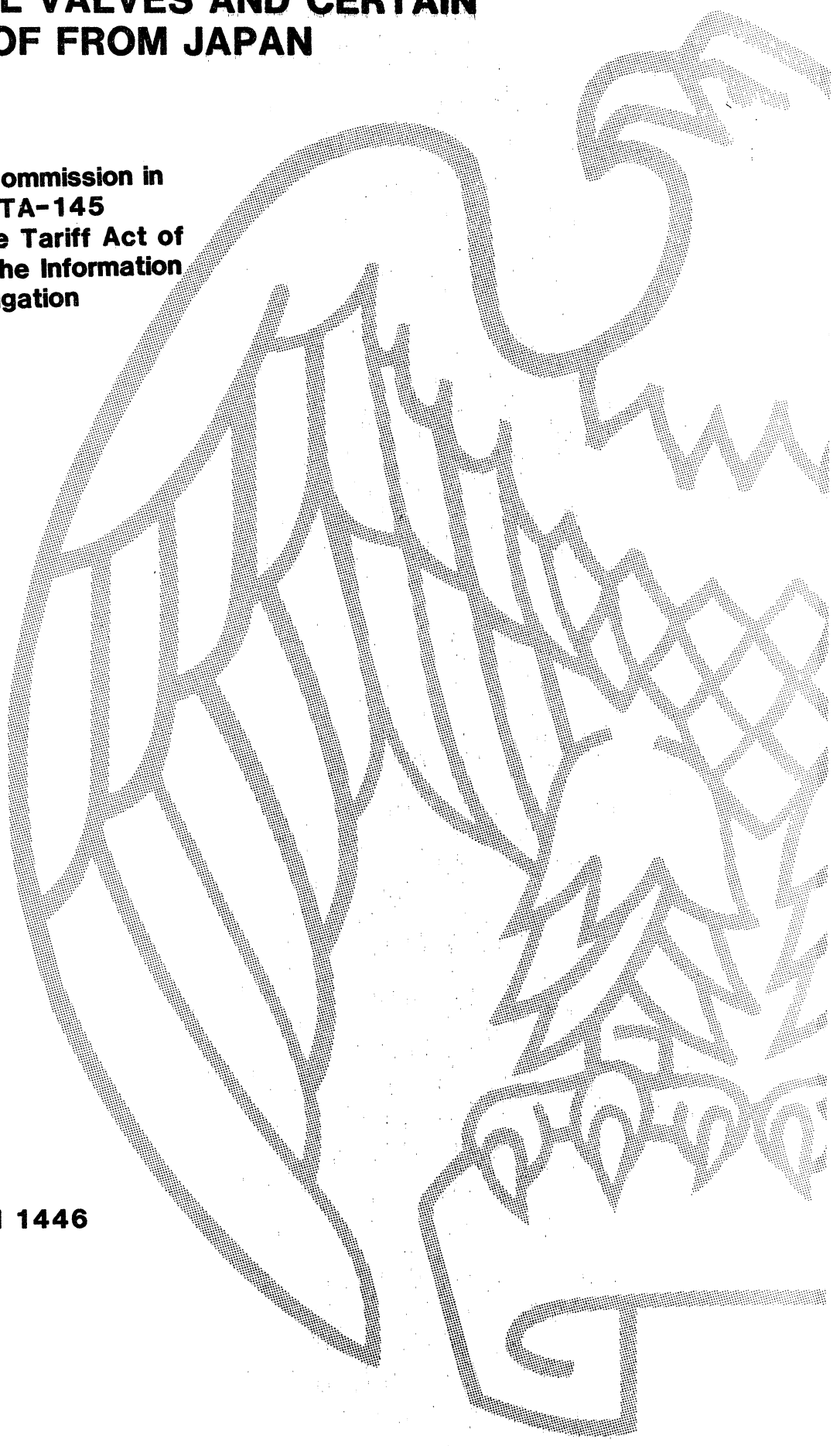
CERTAIN STEEL VALVES AND CERTAIN PARTS THEREOF FROM JAPAN

Determination of the Commission in Investigation No. 731-TA-145 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-145 (Preliminary)

CERTAIN STEEL VALVES AND CERTAIN PARTS THEREOF
FROM JAPAN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that industries in the United States are materially injured by reason of imports from Japan of steel wedge gate, globe and swing check valves and certain parts thereof 2/ (other than bellows seal valves and non-machined valve bodies), provided for in item 680.17 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On September 22, 1983, counsel for the Valve Manufactures Association Fair Trade Council and 11 U.S. producers filed a petition with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is materially injured, by reason of imports from Japan of certain steel valves and certain parts thereof which are allegedly being sold at LTFV. Accordingly, effective September 22, 1983, the Commission instituted a preliminary antidumping investigation under section 733(a) of the Act (19 U.S.C. § 1673b(a)).

1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i)).

2/ The term "certain parts" means "partially completed" valves. "Partially completed" valves, in turn, are machined forged or cast valve bodies imported alone or together with one or more of the following parts: bonnet, stem, wedge, handle, and seat rings. Excluded from the definition are "rough", i.e., non-machined valve bodies, the above designated parts imported alone, and miscellaneous minor parts such as fasteners.

Notice of the institution of the Commission's investigation and of a conference 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, D.C., and by publishing the notice in the Federal Register on October 4, 1983 (48 F.R. 45319). The conference was held in Washington, D.C. on October 17, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

In this preliminary investigation, we determine that there is a reasonable indication that industries in the United States are materially injured [1/] by reason of imports from Japan of steel wedge gate, globe, and swing check valves and parts thereof other than "bellows seal" valves and nonmachined valve bodies. [2/3/]

In making this determination, we have analyzed the characteristics and uses of the imported steel valves and parts thereof and found that there are nine domestic like products and nine industries. There was not sufficient information to support a finding of a broader like-product definition. However, we have not precluded redefining the like products or the domestic industries in any final investigation. In light of the producers' inability to break out the data by wedge gate, globe, and swing check valves and our

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1/ "Material retardation" is not an issue in this investigation and will not be discussed further.

2/ Having found a reasonable indication of material injury, Chairman Eckes and Commissioners Haggart and Lodwick do not reach the issue of threat of material injury. Commissioner Stern determines that there is a reasonable indication of material injury, but not of threat of material injury. See n. 46 infra.

3/ Petitioners requested that they be allowed to amend their petition to exclude bellows seal valves, which they did not intend to include within the scope of their petition. They also requested the exclusion of nonmachined (i.e., unfinished) cast or forged valve bodies, only a relatively small amount of which are manufactured by domestic valve producers. We find both requests meritorious, and have excluded these items from our affirmative determination. See Oct. 26, 1983, General Counsel Memorandum (GC-G-275) at 2-6. (Hereinafter, "GC Memorandum").

inability to rely on data allocating profit and loss among steel types, we have applied section 771(4)(D) of the Tariff Act of 1930 and analyzed the question of whether there is a reasonable indication of material injury by looking at the data for all steel valves. The data show that there has been a recent significant decline in domestic consumption, production, shipments, and capacity utilization, and as a result, a substantial decline in the profitability of the industry. Although imports from Japan have declined recently, the record indicates that such imports are priced below the domestic products and that the margins of underselling by such imports were significant.

Domestic industry

The statutory framework under which the Commission conducts antidumping investigations requires it to first determine the domestic industry or industries against which to assess the impact of imports. Under section 771(4)(A) of the Tariff Act of 1930, the term "industry" is defined 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." 4/ "Like product" is, in turn, defined 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 . . . ." 5/

4/ 19 U.S.C. § 1677(4)(A).
5/ 19 U.S.C. § 1677(10).

The imported articles that are the subject of this preliminary investigation are all steel [6/] wedge gate, globe, and swing check valves and certain parts thereof. [7/] These valves are made of carbon, stainless, and alloy steel. Imports from Japan consist primarily of carbon steel valves. [8/] Nevertheless, there are some imports from Japan of stainless and alloy steel valves. [9/] In terms of types and metal composition, there are domestically produced valves that correspond to the valves imported from Japan.

On the basis of the best information available in this preliminary investigation, we find that there are nine separate like products as follows: carbon steel wedge gate, globe, and swing check valves, respectively;

6/ Although petitioners did not include iron valves within the scope of their petition, data in their petition on import statistics included the Tariff Schedules of the United States (TSUS) categories for iron (i.e.,steel with a carbon content of more than 2.5 percent). The information and findings of this investigation are not based upon the TSUS categories for iron.

7/ The term "certain parts" means "partially completed" valves. "Partially completed" valves, in turn, are machined (i.e., fully or partially machined) forged or cast valve bodies imported alone or together with one or more of the following parts: bonnet, stem, wedge, handle, and seat rings. Excluded from the definition are "rough", i.e., nonmachined valve bodies, the above designated parts imported alone, and miscellaneous minor parts such as fasteners. See petitioners' letter of Sept. 27, 1983, at 4; and petitioners' letter of Oct. 25, 1983, at 2.

8/ Report at A-22.

9/ Tr. at 122.

stainless steel wedge gate, globe, and swing check valves, respectively; and alloy steel wedge gate, globe, and swing check valves, respectively. 10/

This conclusion is based upon the fact that wedge gate, globe, and swing check valves have distinct characteristics and uses. For example, although wedge gate and globe valves are both classified as multiturn valves, the gate valve does not allow for throttling, which is an important criteria in deciding which valve to use. 11/ In comparison, the globe valve does permit throttling and provides more positive shut-off than the gate valve. 12/ Because of these differences, the gate and globe valves would not be used interchangeably. Further, the swing check valve is a "self-actuating" valve which is not substitutable for either a gate or globe valve. 13/ We find

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10/ We also find that domestically produced parts of valves as defined supra, at n. 7, are the same like product as the finished product to which they are dedicated. The machined valve bodies and parts are individually designed and machined by each producer, domestic or foreign, and are not interchangeable with those of another producer. Furthermore, a part constitutes an intermediate product that is dedicated for use as a completed valve and therefore is captively consumed by the domestic producers. Thus, we find that such parts are "like" the finished product to which they correspond. In light of our definition of the like products, any imports of parts are covered by our determination.

11/ Report at A-2.

12/ Tr. at 49-50.

13/ Petitioners acknowledge that these three types of valves are not substitutable for one another, but contend that they should be treated as a single like product based on the theory that all three are typically sold as a "package" to one end user because they have complementary functions. See Petition at 9. However, these valves are not necessarily sold in sets and can be marketed separately. Furthermore, the swing check valve is not used in conjunction with every gate or globe valve, nor are the sales of these valves proportionate. Report at A-8; Petitioners' Post Conference Brief, at 9. Thus, for the purpose of this preliminary investigation, we do not find petitioners' "package" theory persuasive. See e.g., Bicycle Tires & Tubes from the Republic of Korea and Taiwan, Inv. No. 104-TAA-14 & 15 (1983), in which the Commission refused to adopt a "complementary product" analysis, finding that bicycle tires and tubes were separate products, even though they were sometimes sold in sets.

that valves of carbon steel, [14/] alloy steel, [15/] and stainless steel [16/] constitute separate like product categories, because valves made from these various steels are substantially different in characteristics and uses. For example, stainless steel valves are more likely to be used in certain processing applications because of their noncorrosive properties. [17/] Also, they are more expensive than carbon steel valves. Further, alloy steel valves are generally used for special applications where specific properties are required, [18/] and are generally more expensive than stainless steel valves. [19/] Thus, end users would not use carbon, stainless steel, and alloy steel valves interchangeably. [20/]

The "like product" issue in this investigation is complicated by the fact that the valves under investigation can be further separated into categories based upon size and pressure classes, [21/] "general" or "special order,"

14/ See supra, n. 6. Although the TSUS definition of carbon steel varies somewhat from that used by the domestic producers, such variations are not significant.

15/ Alloy steel, as it is defined by the TSUS, is steel that is made from carbon steel plus one or more of several alloys, such as molybdenum or chromium. Tr. at 120-121.

16/ Stainless steel must contain more than 11.5 percent of one particular alloy, chromium. Id. at A-3.

17/ Id.

18/ GC Memorandum, supra, at 15; Tr. at 122.

19/ GC Memorandum, supra, at 15.

20/ The record suggests that in a given piping system, all valves utilized will be of the same metal composition because substances with uniform properties will be passing through that system.

21/ There is not sufficient information in the record to support a finding which distinguishes the valves by size and pressure classifications.

and forged or cast. In addition, there may be other types of domestically produced valves which are "like" the imported gate or globe valves under investigation, such as the "high performance butterfly" (HPB), "ball", and "lined plug" valves, all of which are quarter-turn valves and often made with "soft seats." 22/ The data collected thus far indicate that the HPB and ball valves are substitutable for the wedge gate and globe valves in certain applications. 23/ However, the degree of direct-market competition between these multiturn and quarter-turn valves which would reflect the extent of substitutability is not clear. 24/

Likewise, at this time, there is not sufficient information on the record to support a finding distinguishing between "general" valves, which come in standard sizes, pressures, and steels, and "special" valves, which are manufactured to customers' specifications and are not available from distributors' inventories. Differences in characteristics, uses, and

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22/ See generally, Report at A-8; for reference to soft seats and lined plug, see Zidell Post-Conference brief, Exhibits C and F.

23/ HPB, ball, and lined plug valves are quarter-turn valves that reflect technological advancements developed since the 1950's. Tr. at 88-89. The ball and HPB valves perform both "on/off" service, like the wedge gate and globe valves, as well as throttling, like the globe valve. See, Zidell Post-Conference brief, Exhibit F.

24/ The valve market is divided into two submarkets, new construction and maintenance and repair operations (MRO). Report at A-9. The competition between the multiturn valves and the quarter-turn valves appears to be concentrated in the new construction market. See GC Memorandum at 18-19 and Zidell Post-Conference brief at 12. However, the present percentage split between the new construction market and the MRO market is not known. The estimates of the size of the MRO market received by the Commission range from 75 percent, as offered by petitioners, to 30 percent, according to one respondent. Petitioners' Post-Conference brief at 3; Hitachi Post-Conference brief at 9. The petitioners have contended that in better economic times, the MRO market is roughly 40 to 50 percent of their business. Petitioners' Post-Conference brief at 3. In any final investigation, we shall further explore this issue.

marketing between "general" and "special" valves may warrant finding separate like products. [25/] On the basis of the above, we do not preclude the possibility of redefining the like products in any final investigation.

As indicated previously, there is domestic production of valves that corresponds to each product imported from Japan. Thus, we find nine like products and nine domestic industries. However, producers accounting for a substantial share of domestic shipments of carbon, stainless, and alloy steel gate, globe, and swing check valves have represented to the Commission that separate data regarding profit and loss and employment for these valves cannot be provided. [26/] Although these producers did provide separate production and profit and loss data on the valves by steel types, i.e., "stainless" and "other than stainless," for the purposes of our analysis, we are unable to rely on that data. [27/] Pursuant to section 771(4)(D) of the act, [28/] we have examined the effect of the allegedly dumped imports upon "the

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25/ Specifically, "special" valves are distinguished by such factors as deviations from standard metallurgy and additional testing. See also TKM Post-Conference brief at 5-7. Another consideration is whether valves with cast bodies and valves with forged bodies are separate like products. Typically, a cast valve body is used to manufacture a valve of a diameter of 2-1/2 inches or greater, while forged bodies are employed for valves of a diameter less than 2 inches. However, there is some overlap in sizes.

26/ Report at A-14.

27/ The profit-and-loss information for "all steel" valves, as well as for "stainless steel" valves and "other than stainless steel" valves, is based upon allocations. Report at A-14. However, the allocation method used by the producers for "all steel", as well as for "stainless steel" and "other than stainless steel", is not on the record at this time. Data for "all steel" valves represents a larger proportion of total shipments, is less likely to be subject to distortion, and we find it reliable for our analysis. This does not preclude a different result in any final investigation.

28/ 19 U.S.C. § 1677(4)(D).

narrowest group or range of products, which includes a like product, for which the necessary information can be provided." Here, the narrowest range of products for which the necessary information on production and profitability is available is for "all steel" wedge gate, globe, and swing check valves.[29/]

Condition of the domestic industry

Domestic production, shipments, capacity utilization, sales, and employment remained steady between 1980 and 1981. [30/] The ratio of operating profit to net sales also remained stable at 7.8 percent in 1980 and 7.3 percent in 1981. [31/] However, in 1982, as domestic consumption dropped by 26 percent, domestic production declined by 25 percent, shipments declined by 24 percent, the capacity utilization rate dropped from 70 percent in 1981 to 45 percent in 1982, and the number of hours worked dropped by 19 percent.[32/] Production, shipments, capacity utilization, number of hours worked, and net sales continued to decline in January-August 1983, as compared with the corresponding period of 1982.

The effect of these declines on the profitability of the industry has been substantial. The ratio of operating profit to net sales fell from 7.3 percent in 1981 to 0.6 percent in 1982, and to a negative 4.8 percent in January-June 1983.

29/ In this preliminary investigation, we find that the profit and loss data are essential to enable a narrower analysis of these industries.
30/ Report at A-11-12; A-14, A-15.
31/ Id. at A-16.
32/ Id. at A-7, A-11-12, A-14-15.

Reasonable indication of material injury by reason of alledged LTFV imports

The Tariff Act of 1930 directs the Commission to make a determination on the basis of the best information available to it at the time of the determination, 33/ as to whether there is a reasonable indication of material injury by considering, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of such products on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. 34/

Domestic producers of the valves under investigation have maintained a large and fairly steady percentage of the domestic market, ranging between 82 and 83 percent during 1980-82 and dropping slightly to 81 percent during January-August 1983. 35/ Imports from Japan have tended to track the trends in domestic consumption, increasing between 1980 and 1981, but decreasing substantially in 1982. 36/ These imports from Japan accounted for four percent of U.S. consumption in 1980, five percent in 1981, four percent in 1982, and two percent of consumption in January-August 1983. 37/

33/ Section 733(a); 19 U.S.C. § 1673a.
34/ Section 771(7)(A), (B), and (C); 19 U.S.C. § 1677(7)(A), (B), and (C).
35/ Report at A-23.
36/ Imports of the valves from Japan under investigation increased from 128,000 pieces in 1980 to 138,000 pieces in 1981, or by 8 percent. These imports then decreased by 41 percent to 81,000 pieces in 1982. In January-August 1983, imports from Japan declined again to 27,000 pieces --less than one half the level in the corresponding period of 1982.
37/ Report at A-23.

The pricing information regarding imports from Japan indicates substantial margins of underselling for most quarters during the entire January 1980-August 1983 period. 38/ In the case of carbon steel valves, the prices of imports were consistently lower than the domestic prices throughout 1981 and 1982. 39/ The margins of underselling declined irregularly, ranging from a high of nearly 40 percent in January-June 1981 to a low of about 12 percent in the fourth quarter of 1982. 40/ In addition, prices of imports of stainless steel valves from Japan were lower than prices of the equivalent domestic products in nine of the 11 quarters between January 1981 and September 1983. The margins of underselling ranged from 18 to three percent. 41/

Finally, the data collected in connection with investigating lost sales allegations indicate that some end users have shifted an increasing share of their valve purchases from domestic producers to Japanese sources during the past two years because of lower prices. 42/

The prices of domestically produced valves have fallen substantially between January 1981 and September 1983. 43/ This, no doubt, is partially

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38/ There are indications that a two-tier pricing system may exist in the valve industry, i.e., all imports are sold at world market prices, and domestically produced valves are sold at higher prices within the United States. See, Tr. at 133; Zidell Post-Conference brief, Exhibit M. In addition, although the world market price is less than the domestic price, there are indications that some users will purchase only or exhibit a strong preference for domestically produced valves. See, Report at A-40-41; Tr. at 131 and 135-36; and Petitioners' Post-Conference brief at 6 (re: Buy-America policies of the utility sector). We shall pursue this issue further should there be a final investigation.

39/ Id. at A-24-25.

40/ Id.

41/ Id. at A-26-27.

42/ Id. at A-27-28.

43/ Id. at A-24-26.

the result of a decline in demand during this period. However, to the extent that imports from Japan have undersold domestically produced valves by large margins, we believe that the prices of imports from Japan have contributed to the price depression and the resulting reverses in profitability experienced by the domestic industry. 44/

On the basis of the foregoing analysis, we determine that there is a reasonable indication of material injury by reason of imports from Japan which are allegedly being sold at less than fair value. 45/

44/ Respondents assert that the employment and profitability declines experienced by the domestic industry have been caused in part by the fact that several domestic valve producers themselves import valves (and valve parts) from suppliers or subsidiaries located in countries other than Japan. We intend to attempt to verify this information should there be a final investigation.

Respondents also argue that imports from other countries--particularly countries eligible for GSP treatment--are the price leaders in this market. We note that the share of imports from countries other than Japan has increased slightly during the interim 1983 period, compared with the share in the interim period of 1982, at a time when the market share of both domestic producers and imports from Japan declined slightly. Thus, we intend to explore this issue further should there be a final investigation.

45/ Commissioner Stern determines that there is no reasonable indication of threat of material injury. Imports from Japan have been steadily declining, both in absolute and in relative terms, as domestic demand has declined, and the margins by which imports from Japan have undersold the domestic product have been declining.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On September 22, 1983, counsel for the Valve Manufacturers Association Fair Trade Council and 11 U.S. producers 1/ filed an antidumping petition with the United States International Trade Commission and the Department of Commerce. On September 27, 1983, and September 28, 1983, the Commission received letters from counsel for the petitioners amending the scope of the products covered in the petition. On October 19, 1983, in their postconference brief, the petitioners again revised the scope of the products to be covered. The petition, as amended, alleges that an industry in the United States is materially injured by reason of imports from Japan of wedge gate, swing check, and globe valves, and certain parts of the foregoing, 2/ of steel, provided for in item 680.17 of the Tariff Schedules of the United States (TSUS), which are allegedly sold at less than fair value (LTFV). Accordingly, effective September 22, 1983, the Commission instituted a preliminary investigation under section 731 of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case, by November 7, 1983.

Notice of the institution of the Commission's investigation and of a conference 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, D.C., and by publishing the notice in the Federal Register on October 4, 1983 (48 F.R. 45319). 3/ The conference was held in Washington, D.C., on October 17, 1983. 4/ The briefing and vote were held on October 28, 1983.

Previous Investigations Concerning Valves

The Department of the Treasury conducted preliminary countervailing duty investigations concerning imports from Japan and Italy of valves and parts thereof, some of which are the subject of the current investigation. On August 23, 1979 (44 F.R. 49550), and October 24, 1979 (44 F.R. 61279), Treasury announced preliminary affirmative determinations concerning imports of such merchandise from Japan and Italy, respectively. The petitioners in these two investigations, some of which are petitioners in the current investigation, withdrew their petitions on January 31, 1980. Consequently, no final determinations were made in these previous investigations regarding injury or bounties or grants.

1/ A list of the petitioners is presented in app. A.

2/ The term "certain parts" covers machined valve bodies and partially completed valves consisting of machined valve bodies imported with one or more of the following parts: bonnet, stem, wedge, handle, or seat rings.

3/ Copies of the Commission's and Commerce's notices are presented in app. B.

4/ A list of witnesses appearing at the conference is presented in app. C.

Description and uses

Valves

A valve is a mechanical device used for controlling the flow of liquids and gases through pipes or piping systems. The valve may simply start or stop the flow of these fluids or determine or adjust the quantity, pressure, time, or direction of the flow. Flow control is attained by moving a disk, wedge, plug, cylinder, or other flow-controlling element within the valve assembly to either open, close, or partially obstruct the passageway. Valves range in size from only a fraction of an inch to 30 feet in diameter. They are used at pressures ranging from a vacuum to the highest pressures attainable by man today and at temperatures from those of cryogenics to those of molten metal.

There are several different types of valves, three of which, the wedge gate, swing check, and globe, are the subject of this investigation. These valves, according to the petitioners, constitute a family of valves and are generally sold and used together in piping systems. They are used primarily in piping systems of the petroleum refining, chemicals, marine shipbuilding, electric power generation, pharmaceutical, and pulp and paper manufacturing industries. The three types of valves are described as follows:

> Steel wedge gate valve.--A multiturn valve used for on-off control of the flow of fluids in a processing system. The gate valve controls the flow by causing a vertical disc, or gate, to slide perpendicular to the direction of the flow through the pipe. The valves are not normally used in systems that require variable flow rates.
>
> Steel swing check valve.--A safety device often used in conjunction with a gate valve in a piping system to prevent back flow of fluids in a process system. The swing check valve is opened by the fluid flowing in one direction and is closed automatically when the flow stops or reverses direction.
>
> Steel globe valve.--A multiturn valve used both for on-off service and variable flow control, which affects the flow of the fluids by raising and lowering a plug to the seat of the valve.

The wedge gate and globe valves under investigation are hand operated. These valves are opened or closed generally through the use of a handle, handwheel, lever, or pushbutton. The handle is attached to a stem, and the flow-controlling element is attached to the other end of the stem. By contrast, the swing check valve is self-actuated. It is opened and closed by the flow or pressure of the fluid as it passes through the valve.

The valves under investigation may be manufactured from all grades of steel. The grades of steel are defined by the TSUS principally on the basis of their chromium content, as shown in the following tabulation:

Grade	Chromium content	Carbon restrictions
	Percent, by weight	
Stainless	More than 11.5	Less than 1 percent carbon.
Other than stainless:		
Alloy	0.20-11.5, inclusive 1/	None.
Carbon	0.20 or less	None.

1/ Or over 1.65 percent of manganese, or
over 0.25 percent of phosphorus, or
over 0.35 percent of sulphur, or
over 0.60 percent of silicon, or
over 0.60 percent of copper, or
over 0.30 percent of aluminum, or
over 0.30 percent of cobalt, or
over 0.35 percent of lead, or
over 0.50 percent of nickel, or
over 0.30 percent of tungsten, or
over 0.10 percent of any other metallic element.

The definitions of the steel grades presented in the TSUS vary somewhat from those generally used by the domestic industry. For example, the American Iron & Steel Institute (AISI) defines stainless steel as including all grades of steel containing 10 percent of more of chromium and a minimum of 50 percent iron.

In selecting a grade of steel for its valves an end user frequently has the option of choosing between a longer lasting and more expensive high-alloy valve and a shorter lived and less expensive low alloy valve. Under varying conditions, a valve's life may range from only hours to many years. It may require service and maintenance after a single cycle or may operate trouble-free for many thousands of cycles. The end users choice of steel grade is likely to be determined by a combination of initial cost considerations and the ease with which a worn out valve can be replaced. For example, a chemical or petrochemical manufacturer may select a higher alloy steel for use in its valves situated in a hard-to-reach section of its piping systems or in those piping systems which will be installed in a geographically remote section of the country.

The valves under investigation are manufactuerd to withstand to all ranges of pressures. Some of the more common pressures specified for these valves are 150 pounds per square inch (psi), 300 psi, 600 psi, and 900 psi.

Steel wedge gate, globe, and swing check valves and parts thereof are produced from steel castings or forgings. Both U.S.-produced valves and valves imported from Japan are produced from cast and forged steel. Generally, valves manufactured for pipes with outside diameters of 2 inches or less are produced from steel forgings, whereas valves manufactured for pipes with outside diameters of more than 2 inches are produced from steel castings. Some cast valves are less than two inches in diameter. It is often-times less expensive to produce larger valves from the casting because of the additional labor required in machine boring a forged valve body.

The castings and forgings require a number of machining operations--drilling, boring, facing, and milling--and are generally produced according to standards and specifications determined by a number of U.S. organizations, including the American Society for Testing & Materials (ASTM), the American Petroleum Institute (API), and the American National Standards Institute (ANSI). Comparable foreign organizations in Japan, the United Kingdom, the U.S.S.R., and other countries have also developed standard specifications for steel valves that are compatible with U.S. standards and specifications.

Parts

The parts of valves covered in this investigation include machined valve bodies and partially assembled valves consisting of machined valve bodies and one or more additional parts. The valve body, sometimes called the shell, is the principal part or the framework that holds other valve components together in a valve assembly. The valve body has ends adapted for connection to piping or tubing lines. Partially completed valves consist of machined valve bodies with one or more of the following five components attached:

(a) Bonnet.--The upper part of the valve body assembly which guides the stem and contains the stem packing assembly;

(b) Stem.--The rod or spindle to which motion is imparted outside the valve assembly to move the disc or wedge inside the valve;

(c) Wedge.--A flow controlling element with inclined seating surfaces;

(d) Handle.--A device connected to the valve stem to permit manual operation; and

(e) Seat rings.--A soft seat element which is usually an o-ring and is the contact surface of the seat.

The Commission received its petition in the subject investigation on September 22, 1983. The petition, as filed, did not define "parts" and provided no injury information concerning parts. On September 27, 1983, counsel for the petitioners filed a letter with the Commission containing the following discussion of parts:

> Parts have been named in the dumping petition only because the TSUS item numbers which cover the subject valves include parts of those valves. The focus of the petition is completed valves and those valves which are partially completed. The inclusion of the terminology "parts thereof" (of valves) in Section IV of the petition is meant only to refer to partially completed valves, and such terminology was dictated by the description contained in the TSUSA. Petitioners do not have evidence of dumping by the Japanese of valve parts and are not bringing the petition against valve parts. By a partially completed valve petitioners mean a rough or partially machined, forged, or cast valve body imported alone or together with one or more of the following parts: bonnet; stem; wedge; handle; and seat rings. With respect to this definition of "parts thereof," there is no question that as the producers of 80 percent to

> 85 percent of total United States production of the completed valves involved in the petition, petitioners account for the vast majority of the partially completed versions of those valves as well.

Neither this letter nor any subsequent submission by the petitioners contained any import or injury information concerning parts.

The Commission staff repeatedly requested the petitioners to provide information on the valve parts market and the petitioners' role in that market. At the conference held on October 17, 1983, counsel for the petitioners stated--

> . . . on Friday we initiated a telephone survey of the Petitioners in this case to determine the extent to which they make their own forgings and/or castings, both of the steel valves and the stainless steel valves that are involved in this case . . .
>
> Essentially, our view is that if the survey shows that the domestic producers do not make a substantial amount of the valve bodies themselves but purchase it from outside sources, then we may request in our post-hearing submission that the definition be amended to strike valve bodies from inclusion in the case. But frankly, we don't have enough information right now to advise you as to whether that would be appropriate or desirable. 1/

On October 19, 1983, in their postconference brief, the petitioners again amended their petition to exclude rough steel body forgings and castings.

In connection with its investigation, the Commission sent questionnaires to more than 50 importers of steel valves and valve parts. The questionnaire requested information concerning the importation of valve parts as defined in the letter of September 27, 1983. Only two firms, * * * and * * *, reported any imports of parts. In 1982, imports of certain valve parts from Japan by these two firms totaled $* * *; in comparison, the value of U.S.-producers' shipments in 1982 of the completed valves under investigation is an estimated $500 million.

All 19 U.S. producers of wedge gate, globe, and swing check valves produce the parts which are the subject of this investigation. The production of parts is merely an intermediate step in the production of a complete valve. Thus, virtually all of the parts subject to this investigation are consumed by the parts producers themselves. There is little, if any, trade in U.S.-produced parts.

In questionnaires sent to all 19 U.S. valve producers, the Commission requested that the producers provide information concerning their parts operations. Only two firms, * * * and * * *, provided such information. Some producers stated that they did not provide such information in the questionnaire responses because they utilized all parts themselves in the production of complete valves. The data provided by the two producers which

1/ Transcript of the conference, pp. 25 and 26.

did provide information are not representative of the entire parts market and are not presented in this report. In general, the trends in production, shipments, and inventories of parts follow the trends for complete valves. These trends are presented in this report. In addition, data presented in this report concerning employment and financial performance include operations on parts and complete valves.

U.S. Tariff Treatment

The imported valves and valve parts under investigation are classifiable under item 680.17 of the TSUS. The most-favored-nation (MFN) (column 1) 1/ rate of duty for such imports is 10.0 percent ad valorem. As a result of the agreements made during the Tokyo round of Multilateral Trade Negotiations, this rate was reduced from 11 percent ad valorem in 1980 to 10.5 percent in 1982, and to 10.0 percent, the current rate, in 1983. This rate is scheduled to be reduced further, in stages, to 8.0 percent ad valorem, effective January 1, 1987. The rate of duty for imports from least developed developing countries (LDDC's) 2/ is 8.0 percent ad valorem, and the column 2 3/ rate of duty is 45.0 percent ad valorem.

Title V of the Trade Act of 1974 authorized the President to extend duty-free treatment under the GSP to eligible articles from designated beneficiary developing countries after consideration of (1) the effect such action will have on furthering the economic development of developing countries; (2) the extent to which other major developed countries are undertaking a comparable effort to assist developing countries by granting generalized preferences with respect to imports of products of such countries; and (3) the anticipated impact of such action on U.S. producers of like or directly competitive products. 4/ Imports of the valves and valve parts under investigation from designated beneficiary developing countries are currently entitled to such duty-free treatment.

Nature and Extent of Alleged Sales at LTFV

According to the petition, in January-March 1983, the Japanese producers sold carbon steel wedge gate, swing check, and globe valves in the United

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1/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, these rates would not apply to products of developing countries where such articles are eligible for preferential tariff treatment provided under the Generalized System of Preferences (GSP) or under the "LDDC" rate of duty column.

2/ The preferential rates of duty in the "LDDC" column reflect the full U.S. Multilateral Trade Negotiations concession rates implemented without staging for particular items which are the products of LDDC's enumerated in general headnote 3(d) of the TSUS.

3/ Col. 2 rates of duty apply to products imported from those Communist countries enumerated in general headnote 3(f) of the TSUS.

4/ The GSP, implemented in Executive Order No. 11888, of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985.

States at LTFV margins ranging from 2.9 to 95.7 percent, with most of these valves sold at margins of more than 30 percent. The petitioners also allege that in January-August 1983, the LTFV margins for stainless steel wedge gate, swing check, and globe valves ranged from 6.8 to 69.5 percent, with most of these valves sold at margins of more than 20 percent. These alleged LTFV margins are based on a comparison of Japanese home-market prices with the prices at which the Japanese sell the merchandise in the United States. According to a letter received from counsel for the petitioners, "Petitioners do not have any evidence of dumping by the Japanese of valve parts . . ."

U.S. Market and Channels of Distribution

U.S. consumption of steel wedge gate, globe, and swing check valves increased from 2.9 million pieces in 1980 to 3.1 million pieces in 1981, or by 6.4 percent (table 1). In 1980 and 1981, demand for valves was strong, particularly for use in the oil-drilling, refining, and petrochemical industries. In 1982, these industries suffered sharp declines; as a consequence, U.S. consumption of valves declined by 26 percent, to 2.3 million pieces. U.S. consumption continued to decrease in 1983, by 13 percent, from 1.6 million pieces in January-August 1982 to 1.4 million pieces in the corresponding period of 1983.

Table 1 shows that 91 percent of the steel wedge gate, globe, and swing check valves consumed in the United States in 1982 were of steel other than stainless steel, and 9 percent were of stainless steel.

Besides the decline in demand for petroleum products, depressed conditions in the chemical industry as a whole, and in other important user industries, including paper products and electric power, contributed to the

Table 1.--Certain steel valves: U.S. consumption, by steel grades, 1980-82, January-August 1982, and January-August 1983

(In thousands of pieces)

Period	Stainless steel	Steel other than stainless steel	Total, all steel
1980	285	2,568	2,877
1981	283	2,750	3,062
1982	203	2,043	2,281
January-August--			
1982	130	1,403	1,556
1983	114	1,238	1,353

Source: Derived from data submitted in response to questionnaires of the U.S. International Trade Commission and official statistics of the U.S. Department of Commerce.

Note.--"Total, all steel" may vary slightly from the total of stainless steel and steel other than stainless steel. Questionnaire respondents reported that these slight differences cannot be reconciled from their records.

fall in demand for steel valves. Shipments of petroleum, chemical, and paper products, as reported by the Department of Commerce Survey of Current Business, decreased in 1982, and output of electric power was down from its 1981 level. During January-March 1983, shipments of petroleum products and production of electric power were both lower than in the corresponding period of 1982, as shown in the following tabulation (1981=100):

Industry	1982	January-March--	
		1982 1/	1983 1/
Electric Power	97.6	101.0	98.3
Petroleum	93.9	93.6	87.4
Paper	97.3	96.8	101.0
Chemicals	91.0	92.4	93.6

1/ Annualized.

Most of the valves were of the wedge gate type, as shown in the following tabulation:

Type	Percentage distribution of U.S. producers 1982 shipments
Wedge gate	78
Globe	20
Swing check	2
Total	100

Counsel for Kitz Corp., the largest Japanese producer of the valves under investigation, and counsel for Zidell Explorations Corp., the U.S. importer of Kitz valves, assert that steel ball valves and high-performance butterfly valves are like the wedge gate and globe valves under investigation. Information concerning U.S. producers' shipments of the ball and high-performance butterfly valves was provided by the Valve Manufacturers Assocation; 1/ this information is presented in the following tabulation (in thousands of pieces):

Year	Ball valves of iron and steel	High-performance butterfly valves
1980	2,778	94
1981	2,578	81
1982	1,901	71
1983 1/	1,509	94

1/ Annualized on the basis of January-June 1983 data.

1/ Postconference brief of the petitioners, app. A.

In addition, there are numerous other types of valves, including plug, bellows, needle, diaphram, relief, thru-conduit gate, lift check, and control.

Demand for the valves under investigation is dependent upon investment in new capital goods, and upon the replacement of valves in existing piping systems. U.S. investment in new capital goods is still depressed and has not recovered as quickly as the general economy in 1983. The replacement market, called the maintenance and repair operations (MRO) market by the industry, is a vital component of the current shrinking valve market. According to the petitioners, MRO purchases account for 75 percent of new valves sold in the currently depressed market. 1/ According to Hitachi, an importer, the MRO market accounts for 30 percent of total valve sales. 2/

The steel valves under investigation are generally sold through distributors to end users. However, large orders and orders for specialty valves are frequently placed by end users directly with the producer and importer.

U.S. Producers

In 1982, there were 19 firms producing steel wedge gate, globe, and swing check valves in the United States. Nine of these concerns are family-owned businesses. Three of the producers are subsidiaries of large, multinational conglomerates--Rockwell International, Crane Co., and Armco Inc. Five are related to valve producers or parts suppliers located abroad. Two of the producers, manufactured valves only of stainless steel, 6 produced valves only of steel other than stainless steel, and 11 produced valves of both steel grades.

The largest U.S. producers of steel wedge gate, globe, and swing check valves, their plant locations, and their shares of pieces shipped in 1982, by steel grades, are presented in table 2. On September 22, 1983, one U.S. producer Jenkins, ceased producing the valves under investigation because * * *. Another firm, * * *. 3/

Table 2.--Certain steel valves: U.S. producers, plant locations, and shares of shipments, by steel grades, 1982

* * * * * * *

1/ Postconference brief of the petitioners, p. 3.
2/ Postconference brief of Hitachi, p. 9.
3/ * * * questionnaire response.

The Industry in Japan and U.S. Importers

The largest Japanese producers of the valves under investigation are Kitz Corp., Hitachi Metals, Ltd., and Takamisawa Koki Manufacturing Co., Ltd. These firms together account for approximately 60 to 80 percent of the total exports of the valves from Japan to the United States. Some 20 other Japanese firms also produce and export the subject valves from Japan to the United States.

The Commission requested counsel for the three largest Japanese producers and the U.S. embassy in Tokyo to provide information concerning Japanese production, home-market shipments, and exports for 1980-82, January-August 1982, January-August 1983, and projections for full year 1983. This information, according to a telegram received for the U.S. embassy, is not available.

The three largest importers, their corresponding Japanese sources, and their shares of total imports from Japan are presented in the following tabulation:

Importer	Japanese producer	Share of imports
		Percent
Zidell Explorations Corp	Kitz Corp.	***
Hitachi Metals America	Hitachi Metals Ltd.	***
TKM Valves Inc	Takamisawa Koki Manufacturing Co., Ltd.	***
Subtotal	-	***
All other	-	***
Total	-	100

Information on importers' inventories is not available.

Zidell, the largest importer, is the exclusive U.S. purchaser of Kitz valves. The firm, headquartered in Portland, Oreg., has eight warehouses in the United States through which it sells the valves under investigation. In late 1981, the company * * *.

Takamisawa produces what its importer characterizes as "specialty" valves which are customized, special order valves, which are generally not produced in large quantities for inventory.

The Question of Alleged Material Injury

To obtain information for this section of the report, the Commission sent questionnaires to all 19 known U.S. producers of the subject steel valves. All of these firms responded to the questionnaires, although some were unable to complete all sections of the questionnaire. Data on certain steel valves, by steel grades, are presented in this section of the report. Data, by valve types and grades, are presented in tables D-1 through D-7 in appendix D.

U.S. producers' capacity and production

U.S. producers' capacity to produce steel wedge gate, globe, and swing check valves, as reported by 12 firms that together accounted for 93 percent of shipments in 1982, remained fairly steady during January 1980-August 1983 (table 3). U.S. production of these valves increased by 2 percent from 1980 to 1981 and then decreased by 25 percent in 1982. Production then decreased further, by 17 percent, in January-August 1983, compared with the level in the corresponding period of 1982. Utilization of productive capacity fell steadily during the period, from 71 percent in 1980 to 45 percent in January-August 1983.

Table 3.--Certain steel valves: U.S. production, capacity, and capacity utilization, by steel grades, 1980-82, January-August 1982, and January-August 1983

Item	Production	Capacity	Capacity utilization
	1,000 pieces		Percent
Stainless steel: 1/			
1980	138	206	66
1981	145	206	70
1982	105	221	47
January-August--			
1982	64	148	43
1983	63	154	40
Steel other than stainless steel: 2/			
1980	2,083	2,832	74
1981	2,096	2,847	74
1982	1,496	2,839	53
January-August--			
1982	1,046	1,892	55
1983	896	1,928	46
Total, all steel: 3/			
1980	2,403	3,402	71
1981	2,441	3,468	70
1982	1,827	3,416	53
January-August--			
1982	1,268	2,277	56
1983	1,056	2,324	45

1/ Data for 9 firms which together accounted for 50 percent of shipments in 1982.

2/ Data for 10 firms which together accounted for 86 percent of shipments in 1982.

3/ Data for 13 firms which together accounted for 93 percent of shipments in 1982.

Source: Derived from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Figures do not add to the totals shown, because 2 firms provided information concerning all steel valves and did not provide information by steel grades.

U.S. producers' shipments

U.S. producers' shipments of steel wedge gate, globe, and swing check valves followed the same trend as production (table 4). Total shipments, as reported by 18 firms, accounting for virtually all shipments in 1982, increased by 3 percent from 1980 to 1981, and then decreased by 24 percent in 1982. Shipments then decreased further by 14 percent in January-August 1983, compared with the level in the corresponding periof of in 1982. Exports accounted for less than 5 percent of total shipments during January 1980-August 1983.

Table 4.--Certain steel valves: U.S. producers' shipments, by steel grades, 1980-82, January-August 1982, and January-August 1983 1/

(In thousands of pieces)

Item	Domestic shipments	Exports	Total
Stainless steel:			
1980	237	18	254
1981	236	15	251
1982	189	12	201
January-August--			
1982	120	9	129
1983	109	6	115
Steel other than stainless steel:			
1980	2,122	128	2,250
1981	2,234	93	2,327
1982	1,665	83	1,748
January-August--			
1982	1,124	56	1,180
1983	991	45	1,036
Total, all steel:			
1980	2,382	147	2,529
1981	2,499	111	2,610
1982	1,888	98	1,986
January-August--			
1982	1,268	67	1,335
1983	1,100	52	1,152

1/ Data for 18 firms, accounting for more than 99 percent of total producers' shipments, for each steel grade.

Source: Derived from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--"Total, all steel" may vary slightly from the total of stainless steel and steel other than stainless steel. Questionnaire respondents reported that these slight differences cannot be reconciled from their records.

U.S. producers' inventories

U.S. producers' yearend inventories of steel wedge gate, globe, and swing check valves, as reported by 12 firms, accounting for 92 percent of shipments in 1982, were equivalent to 16 percent of total shipments in 1980 and 1981 (table 5). Inventories then increased irregularly to 23 percent of annualized shipments as of August 31, 1983.

Table 5.--Certain steel valves: U.S. producers' inventories and shipments, by steel grades, 1980-82, January-August 1982, and January-August 1983

Item	Inventories	Shipments	Ratio of inventories to shipments
	1,000 pieces		Percent
Stainless steel: 1/			
1980	26	125	21
1981	33	130	25
1982	31	98	32
January-August--			
1982	31	56	2/ 37
1983	27	59	2/ 31
Steel other than stainless steel: 3/			
1980	278	2,121	13
1981	344	2,204	16
1982	344	1,660	21
January-August--			
1982	413	1,119	2/ 25
1983	331	994	2/ 22
Total, all steel: 4/			
1980	354	2,275	16
1981	378	2,373	16
1982	383	1,820	21
January-August--			
1982	475	1,220	2/ 26
1983	369	1,066	2/ 23

1/ Data for 7 firms which together accounted for 49 percent of shipments in 1982.

2/ Based on annualized shipments.

3/ Data for 9 firms which together accounted for 95 percent of shipments in 1982.

4/ Data for 11 firms which together accounted for 92 percent of shipments in 1982.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Figures do not add to the totals shown, because 2 firms provided information concerning all steel valves and did not provide information by steel grades.

Employment

The number of workers engaged in the production of steel wedge gate, globe, and swing check valves, as reported by 9 firms, accounting for 80 percent of shipments in 1982, decreased steadily, from 2,645 in 1980 to 1,512 in January-August 1983, or by 43 percent (table 6). Total compensation received by these workers increased from $8.64 per hour in 1980 to $11.96 per hour in January-August 1983, or by 38 percent.

Ten firms reported that their workers belong to the following unions: International Association of Machinists & Aerospace Workers, International Brotherhood of Boilermakers, I.V.E., M.I.V.E., and the United Steelworkers of America.

Financial experience of U.S. producers

Eleven U.S. producers, accounting for 49 percent of total U.S. shipments in 1982, provided profit-and-loss data on their operations on all steel wedge gate, globe, and swing check valves (table 7).

Most of the machinery and equipment in the establishment which produce steel wedge gate, globe, and swing check valves is used in the production of other types of valves, including iron, breechlock, butterfly, ball, and lift check valves. Three of the eleven responding companies were not able to provide separate data on stainless steel valves but provided data on all valves. For the eight companies which did provide separate data, sales of stainless steel valves accounted for less than 6 percent of their establishment sales for 6 of the 8 companies. Five companies did not provide information concerning their methods of allocation as requested in the questionnaire. Producers generally do not keep separate profit-and-loss data on each type of valve. The profit-and-loss data provided here by all companies are based on allocations and hence limited in their use as an absolute measure of profitability. As all steel valves accounted for a larger share of total establishment sales, data on all steel valves reflect a more reliable trend than the data on stainless steel valves.

According to a survey conducted by Economic Consulting Services, Inc. on behalf of the petitioners, 1/ three petitioners, * * *, * * *, and * * *, do not maintain separate profit records for specific types of steel valves (e.g. wedge gate, globe, or swing check) or for steel cast or forged valves. These producers accounted for * * * percent of U.S. producers shipments in 1982. Three other firms, according to the petitioners' survey, given sufficient time, could provide meaningful financial information for the breakouts listed above. These firms stated, however, that they "do not currently maintain their profit-and-loss data in this way."

1/ Letter from Economic Consulting Services Inc. to the Commission, dated Oct. 25, 1983.

Table 6.--Average number of production and related workers engaged in the manufacture of certain steel valves and certain steel valve parts, hours worked by such workers, wages paid, and total compensation, by steel grades, 1980-82, January-August 1982, and January-August 1983

Item	Number of workers	Hours worked	Wages paid	Total compensation 1/
		Thousands	--------Per hour--------	
Stainless steel: 2/				
1980	479	1,014	$7.36	$8.90
1981	475	1,012	7.99	9.97
1982	387	760	8.47	10.71
January-August--				
1982	385	436	8.45	10.78
1983	308	363	8.34	10.82
Steel other than stainless steel: 3/				
1980	1,241	2,211	8.35	9.47
1981	1,029	2,100	9.47	10.59
1982	844	1,553	10.52	11.84
January-August--				
1982	869	1,085	10.37	11.66
1983	550	580	11.32	13.26
Total, all steel: 4/				
1980	2,645	5,219	7.87	8.64
1981	2,410	5,142	8.78	9.77
1982	2,051	4,162	9.67	10.78
January-August--				
1982	2,107	2,732	10.06	10.79
1983	1,512	1,805	10.59	11.96

1/ Wages plus fringe benefits.

2/ Data for 7 firms which together accounted for 45 percent of shipments in 1982.

3/ Data for 7 firms which together accounted for 38 percent of shipments in 1982.

4/ Data for 9 firms which together accounted for 80 percent of shipments in 1982.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Figures do not add to the totals shown, because 2 firms provided information concerning all steel valves and did not provide information by steel grades.

Table 7.--Profit-and-loss experience of U.S. producers on their operations on certain steel valves and certain steel valve parts, by steel grades, accounting years 1980-82, interim period 1982, and interim period 1983

Item	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating income or (loss)	Ratio of operating income or (loss) to net sales
	1,000 dollars					Percent
Stainless steel: 1/						
1980	32,180	24,957	7,223	4,250	2,973	9.2
1981	32,119	25,231	6,888	5,219	1,669	5.2
1982	32,003	28,001	4,002	6,362	(2,360)	(7.4)
Interim period ending June 30--2/:						
1982	16,965	15,708	1,257	3,491	(2,234)	(13.2)
1983	14,177	14,214	(37)	3,209	(3,246)	(22.9)
Steel other than stainless steel: 3/						
1980	204,561	154,147	50,414	34,832	15,582	7.6
1981	212,212	159,407	52,805	37,255	15,550	7.3
1982	205,864	162,723	43,141	39,005	4,136	2.0
Interim period ending June 30-- 4/:						
1982	141,407	111,900	29,507	26,278	3,229	2.3
1983	102,095	81,489	20,606	22,569	(1,963)	(1.9)
Total, all steel: 5/						
1980	245,054	185,923	59,131	39,986	19,145	7.8
1981	253,618	191,714	61,904	43,495	18,409	7.3
1982	242,591	195,018	47,573	46,028	1,545	.6
Interim period ending June 30-- 2/:						
1982	161,414	127,826	33,588	32,683	905	.6
1983	117,694	97,269	20,425	26,034	(5,609)	(4.8)

1/ Data for 8 firms which together accounted for 41 percent of shipments in 1982.

2/ 1 firm did not report data for both interim periods, whereas another firm reported data only for interim periods.

3/ Data for 9 firms which together accounted for 51 percent of shipments in 1982.

4/ Interim period data reflect the data of 10 firms, accounting for 52 percent of shipments.

5/ Data for 11 firms which together accounted for 49 percent of shipments in 1982. Interim period data reflect the data of 12 firms, raising coverage to 50 percent.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Figures do not add to the totals shown, because 2 firms provided information concerning all steel valves and did not provide information by steel grades.

Aggregate net sales of all steel valves increased by 3 percent, from $245.1 million in 1980 to $253.6 million in 1981, and then declined to $242.6 million in 1982, or 1 percent below the level in 1980. During the interim period ending June 30, 1983, net sales dropped by 27 percent to $117.7 million, compared with $161.4 million in the corresponding period of 1982.

Aggregate operating income on all steel valves under investigation declined by 4 percent, from $19.1 million, or 7.8 percent of net sales, in 1980 to $18.4 million, or 7.3 percent of net sales, in 1981, despite increasing sales. In 1982, operating income dropped precipitously, by 92 percent, to $1.5 million, or 0.6 percent of net sales. During the interim period ending June 30, 1983, U.S. producers reported an aggregate operating loss of $5.6 million, equivalent to 4.8 percent of net sales, compared with an operating income of $905,000, or 0.6 percent of net sales, in the corresponding period of 1982. U.S. producers attribute the sharp decline in operating income in 1982 and losses in interim 1983 to the lower volume of sales and a drastic reduction in selling prices.

The data on stainless steel valves and steel valves other than stainless steel generally reflect the same trends as data on all steel valves. Stainless steel valve operations showed a more severe decline in profitability, with U.S. producers sustaining losses in 1982 and increasing losses in 1983.

Cash flow from operations.--Cash flow generated by reporting producers on their valve operations, by steel grades, is shown in table 8. Cash flow from operations on all steel valves under investigation increased from $18.2 million in 1980 to $20.8 million in 1981, but then dropped sharply to $8.2 million in 1982. Cash flow declined more severely to $1.2 million in the interim period of 1983, compared with $5.3 million in the corresponding period of 1982.

Research and development and capital expenditures.--U.S. producers' research and development and capital expenditures relative to their valve operations, by steel grades, are presented in table 9. Research and development expenses declined irregularly, from $2.5 million in 1980 to $2.4 million in 1981 and $2.4 million in 1982. Such expenditures dropped to $673,000 during January-June 1983, compared with $1.2 million in the corresponding period of 1982.

Capital expenditures for land, buildings, and machinery and equipment used in the production of all steel valves increased from $7.6 million in 1980 to $9.2 million in 1981, and then fell by 33 percent to $6.2 million in 1982. Such expenditures further declined to $2.6 million during January-June 1983, compared with $3.3 million in the corresponding period of 1982.

Table 8.--Cash flow from U.S. producers' operations producing certain steel valves and certain steel valve parts, by steel grades, accounting years 1980-82, interim period 1982, and interim period 1983

(In thousands of dollars)

Item	Operating income or (loss)	Depreciation and amortization	Cash flow or (deficit) from operations
Stainless steel: 1/			
1980	2,970	998	3,968
1981	1,778	1,112	2,890
1982	(1,922)	1,283	(639)
Interim period ending June 30-- 2/			
1982	(1,913)	736	(1,177)
1983	(2,744)	797	(1,947)
Steel other than stainless steel: 3/			
1980	9,606	3,820	13,426
1981	12,526	3,900	16,426
1982	4,564	4,240	8,804
Interim period ending June 30-- 4/			
1982	3,951	2,690	6,641
1983	702	2,879	3,581
Total, all steel: 5/			
1980	13,166	5,027	18,193
1981	15,494	5,290	20,784
1982	2,411	5,780	8,191
Interim period ending June 30-- 2/			
1982	1,948	3,364	5,312
1983	(2,442)	3,660	1,218

1/ Data for 6 firms which together accounted for 40 percent of shipments in 1982.

2/ 1 firm did not report data for both interim periods, whereas another firm reported data only for interim periods.

3/ Data for 8 firms which together accounted for 49 percent of shipments in 1982.

4/ Interim period data reflect the data of 9 firms, raising coverage to 41 percent.

5/ Data for 10 firms which together accounted for 49 percent of shipments in 1982. Interim period data reflect the data for 11 firms together accounting for 50 percent of shipments.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Figures do not add to the totals shown, because 2 firms provided information concerning all steel valves and did not provide information by steel grades.

Table 9.--Certain steel valves and certain steel valve parts: U.S. producers' research and development and capital expenditures, by steel grades, 1980-82, January-June 1982, and January-June 1983

(In thousands of dollars)

Item	Research and development	Capital expenditures
Stainless steel: 1/		
1980	***	551
1981	***	1,281
1982	***	715
January-June--		
1982	***	477
1983	***	567
Steel other than stainless steel: 2/		
1980	1,624	4,557
1981	1,571	5,822
1982	1,854	3,796
January-June--		
1982	934	2,209
1983	462	1,221
Total, all steel: 3/		
1980	2,541	7,639
1981	2,265	9,224
1982	2,380	6,211
January-June--		
1982	1,210	3,336
1983	673	2,557

1/ Research and development reported by only 1 firm, * * *. Capital expenditures reported by 5 firms, which together accounted for 39 percent of shipments in 1982.

2/ Research and development reported by 5 firms, which together accounted for 39 percent of shipments in 1982. Capital expenditures reported by 6 firms, which accounted for 38 percent of shipments in 1982 .

3/ Research and development reported by 8 firms, which accounted for 41 percent of shipments in 1982. Capital expenditures reported by 9 firms, which accounted for 40 percent of shipments in 1982.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Figures do not add to the totals shown, because 4 firms provided research and development information concerning all steel valves and did not provide such information by steel grades, and 2 firms provided information concerning capital expenditures and did not provide such information by steel grades.

Effects of imports on U.S. industry's growth, investment, and ability to raise capital.--The Commission requested U.S. producers to describe and explain the actual and potential effects, if any, of imports of all steel valves, stainless steel valves, and steel valves other than stainless steel from Japan on their firm's growth, investment, and ability to raise capital. Their responses, which relate to all steel valves except as otherwise stated, are presented below:

* * * * * * *

The Question of Threat of Material Injury

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the alleged LTFV imports, the rate of increase of U.S. market penetration by such imports, the quantities of such imports held in inventory in the United States, and the capacity of producers in Japan to generate exports (including the availability of export markets other than the United States).

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the imports allegedly sold at LTFV. Information regarding the capacity of the Japanese producers to generate exports and importers' inventories are not available.

The Question of the Causal Relationship Between Alleged LTFV Sales and the Alleged Injury

Imports

Total U.S. imports of certain steel valves, as estimated by the Commission staff, increased from 495,000 pieces in 1980 to 563,000 pieces in 1981, or by 14 percent (tables 10 and 11). Imports then decreased by 30 percent to 393,000 pieces in 1982. Imports continued to decrease in 1983, by 12 percent, from 288,000 pieces in January-August 1982 to 253,000 pieces in the corresponding period of 1983.

Imports of steel wedge gate, globe, and swing check valves enter under six "basket" items of the TSUS. The Commission staff estimates of the imports of the valves under investigation are presented in table 10. These estimates were derived from questionnaire responses received from 17 large importers and from responses received from a sample of 18 small importers. No U.S. producer of wedge gate, globe, or swing check valves imported these valves from Japan.

Table 10.--Certain steel valves: U.S. imports for consumption, by steel grades and by sources, 1980-82, January-August 1982, and January-August 1983

(In thousands of pieces)

Item	1980	1981	1982	January-August--	
				1982	1983
Stainless steel:					
Japan	41	43	13	9	5
All other	8	4	1	1/	1
Total	49	47	14	10	6
Steel other than stainless:					
Japan	87	95	68	49	22
All other	359	421	311	230	225
Total	446	516	379	279	247
Total, all steel					
Japan	128	138	81	58	27
All other	367	425	312	230	226
Total	495	563	393	288	253

1/ Less than 500 pieces.

Source: Estimated from data submitted in response to questionnaires of the U.S. International Trade Commission, and official statistics of the U.S. Department of Commerce.

The Commission staff has been able to verify that two U.S. producers imported steel wedge gate, globe, and swing check valves from countries other than Japan. These U.S. producer's imports are presented in the following tabulation (in pieces):

* * * * * * *

Table 11.--Certain steel valves: U.S. producers' shipments, exports, imports, and consumption, by steel grades, 1980-82, January-August 1982, and January-August 1983

(In thousands of pieces)

Item	U.S. producers' shipments	Exports	Imports	Consumption
Stainless steel:				
1980	254	18	49	285
1981	251	15	47	283
1982	201	12	14	203
January-August--				
1982	129	9	10	130
1983	115	6	5	114
Steel other than stainless steel:				
1980	2,250	128	446	2,568
1981	2,327	93	516	2,750
1982	1,748	83	378	2,043
January-August--				
1982	1,180	56	279	1,403
1983	1,036	45	247	1,238
Total, all steel:				
1980	2,529	147	495	2,877
1981	2,610	111	563	3,062
1982	1,986	98	393	2,281
January-August--				
1982	1,335	67	288	1,556
1983	1,152	52	253	1,353

Source: Derived from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

Note.--For U.S. producers' shipments and exports, "Total, all steel" may vary slightly from the total of stainless steel and steel other than stainless steel. Questionnaire respondents reported that these slight differences cannot be reconciled from their records.

In 1982, imports of the valves under investigation came principally from China, France, Israel, Italy, Japan, the Republic of Korea (Korea), Spain, the United Kingdom, and Yugoslavia. Imports of these valves from Japan increased from 128,000 pieces in 1980 to 138,000 pieces in 1981, or by 8 percent. These imports then decreased by 41 percent to 81,000 pieces in 1982. In January-August 1983, imports from Japan were less than one-half the level in the corresponding period of 1982.

Imports of wedge gate, globe, and swing check valves from Japan accounted for 4 percent of U.S. consumption in 1982 and 2 percent of consumption in January-August 1983 (table 12). During the same period, U.S. producers' share of the the market fell from 83 percent in 1980 to 81 percent.

Table 12.--Certain steel valves: Ratios of U.S. producers' domestic shipments, all imports, and imports from Japan to U.S. consumption, by steel grades, 1980-82, January-August 1982, and January-August 1983

(In percent)

Item	Ratio to consumption of--		
	U.S. producers' domestic shipments	All imports	Imports from Japan
Stainless steel:			
1980	83	17	14
1981	83	17	15
1982	93	7	6
January-August--			
1982	92	8	7
1983	96	4	4
Steel other than stainless steel:			
1980	83	17	3
1981	81	19	4
1982	81	19	3
January-August--			
1982	80	20	3
1983	80	20	2
Total, all steel:			
1980	83	17	4
1981	82	18	5
1982	83	17	4
January-August--			
1982	81	19	4
1983	81	19	2

Source: Based on data in tables 10 and 11 of this report.

Prices

Because of the wide variety of valves that are marketed in the United States, it was necessary to select some standard items for price comparisons. On the basis of discussions with several domestic producers and importers, three basic items were chosen: a cast, 4-inch, 150-pound carbon steel valve with a flanged end; a stainless steel valve with the same characteristics; and a cast, 6-inch, 600-pound globe valve with a flanged end. Unlike the highly specialized valves that are often sold directly to end users, all of these valves are commonly sold to distributors.

Eight producers provided domestic prices, and three importers and one purchaser provided prices for imports from Japan. Importers reported prices for globe valves for only two quarters in the entire period. Several U.S. producers furnished prices for globe valves; however, the wide variation in the prices charged for the valves and the infrequent sales by some firms made it impossible to develop a meaningful price series. By contrast, the price data reported for the carbon steel and stainless steel wedge gate valves are generally adequate for comparisons.

Trends in prices.--Partly as a result of a decline in demand that has stemmed from the factors described earlier in the report, U.S. producers' prices of both types of wedge gate valves have fallen significantly during the past 2 years (tables 13 and 14). After reaching a peak of $399 per piece in April-June 1981, the average delivered price of the carbon steel valve declined fairly steadily to $193 in July-September 1983. The decline in the domestic price of the stainless steel valve per piece has also been significant. The price of these items increased from $486 per piece in January-March 1981 to $535 in October-December 1981, and then decreased by 16 percent during the next 2 years to $447 in July-September 1983.

Between January-March 1981 and January-March 1982, the price of carbon steel valves imported from Japan rose from $* * * to $280 per piece; it then declined during the next year to $224 in the January-March 1983. All of the import prices for stainless steel valves from Japan that are shown in table 14 were developed from information provided by * * *. The data show that import prices of the stainless steel valves were higher in * * * than in * * *. During 1981, they ranged from a low of $* * * in * * * to a high of $* * * in * * *. Since then, the prices of Japanese stainless steel valves have * * * .

Margins of underselling.--Prices of imports from Japan were lower than domestic prices for both categories of valves in most quarters during January 1981-September 1983. In the case of carbon steel wedge gate valves, the prices of imports were consistently lower than the domestic prices throughout 1981 and 1982, although the margins of underselling generally declined during the period (table 13). These margins ranged from a high of nearly 40 percent in January-June 1981 to a low of about 12 percent in October-December 1982.

Table 13.--Carbon steel wedge gate valves (4-inch, 150-pound, cast steel, WCB, flanged, standard trim): U.S. producers' prices and prices of the product imported from Japan, 1/ by quarters, January 1981-September 1983

Period	U.S. producers' prices	Importers' prices	Margin of underselling	
			Amount	As a share of the U.S. producers' price
	Per piece			Percent
1981:				
January-March	$350	$***	$***	***
April-June	399	240	159	39.8
July-September	371	***	***	***
October-December	389	266	123	31.6
1982:				
January-March	357	280	77	21.6
April-June	325	241	84	25.8
July-September	305	235	70	23.0
October-December	260	228	32	12.3
1983:				
January-March	267	224	43	16.1
April-June	228	2/	-	-
July-September	193	3/	-	-

1/ U.S. producers' and importers' weighted-average delivered prices of their largest shipments each quarter to their 2 largest customers.
2/ Only 1 minor sale reported.
3/ No sales reported.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Additional comparisons of prices of the specified carbon steel wedge gate valves were obtained from a questionnaire that was received from a purchaser in the * * * area. This firm reported purchase prices of domestic valves and of imports from Japan for transactions during * * *; these prices are fairly consistent with the data in table 13. During * * *, the purchaser paid an average price of $* * * per piece for the domestic valves but paid only $* * * per piece for the imported valves from Japan. In * * *, the company reported paying a domestic price of $* * * but paid $* * * for imports in * * * and $* * * in * * *.

Table 14.--Stainless steel wedge gate valves (4-inch, 150-pound, cast steel, CF8M, Grade 316, flanged, standard trim): U.S. producers' prices and prices of the product imported from Japan, 1/ by quarters, January 1981-September 1983

Period	U.S. producers' prices	Importers' prices	Margin of underselling or (overselling)	
			Amount	As a share of the U.S. producers' price
	Per piece			Percent
1981:				
January-March	$486	$***	$***	***
April-June	509	***	***	***
July-September	532	***	***	***
October-December	535	***	***	***
1982:				
January-March	514	***	***	***
April-June	514	***	***	***
July-September	518	***	***	***
October-December	459	***	***	***
1983:				
January-March	467	***	***	***
April-June	452	***	***	***
July-September	447	***	***	***

1/ U.S. producers' and importers' weighted-average delivered prices of their largest shipments each quarter to their 2 largest customers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Prices of imports of stainless steel valves from Japan were lower than prices of the equivalent domestic products in 9 of the 11 quarters between January 1981 and September 1983. The margins of underselling ranged from * * * percent in * * * to * * * percent in * * * (table 14).

Exchange rates

Quarterly indexes of the exchange rate of the Japanes yen in terms of the U.S. dollar are presented in the following tabulation (January-March 1981=100):

Period	Nominal exchange rate	Real exchange rate
1981:		
January-March	100.00	100.00
April-June	93.44	92.22
July-August	88.65	87.92
September-December	91.50	90.55
1982:		
January-March	88.04	86.72
April-June	84.20	83.03
July-August	79.41	78.67
September-December	79.16	78.34
1983:		
January-March	87.20	84.56
April-June	86.54	85.90

The data show that the yen depreciated by over 13 percent in relation to the dollar in nominal terms between January-March 1981 and April-June 1983. When allowance is made for the fact that the U.S. inflation rate has been greater than the Japanese rate, the yen in real terms has fallen by slightly over 14 percent.

Lost sales

U.S. producers provided 33 separate allegations of lost sales that resulted from competition from imports from Japan. Many of the allegations did not clearly describe whether gate, globe, or check valves were involved, did not describe the quantities or values of sales that were lost to individual customers, and did not provide telephone numbers or names of people to contact. Commission staff contacts with purchasers focused on allegations that were fairly specific. Three of the 13 firms that the Commission staff attempted to contact did not return telephone calls, and 2 others stated that they were unwilling to respond to the allegations over the telephone. Thus, the Commission staff was able to discuss nine of the allegations with eight

firms that were either distributors or end users of steel valves. The responses to these allegations varied widely from company to company.

* * *. The Japanese supplier captured most of the order, because its prices were 20 percent lower than the U.S. producers' prices and were slightly lower than the offer of the * * * supplier. The remainder of the order, * * *, went to one of the U.S. producers which was the low bidder for this portion of the bid. The * * * spokeman further stated that his company has significantly increased its purchases of valves from Japan during the past 2 years because of the low Japanese prices and high technical qualities of these valves.

* * *. A spokesman for * * *, which is a * * *, could not identify the transaction. However, he did state that * * * has frequently made purchases of Japanese valves with specifications which are similar to the specifications contained in * * *'s lost sales allegations. Although the spokesman did not have the information available, he stated that * * * had probably increased its purchases of valves from Japan relative to domestic sources during the past 2 years because of lower Japanese prices.

* * *. Since * * * does not keep careful records of quantities of valves purchased, it was not able to identify the transaction. However, * * * did state that it has generally been increasing its purchases of imported valves from Japan relative to those of domestically produced valves during the past 2 years because of the lower prices of the Japanese importers. * * *. Although * * * was not able to identify the transaction, it did state that it had shifted an increasing share of its valve purchases from domestic producers to Japanese sources during the past 2 years because of lower prices.

* * *. However, a spokesman for * * *, which is * * *, stated that his company has always bought all of its valves from domestic sources. The spokesman did state, however, that * * * is currently considering switching some of its business to Japanese suppliers because of their lower prices. * * *. A spokesman for * * * stated that the company's total purchases from all import sources, * * *. The spokesman further stated that purchases from Japan, which account for only a very small share of its total purchases, have not increased during the past two years. * * * believes that domestic valves are superior in quality to, and more expensive than, Japanese valves. * * *. A spokesman for * * * stated that his company has never placed such a large order for Japanese or any other foreign valves. According to the spokesman, over 99 percent of the company's purchases are from domestic sources. He further stated that imports from Japan, which make up only tiny share of its total purchases, have not increased in recent years.

* * *. A spokesman for * * *, * * * indicated that it decreased its purchases of U.S.-produced valves during 1982 and 1983, because it lost an MRO contract * * *. In addition, the spokesman for * * * stated that it had never purchased any valves from Japanese sources. The spokesman further indicated he lost the MRO agreement because of price competition; he did not know, however, whether * * *'s new supplier was foreign or domestic.

APPENDIX A

LIST OF PETITIONERS

Members of the Valve Manufacturers Association Fair Trade Council

Condec Flow Control Group
The Lunkenheimer Co.
Chicago, Ill.

Cooper Valve Co.
Houston, Tex.

Crane Co.
Valves & Fittings Division
New York, N.Y.

Mark Controls Corp.
Evanston, Ill.

The Wm. Powell Co.
Cincinnati, Ohio

Rockwell International Corp.
Flow Control Division
Pittsburgh, Penn.

Smith Valve Corp.
Westboro, Mass.

Stockham Valves & Fittings, Inc.
Birmingham, Ala.

Velan Valve Corp.
Williston, Vt.

Henry Vogt Machine Co.
Louisville, Ky.

Walworth Co.
Valley Forge, Pa.

APPENDIX B

THE FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-145 (Preliminary)]

Certain Steel Valves and Certain Parts thereof From Japan

AGENCY: International Trade Commission.

ACTION: Institution of a preliminary antidumping investigation and scheduling of a conference to be held in connection with the investigation.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan of wedge gate, swing check, and globe valves, and certain parts of the foregoing,[1] of steel, provided for in item 680.17 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value.

EFFECTIVE DATE: September 22, 1983

FOR FURTHER INFORMATION CONTACT: Abigail Eltzroth, U.S. Internal Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-0289.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on September 22, 1983, by counsel for the Valve Manufacturers Association Fair Trade Council and for eleven U.S. producers. The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by November 7, 1983 (19 CFR 207.17).

Participation.—Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided for in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than seven (7) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service of documents.—The Secretary will compile a service list from the entries of appearance filed in this investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigation. Such service shall conform with the requirements set forth section 201.16(b) of the rules (19 CFR 201.16(b), as amended by 47 FR 33682, Aug. 4, 1982).

In addition to the foregoing, each document filed with the Commission in the course of this investigation must include a certificate of service setting forth in the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

Written submissions.—Any person may submit to the Commission on or before October 19, 1983, a written statement of information pertinent to the subject matter of this investigation (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

[1] The term "certain parts" covers valve bodies and partially completed valves consisting of valve bodies imported with one or more of the following parts: bonnet, stem, wedge, handle, or seat rings.

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on October 17, 1983, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Parties wishing to participate in the conference should contact Abigail Eltzroth (202–523–0289), not later than October 13, 1983, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public inspection.—A copy of the petition and all written submissions except for confidential business data, will be available for public inspection during regular hours (8:45 a.m. to 5:15 p.m.) in the office of the Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, D.C.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR part 207, as amended by 47 FR 33682, Aug. 4, 1982), and Part 201, Subparts, a through E (19 CFR Part 201, as amended by 47 FR 33682, Aug. 4, 1982).

This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: September 29, 1983.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-27017 Filed 10-3-83; 8:45 am]

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International Trade Administration

[A-122-013]

Certain Steel Valves and Certain Parts Thereof from Japan; Initiation of Antidumping Investigation

AGENCY: International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether certain steel valves and certain parts thereof from Japan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this merchandise are materially injuring, or threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before November 6, 1983, and we will make ours on or before February 29, 1984.

EFFECTIVE DATE: October 18, 1983.

FOR FURTHER INFORMATION CONTACT: Vincent P. Kane, Office of Investigations, International Trade Administration, U.S. Department of

Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230, telephone: (202) 377-5414.

SUPPLEMENTARY INFORMATION: On September 22, 1983, we received a petition in proper form from counsel for Condec Flow Control Group of The Lunkenheimer Company; Cooper Valve Company; Crane Company; Mark Controls Corporation; The Wm. Powell Company; Rockwell International Corporation, Flow Control Division; Smith Valve Corporation; Stockham Valves & Fittings, Inc.; Velan Valve Corporation; Henry Vogt Machine Company, and Walworth Company as individual petitioners and collectively as the Valve Manufacturers Association Fair Trade Council.

In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Japan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The allegation of sales at less than fair value of the merchandise under investigation from Japan is supported by comparisons of United States prices based on price lists with the foreign market value based on home market list prices for comparable models of the largest Japanese manufacturer exporting to the United States.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information reasonably available to the petitioners supporting the allegations. We have examined the petition filed by the representatives of the domestic manufacturers of certain steel valves and parts thereof, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating an antidumping investigation to determine whether certain steel valves and certain parts thereof from Japan are being, or are likely to be, sold at less than fair value in the United States. If our investigation proceeds normally, we will make our preliminary determination by February 29, 1984.

Scope of Investigation

The merchandise covered by this investigation is wedge gate, swing check, and globe valves, and certain parts of the foregoing, of steel currently provided for under item number 680.17 of the Tariff Schedules of the United States, Annotated (TSUSA). Certain parts include valve bodies and partially completed valves consisting of valve bodies imported with one or more of the following parts: bonnet, stem, wedge, handle or seat rings.

Notification to the ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine within 45 days of the date the petition was received whether there is a reasonable indication that imports of certain steel valves and certain parts thereof from Japan are materially injuring, or are likely to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise it will proceed according to the statutory procedures.

Dated: October 11, 1983.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-28309 Filed 10-17-83; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX C

WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-145 (Preliminary)

CERTAIN STEEL VALVES AND CERTAIN PARTS THEREOF FROM JAPAN

Those listed below appeared at the United States International Trade Commission conference held in connection with the subject investigation on Monday, October 17, 1983, in the Hearing Room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the imposition of antidumping duties

Collier, Shannon, Rill & Scott
Washington, D.C.
on behalf of

The Valve Manufacturers Association
Fair Trade Council

Condec Flow Control Group
The Lunkenheimer Co.
Chicago, Ill.

Cooper Valve Co.
Houston, Tex.

Crane Co.
Valves & Fillings Division
New York, N.Y.

Mark Controls Corp. (Pacific Valves Unit)
Evanston, Ill.

The Wm. Powell Co.
Cincinnati, Ohio

Rockwell International Corp.
Flow Control Division
Pittsburgh, Penn.

Smith Valve Corp.
Westboro, Mass.

Stockham Valves & Fittings, Inc.
Birmingham, Ala.

Velan Valve Corp.
Williston, Vt.

In support of the imposition of antidumping duties--Continued

Henry Vogt Machine Co.
Louisville, Ky.

Walworth Co.
Valley Forge, Pa.

John McDonald, Sales Manager
Stockham Valves & Fittings, Inc.

William T. Jordan, Executive Vice President
The Wm. Powell Co.

Bruce P. Malashevich, Vice President
Economic Consulting Services Inc.

David A. Harquist--OF COUNSEL

In opposition to the imposition of antidmping duties

Akin, Gump, Strauss, Hauer & Feld
Washington, D.C.
on behalf of

Kitz Corp.
Kitz Valve, Inc.

Richard R. Rivers--OF COUNSEL

Cole & Corette
Washington, D.C.
on behalf of

Zidell Explorations Corp.

Mike Kemper, National Marketing Manager
David Scott, Vice President, Valve Division

Dan Webster--OF COUNSEL

In opposition to the imposition of antidmping duties--Continued

Graham & James
Washington, D.C.
on behalf of

Hitachi Metals America
Division of Hitachi Metals International, Ltd.

Hitachi Metals Ltd.

Gary Akerley, National Sales Manager
Hitachi Metals America

Michael A. Hertzberg--OF COUNSEL

Dow, Lohnes & Albertson
Washington, D.C.
on behalf of

Takamisawa Koki Manufacturing Co., Ltd.
TKM Valves Inc.

Ronald N. Kubota, President
TKM Valves Inc.

William Silverman)
Edward Lebow) --OF COUNSEL

Sutherland, Asbil & Brennan
Washington, D.C.
on behalf of

Eagle Industry Co.
EGG Sealol Eagle

Tom Yamaguchi, Vice President and Director
EGG Sealol Eagle

Arthur Downey--OF COUNSEL

APPENDIX D

STATISTICAL TABLES

Table D-1.--Stainless steel wedge gate valves: U.S. production, shipments, and inventories, 1/ 1980-82, January-August 1982, and January-August 1983

(In pieces)

Item	1980	1981	1982	January-August--	
				1982	1983
Production	85,341	90,586	64,311	35,775	41,436
Shipments:					
Domestic:					
Intracompany transfers	0	0	0	0	0
Commercial	80,250	84,208	64,401	34,316	39,835
Subtotal	80,250	84,208	64,401	34,316	39,835
Exports	2,057	1,353	1,408	867	843
Total	82,307	85,561	65,809	35,183	40,678
End-of-period inventories	11,274	16,153	14,801	15,091	13,956

1/ Data are for 7 firms.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table D-2.--Wedge gate valves of steel other than stainless steel: U.S. production, shipments, and inventories, 1/ 1980-82, January-August 1982, and January-August 1983

(In pieces)

Item	1980	1981	1982	January-August--	
				1982	1983
Production	1,602,216	1,617,204	1,184,731	811,908	717,747
Shipments:					
Domestic:					
Intracompany transfers	19,215	23,890	21,626	10,215	6,285
Commercial	1,438,751	1,526,661	1,103,309	732,380	684,524
Subtotal	1,457,966	1,550,551	1,124,915	742,595	690,809
Exports	85,585	55,507	55,978	36,915	29,599
Total	1,543,551	1,606,058	1,180,893	779,510	720,408
End-of-period inventories	125,235	188,123	185,629	238,042	188,744

1/ Data are for 9 firms.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table D-3.--Stainless steel globe valves: U.S. production, shipments, and inventories, 1/ 1980-82, January-August 1982, and January-August 1983

(In pieces)

Item	1980	1981	1982	January-August--	
				1982	1983
Production	13,138	13,492	9,987	5,630	7,208
Shipments:					
Domestic:					
Intracompany transfers	0	0	0	0	0
Commercial	12,500	12,715	10,253	5,454	7,090
Subtotal	12,500	12,715	10,253	5,454	7,090
Exports	176	121	126	71	75
Total	12,676	12,836	10,379	5,525	7,165
End-of-period inventories	1,286	1,942	1,550	1,642	1,778

1/ Data are for 6 firms.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table D-4.--Globe valves of steel other than stainless steel: U.S. production, shipments, and inventories, 1/ 1980-82, January-August 1982, and January-August 1983

(In pieces)

Item	1980	1981	1982	January-August--	
				1982	1983
Production	350,006	366,978	315,745	217,853	189,579
Shipments:					
Domestic:					
Intracompany transfers	8,373	10,412	9,293	4,473	2,249
Commercial	317,174	341,800	298,119	209,026	182,559
Subtotal	325,547	352,212	307,412	213,499	184,808
Exports	15,189	11,757	10,433	6,504	6,062
Total	340,736	363,969	317,845	220,003	190,870
End-of-period inventories	35,895	36,722	42,609	54,566	52,577

1/ Data are for 8 firms.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table D-5.--Stainless steel swing check valves: U.S. production, shipments, and inventories, 1/ 1980-82, January-August 1982, and January-August 1983

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Table D-6.--Swing check valves of steel other than stainless steel: U.S. production, shipments, and inventories, 1/ 1980-82, January-August 1982, and January-August 1983

(In pieces)

Item	1980	1981	1982	January-August--	
				1982	1983
Production	24,608	24,556	22,069	14,679	10,604
Shipments:					
Domestic:					
Intracompany transfers	0	0	0	0	0
Commercial	22,388	24,001	20,545	13,857	10,771
Subtotal	22,388	24,001	20,545	13,857	10,771
Exports	1,047	855	652	450	372
Total	23,435	24,856	21,197	14,307	11,143
End-of-period inventories	3,209	2,910	3,783	3,772	2,948

1/ Data are for 5 firms.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table D-7.--Certain steel valves: Imports from Japan and U.S. producers' domestic shipments, by types, 1980-82, January-August 1982, and January-August 1983

Item	1980	1981	1982	January-August	
				1982	1983
Stainless steel wedge gate valves:					
Imports from Japan-----pieces--	18,052	18,015	6,725	4,565	2,265
U.S. producers' domestic shipments----------pieces--	152,416	149,410	117,601	71,431	67,830
Ratio of imports to shipments percent--	11.8	12.1	5.7	6.4	3.3
Wedge gate valves of steel other than stainless steel:					
Imports from Japan-----pieces--	55,138	57,960	38,933	27,858	11,222
U.S. producers' domestic shipments----------pieces--	1,557,141	1,634,459	1,189,092	782,704	720,154
Ratio of imports to shipments percent--	3.5	3.6	3.3	3.6	1.6
Stainless steel globe valves:					
Imports from Japan-----pieces--	3,762	4,500	1,264	959	376
U.S. producers' domestic shipments----------pieces--	26,543	27,807	24,123	15,554	15,135
Ratio of imports to shipments percent--	14.2	16.2	5.2	6.2	2.5
Globe valves of steel other than stainless steel:					
Imports from Japan-----pieces--	4,752	6,776	7,252	5,415	3,435
U.S. producers' domestic shipments----------pieces--	335,076	361,919	316,339	219,041	189,932
Ratio of imports to shipments percent--	1.4	1.9	2.3	2.5	1.8
Stainless steel swing check valves					
Imports from Japan-----pieces--	10,339	10,704	2,232	1,693	870
U.S. producers' domestic shipments----------pieces--	31,739	31,503	25,710	16,950	15,254
Ratio of imports to shipments percent--	32.6	34.0	8.7	9.6	5.7
Swing check valves of steel other than stainless:					
Imports from Japan-----pieces--	8,264	9,495	7,098	5,135	2,303
U.S. producers' domestic shipments----------pieces--	37,965	49,031	33,535	22,405	16,893
Ratio of imports to shipments percent--	21.8	19.4	21.2	22.9	13.6

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.