



# Market Condition & Activity Bulletin

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## U.S. Industry Files Antidumping Duty Petitions on Imports of Stainless Steel Butt-Weld Pipe Fittings from Four Nations

(Washington, D.C.) – The stainless steel butt-weld pipe fittings industry filed antidumping duty petitions yesterday with the U. S. International Trade Commission (ITC) and the U.S. Department of Commerce requesting the imposition of antidumping duties against Germany, Italy, Malaysia, and the Philippines on imports of stainless steel butt-weld pipe fittings, according to a spokesperson for the Stainless Steel Butt-Weld Pipe Fittings Coalition. The companies – Shaw Alloy Piping Products, Inc. (Shreveport, Louisiana); Flowline Division of Markovitz Enterprises, Inc. (New Castle, Pennsylvania); Gerlin, Inc. (Carol Stream, Illinois); and Taylor Forge Stainless, Inc. (North Branch, New Jersey) —allege imports from the four named countries are being “dumped” in this country at margins ranging from 16 to 87 percent. Every producer and exporter of butt-weld pipe fittings in the four targeted countries will ultimately be covered by the antidumping duty order. A sample of the estimated margins is as follows:

COUNTRY	PRODUCER	ESTIMATED ANTIDUMPING DUTIES
Germany	Wilh. Schulz GmbH	16.03% – 79.84%
Italy	Coprosider	62.97% – 86.84%
Malaysia	Kanzen Tetsu	39.6% – 60.01%
Philippines	Tung Fong Enlin	30.21% – 68.48% 26.06% – 30.21%

“We are very pleased with these estimated margins,” said Phil Mavrigh, President of the Flowline Division of Markovitz Enterprises. “We know from the marketplace that our allegations of dumping are true, and we look forward to the issuance of the antidumping duty orders and an end to the price turmoil that has threatened the long-term viability of our industry and its workers,” Mavrigh said.

Dumping or selling product in the United States at less than fair value – violates the U.S. unfair trade laws and international trade rules established by the World Trade Organization (WTO). The ITC will issue a preliminary decision on the matter in February. Assuming a favorable decision, the final determination by the ITC and the Department of Commerce will be made in the Fall of 2000. There are several steps in the year-long investigation before the assessment and collection of antidumping duties. Following issuance of the antidumping duty orders, importers must pay cash deposits in the amount of the calculated duties.

The petitions target unfair imports of stainless steel butt-weld pipe fittings in all grades and shapes, whether finished or unfinished, under 14 inches in diameter. Such fittings are generally designated under Specification ASTM A403/A403M. The petition filed on Wednesday, December 29, 1999 follows similar successful petitions by the domestic industry against Japan in 1988 and Korea and Taiwan in 1993.

In support of its action, the coalition pointed out that average domestic unit sales values had fallen more than 30 percent since 1996. John Gloninger, spokesperson for the industry coalition, stated that this decline was directly attributable to the surge in unfairly-priced imports from the four subject countries. Citing import statistics, Mr. Gloninger noted that from 1996 through the first nine months of 1999, imports from the four countries increased by well over one-third. Their share of the domestic market increased likewise, while the market share of the domestic industry declined. As proof of the severity of the situation, Mr. Gloninger also noted that well over half of the 27 documented instances of dumping were at margins exceeding 50 percent. The result has been that the domestic industry's profitability has steadily declined from a profit in 1996 to a loss in 1999. As a result, the number of production workers and the wages they are paid have also declined.

According to Tim Barfield, President of Shaw Alloy Piping Products, the industry will closely monitor the monthly volume of imports. “If foreign producers try to ‘beat the clock’ in our trade cases by shipping in substantial volumes before Commerce announces its preliminary margins in June, the industry will allege critical circumstances, which will result in the retroactive imposition of the duties.” Mr. Barfield also noted that the U.S. industry remains concerned about global overcapacity and below-cost pricing practices of foreign producers, and “looks forward to being able to compete on a level playing field once again.”

*This article reprinted with permission of John Gloninger, and Michael Kerwin of Georgetown Economic Services.*

## STAINLESS STEEL PIPE

**Pricing** ↑ Stainless Steel welded pipe has entered into a period of increasing base prices and those dreaded surcharges. Manufacturers are reporting expected price increases of 8% – 10% this quarter. Surcharges went into effect in October and have significantly increased each month. Raw material price increases are expected to be a factor in pushing additional pipe increases.

**Lead Times** – Hedge buying has caused lead times to go out to

6 – 10 weeks. Only about 30% of factory orders are filled from stock. Some basic sizes are out of stock and deliveries are out till May and June, mainly due to raw material deliveries. Manufacturers report that orders placed in January are scheduled for April – May shipments.

**Comments** – One manufacturer reports that they have the largest backlog since 1995.

## STAINLESS STEEL WELD FITTINGS

**Pricing** ↑ Manufacturers predict significant price increases of 8% to 10% and more during this quarter. This follows last quarter's increases of 10% and more. The price increases are fueled by rising raw material and labor costs. Due to raw material costs, this may be the first of many increases for the year 2000. The cost of plate, bar and pipe costs along with surcharges are continuing to climb. Manufacturers report that pricing for foreign competition is on the rise and expected to continue through the year.

**Lead Times** – Lead times are running at 4 – 6 weeks with fill rates of 80% to 90%. Expect these lead times to lengthen due to inventories being depleted and flat roll deliveries going out to 16 weeks and pipe beginning to lengthen their lead times, also. Fittings will ultimately be affected sooner than later.

**Comments** – On Wednesday, January 13, 2000, the United States Department of Commerce announced punitive dumping margins on Ta Chen of 76.2%. This will apply to all material entering the U.S. from December 1992 through May 1994. Every shipment brought into the U.S. will be assessed a dumping duty of 76.2%, paid to the U.S. Customs Authority. This is being done because Ta Chen persistently refused to disclose complete and accurate information regarding its relationships with U.S. customers. According to the Department of Commerce, this significantly impeded the conduct of the administrative review. One manufacturer said to look for 2000 to be full of shortages and considerable price increases. One way or another, they predict sales will be better than 1999.

## STAINLESS 150 AND HI-PRESSURE FITTINGS

**Pricing** ↑ Predictions are for 5% to 7% increases due to raw material costs.

**Lead Times** – Fill rates of 80% to 90% on commodity items are reported by manufacturers. Deliveries are 2 – 3 weeks for material not in stock. At this time, inventory levels are reported to be very good.

**Comments** – The base prices of nickel and chromium have been lowered: Nickel base price lowered from 2.75/lb. to 2.00/lb and chromium base from .40/lb. – .35/lb. These base changes add approximately .09 per pound to the existing surcharges. Demand for product is up slightly, but not where manufacturers feel it should be; however, the outlook is improving.

## STAINLESS STEEL FLANGES

**Pricing** ↑ Manufacturers predict price increases of 15% effective early in this quarter. The increase is being pushed primarily for raw material costs, as well as labor charges. One manufacturer notes that raw material costs have risen as much as 30% to 40%.

**Lead Times** – Commodity items are shipping anywhere from two weeks to six weeks. There was a sharp increase in demand due to this price increase. Hedge buying has created longer lead times and a reduced supply for the manufacturer. Fill rates from inventory are reported to be 50% – 80%. Specialty items are shipping in 4 – 8 weeks. Back orders have increased slightly and some delay depends on the material grade.

**Comments** – The price of nickel is up with rates hovering at \$8,000 per metric ton and expected to continue to increase, along with surcharges. Specialty stainless and nickel alloy item prices have also increased. Mills have increased the surcharges by lowering the nickel base from \$2.75 to \$2.00. Market is reportedly still very, very competitive with companies struggling to find any volume. They are expecting improvement during this quarter after Y2K fears are abated. It is reported that stainless forgings are likely to be subject to full traceability as to the country of origin in the year 2000.

## CARBON STEEL PIPE (CONTINUOUS WELD)

**Pricing** ↑ Manufacturers are predicting industry wide price increases of 3% to 5% during this first quarter. The prices are increasing due to raw material costs, demand and competition. This follows similar increases during the last quarter of 1999.

**Lead Times** – Commodity items are shipping in 1 to 3 weeks and 80% to 100% fill rates.

**Comments** – The demand for domestic continuous weld pipe is the strongest in many years reports one manufacturer. The American Metal Market reported sharp increases in the Steel Scrap Price Composite during November and December.

*Please note that arrows inserted after pricing is only a "Best Guess" of pricing direction after compiling information from select suppliers. It does not reflect input from all mgfs. nor does it include study of national economic indicators.*

## CARBON STEEL PIPE (ERW & SEAMLESS)

**Pricing** ↑ Price predictions from manufacturers are for increases of 3% to 5% and one reporting 5% to 7½%. These increases are expected to hold due to raw material costs, reduced supply, capacity, competition and demand.

**Lead Times** – Fill rates on commodity items are reported to be 60% to 80% with lead times of 6 to 8 weeks if material is not in stock. Non-stock special material lead times are reported to be 10 to 14 weeks.

## CARBON STEEL WELD FITTINGS AND FLANGES

**Pricing** ↑ Manufacturers predict that pricing will increase from 2% – 5% and carbon flanges possibly 5% to 7%, with some increases already announced. Raw material costs are pushing the change, and all manufacturers are expected to “stick” with this increase.

**Lead Times** – Deliveries are running from 2 – 4 weeks for material not in stock, but fill rates remain strong at 70% to 90%. Non stock items are running 3 – 6 weeks.

**Comments** – Foreign competition from Mexico and Thailand reported, but not to a great extent. Due to supply side uncertainty, one major manufacturer announced company up for sale.

## FORGED STEEL FITTINGS

**Pricing** → Manufacturers predicted no change in pricing last quarter and this quarter should not see any price increases.

**Lead Times** – Commodity items are shipping in 2 – 3 weeks with

fill rates of 80% – 90%. Non stock deliveries are 6 – 8 weeks.

**Comments** – Products are moving good in the oil patch reports one manufacturer.

## STAINLESS GATES, GLOBES, CHECKS

**Pricing** ↑ Manufacturers predict an increase of 3% to 5% due to raw material and labor costs.

**Lead Times** – Forecasted lead time of 4 – 6 weeks with fill rates of 60% to 70% are reported. Non-stock specials are shipping in 12 to 16 weeks.

**Comments** – The price of nickel is up 50% reports one manufacturer. Manufacturers are seeing an increase in booked orders beginning in December 1999. They are predicting a 15% increase in demand over 1999. With labor costs going up approximately 3% per year and raw material costs increasing significantly, valve pricing will follow.

## FORGED STEEL GATES, GLOBES, CHECKS

**Pricing** → Predictions from manufacturers are for no change in pricing this quarter. Pricing holding through this quarter with materials purchased under future contract.

**Lead Times** – Commodity items are shipping in 3 – 4 weeks with

fill rates of 80% – 90%. Non-stock special lead times are 16 to 20 weeks.

**Comments** – One manufacturer notes that the percentage of socket weld valves over threaded is increasing.

## BRONZE AND IRON GATES, GLOBES, CHECKS

**Pricing** ↑ Manufacturers predict increases of 3% to 5% due to raw material and labor costs. This applies to bronze only.

**Lead Times** – Manufacturers reports lead times of 3 – 4 weeks. Fill rates on iron is 100% and bronze 70%.

## CAST STEEL GATES, GLOBES, CHECKS

**Pricing** → Manufacturers predict no change in pricing this quarter.

**Lead Times** – Delivery times are running 1 – 2 weeks with fill rates of 80% – 90%. Non-stock specials are shipping in 12 – 16 weeks on the average, with some special grades out to 18 weeks.

As capital projects pick up, the market will be faced with longer lead times, as inventories will be depleted rather quickly.

**Comments** – Activity remains slow.

## QUARTER TURN VALVES — BALL AND WAFER

**Pricing** → Pricing predictions from manufacturers are for no change this quarter.

**Lead Times** – Material is shipping in 2 – 6 weeks. 80% of commodity items are shipping within 2 weeks, and the balance within 4 – 6 weeks. Special non-stock valves run 10 – 14 weeks. Scheduled deliveries are running 95% on time from factories.

**Comments** – Manufacturers report a slight increase in branded, offshore ball valves, but not in butterfly valves. Foreign competition continues to increase from Italy and Asia. Nickel surpassed 3.65 USD/LB in December 1999. Chrome leveled @ approximately .39/LB. Moly was @ 2.68 USD/LB in November 1999, which was the same as October and down from September.