



## ANTIDUMPING DUTY ORDERS

### **ITC makes affirmative determination in five-year Sunset Reviews concerning Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan and Thailand –**

The U.S. International Trade Commission (ITC) determined on October 15, 2005 that revoking the existing anti-dumping duty orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan and Thailand would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time. As a result of the Commission's affirmative determinations and the Department of Commerce's recent affirmative findings, the existing orders on imports of these products will remain in place. Chairman Stephen Koplun, Vice Chairman Deanna Tanner Okun, and Commissioners Jennifer A. Hillman, Charlotte R. Lane, and Daniel R. Pearson found that revoking the existing orders would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. Commissioner Shara L. Aranoff did not participate in this investigation. This action comes under the five-year (sunset) review process required by the Uruguay Round Agreement Act. The Uruguay Round Agreements Act requires the Department of Commerce to revoke an antidumping or counter-vailing duty order, or terminate a suspension agreement, after five years unless the Department of Commerce and the ITC determine that revoking the order or terminating the suspension agreement would be likely to lead to continuation or recurrence of dumping or subsidies (Commerce) and of material injury (ITC) within a reasonably foreseeable time.

The Commission's institution notice in five-year reviews requests that interested parties file responses with the Commission concerning the likely effects of revoking the order under review as well as other information. Generally within 95 days from institution, the Commission will determine whether the responses it has received reflect adequate or inadequate level of interest in a full review. If responses to the ITC's notice of institution are adequate, or if other circumstances warrant a full review, the Commission conducts a full review, which includes a public hearing and issuance of questionnaires.

The commission generally does not hold a hearing or conduct further investigative activities in expedited reviews. Commissioners base the injury determination in expedited reviews on the facts available, including the Commission's prior injury and review determinations, responses received to its notice of institution, data collected by staff in connection with the review, and information provided by the Department of Commerce. The five-year (sunset) reviews concerning Carbon Steel Butt-Weld Fittings from Brazil, China, Japan, Taiwan, and Thailand were instituted on December 1, 2004. On March 7, 2005, the Commission voted to conduct full reviews. Commissioners Miller, Lane and Pearson conclude that the domestic group response was adequate and the respondent group responses were inadequate, but that circumstances warranted full reviews. Chairman Koplun and Commissioner Hillman concluded that the domestic group was adequate and the respondent group responses were inadequate and voted for expedited reviews. Information concerning the reasons for the Commission's vote to conduct full reviews was published in the Federal Register on March 23, 2005.

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*Information for the Anti-Dumping article was provided by a United States International Trade Commission News Release dated October 18, 2005 Information for the Export Controls article on page 4 was provided by U.S. Department of Commerce.*

## STAINLESS STEEL PIPE

**Pricing** ↓ Stainless Steel pipe manufacturers indicate prices dropping 1% - 5% during the last quarter of 2005. Manufacturers comment that their distributor inventories are generally low, but little purchasing is taking place due to expected surcharge reductions in the near term. Foreign pressure on pricing continues to affect the market.

**Lead Times** – Commodity stainless is shipping in 8 – 12 weeks with fill rates of 30% – 60%. Non-stock specials are shipping in 16 – 20 weeks or more depending on the grade of steel. Manufacturers comment that there are still shortages in re-melt alloys affecting deliveries.

**Comments** – One manufacturer complains that metals continue to bounce around with no predictable pattern. Also, there is some discussion within the industry concerning a dumping investigation of Chinese imports of welded stainless pipe. During the 3rd quarter this year some larger importers dumped inventory which reduced market pricing. Uncertainty of surcharge trends caused many companies to hold off on purchasing inventory. This situation will continue through the

4th quarter. Imports are increasing from Taiwan, China, and Korea. Late August 2005, *Ahora.co.cu* reported that Cuba is investing heavily in the northeastern province of Holguin, where the world's greatest reserve of cobalt and nickel are found. Besides adding a third plant to produce a ferro-nickel, an 11-km long conveyor belt is being built. In 2005, Cuba's production goal is 12,400 tons. By 2007, the article states, the potential could be as high as 120,000 tons. LME nickel ended the day on 11/17/05 at \$5.42 lb. Inco expects to produce first finished nickel from the Voisey's Bay concentrate in the first quarter of 2006. Falconbridge declares force majeure on certain shipments after elevated impurity levels at its Nikkelverk refinery in Norway forced it to lower its output protections for refined nickel. LME nickel inventories to over 20,682 tons. Merrill Lynch is predicting the average price of nickel at \$7 lb for 2005, \$6.50 lb for 2006 and \$5.50 lb for 2007. Societe General is forecasting \$5.35 lb for 2006 while Macquaries is predicting \$6.75 lb for 2005 and 2006.

## STAINLESS STEEL WELD FITTINGS, 150 & HI-PRESSURE FITTINGS

**Pricing** → Stainless Steel fitting prices are predicted to be stable thru the fourth quarter according to manufacturers. The next several months may be relatively flat according to one manufacturer as pricing for raw materials have generally stabilized for 3005 and 316 products.

**Lead Times** – Manufacturers indicate that fill rates are 80% to 90% with deliveries of 4 – 6 weeks for commodity material.

Deliveries are shorter due to better inventory positions on raw materials. Non-stock specials are running 12 – 16 weeks.

**Comments** – Prices on moly dipped slightly over the past few months, but have risen again. Nickel has slid and may be more unstable due to potential strikes and industry consolidation according to one manufacturer.

## STAINLESS STEEL FLANGES

**Pricing** → Stainless Steel flange manufacturers predict pricing is not expected to change this quarter.

**Lead Times** – fill rates are running 30% – 40% with deliveries of 4 – 6 weeks on commodity items. Non-stock specials are 8 –

12 weeks.

**Comments** – A manufacturer comments that a once every five year sunset review went into effect against India and Taiwan over dumping material in the U.S. Market.

## CARBON STEEL PIPE - ERW AND CONTINUOUS WELD

**Pricing** ↗ Manufacturers of continuous weld and ERW pipe indicate that they expect price to rise 5% – 7 ½ % during this last quarter of 2005 due to raw material costs.

**Lead Times** – The forecast lead time are 4 – 6 weeks with fill rates of 70% – 90%.

**Comments** – Dumping suits against China are pending. Foreign competition continues to be strong. Inventories are coming down after being over-inventories over the past year because of the uncertainty of material availability. The mills are keeping up with demand during 2005.

## CARBON STEEL PIPE - SEAMLESS

**Pricing** ↓ Manufacturers of seamless carbon steel pipe predict no change for this quarter following last quarter's increase of 3% – 5% due to raw material costs. High energy prices now appear increasingly to be dampening economic sentiment across the globe and demand for seamless tubing associated with end-use markets such as automotive producers could slow, causing prices to stall. However in the OCTG and line-pipe markets continue to report strong demand from oil and gas exploration and infrastructure investment.

**Lead Times** – Lead times for seamless pipe is 2 – 3 weeks. Commodity items are shipping from stock 70% – 80%. Speciality materials are forecast for delivery in 6 – 8 weeks.

**Comments** – The US OCTG market is said to be the star performer in the global seamless pipe markets, with prices continuing to rise upwards. Hurricanes Katrina and Rita so far appear to have had little impact on prices and the booming market is attracting producers from emerging markets such as Russia, Romania, Poland and India. However, it is Chinese exporters who are having the greatest impact – sending around 40% of all seamless OCTG imports into the US, and undercutting domestic prices by around \$200 / tonne. It is not just the US market concerned about the increasing dominance of the Chinese in the export markets. Producers in India and the Middle East are also struggling to compete against the cheaper Chinese material.

## CARBON STEEL WELD FITTINGS AND FLANGES

**Pricing** ↗ Manufacturers indicate prices for carbon steel fittings and flanges will increase 8% – 10% or more during the 4th quarter of 2005 due to raw material costs and energy costs. There is a considerable demand for carbon steel seamless pipe in the world market.

**Lead Times** – Manufacturer fill rates are running 80% – 90%. Lead times are 3 – 6 weeks. The lead time for raw material delivery is increasing due to demand and transportation problems.

**Comments** – The prices continue to move upward on both carbon steel seamless pipe and carbon steel billets for flanges due to increasing demand on the world market limited supply. Flange prices are expected to increase substantially due to the surge in carbon steel raw billet cost and availability. One manufacturer comments that their sources predict pricing for carbon steel seamless pipe is expected to increase during 2006 at the same, or slightly accelerated, pace as expected in 2005.

## FORGED STEEL FITTINGS

**Pricing** → Manufacturers do not forecast an increase thru the end of 2005.

**Lead Times** – Fill rates remain at 80 – 90% but back order lead times are extending slightly 2 – 3 weeks.

**Comments** – Concerning foreign competition, manufacturers indicate they see the amount of Taiwanese

material coming in the country as increasing significantly. The historic country exporting to the U.S. Has been Italy. Manufacturers note that steel companies have removed the previous Vanadium surcharge; however, they have rolled the cost into the base price. The next bar increase is forecast for January 2006.

## STAINLESS GATES, GLOBE, CHECKS

**Pricing** → Manufacturers do not anticipate any price changes thru the end of 2005

**Lead Times** – Fill rates for commodity valves is 60% – 80%. The lead time for commodity valve not in stock is 6 – 8 weeks.

Non-stock specialty valves are forecast for 16-20 week deliveries.

**Comments** – One manufacturer notes that the raw materials market has continued to be volatile in some areas, but has been

## BRONZE AND IRON GATES, GLOBES, CHECKS

**Pricing** → ↗ Bronze valves are forecast for a 3% – 7% increase due to dramatically increasing raw material costs for bronze valves. Iron valves are not predicted to change thru the remainder of this year.

**Lead Times** – Bronze fill rates are 60% – 80% while Iron valve fill rates are running 80% – 90%. Bronze valve lead times are 3 –

6 weeks and Iron valves are 4 --6 weeks. Non-stock specials are forecast for 8 – 12 week deliveries.

**Comments** – Bronze ingot costs are forecast to continue to steadily increase at a rate of approximately 2% per month. Continued increases from raw materials and transportation cost will push selling prices up accordingly.

## CAST STEEL GATES, GLOBE, CHECKS

**Pricing** ↗ Manufacturers vary in their forecast for no change this quarter to another predicting a 3% – 5% increase.

**Lead Times** – Deliveries are running 8 – 10 weeks with commodity item fill rates of 70% – 90%. Non -stock specials are

forecast for 12 – 16 weeks.

**Comments** – Foreign competition for cast steel valves is increasing with China, South Korea, India, Japan, and Taiwan leading the trend. One manufacturer comments companies are

## FORGED STEEL GATES, GLOBE, CHECKS

**Pricing** → Forecast pricing for forged steel valves is stable through year end. Currency exchange rates are helping to keep prices stable.

**Lead Times** – Commodity fill rates are running 70% – 80% with lead times of 4 --6 weeks. Non-stock specials are forecast

for 14-20 weeks. Foundry and forge shop lead times remain as a control factor.

**Comments** – Manufacturers comment that project activity continues to be strong with rapid expansion in the international arena out pacing the domestic activity.

## QUARTER TURN VALVES - BALL AND WAFER

**Pricing** → Several manufacturers foresee no pricing change for this quarter. There seems to be a little less pressure on pricing.

**Lead Times** – Deliveries are scheduled for 1 – 6 weeks on commodity material not in stock. Fill rates are running 40% – 50%.

**Comments** – Foreign competition pressure has risen

dramatically from India and China. New automated factories in Asia are coming online according to one manufacturer. All raw materials have risen dramatically. Business has been steady but fueled by distinct market sectors. One manufacturer indicates that energy related business leads the way, and pulp and paper and specialty chemical are lagging.

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.

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EXPORT CONTROLS

United States Export Control Laws

The U. S. Export Administration Regulations (EAR) apply to and regulate most exports from the U. S., and continue to apply to U.S.- origin item even after they have been exported from the U.S. The EAR also applies to foreign-made products that contain more than the de minimis amount of U.S.-origin parts, components, or material. The U.S. Bureau of Industry and Security (BIS), within the U.S. Department of Commerce (DOC), is responsible for the implementation of the EAR as well as export enforcement. Everything is controlled, except defense articles.

Included in the EAR is part 738, the Commerce Control List, which categorizes products and technologies that are subject to control under Export Control Classification Numbers ("ECCN's). Each ECCN then specifies the reasons for the controls imposed and the countries to which an export can be made only after an individual export license has been obtained. For instance, monel valves are governed by ECCN 2B350. Exports of monel valves to embargoed destinations and parties can result in criminal fines and jail time. Physical commodities, products, components, and technology of such products are restricted. The products governed by ECCN 2B350 are controlled for chemical & biological weapons (CB) and anti-terrorism (AT) reasons. The U.S. Department of Commerce has recently amended the list of countries to which an export of these products can be made only after obtaining an individual export license from the Department of Commerce. At present, the list of countries that can be exported to without acquiring an export license for these controlled products is titled "Australia Group Countries". Any country not shown on this list will require an export license for controlled products.

The Australia Group is an informational group of countries, which are committed to combating the proliferation of chemical and biological weapons. The countries participating in the Group are suppliers and/or trans-shippers of chemicals, biological agents and/or production equipment which could be used in chemical and/or biological weapons programs. The Group came into existence during the Iran-Iraq war in the 1980s, after it became evident that Iraq had used chemical weapons in the violation of the 1925 Geneva Protocol. Iran subsequently used chemical weapons itself. The development and the fact that materials for these chemical weapons programs had been obtained on the international market prompted the establishment of the Group. Since 1990, the membership of the Group has grown from 21 to 34 including the European Union. Australia Group Members: Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Czech Republic, Denmark, European Commission, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Romania, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States. Cyprus has also joined under special conditions.

At first, the Australia Group concentrated on the necessity of imposing export controls on dual-use chemicals. Biological weapons controls have been introduced on human, animal and plant pathogens, as well as dual-use equipment, and related technology. Thus, the Australia Group countries are now applying licensing measures covering relevant dual-use items and technology for both chemical and biological weapons. All participants in the Australia Group have licensing measures over 63 chemical weapons precursors. Participants also require licenses for the export of specific:

- Dual-use chemical manufacturing facilities, equipment and related technology
- Plant and Animal Pathogens
- Biological Agents
- Dual-use Biological Equipment



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Table listing warehouse locations: ALABAMA, FLORIDA, LOUISIANA, TEXAS, TRANSPORTATION PRODUCTS GROUP, IT & FINANCE, FOR COMMENTS CONTACT. Includes addresses, phone numbers, and fax numbers for each location.

The information contained herein is that gathered from major USA manufacturers and not necessarily the opinion of Piping & Equipment, Inc.