



Market Condition & Activity Bulletin

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STEEL GLOBAL SAFEGUARD INVESTIGATION

President Bush announced a comprehensive initiative to respond to the challenges facing the U. S. Steel Industry on June 5, 2001. As part of that initiative, U. S. Trade Representative Robert Zoellick requested the U. S. International Trade Commission to initiate an investigation under Section 201 (Global Safeguard) of the Trade Act of 1974 ("Trade Act") of the effect of steel imports on the U. S. Steel Industry. Ambassador Zoellick asked the ITC to determine whether certain steel products are being imported into the United States in such increased quantities that they are a substantial cause of serious injury, or threat of serious injury, to the domestic industries producing like or directly competitive products. The schedule will be announced when the investigation is formally instituted.

The ITC posted the draft questionnaires on its Internet web site on Thursday, June 28, 2001. The Commission instituted investigation No. TA-201-73. Comments on the draft questionnaires were due in writing no later than July 2, 2001 filed with the Secretary, U. S. International Trade Commission, Washington, DC 20436. If the Commission makes an affirmative determination, this law allows the United States to "escape" from our obligations under our international trade agreements to give affected industries temporary relief for a limited period of time to enable them to adjust to import competition.

Global safeguard investigations do not require the finding of an unfair trade practice. Dumping, or sales in the United States of an imported product at less than fair value, is an unfair trade practice. Dumping investigations are conducted under a different law, have different injury standards and procedures, and, if affirmative, result in different remedies. Safeguard investigations involve imports of a product from all countries, while dumping cases are countries specific. The overall Section 201 investigation must be completed within 180 days from receipt of the request. The Commission has 120 days to complete the injury phase and 60 days to complete the remedy phase. It holds a public hearing in each phase. Commissioners who make affirmative injury determinations are required to make additional separate findings for certain countries with which the U.S. has free trade agreements. These include the NAFTA countries (Canada and Mexico). The Commission may recommend to the President an increase in a duty, imposition of a quota, imposition of a tariff-rate quota, trade adjustment assistance, or any combination of such actions. In addition, the Commission may also recommend that the President initiate international negotiations to address the underlying cause of the increase in imports. The President makes the decision concerning the form of relief ultimately granted. The President has 60 days to decide whether to accept, revise, or reject the ITC's recommendations. Any remedy imposed by the President may be in place for up to four years, with possible extension for another four years.

The steel products covered by this request include: certain carbon and alloy pipe and tube, flat products, long products, and certain stainless steel and alloy steel products. Specific steel products covered by this request can be found on the website noted below. They are noted by the applicable Harmonized Tariff Schedules of the United States Annotated (HTS) item numbers. Ambassador Zoellick states "a thorough investigation of the condition of the domestic steel industry is important to the President's three part steel initiative, which includes negotiations with our steel trading partners to reduce excess global steel capacity and to establish additional disciplines on subsidies and other market-distorting practices."

Excerpts for this article were reprinted from the United States International Trade Commission Information Center. Additional information is available at www.usitc.gov.

STAINLESS STEEL PIPE

Pricing ↗ Stainless steel pipe manufacturers predict a 5% to 7¹/₂% increase in pricing this quarter due primarily to raw material costs. They are very encouraged with the early signs of market support for this increase to hold. This follows a quarter with prices declining 3% to 5%.

Lead Times - Stock lead times are running 3 - 6 weeks for commodity items with fill rates of 70% - 80%. Lead times for

non-stock specials are 10 - 16 weeks.

Comments - Manufacturers report that the market is very soft at the present time. Dumping suits are currently in effect for Korea and Taiwan. Manufacturers indicate a very slight decrease in foreign competition. Section 201 case includes stainless welded pipe and tube.

STAINLESS STEEL WELD FITTINGS

Pricing ↘ Several manufacturers note that they are hoping for no change, but it is possible that before the quarter is over they could release a drop of 2% - 5% due to demand and competition. Project buys have been going for 5% - 7% below the market.

Lead Times - The lead times are 2 - 3 weeks with strong fill rates of 80% - 90%. Delivery times have remained constant over the past couple of years. Commodity stock items are strong and everyone has stock. Exotic special lead times will vary on material grades running from 3 - 6 weeks.

Comments - The latest dumping suits seem to have done little to curtail import fittings states one manufacturer. Further, the manufacturer feels that if demand does not get stronger, we will see major problems with manufacturers. However, strip prices and pipe prices have been increased. Therefore, we feel fitting prices may be on the bottom states another manufacturer. As of 6/29/01, nickel was at \$2.75 / lb. Activity level is slow to moderate. We feel that the balance of 2001 will mirror the first half. Demand continues to be the missing ingredient according to manufacturers and distributors.

STAINLESS 150 AND HI-PRESSURE FITTINGS

Pricing → Several manufacturers predict no change in pricing this quarter.

Lead Times - Lead times are forecast for 2 - 3 weeks. Fill rates are strong at 80% - 100%. Lead times on special forgings are

6 - 8 weeks due to forging deliveries.

Comments - The domestic market continues to erode with imports continuing to increase from Taiwan and China.

STAINLESS STEEL FLANGES

Pricing ↘ Numerous manufacturers indicate no change this quarter; however, several other manufacturers note that this quarter will have a 1% - 2¹/₂% drop in pricing.

Lead Times - Lead times are running 2 - 4 weeks with fill rates of 60 - 80%. Non-stock specials are out 6 - 12 weeks.

Comments - Dumping suits are in effect with India and Taiwan. Foreign competition still strong from Korea, Italy, Mexico, Taiwan, France, and Malaysia. The upcoming Section 201 ruling will definitely have an effect on the stainless flange market.

CARBON STEEL PIPE (CONTINUOUS WELD)

Pricing ↘ Manufacturers are reporting crossed signals with no change from some and a decrease of 1% - 2¹/₂% from others.

Lead Times - Lead times are running 1 - 2 weeks with inventory fill rates of 90% - 100% for commodity items. Non-stock specials are forecast at 2 - 6 weeks.

Comments - Manufacturers note that business is slow for

standard pipe, off as much as 12% - 18%. Slow business + cheap coils and much competition equals discounting according to comments from one manufacturer. A dumping suit was reported in June 2001 against China, Indonesia, Malaysia, Romania, and South Africa.

CARBON STEEL PIPE (ERW & SEAMLESS)

Pricing → ↗ Several manufacturers indicate no price change for this quarter. One ERW manufacturer notes a possible 1% - 2¹/₂% increase this quarter due to raw material costs.

Lead Times - Fill rates of 60% to 80% with deliveries in 2 - 8 weeks on commodity items. Non-stock specials are forecast

from 8 - 16 weeks.

Comments - One manufacturer indicates that the 201 Trade case filed on steel products might see prices raise late 3rd quarter on both import and domestic.

CARBON STEEL WELD FITTINGS AND FLANGES

Pricing → All manufacturers indicate no change in the price of domestic weld fittings and flanges.

Lead Times - Deliveries are forecast for 2 - 4 weeks. Fill rates remain at 80 - 90%. Non-stock special items forecast deliveries of 6 - 12 weeks.

Comments - One manufacturer states that the under utilization

of domestic production capacity is due to the flood of foreign product. Another manufacturer notes that concast billet pricing has remained consistent throughout 2001, with some weakening towards the end of May 2001. One comment on this particular product line is there may be a significant drop in prices toward the end of 2001 and into 2002.

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 mfgs. nor does it include study of national economic indicators.

FORGED STEEL FITTINGS

Pricing → Several manufacturers have announced price increases for this quarter that are not sticking. Manufacturers report that it may be early 4th quarter before an announced increase of approximately 8% will become effective. One manufacturer notes that this commodity has seen no increase in over 5 years.

Lead Times - Manufacturers are predicting commodity product delivery in 2 - 3 weeks. Fill rates are strong at 90% - 100%.

Comments - One manufacturer comments that the forged steel market remains very competitive with too much capacity. Also, a hot rolled bar carbon steel increase has been announced effective August 1, 2001 for \$100 per cwt.

STAINLESS GATES, GLOBES, CHECKS

Pricing → The manufacturers' prediction is no price change for this quarter.

Lead Times - Lead times are forecast out to 6 - 10 weeks. Fill rates are running 70% - 90%. The special exotic items are

forecast for 12 - 16 weeks.

Comments - One manufacturer comments that they continue to see the demand on stainless increasing. They are also seeing more exotics and heavier pressures.

FORGED STEEL GATES, GLOBES, CHECKS

Pricing ↗ Manufacturers are indicating a price change of 3% - 5% for forged steel valves due to raw material costs, demand, and the cost of labor.

Lead Times - Lead times are forecast for 2 - 3 weeks on commodity items. Non-stock specials are reported to be

shipping in 4 - 6 weeks or 12 - 16 weeks with actuation.

Comments - Manufacturers note that the market continues to expand, which is driven by energy demands in the power generation market. Some manufacturers indicate concern over sourcing of F91 bar.

BRONZE AND IRON GATES, GLOBES, CHECKS

Pricing → This quarter manufacturers predict prices to be stable with no change. In fact, one manufacturer notes that they do not anticipate any price change through the end of 2001.

Lead Times - Forecast lead times are 4 - 6 weeks with fill rates of 80% to 90%.

Comments - One manufacturer comments that the bronze and iron business is steady and consistent, but not growing.

CAST STEEL GATES, GLOBES, CHECKS

Pricing → Manufacturers predict no change for cast steel valve pricing this quarter.

Lead Times - Commodity cast steel fill rates are reported to be 70 - 90% with lead times of 3 - 6 weeks for material not in stock. Non-stock special valves shipments are reported to be 8 - 12 weeks.

Comments - Manufacturers comment they still have a lot of inventory and pricing is ferociously competitive. One manufacturer notes that end users tell them that they should look forward to an increase in demand by the latter part of 2001 and lasting for several years to come!

QUARTER TURN VALVES — BALL AND WAFER

Pricing → No price change this quarter according to several manufacturers.

Lead Times - Forecast lead times on commodity items steady with deliveries in 2 - 4 weeks with fill rates of 80% - 90%.

Non-stock specials are forecast for 8 - 12 weeks.

Comments - Manufacturers continue to see foreign competition increasing from Asia and Europe.

LABOR DAY



Made in the USA

“Labor Day differs in every essential from the other holidays of the year in any country,” said Samuel Gompers, founder and longtime president of the American Federation of Labor. “All other holidays are in a more or less degree connected with conflicts and battles of man’s prowess over man, of strife and discord for greed and power, of glories achieved by one nation over another. Labor Day . . . is devoted to no man, living or dead, to no sect, race or nation.” In 1894, the U. S. Congress made the first Monday in September of each year a legal holiday in the United States. The vital force of labor has added materially to the highest standard of living and the greatest production the world has ever known and has brought us closer to the realization of our traditional ideals of economic and political democracy. It is appropriate, therefore, that the nation pay tribute on Labor Day to the creator of so much of the nation’s strength, freedom, and leadership— the American worker.

Thank you to the American worker today and yesterday.

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