would dump product on the U.S. market as the Asian countries would. Our firm would like to source Italy as we have found the quality to be exceptional. We would have access to special grades that the Asians do not produce well and we could service our customers better. Even though we have not bought Italy for U.S. consumption, we have used Italy for international projects.

(2) Entire U.S. market— The major producer in the Philippines has moved his operation to China and continues to ship to the U.S.

\*\*\*

(1) Activities of firm—No response.

(2) Entire U.S. market— No response.

\*\*\*

(1) Activities of firm—None.

(2) Entire U.S. market—Don't know.

\*\*\*

(1) Activities of firm—No response.

(2) Entire U.S. market—No response.

\*\*\*

(1) Activities of firm—Minimal effect - not familiar with quality/costs from above countries.

(2) Entire U.S. market—Minimal effect - same as above.

\*\*\*

(1) Activities of firm– Hopefully availability would become better.

(2) Entire U.S. market– Hopefully availability would become better.

**FOREIGN PRODUCERS'/EXPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF  
THE ANTIDUMPING DUTY ORDERS  
AND THE LIKELY EFFECTS OF REVOCATION**

**The Commission requested foreign producers/exporters to describe any anticipated changes to the character of their operations or organization relating to the importation of SSBW pipe fittings in the future if the antidumping duty orders covering imports of SSBW pipe fittings from Italy, Malaysia, and/or the Philippines were revoked. (Question II-3.) The following are quotations from the responses of foreign producers/exporters.**

\*\*\*

No.

\*\*\*

No. As long as China is churning out the volume they are doing now, there definitely will be no change.

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

**The Commission requested foreign producers/exporters to describe the significance of the existing antidumping duty orders covering imports of SSBW pipe fittings from Italy, Malaysia, and/or the Philippines in terms of their effect on their firms' production capacity, production, home market shipments, exports to the U.S. and other markets, and inventories. (Question II-14.) The following is a quotation from the responses of foreign producers/exporters.**

\*\*\*

Insignificant as the fitting plant \*\*\*.

\*\*\*

We would be lying to say that the company was not affected as revenue fell after the antidumping order. However, even if the order were revoked, it would be whole different scenario given the heavy presence of both South Korea and China manufactured imports.

\*\*\*

No effect at all.

\*\*\*

Not significant.

**The Commission requested foreign producers/exporters to describe any anticipated changes in their production capacity, production, home market shipments, exports to the U.S. and other markets, or inventories relating to the production of SSBW pipe fittings in the future if the existing antidumping duty orders were revoked. (Question II-15.) The following are quotations from the responses of foreign producers/exporters.**

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

\*\*\*

No.

