



Market Condition & Activity Bulletin

PIPING & EQUIPMENT— A Member of AD

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ANTIDUMPING AND COUNTERVAILING DUTIES ASSESSED ON STAINLESS STEEL SHEET AND STRIP FROM EIGHT COUNTRIES

U. S. stainless steel producers and their unions have been fighting against illegal imports by filing unfair trade petitions with the U. S. government on June 10, 1998. The petitions charged France, Germany, Italy, Japan, Mexico, South Korea, Taiwan and the United Kingdom with "dumping" and requested that antidumping duties be imposed. Simultaneous countervailing duty (CVD) petitions alleging long-standing and extensive government subsidization were filed against France, Italy and South Korea.

James F. Will, chairman of the Specialty Steel Industry of North America, and chairman, President and CEO of Armco, Inc., Pittsburgh, PA, one of the petitioners, said, "We are pleased with the results. Dumped and subsidized imports have injured a competitive and efficient U.S. industry and caused worker layoffs. We will continue our aggressive campaign against unfairly traded imports."

The final antidumping duties and CVD rates by country and company follow:

Antidumping Duty Margins Nation / Producers	Antidumping Duty Margins	Countervailing Duty Rates Nation / Producers	CVD Rates
— France —			
Usinor Sacilor / All Others	10.64 %	Ugine Division of Usinor S. A.	5.38 %
— Germany —			
Krupp Thyssen Nirosta GmbH "KTN"	25.82 %	All Others	5.38 %
All Others	25.82 %	— Italy —	
— Italy —			
Acciai Speciali Terni "AST"	11.17 %	Acciai Speciali Terni SpA	12.22 %
Arinox SRI / All Others	11.17 %	Arinox SrL	1.03 %
— Japan —			
Nippon Steel Corporation SpA "NSC"	57.87 %	All Others	12.09 %
Kawaski Steel Corporation "KSC"	37.13 %	— South Korea —	
Nippon Metal Industries	57.87 %	Pohang Iron and Steel Company "POSCO"	0.65 %
Nisshin Steel Co., Ltd.	57.87 %	Sammi Steel Company	59.30 %
Nippon Yakin Kogyo	57.87 %	Inchon Iron and Steel Company	2.64 %
All Others	37.13 %	DaiYang Metal Co., Ltd.	1.58 %
— Mexico —			
Mexinox S.A. de C.V. / All Others	30.86 %	Taihan	7.00 %
— South Korea —			
Pohang Iron & Steel Co. "POSCO"	12.12 %	All Others	1.68 %
Inchon Iron & Steel Co.	-0.00-	— Taiwan —	
Taihan Electric Wire Co., Ltd.	58.79 %	Yieh United "YUSCO"	34.95 %
Dai-Yang	12.12 %	YUSCCO / Ta Chen	34.95 %
Sammi Steel Company	12.12 %	Tung Mung Dev. Co., Ltd./Tachen	14.95 %
All Others	12.12 %	Tun Mung	14.95 %
— United Kingdom —			
Avesta Sheffield Ltd. / All Others	14.84 %	Chang Mien Industries Co., Ltd.	0.98 %
		All Others	12.60 %

On May 20, 1999, the Department of Commerce announced final antidumping duties ranging up to 58.79% and countervailing duties ranging up to 59.30% on imports of stainless steel sheet and strip in coils from eight countries. Based on the preliminary margins determined in November, 1998 (countervailing duty) and January, 1999 (antidumping), importers have had to post bonds to assure payment of the duties. The final decisions raised the margins significantly against Taiwanese, Italian, Korean and Mexican producers, and generally maintained the earlier findings against other countries.

The petitioners in the antidumping and countervailing duty cases are Allegheny Ludlum Corporation, Armco Inc. (not a petitioner in the Mexico case), and J&L Specialty Steel, Inc. (not a petitioner in the France case), all headquartered in Pittsburgh, Pennsylvania; and Washington Steel division of Bethlehem Steel Corporation (recently partially shut down and partially sold). USWA, Butler Armco Independent Union and Zanesville Armco Independent Organization joined the companies as petitioners in the unfair trade actions.

The International Trade Commission voted 5 – 1 on July 7, 1999 in the affirmative for the final injury phase of the antidumping case on stainless steel sheet and strip. The ITC determined injury from all countries and producers named in the case. They will pass along their ruling to the Department of Commerce and the AD order will be officially issued in 2 – 3 weeks. The payment of duties in cash begins after the ITC passes on their ruling. Commerce then notifies the Customs Service to begin collection from the importers cash deposits in the amount of the duties. Prior to this final ruling, importers have had to post bonds to assure payment of the duties.

STAINLESS STEEL PIPE

Pricing ↑ Several manufacturers are reporting expected increases from 1% to 7%. They report increased pricing due to supply, demand, competition, labor, and raw material costs. One manufacturer indicates that most producers are losing money and this is a needed increase. Even foreign manufacturers report an increase due to raw material cost and shipping cost increases. Domestic manufacturers saw no change in their pricing last quarter.

Lead times – Commodity items are shipping in a reported 4 – 6 weeks from one manufacturer and 12 – 16 weeks from another.

Commodity item fill rates are noted to be from 40% to 80%. There are some spot outages. One manufacturer comments that raw material flat rolled lead times have moved out as a result of lower imports. Non-stock specials are reported to be shipping in 12 – 20 weeks. The raw material deliveries and drop in imports are pushing lead times out.

Comments – Manufacturers report mixed comments on imports. Several report decreased imports and another reports seeing an increase in imports.

STAINLESS STEEL WELD FITTINGS

Pricing ↘ One manufacturer is reporting no expected change this quarter. Several manufacturers are expecting another decrease this quarter of 2% – 5%. This follows last quarters decline. Price changes are due to foreign pressure, competition, oversupply and capacity continue to suppress the domestic price levels. Due to the need to fill domestic manufacturing plants, pricing has diminished and may continue to do so.

Lead times – current lead time are 1 – 3 weeks with fill rates of 80% – 90%. We may see lead time go out further in the near future. Personnel cutbacks in manufacturing will probably spur

the increased lead times in the weeks and months ahead. Non-stock specials are forecasted to have lead times of 2 – 8 weeks.

Comments – One manufacturer continues to dominate the foreign competition. Their expansion may force them to crease their pricing gradually. The price of nickel is up from \$2.31/lb in March to \$2.62 in July. Moly was \$2.65/lb in March and \$2.72/lb in July, and chrome was .32/lb in March to .37/lb in July. With the talk of strip and pipe increases, manufacturers are hopeful price levels will improve; however, they will need to see the demand increase to solidify any price increases.

STAINLESS 150 AND HI-PRESSURE FITTINGS

Pricing → There is no expected price change in stainless 150 and pressure fittings. This follows last quarter slight decline in pricing.

Lead times – deliveries remain constant at 1 – 3 weeks with

90% to 100% fill rates.

Comments – Foreign competition is increasing slightly as foreign producers continue to capture the U.S. market. The primary source of foreign supply is from the Far East.

STAINLESS STEEL FLANGES

Pricing ↘ Several manufacturers are reporting no expected change in the price of stainless flanges for the next quarter; however, one manufacturer reports an expected decrease of 1% – 2½% due to lack of demand and foreign pressure. Even though raw material costs appear to be increasing, the mills indicate that pricing won't be affected for months. This quarter follows on the heel of the past quarter price decline due to foreign product

continuing to pour into this country at below market pricing comments one manufacturer.

Lead times – Commodity items are shipping in 2 – 4 weeks with fill rates of 60% – 80%. Specials are shipping in 4 – 8 weeks.

Comments – Foreign competition remains strong from Korea, Italy, Germany, the Philippines, and Mexico. The price of nickel has been increasing since mid May by around 10% – 15%.

CARBON STEEL PIPE (CONTINUOUS WELD)

Pricing ↑ Continuous Weld pricing is expected to increase 3% – 5% during this quarter. Raw material costs and competition appear to be driving this industry wide increase. However, there is always manipulation with large accounts reports one manufacturer.

Lead times – Fill rates of 90% – 100% are keeping lead times around 1 week. Specials are shipping in 1 – 2 weeks.

Comments – Various dumping suits are in effect against Southeast Asian countries. Raw material costs for steel scrap and hot bands are increasing. An article in the American Metal Market indicates there are increasing signs of a strong recovery in the world steel demand. Industry analysts are revising their outlook to a strong second half of 1999 and a sustained rally in 2000.

CARBON STEEL PIPE (ERW & SEAMLESS)

Pricing ↑ ERW and Seamless pricing is expected to increase 3% – 5% by late in this 3rd quarter. Reduced supply, less capacity, raw material costs, demand, and less competition are pushing the increase, as well as dumping suite filed on 6/30/99. The previous quarter drop in seamless pricing was due to lack of demand and over supply forcing prices down. Lead by the Japanese, U.S. Mills selectively “met” foreign pricing.

Lead times – Commodity items are shipping in 4 – 6 weeks with

fill rates of 70% – 80%. Special exotic lead times are 8 – 12 weeks.

Comments – Dumping suits are in effect with Japan, South Africa, Romania, Mexico and the Czech Republic. Foreign competition shows signs of decreasing due to dumping suits. Look for the following countries to be more active in the U.S. Seamless market— Austria, France, Italy, Brazil, Argentina, China, and Spain. However, they will be very cautious in light of the dumping suits.

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 WELD FITTINGS AND FLANGES

Pricing → Pricing is expected to remain stable for another quarter.

Lead times – 2 to 4 week deliveries on commodity items with fill rates of approximately 80% – 90%. Less demand and more available capacity on commodity items. Special items are also shipping in 3 – 6 weeks.

Comments – One manufacturer notes that the usual old dumping suits are in effect now, and a “Sunset Review” of these suits is in process now. Foreign competition is seen as increasing by one manufacturer. Mexico, Thailand, and Europe are all participating. With carbon steel seamless pricing weak in the past quarter, foreign mill are more willing to deal.

FORGED STEEL FITTINGS

Pricing ↑ Pricing on forged steel fittings is expected to increase by 3% – 5% as noted by several manufacturers. The pricing is expected to be industry wide and will stick.

Lead times – are currently 1 – 2 weeks with 90% – 100% fill rates.

Comments – Pipe manufacturers are filing a dumping suit against Japan notes one manufacturer.

STAINLESS GATES, GLOBES, CHECKS

Pricing → stainless valves are expected to remain steady this quarter, with only slight price adjustments expected in the latter part of 1999 and the first part of 2000.

Lead times – deliveries are reported from 6 – 10 weeks with fill rates of 70% – 90%.

Comments – Stainless steel activity is good and is better than it was in 1998. One manufacturer reports capacity utilization is only 75% – 78%, and the mills would like more business. Type 316 and alloy 20 business is steady. Special alloys seem to be picking up, especially in global markets.

FORGED STEEL GATES, GLOBES, CHECKS

Pricing → forged valves are not expected to have any change this quarter.

Lead times – deliveries are remaining at 2 – 4 weeks, with

specialty items shipping in 4 – 6 wks.

Comments – As indicated last quarter, raw material costs on forged valves expect to be holding through 1999.

BRONZE AND IRON GATES, GLOBES, CHECKS

Pricing → bronze and iron pricing will remain steady through the remainder of this year. The first quarter increase of 5% is expected to be the last increase of this year.

Lead times – deliveries are now 1 – 3 weeks with fill rates

of 90% – 100%.

Comments – One manufacturer notes that their deliveries are improving as they have improved their manufacturing process.

CAST STEEL GATES, GLOBES, CHECKS

Pricing → Cast steel valve pricing is expected to remain stable for another quarter.

Lead times – deliveries are 4 – 8 weeks with 70% – 80% fill rates. Special “exotic” lead times are running 16 – 20 weeks.

Comments – Foreign competition is increasing from Mexico, India, Romania, Korea, China, and Taiwan. The U. S. Power Industry seems to be picking up considerably in the Northeast and Sunbelt markets.

QUARTER TURN VALVES — BALL AND WAFER

Pricing ↘ one manufacturer reports no expected price change during this quarter, and another reports a price decrease of 1% – 2½%. Foreign pressure, competition, weak demand and supply are keeping prices down.

Lead times – 80% of commodity items are shipping in 1 –

2 weeks, and the balance in 4 – 6 weeks. Fill rates are 80% to 100%. Lead times for stock special items run from 6 – 14 weeks.

Comments – Manufacturers see foreign competition the same with some increase from Asia and Italy.