Certain Stainless Steel Butt-Weld Pipe Fittings From Germany

Investigation No. 731-TA-864 (Final)

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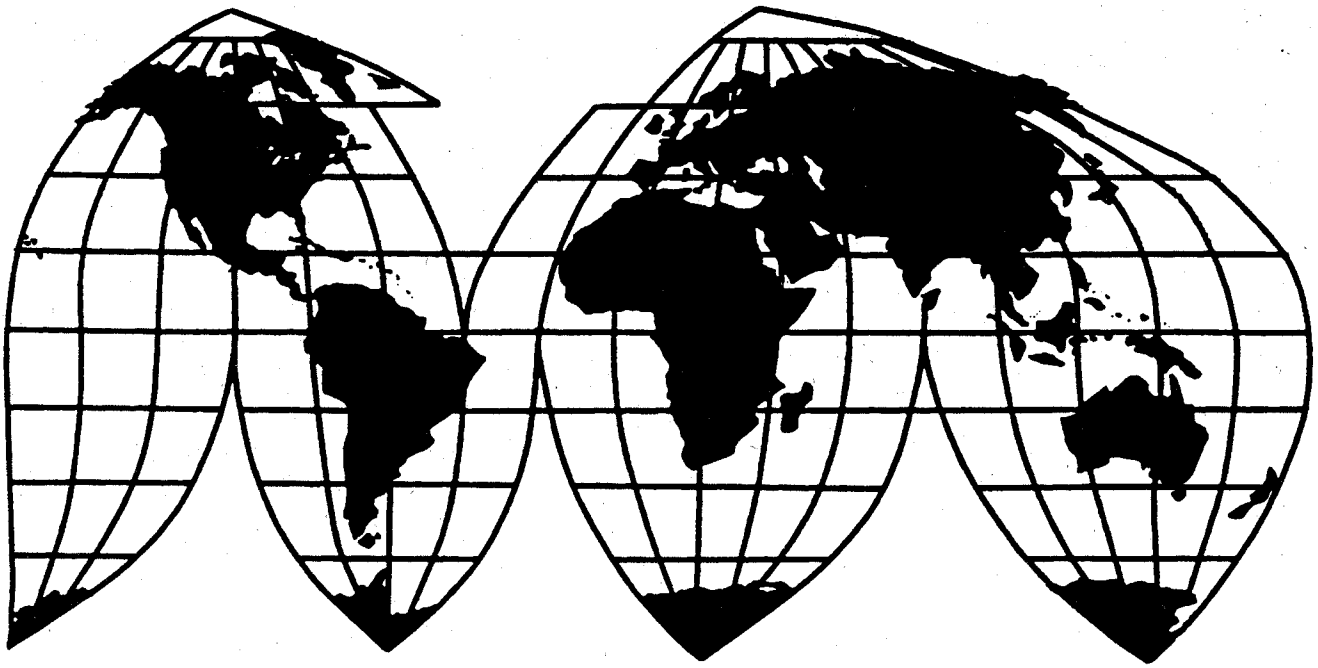
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks (***).

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-864 (Final)

CERTAIN STAINLESS STEEL BUTT-WELD PIPE FITTINGS FROM GERMANY

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that imports of the subject merchandise from Germany were negligible for purposes of the Commission's analysis of material injury by reason of imports of certain stainless steel butt-weld pipe fittings from Germany but that there is a potential that such imports will imminently account for more than three percent of total imports. The Commission also determines that an industry in the United States is not threatened with material injury by reason of imports of certain stainless steel butt-weld pipe fittings from Germany, provided for in subheading 7307.23.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective December 29, 1999, following receipt of a petition filed with the Commission and the Department of Commerce by Alloy Piping Products, Inc., Shreveport, LA; Flowline Division of Markovitz Enterprises, Inc., New Castle, PA; Gerlin, Inc., Carol Stream, IL; and Taylor Forge Stainless, Inc., North Branch, NJ. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by the Department of Commerce that imports of certain stainless steel butt-weld pipe fittings from Germany were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the Commission's investigation and of a public hearing 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, DC, and by publishing the notice in the *Federal Register* of August 23, 2000 (65 FR 51328). The hearing was held in Washington, DC, on October 17, 2000, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that subject imports from Germany are negligible for purposes of our present material injury analysis. We also determine that there is a potential that imports from Germany will imminently exceed three percent of total imports of certain stainless steel butt-weld pipe fittings, but we determine that an industry in the United States is not threatened with material injury by reason of subject imports from Germany that are sold in the United States at less than fair value.[1] [2]

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[3] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[4] In turn, the Act defines "domestic like product" 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]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[6] No single factor is dispositive, and the Commission

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[1] Although Commerce made a final affirmative critical circumstances determination with regard to subject butt-weld fittings imported from German producers Hage Fittings, Nirobo Metalverarbeitungs, and Schulz, we need not assess whether critical circumstances exist with respect to those subject imports because we made a negative determination with respect to the subject imports from Germany.

[2] On December 29, 1999, petitions were filed regarding certain stainless butt-weld pipe fittings from Germany, Italy, Malaysia, and the Philippines. The final investigations of subject imports from Italy, Malaysia, and the Philippines were extended at the Department of Commerce ("Commerce"), and correspondingly at the Commission, but the final phase investigation of subject imports from Germany was not extended at Commerce or the Commission. These views, therefore, focus on issues related to our determination with respect to subject imports from Germany; issues related to subject imports from the other countries will be addressed when we make our determinations with respect to those countries.

[3] 19 U.S.C. § 1677(4)(A).

[4] Id.

[5] 19 U.S.C. § 1677(10).

[6] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (Ct Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 & n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct Int'l Trade 1996).

may consider other factors it deems relevant based on the facts of a particular investigation.[7] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[8] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise that has been found to be subsidized or sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.[9]

B. Product Description

In its final determination regarding subject imports from Germany, Commerce described the merchandise within the scope of this investigation as follows:

> Certain stainless steel butt-weld pipe fittings are under 14 inches in outside diameter (based on nominal pipe size), whether finished or unfinished. The product encompasses all grades of stainless steel and "commodity" and "specialty" fittings. Specifically excluded from the definition are threaded, grooved, and bolted fittings, and fittings made from any material other than stainless steel.
>
> The fittings subject to this investigation are generally designated under specification ASTM A403/A403M, the standard specification for Wrought Austenitic Stainless Steel Piping Fittings, or its foreign equivalents (e.g., DIN or JIS specifications). This specification covers two general classes of fittings, WP and CR, of wrought austenitic stainless steel fittings of seamless and welded construction covered by the latest revision of ANSI B16.9, ANSI B16.11, and ANSI B16.28. Pipe fittings manufactured to specification ASTM A774, or its foreign equivalents, are also covered by this investigation.
>
> This investigation does not apply to cast fittings. Cast austenitic stainless steel pipe fittings are covered by specifications A351/A351M, A743/743M, and A744/A744M.
>
> The stainless steel butt-weld pipe fittings subject to this investigation are currently classifiable under subheading 7307.23.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.[10]

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[7] See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

[8] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[9] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[10] Stainless Steel Butt-Weld Pipe Fittings from Germany, 65 Fed. Reg. 61142, 61142 (Oct. 16, 2000).

Stainless steel butt-weld pipe fittings ("butt-weld fittings") can be produced in various shapes, such as 90-degree long and short radius elbows, 45-degree long and short radius elbows, 180-degree long radius returns, caps, straight tees, reducing outlet tees, stub-ends, concentric reducers, eccentric reducers, straight crosses, and reducing outlet crosses.[11]

Butt-weld fittings are used to join pipes in straight lines and to change or divide the flow of fluids. They may be used in piping systems requiring permanent welded connections and involving potential for corrosion or contamination, extremely high or low temperatures, or high pressure. Applications for butt-weld fittings include piping systems for chemical plants, petroleum refineries, pharmaceutical plants, food processing facilities, waste treatment facilities, semiconductor manufacturing equipment, and nuclear power plants.[12]

C. Domestic Like Product

In the preliminary phase of this investigation, the Commission found a single domestic like product coextensive with the scope, consisting of all finished and unfinished butt-weld fittings having an outside diameter (based on nominal pipe size) of less than 14 inches ("small-diameter butt-weld fittings").[13] Applying its six-factor like product test, the Commission considered and rejected arguments by Malaysian producer Kanzen that butt-weld fittings having an outside diameter of 14 inches or greater ("large-diameter butt-weld fittings") should be included in the domestic like product.[14] In the final phase of this investigation, we consider again whether to include large-diameter butt-weld fittings in the domestic like product.

1. Parties' Arguments

Petitioners argue that the Commission's definition of the domestic like product in the preliminary phase of this investigation was correct. They argue there is a bright-line distinction between small- and large-diameter butt-weld fittings, and the domestic like product should not include large-diameter butt-weld fittings, consistent with the Commission's findings in previous investigations.[15]

German respondent Schulz contends petitioners misled the Commission in the preliminary phase

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[11] Confidential Staff Report ("CR") at I-5; Public Staff Report ("PR") at I-4.

[12] CR at I-5, I-8, I-10, PR at I-4, I-7, I-8.

[13] Certain Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia, and the Philippines, Inv. Nos. 731-TA-864 to 867 (Prelim.), USITC Pub. 3281 (Feb. 2000) ("Preliminary Determination") at 3-6.

[14] Kanzen's Postconference Brief at 2-5; Preliminary Determination at 5-6 (noting "[a]lthough the end uses and physical characteristics of large- and small-diameter butt-weld fittings appear to be generally similar, the record indicates limited interchangeability, and differences in channels of distribution, production processes, equipment and workers, producer perceptions, and prices. Based on these considerations, we conclude that large-diameter butt-weld fittings should not be included in the domestic like product.").

[15] See, e.g., Petitioners' Prehearing Brief at 2-10; Petitioners' Posthearing Brief at 1-2; Hearing Tr. at 8 (Kerwin), 12-18 (Schlesinger), 21 (Barfield), 66 (Mavrich) 95-96 (Sharkey); see also Petition at 39-40; Conference Transcript at 9-12, 44-46; Petitioners' Postconference Brief at 3-12. In the preliminary phase of this investigation, Italian respondent Coprosider agreed with the domestic like product definition proposed by the petitioners, and in the final phase of this investigation, Coprosider takes no position regarding the definition of the domestic like product. See, e.g., Coprosider's Posthearing Brief at 1; Postconference Brief of Norca and Coprosider at 2, Exhibit A at 2.

of this investigation by providing false information, and as a result, the Commission incorrectly did not include large-diameter butt-weld fittings in the domestic like product.[16]

2. Analysis and Finding

As indicated below, we find one domestic like product coextensive with the scope and consisting of all finished and unfinished butt-weld fittings having an outside diameter (based on nominal pipe size) of less than 14 inches. Although there are merits to both arguments regarding the domestic like product, on balance, we find that differences in the factors normally considered by the Commission warrant not including large-diameter butt-weld fittings in the domestic like product.

First, the end uses of large- and small-diameter butt-weld fittings appear to be generally similar inasmuch as both are used in process operations to join pipes in straight lines and to change or divide the flow of liquids where conditions require permanent, welded connections.[17] However, large-diameter butt-weld fittings are larger, heavier, and are not usually seamless; these differences limit interchangeability.[18] Although both are sold through distributors, small-diameter butt-weld fittings are more consistently inventoried by producers and distributors in multiple product permutations and sold pursuant to price lists, whereas large-diameter butt-weld fittings generally are made to order and sold based on negotiated prices.[19]

Second, the record also indicates that there are distinctions between the two products with respect to manufacturing facilities, processes, and employees. Finished small-diameter butt-weld fittings generally are produced from seamless or welded stainless steel pipe or unfinished blanks,[20] while large-diameter butt-weld fittings generally are produced from stainless steel plate.[21] The Commission verified that ***, use separate production equipment and workers to produce large- and small-diameter butt-weld fittings; moreover, large-diameter butt-weld fittings generally undergo integral production processes – cutting and forming of the plate into the two halves of a tubular shape, welding the two halves together, and inspecting the welds through radiographic testing to meet ASTM A403 standards – not required of

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[16] See, e.g., Schulz's Prehearing Brief, at 21-25 and Exhibit 7 (at 5-12 and Attachments 1-8).

[17] See, e.g., CR at I-4 to I-5; PR at I-4; Hearing Tr. at 15.

[18] See, e.g., Petitioners' Prehearing Brief at 5-6; Hearing Tr. at 14-15.

[19] See, e.g., Petitioners' Prehearing Brief at 6-7, 9; Petitioners' Posthearing Brief at 1-2; Hearing Tr. at 12-18 (Schlesinger), 21 (Barfield), 174 (Palma); Petition at 39-40; Conference Transcript at 11; Petitioners' Postconference Brief at 5-6; Joint Respondents' Postconference Brief at Exhibits 5 (Alloy Piping Product's stainless butt-weld fittings price list) and 7 (Jero's web site; Robert James Sales' web site; and Alloy Product's web site); Schulz's Prehearing Brief, Exhibit 7 at Attachments 1 (Alaskan Copper's web site); 2 (Multalloy's web site); 3 (Robert James Sales' web site); and 7(Alloy Piping Product's web site). We note that inventories as a share of domestic production reported by domestic producers in this investigation were greater for small-diameter butt-weld fittings than for large-diameter butt-weld fittings. Compare, e.g., CR and PR at Table C-1 with CR and PR at Table C-2.

[20] See, e.g., CR at I-7 to I-8; PR at I-6.

[21] See, e.g., Petitioners' Prehearing Brief at 5-6; Petitioners' Posthearing Brief at 1-2; Hearing Tr. at 15 (Schlesinger), 21 (Barfield); Petition at 39-40; Conference Transcript at 10-11; Petitioners' Postconference Brief at 4-6; January 11, 2000, field trip notes to *** and October 4, 2000, verification report of ***; see also, e.g., Alloy Piping Product's 1999 Price List ("Most of the products above can be manufactured in welded or seamless construction through 12". Large O.D. (14" and above is welded and x-rayed)"), a copy of which was appended to Joint Respondents' Postconference Brief.

small-diameter butt-weld fittings.[22] Some domestic producers manufacture exclusively small-diameter butt-weld fittings, including ***, and other domestic producers primarily produce large-diameter butt-weld fittings and only produce minor quantities of small-diameter butt-weld fittings, including ***.[23]

Further, some producers and purchasers perceive large- and small-diameter butt-weld fittings to be different products.[24] In addition, prices for large-diameter butt-weld fittings are higher on a per unit basis than for small-diameter butt-weld fittings.[25] Based on the foregoing considerations, we determine that large-diameter butt-weld fittings are not included in the domestic like product.

D. Domestic Industry

1. Generally

The domestic industry is defined as "the producers as a [w]hole of a domestic like product."[26] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[27] We find one domestic industry in this investigation and define it as all domestic producers of finished and unfinished butt-weld fittings having an outside diameter (based on nominal pipe size) of less than 14 inches.

2. Related Parties

We also must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry a producer that is related to an exporter or importer of subject merchandise, or which is itself an importer.[28] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[29]

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[22] See, e.g., January 11, 2000, field trip notes to *** and October 4, 2000, verification report of *** at 4.

[23] See, e.g., Petitioners' Prehearing Brief at 8-9; Domestic Producer Questionnaire responses at 4 and 11 and *** letter in response to Preliminary Producers' Questionnaire.

[24] See, e.g., Petitioners' Prehearing Brief at 7; Hearing Tr. at 17; see also, e.g., Alloy Piping Product's 1999 Price List, a copy of which was appended to Joint Respondents' Postconference Brief (distinguishing between small-diameter butt-weld fittings and "Large O.D." butt-weld fittings).

[25] Per pound prices for large-diameter butt-weld fittings were lower than for small-diameter butt-weld fittings until prices declined. CR and PR at Tables C-1 and C-2.

[26] 19 U.S.C. § 1677(4)(A).

[27] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[28] 19 U.S.C. § 1677(4)(B).

[29] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct Int'l. Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct Int'l. Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the less than fair value sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and (3) the position of the related producers vis-a-vis the rest of the

(continued...)

In the preliminary phase of this investigation, the Commission considered whether to exclude *** domestic producers that imported subject merchandise during the period of investigation – *** – from the domestic industry under the related party provision of the statute. The Commission found that appropriate circumstances existed to exclude *** but not *** from the domestic industry.[30] Because the record reflects that the same *** domestic producers – *** – imported subject butt-weld fittings during the period of investigation, they continue to be related parties under 19 U.S.C. § 1677(4)(B)(i).[31] [32] Accordingly, we again must assess whether appropriate circumstances exist to exclude these producers from the domestic industry.[33]

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. *** only imported subject butt-weld fittings ***, and its subject imports were equivalent to approximately *** percent of its domestic production in that year.[34] ***.[35] Although its financial performance has been ***,[36] there is no clear indication that *** benefitted from its subject imports.

*** only imported subject butt-weld fittings from ***, and its subject imports were equivalent to

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[29](...continued)
industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct Int'l. Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-43 (Final), USITC Pub. 3016, at 14 n.81 (Feb. 1997).

[30] Preliminary Determination at 6-8.

[31] CR and PR at Table III-5.

[32] Commissioner Bragg finds that because neither *** directly imported or purchased subject merchandise from Germany during the period of investigation, neither company is a related party as set forth in 19 U.S.C. § 1677(4)(B)(i). Commissioner Bragg therefore does not join the related parties discussion with respect to these two domestic producers, with the exception of footnote 40, which she joins.

[33] Four domestic producers purchased subject imports during the period of investigation: ***. ***. CR and PR at Table III-5. ***. CR at III-6 n.4; PR at III-5 n.4. In prior investigations, the Commission found domestic producers that purchased subject imports to be related parties if they directly or indirectly controlled the foreign producers or importers through their purchases of subject imports. See, e.g., Certain Cut-to-Length Steel Plate from the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia, Inv. Nos. 701-TA-387-392, 731-TA-815-822 (Preliminary), USITC Pub. 3181 at 12 (April 1999); Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520-521 (Final), USITC Pub. 2528 at 12 (June 1992). The threshold question is whether the purchases establish that the purchaser is "related" for purposes of the statute by directly or indirectly controlling an exporter or importer. The Commission has found direct or indirect control to exist where a domestic purchaser was responsible for a predominant share of the imports of the entity arguably within its control, and these purchases were substantial. Compare, e.g., Cut-to-Length Plate, USITC Pub. 3181 at 12 (imports not found to be sufficiently substantial to warrant treating purchaser as related party) with Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Preliminary), USITC Pub. 2957 at 11 & n.55 (April 1996) (purchaser treated as related party). We find that the size of these domestic producers' purchases of subject imports were too small during the period of investigation to infer that any of them directly or indirectly control, or are controlled by, any foreign respondent producers or importers of subject merchandise. Accordingly, we determine that *** are not related parties within the meaning of the statute.

[34] CR and PR at Tables III-1, III-5.

[35] CR at III-6, PR at III-5.

[36] CR and PR at Table VI-5.

approximately *** percent of its domestic production in that year.[37] ***.[38] *** financial performance improved throughout the period of investigation, even though it imported subject butt-weld fittings from *** only in 1998.[39] Based on the record before us,[40] we determine that appropriate circumstances do not exist to exclude *** from the domestic industry.[41]

II. NEGLIGIBLE IMPORTS[42]

The URAA amended the statutory provisions pertaining to final phase antidumping and countervailing duty determinations to require that investigations terminate by operation of law without an injury determination if the Commission finds that the subject imports are negligible.[43] Negligibility decisions are to be made with respect to subject imports "corresponding to a domestic like product identified by the Commission."[44] The provision defining "negligibility" provides that imports from a subject country that are less than three percent of the volume of all such merchandise imported into the United States in the most recent twelve-month period for which data are available that precedes the filing of the petition or self-initiation, as the case may be, shall be deemed negligible.[45] The statute further provides, however, that imports from a single country which comprise less than three percent of total imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than seven percent of the volume of all such merchandise imported into the United States.[46]

The statute also provides that, even if imports are found to be negligible, they shall not be treated as negligible for purposes of a threat of material injury analysis if the Commission determines that there is a potential that imports from the country concerned will imminently account for more than three percent of all such merchandise imported into the United States, or that there is a potential that the aggregate volumes of imports from the several countries with negligible imports will imminently exceed seven percent of all such merchandise imported into the United States.[47] In all cases, the statute allows

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[37] CR and PR at Table III-5.

[38] See, e.g., *** importer questionnaire response. The primary source of the company's imported butt-weld fittings was ***. CR and PR at Table III-5.

[39] CR and PR at Table VI-5.

[40] ***. We note that, unlike in the preliminary phase of this investigation, imports from Malaysia are not cumulated with subject imports from Germany for purposes of our final determination regarding Germany. Commerce issued a negative preliminary determination with respect to imports from Malaysia, and the statute prohibits us from cumulating imports subject to a preliminary negative determination. See 19 U.S.C. §§ 1677(7)(G)(ii)(I), 1677(7)(H). ***.

[41] CR and PR at Table III-1. In any event, we note that ***. Thus, its exclusion would have had an insignificant effect on our analysis of the domestic industry as a whole.

[42] Commissioner Bragg notes that this final phase of the investigation revealed negligibility-related data issues not apparent at the time of the preliminary determination.

[43] 19 U.S.C. §§ 1671d(b)(1) and 1673d(b)(1).

[44] 19 U.S.C. § 1677(24)(A)(i).

[45] 19 U.S.C. § 1677(24).

[46] 19 U.S.C. § 1677(24)(A)(ii).

[47] 19 U.S.C. § 1677(24)(A)(iv).

the Commission to make "reasonable estimates on the basis of available statistics" of pertinent import levels for the purpose of making negligibility determinations.[48]

We find that subject imports from Germany are negligible for purposes of our present material injury determination. To analyze this issue, we relied on the data provided in the final Staff Report, in which questionnaire responses were used for imports from Malaysia and the Philippines, and official import statistics were the basis for imports from Germany, Italy and non-subject countries, in 1999 and throughout the period of investigation.[49] [50] Based on these data, we find that subject imports from Germany are less than three percent of total imports of butt-weld fittings for the most recent twelve-month period preceding the filing of the petition for which data are available. Thus, we determine that imports from Germany are negligible for purposes of our present material injury analysis.

Nonetheless, we also determine that there is a potential that subject imports from Germany will imminently account for more than three percent of total imports.[51] Although subject imports from

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[48] 19 U.S.C. § 1677(24)(C); see also SAA at 856.

[49] Official statistics correspond to a U.S. tariff subheading, 7307.23.00, that includes subject imports as well as large-diameter butt-weld fittings. Preliminary Determination at IV-1. Where possible, therefore, official statistics were reduced to account for non-subject imports.

Official statistics for Italy were reduced to reflect reported nonsubject imports and identified misclassification errors. Official statistics for Italy and non-subject countries also were reduced by *** percent in quantity and *** percent in value to account for estimated imports of nonsubject butt-weld fittings; the factors were based on reported non-subject imports for all countries as a share of the sum of reported subject and non-subject imports for all countries.

Official statistics for Germany were reduced to reflect questionnaire responses from importers of non-subject imports and information gathered through interviews with other importers. Official statistics for Germany were further reduced to reflect identified misclassification errors by ***. CR at IV-1 to IV-2; PR at IV-1; CR and PR at Table IV-1.

[50] Petitioners disagreed with this methodology. See, e.g., Petitioners' November 9, 2000 submission; Petitioners' Final Comments. We note that petitioners raised these objections one business day before the administrative record closed, arguing that "due to the timing of Schulz's submissions to the Commission, the importance of the development of this information on Canadian imports was not clear until very late in this investigation, and petitioners were not able to place some of the relevant information on the record until after the completion of the staff report." Petitioners' Final Comments at 6 n.7.

Petitioners' arguments are misplaced. First, the methodology in the staff report adjusted the official statistics for Italy and non-subject countries to address concerns about the low level of questionnaire responses, particularly from importers of non-subject products.

Second, petitioners identified five importers who reported that they did not import small-diameter butt-weld fittings – *** – and argued that their imports should have been subtracted from the denominator under the assumption that their imports were non-subject imports (consisting of large-diameter butt-weld fittings or misclassified products). Even if imports attributable to those importers were subtracted from the denominator, we note that imports from Germany would still be negligible.

Third, the denominator was not adjusted to reflect petitioners' argument that imports from Canada consisted primarily of large-diameter (non-subject) merchandise. We determined that the information identified by petitioners did not enable us to more reliably estimate imports of small- versus large-diameter butt-weld fittings from Canada than the methodology used in the staff report. ***.

[51] Commissioner Bragg determines that the behavior of subject imports from Germany throughout the period of investigation, and in particular their behavior in 1997 and 1998, demonstrates an ability to imminently exceed the

(continued...)

Germany were below the three percent negligibility threshold during the twelve months prior to the filing of the petition, they ***.[52] Furthermore, subject imports from Germany were *** percent of total imports of butt-weld fittings in January to June ("interim") 2000, immediately after the filing of the antidumping petitions in December 1999, and ***.[53] Given these facts, we find that the record indicates that there is a likelihood that subject imports from Germany will imminently exceed the three-percent threshold. Accordingly, for purposes of our threat of material injury analysis, we conclude that imports from Germany are not negligible. Pursuant to Section 771(24)(A)(iv) of the Act, we consider imports from Germany only for purposes of determining threat of material injury.[54]

III. CONDITIONS OF COMPETITION

There are several conditions of competition that are relevant to our threat analysis of subject imports from Germany. First, the demand for butt-weld fittings is a derived demand. Most producers and importers stated that the primary end users of the product – the chemical, petrochemical, nuclear, food and dairy, and pulp and paper industries – demand butt-weld fittings because of their metallurgical properties such as non-corrosiveness for use in piping systems where extreme temperatures and high pressures are present.[55] There are no known commercial substitutes for butt-weld fittings.[56] Available data indicate that apparent U.S. consumption of butt-weld fittings increased from 17.0 million pounds in 1997 to 18.0 million pounds in 1999, and was 12.0 million pounds in interim 2000 compared to 8.5 million pounds in interim 1999.[57] [58]

Second, the domestic market is supplied by multiple sources. These include at least twelve domestic producers of the domestic like product, imports from the subject countries, and non-subject imports.[59]

Third, sales of butt-weld fittings in the U.S. market by domestic producers and importers take place primarily through distributors, who generally stock large quantities of items from many different sources and then resell them to final customers.[60] Some of the distributors are also importers of butt-

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[51](...continued)
three percent of total imports threshold.

[52] CR and PR at Table IV-1.

[53] CR and PR at Tables IV-1, VII-2.

[54] 19 U.S.C. § 1677(24)(A)(iv).

[55] CR at II-4; PR at II-3; CR and PR at Table I-1.

[56] CR at I-10, II-4; PR at I-8, II-3.

[57] CR at II-3 to II-4; PR at II-2; CR and PR at Table IV-6.

[58] Commissioner Bragg notes that internal consumption and shipments to related firms *** accounted for less than *** percent of U.S. shipments in all reporting periods. CR at III-5; PR at III-3; CR and PR at Table III-4. She does not find this level of related party transactions to be significant as required by the statutory captive production provision, 19 U.S.C. 1677(7)(C)(iv). She notes that no party argued that the statutory captive production provision applies in this investigation.

[59] CR at III-1, IV-1; PR at III-1, IV-1; CR and PR at Tables III-1, IV-1.

[60] CR at II-1; PR at II-1.

weld fittings from both subject and nonsubject countries.[61]

Fourth, butt-weld fittings are typically produced to standard specifications, most notably ASTM A403/A403M. Butt-weld fittings are distinguishable by type (elbows, tees, reducers, caps, etc.); by size (outside diameter); by steel grade (commonly 304, 304L, 316, and 316L); by raw material (seamless pipe or welded pipe); by degree of processing (unfinished or finished); or even by wall thickness.[62] The parties disagree about whether butt-weld fittings are a commodity product, and about the extent to which non-price considerations are important to purchasers. The record indicates that the degree of substitution among domestic and imported butt-weld fittings depends upon such factors as price, quality (whether the product meets the ASTM/ANSI standards, and in some cases, if the product is produced by an Approved Manufacturers List ("AML") producer), availability, and serviceability. Although some consumers insist on domestic product, foreign-produced butt-weld fittings generally are acceptable if the quality is the same (if it meets the ASTM/ANSI standards), and if the products are produced by an AML manufacturer (if AML is a requirement of the purchaser).[63]

Finally, the volume of nonsubject imports was substantial throughout the period of investigation.[64] The record indicates that nonsubject imports are substitutable for the domestic like product and subject imports.[65]

IV. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM GERMANY

Because we determine that subject imports of butt-weld fittings from Germany did not exceed the three percent negligible imports threshold during the twelve months prior to the filing of the petition, but that there is a potential that such imports will imminently exceed the threshold, we analyze whether the domestic industry is threatened with material injury by reason of subject imports of butt-weld fittings from Germany.

A. Cumulation for Purposes of Threat Analysis

In assessing whether a domestic industry is threatened with material injury by reason of subject imports, the Commission has discretion to cumulate the volume and price effects of subject imports from multiple countries if such imports meet the standard for cumulation that is applied by the Commission in analyzing present material injury.[66] In deciding whether to cumulate for purposes of making threat determinations, the Commission often has considered whether the subject imports are increasing at similar rates and have similar pricing patterns.[67]

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[61] CR at I-8 to I-9, II-1; PR at I-7 to I-8, II-1; CR and PR at Table I-1.

[62] CR at I-5, I-7; PR at I-4, I-6; CR and PR at Figure I-1.

[63] CR at II-1, II-6; PR at II-1, II-3.

[64] CR and PR at Table IV-1.

[65] CR and PR at Tables II-3, II-4.

[66] 19 U.S.C. § 1677(7)(H).

[67] See, e.g., Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan, Inv. Nos. 701-TA-373 (Final) and 731-TA-769-775 (Final), USITC Pub. 3126 (Sept. 1998); Torrington Co. v. United States, 790 F. Supp. 1161 (Ct Int'l Trade 1992), aff'd 991 F.2d 809 (Fed. Cir. 1993) (table case); Metallverken Nederland

(continued...)

In this investigation, we do not exercise our discretion to cumulate butt-weld fittings from Germany with subject butt-weld fittings from Italy and the Philippines for purposes of our threat determination regarding subject imports from Germany.[68] The underlying petitions were filed on the same day, and subject imports from Italy, the Philippines, and Germany, and the domestic like product, were all sold throughout the period of investigation in the same geographical market.[69] While some subject imports were sold directly to end users, and some domestic producers purchased unfinished butt-weld fittings, in general, butt-weld fittings from all sources were sold through distributors.[70] The record indicates that the degree of substitution between domestic and imported butt-weld fittings depends upon such factors as price, quality (whether the product meets the ASTM/ANSI standards, and in some cases, if the product is produced by an AML producer), availability, and serviceability.[71] While we are mindful of product mix issues, we note that the available data suggest that all subject imports were at least moderately fungible with one another and with the domestic like product.[72] Accordingly, the record indicates that there is a reasonable overlap of competition between the subject imports from Germany and the domestic like product and other subject merchandise.

Nevertheless, we do not exercise our discretion to cumulate subject imports from Germany for purposes of our threat analysis because there are significant differences between the volume and pricing trends for subject imports from Germany and those for the other subject countries. First, subject imports from Germany meet the negligibility standard for present material injury purposes while those from Italy, Malaysia, and the Philippines do not.[73] Moreover, between 1997 and 1999, subject imports from Germany decreased in absolute terms and as a share of apparent U.S. consumption while subject imports from Italy and the Philippines each increased.[74]

Furthermore, the pricing patterns exhibited by subject imports from Germany vary significantly from those of the other subject countries. The Commission's pricing data reflect extensive overselling by subject imports from Germany compared to widespread underselling by subject imports from Italy and the Philippines.[75] [76] Under these circumstances, we decline to exercise our discretion to cumulate the

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[67](...continued)
B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct Int'l Trade 1988).

[68] We note that imports from Malaysia may not be cumulated for purposes of our analysis in this determination because Commerce issued a negative preliminary dumping determination regarding imports from Malaysia. See, e.g., Stainless Steel Butt-Weld Pipe Fittings from Malaysia, 65 Fed. Reg. 47398 (Aug. 2, 2000); see also 19 U.S.C. § 1673d(b)(1); 19 C.F.R. § 207.21(d).

[69] CR at I-8, V-1 to V-2; PR at I-7, V-1; CR and PR at Table IV-1.

[70] CR at I-8 to I-9, II-1; PR at I-7 to I-8, II-1; CR and PR at Tables I-1, IV-3.

[71] CR at II-1, II-6; PR at II-1, II-3.

[72] CR at I-10, II-6 to II-9; PR at I-8, II-3 to II-6; CR and PR at Tables II-2, II-3, II-4.

[73] CR and PR at Table IV-1.

[74] CR and PR at Tables IV-1, IV-5, IV-6.

[75] CR and PR at Tables V-1, V-3, V-4, V-5, V-6, and V-7, as modified by Memorandum INV-X-239 (Nov. 13, 2000) at Tables V-1, V-3, V-4, V-5, V-6, and V-7.

[76] Commissioner Bragg notes that the pricing data indicate that subject imports from Germany ***. CR and PR at Tables V-1, V-3, V-4, V-5, and V-6, as modified by Memorandum INV-X-239 (Nov. 13, 2000) at Tables V-1, V-3, V-4, V-5, and V-6; see also Hearing Tr. at 139, 141, 187-88. The record also indicates that ***. CR and PR at
(continued...)

imports from Germany with subject imports from the other countries for purposes of our threat determination regarding subject imports from Germany.

B. Statutory Factors

Section 771(7)(F) of the Act directs the Commission to determine whether an industry in the United States is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[77] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole."[78] In making our determination, we have considered all factors that are relevant to this investigation.[79]

Based on an evaluation of the relevant statutory factors, we find that an industry in the United States is not threatened with material injury by reason of imports of butt-weld fittings from Germany that are sold in the United States at less than fair value.

There is a limited amount of German production capacity that is likely to be available for shipment to the United States. The production capacity of the sole German producer that exported to the United States during the period of investigation *** between 1997 and 1999, and is projected to ***.[80] The production capacity of that producer was *** pounds in 1997 and declined to *** pounds in 1998, ***.[81] The other German producers of butt-weld fittings certified that they did not export butt-weld fittings to the United States in the past ***.[82] Moreover, although there was a *** in capacity utilization for the sole German exporter to the United States during the period of investigation,[83] we note that the excess German capacity in interim 2000 was *** pounds or approximately *** percent of apparent U.S. consumption.[84] We do not find this excess capacity alone indicates the likelihood of substantially increased imports in the imminent future.

The volume trends do not indicate a likelihood of substantially increased subject imports from

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[76](...continued)
Table VII-5.

[77] 19 U.S.C. §§ 1673d(b)(1) and 1677(7)(F)(ii).

[78] 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon "positive evidence tending to show an intention to increase the levels of importation." Metallverken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int'l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int'l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int'l Trade 1992), citing H.R. Rep. No. 98-1156 at 174 (1984).

[79] 19 U.S.C. § 1677(7)(F)(i). Factor I regarding countervailable subsidies and Factor VII regarding raw and processed agriculture products are inapplicable to the product at issue. See 19 U.S.C. § 1677(7)(F)(i)(I) and (VII).

[80] CR and PR at Table VII-1.

[81] CR and PR at Table VII-1.

[82] CR at VII-1 n.1; PR at VII-1 n.1.

[83] Capacity utilization was *** percent in 1997, *** percent in 1998, *** percent in 1999, *** percent in interim 1999, and *** percent in interim 2000. It is projected to increase to *** percent in 2000 and to *** percent in 2001. CR and PR at Table VII-1.

[84] CR and PR at Tables IV-5 and VII-1.

Germany in the imminent future. Subject imports from Germany were a small share of total imports, and an even smaller share of apparent U.S. consumption, throughout the period of investigation.[85] Between 1997 and 1999, subject imports from Germany decreased in absolute terms and as a share of apparent U.S. consumption.[86] Although subject imports from Germany were noticeably higher in absolute terms and as a share of apparent U.S. consumption in interim 2000 than in interim 1999,[87] the increase of subject imports from Germany in interim 2000 coincided with a period of increasing demand, and the increased volume was supplied through a short-term draw-down in German inventories – a trend that is not sustainable over time – rather than increased production or diversion from other markets.[88] Further, we note that there does not appear to be a significant correlation between the level of German end-of-period inventories or capacity utilization, and the volume of German butt-weld fittings exported to the United States.[89] In light of the competitive conditions in the U.S. market discussed above and trends in German subject import volume throughout the period of investigation, we find that there is not a significant rate of increase of imports of butt-weld fittings from Germany indicating the likelihood of substantially increased subject imports from Germany in the imminent future.

Available information suggests that, while it may be possible for producers to use butt-weld fitting facilities in the production of other products, the equipment generally is used to manufacture a specific size or type of butt-weld fittings in order to meet specified standards.[90] Moreover, the record indicates that butt-weld fittings already accounted for *** percent of Schulz's sales in 1999.[91] Accordingly, the record does not indicate a potential for product shifting that is likely to result in a significant increase in subject import volumes in the imminent future.

The record does not indicate a likelihood that the subject imports from Germany will enter the U.S. market at prices that will have a significant depressing or suppressing effect on prices for the domestic like product or increase demand for further imports. Subject imports from Germany consistently oversold the domestic like product throughout the period of investigation, frequently at significant margins, and in those instances where subject imports from Germany undersold the domestic like product, the margins of underselling were small.[92]

With respect to the impact of the German imports on the industry's production and development efforts, the record is mixed. We find that the small volume of subject German fittings has not had actual and potential negative effects on the existing development and production efforts of the domestic industry, and is unlikely to have such effects in the future. Many producers indicated that they have had to reduce the size of their capital investments or cancel expansion projects,[93] yet U.S. production capacity

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[85] CR and PR at Tables IV-1, IV-5, IV-6.

[86] CR and PR at Tables IV-1, IV-5, IV-6.

[87] CR and PR at Tables IV-1, IV-5, IV-6.

[88] CR and PR at Tables IV-5, IV-6, VII-1. We note that German end-of-period inventories were high but stable between 1997 and 1998, then fell noticeably in 1999 and 2000. CR and PR at Table VII-1.

[89] CR and PR at Table VII-1.

[90] CR at II-3, PR at II-2.

[91] CR at VII-1; PR at VII-1.

[92] CR and PR at Tables V-1, V-3, V-4, V-5, V-6, and V-7, as modified by Memorandum INV-X-239 (Nov. 13, 2000) at Tables V-1, V-3, V-4, V-5, V-6, and V-7.

[93] CR and PR at Appendix D.

increased throughout the period of investigation.[94] Capital expenditures fluctuated, but were markedly higher in 1999 than in 1997, before decreasing in the first half of 2000.[95] The domestic industry's *** research and development expenditures were higher in 1999 than in 1997 or 1998, but lower in the first half of 2000.[96]

We have considered whether there are any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time). We observe in this regard that there are no known dumping findings or antidumping remedies in third-country markets against the subject butt-weld fittings from Germany.[97]

We also note that the present condition of the domestic industry does not indicate that material injury by reason of subject imports of butt-weld fittings from Germany is imminent, given the lack of likely volume and price effects of these subject imports.[98]

In conclusion and based on an evaluation of all of the relevant statutory factors, we do not find that further dumped subject imports of butt-weld fittings from Germany are imminent or that material injury by reason of such imports would occur absent a dumping order. Accordingly, we do not find that subject imports from Germany that are sold in the United States at less than fair value threaten an industry in the United States with material injury.

CONCLUSION

For the reasons stated above, we determine that imports of butt-weld fittings from Germany are negligible for purposes of our present material injury analysis. We also determine that there is a potential that subject imports from Germany will imminently exceed three percent of total imports of such merchandise. Finally, we determine that an industry in the United States is not threatened with material injury by reason of imports of subject butt-weld fittings from Germany that are sold in the United States at less than fair value.

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[94] CR and PR at Table III-2.

[95] CR and PR at Table VI-7.

[96] CR and PR at Table VI-7.

[97] CR at VII-11, PR at VII-3.

[98] CR and PR at Table C-1.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on behalf of Alloy Piping Products, Inc. ("Alloy Piping"), Shreveport, LA; Flowline Division of Markovitz Enterprises, Inc. ("Flowline"), New Castle, PA; Gerlin, Inc. ("Gerlin"), Carol Stream, IL; and Taylor Forge Stainless, Inc. ("Taylor Forge"), North Branch, NJ, on December 29, 1999, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of certain stainless steel butt-weld pipe fittings ("butt-weld fittings")[1] from Germany, Italy, Malaysia, and the Philippines. Information relating to the background of the investigations is provided below.[2]

Date	*Action*
December 29, 1999	Petition filed with Commerce and the Commission; institution of Commission investigations (65 FR 1174, January 7, 2000)
January 31, 2000	Commerce's notice of initiation (65 FR 4595)
February 24, 2000	Commission's preliminary determinations (65 FR 9298)
August 2, 2000	Commerce's preliminary determinations (65 FR 47384 (Germany); 65 FR 47388 (Italy); 65 FR 47393 (Philippines); and 65 FR 47398 (Malaysia)); scheduling of final phase of Commission investigations (65 FR 51328, August 23, 2000)
October 10, 2000	Commerce's final determination (Germany)(65 FR 61142, October 16, 2000)
October 17, 2000	Commission's hearing[3]
November 20, 2000	Commission's vote (Germany)
November 29, 2000	Commission determination transmitted to Commerce (Germany)
December 15, 2000	Scheduled date for Commerce's final determinations (Italy, Malaysia, Philippines)
January 19, 2001	Scheduled date for the Commission's votes (Italy, Malaysia, Philippines)
January 29, 2001	Commission determinations due to Commerce (Italy, Malaysia, Philippines)

[1] For purposes of these investigations, certain stainless steel butt-weld pipe fittings are under 355.6 mm (14 inches) in outside diameter (based on nominal pipe size), whether finished or unfinished. The product encompasses all grades of stainless steel and "commodity" and "specialty" fittings. Specifically excluded from the definition are threaded, grooved, and bolted fittings, and fittings made from any material other than stainless steel. The fittings subject to these investigations are generally designated under specification ASTM A403/A403M, the standard specification for wrought austenitic stainless steel piping fittings, or its foreign equivalents (e.g., DIN or JIS specifications). This specification covers two general classes of fittings, WP and CR, which are wrought austenitic stainless steel fittings of seamless and welded construction covered by the latest revisions of ANSI B16.9, ANSI B16.11, and ANSI B16.28. Pipe fittings manufactured to specification ASTM A774, or its foreign equivalents, are also covered by these investigations. These investigations do not apply to cast fittings. Cast austenitic stainless steel pipe fittings are covered by ASTM specifications A351/A351M, A743/A743M, and A744/A744M. Certain stainless steel butt-weld pipe fittings are provided for in subheading 7307.23.00 of the United States Harmonized Tariff Schedule ("HTS") with a normal trade relations tariff rate of 5 percent *ad valorem*, applicable to imports from Germany, Italy, Malaysia, and the Philippines. Although the HTS subheading is provided for convenience and customs purposes, Commerce's written description of the scope in these investigations is dispositive.

[2] Pertinent *Federal Register* notices cited in the tabulation are presented in app. A.

[3] App. B contains a list of witnesses that appeared at the hearing.

SUMMARY DATA

A summary of data collected in the investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on complete questionnaire responses of 9 producers of butt-weld fittings during the period 1997 through June 2000, the period for which data were gathered in these investigations. U.S. imports are based on questionnaire responses of 22 importers of the subject merchandise.

PREVIOUS AND RELATED INVESTIGATIONS

Stainless steel butt-weld pipe fittings have been the subject of previous Commission investigations.[4] In 1988, in investigation No. 731-TA-376 (Final), the Commission determined that an industry in the United States was materially injured by reason of imports of such fittings from Japan that were sold at LTFV.[5] In 1993, in investigations Nos. 731-TA-563 (Final) and 731-TA-564 (Final), the Commission determined that an industry in the United States was materially injured by reason of imports of such fittings from Korea and Taiwan, respectively, that were sold at LTFV.[6] Expedited "sunset" review investigations on butt-weld fittings from Japan, Korea, and Taiwan have recently been completed and the antidumping orders kept in place.[7]

NATURE AND EXTENT OF SALES AT LTFV

On October 16, 2000, Commerce published in the *Federal Register* its notice of final determination regarding sales at LTFV of butt-weld fittings from Germany. Although not due to make its final determinations with regard to Italy and the Philippines until December 15, 2000, Commerce published on August 2, 2000, its notices of preliminary affirmative determinations regarding sales at LTFV from these countries. Commerce determined preliminarily that imports from Malaysia were not being sold or likely to be sold at LTFV. The following tabulation provides Commerce's final dumping margins with regard to Germany and its preliminary dumping margins with regard to Italy and the Philippines.

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[4] The scope in earlier investigations limited the subject product to butt-weld fittings that were under 14 inches in inside diameter, as opposed to the scope in these investigations which includes butt-weld fittings under 14 inches in outside diameter.

[5] *Certain Stainless Steel Butt-Weld Pipe Fittings from Japan*, USITC Pub. 2067, March 1988.

[6] *Certain Stainless Steel Butt-Weld Pipe Fittings from Korea*, USITC Pub. 2601, February 1993, and *Certain Stainless Steel Butt-Weld Pipe Fittings from Taiwan*, USITC Pub. 2641, June 1993.

[7] *Certain Stainless Steel Butt-Weld Pipe Fittings from Japan, Korea, and Taiwan*, USITC Pub. 3280, February 2000.

Country and firm	Margins (*percent*)
Germany[1]	
Hage Fittings	76.24
Nirobo Metalverarbeitungs	76.24
Schulz	76.24
All others	51.34
Italy[2]	
Coprosider	32.12
All others	32.12
Philippines[3]	
Enlin Steel	60.17
Tung Fong	34.67
All others	34.67

[1] Hage Fittings and Nirobo Metalverarbeitungs did not cooperate with Commerce's investigation. Schulz initially cooperated and later withdrew its cooperation as well as its submissions. Commerce, therefore, used the facts available and took adverse inferences with regard to these German companies. The "all others" rate assigned by Commerce was derived from a simple average of the margins alleged in the petition.

[2] To determine whether Coprosider's sales of butt-weld fittings from Italy were made in the United States at LTFV, Commerce compared the export price to the normal value, for purposes of the preliminary determination, and calculated a dumping margin of 32.12 percent for Coprosider. Coprosider argues that the Commission should use the revised margin calculated for Coprosider (and all others) of 25.94 percent; the revised margin is reflected in a memorandum issued by Commerce in which a ministerial error from its preliminary determination was corrected. Under the statute, the Commission shall use the dumping margins most recently published by Commerce prior to the closing of the Commission's administrative record. 19 U.S.C. § 1677(35)(c)(ii).

[3] Enlin Steel did not cooperate with Commerce's investigation; Commerce, therefore, used the facts available and took adverse inferences with regard to Enlin. Commerce did not have sufficient information with which to calculate a separate margin for voluntary respondent Tung Fong, so Commerce assigned Tung Fong a non-adverse all-others rate for purposes of the preliminary determination. The "all others" rate assigned by Commerce was derived from a simple average of the margins alleged in the petition.

THE PRODUCT

The imported product subject to these investigations is stainless steel butt-weld pipe fittings less than 355.6 mm (14 inches) in outside diameter (based on nominal pipe size),[8] whether finished or unfinished.[9] The product encompasses all grades of stainless steel and "commodity" and "specialty" fittings.[10] This section of the report presents information on both imported and domestically produced

[8] The diameter of welded and seamless stainless steel pipe is measured by nominal sizes; however, nominal sizes up to 12 inches are not actual measurements of outside diameter. For example, nominal 12-inch pipe is 12.750 inches in outside diameter; whereas, nominal 14-inch pipe is 14.000 inches in outside diameter. See Iron and Steel Society, "Table 11-13: Dimensions of Welded and Seamless Stainless Steel Pipe," *Steel Products Manual: Stainless Steels*, March 1999, p. 244.

[9] *Finished* butt-weld pipe fittings require no further processing to be acceptable as a finished product to the end user. *Unfinished* butt-weld pipe fittings require at least one more processing step (e.g., forming, coining (sizing), heat treatment, shot blasting, machining, grinding, die stamping, or painting) to be acceptable as a finished product.

[10] Petitioners distinguish "commodity" from "specialty" fittings on the basis of size as "...common parlance

(continued...)

butt-weld fittings, as well as information related to the Commission's "domestic like product" determination.[11]

Physical Characteristics and Uses

Butt-weld fittings are used to connect pipe sections where conditions require permanent, welded connections. The beveled edges of butt-weld fittings distinguish them from other types of pipe fittings, such as threaded, grooved, or bolted fittings, which rely on different fastening methods. When placed against the matching beveled end of a pipe or another fitting, the beveled edges form a shallow channel that accommodates the "bead" of the weld that fastens the two adjoining pieces.

Only those butt-weld fittings of stainless steel which are under 14 inches in outside diameter are covered by these investigations. For tariff purposes, the term "stainless steel" includes by definition all grades of steel containing by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other alloying elements.[12] Stainless steel imparts to fittings resistance to corrosion and oxidation, as well as the ability to withstand extreme temperature and pressure.

The predominant stainless steel grades for butt-weld fittings sold in the United States are dual certified 304/304L and 316/316L.[13] Petitioners report that "all grades of austenitic stainless steel butt-weld pipe fittings are or can be produced in the United States."[14] However, the Italian respondent disagrees, alleging that "Taylor Forge, Gerlin, and Flowline declined to offer bids for 321/347 material" and that "Alloy Piping Products . . . submitted bids for less than 10 percent of the products on the request for quotation." The Italian respondent asserted that petitioners "simply do not provide products that are not contained in their price lists."[15]

Butt-weld fittings are available in several basic shapes, such as elbows, returns, tees, crosses, reducers, caps, and stub-ends (figure I-1). Elbows are two-outlet fittings, commonly with 45-degree or 90-degree bends; returns are also two-outlet fittings with a 180-degree bend; tees are "T"-shaped fittings having three outlets; crosses have four outlets; and reducers are two-outlet fittings that connect pipes of different diameters. Caps close off the end of a pipe or a fitting. Stub-ends are welded to the pipe and when combined with a flange (a collar-type piece with holes for connecting bolts), the combination permits quick connection with other similarly equipped pipes. This configuration is particularly useful when periodic changes of pipes are required or where on-site welding would be difficult. Each of these basic product categories includes a wide range of fittings which vary by size, alloy type, wall thickness, and intended application. In general, stainless steel butt-weld fittings are utilized by a variety of industries in "process" operations (piping systems) to join pipes in straight lines and to change the direction or flow of fluids.

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[10] (...continued)
within the industry and marketplace often refers to large-diameter fittings as 'specialty' fittings and those below 14 inches as 'commodity' fittings. This terminology reflects the fact that small diameter fittings are 'stock' items that producers and distributors are expected to hold in inventory in large numbers, while large-diameter fittings are perceived as a 'special order' item." Petitioners' prehearing brief, p. 7. The Italian respondent considers "commodity" fittings as "...welded thin-walled (schedule 10S and 40S) pipe fittings less than 8 inches in outside diameter." Coprosider's prehearing brief, p. 4.

[11] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and, where appropriate, (6) price. For views of parties on whether the Commission should extend the definition of the domestic like product to include large-diameter fittings, see "Stainless Steel Butt-Weld Pipe Fittings 14 Inches or Greater in Outside Diameter" at the end of this part of the report.

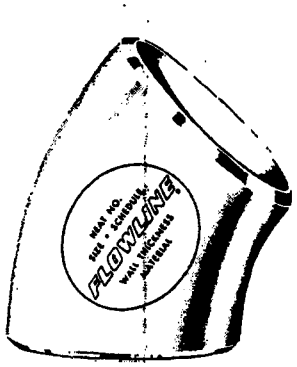
[12] Note 1(e) defining stainless steel, Ch. 72, Iron and Steel, HTS, p. 72-1.

[13] Hearing transcript, p. 19.

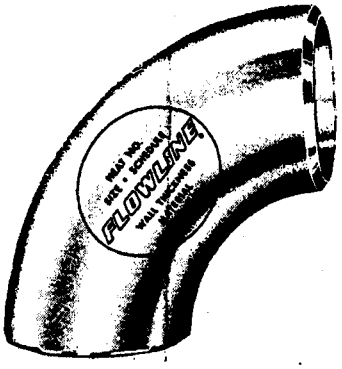
[14] Petition, p. 9.

[15] Coprosider's prehearing brief, pp. 3-4.

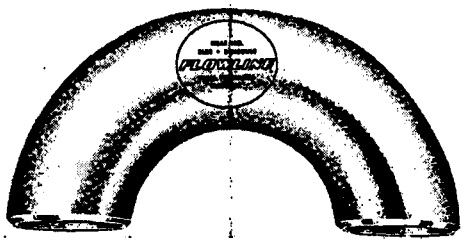
Figure I-1
Some typical stainless steel butt-weld pipe fittings



45-degree elbow



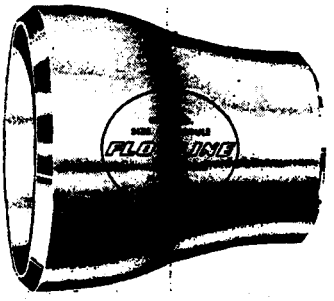
90-degree elbow



180-degree return

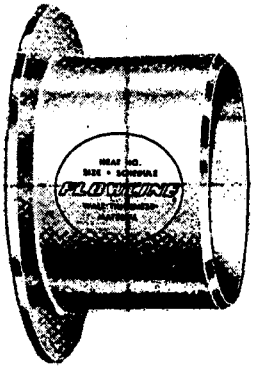
straight tee

straight cross

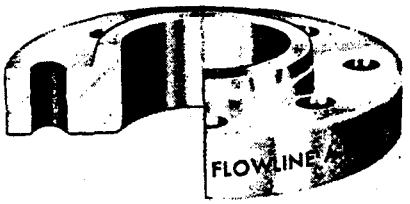


concentric reducer

cap



stub-end



flange (cut-away view)

Source: Flowline Division, Markovitz Enterprises, Inc.

Manufacturing Facilities and Production Employees

Butt-weld fittings less than 14 inches in outside diameter are cold-formed from seamless or welded stainless steel pipe.[16] However, stub-ends are usually hot-forged, generally from stainless steel bar.[17] The production process is similar among the different shapes available, including elbows, returns, tees, crosses, reducers, and caps, although steps related to forming the fitting vary depending on shape. Moreover, some elements of the production process for a particular type of fitting may differ from one manufacturer to another but the basics of the process are very similar throughout the world.[18]

To manufacture an elbow by the cold-forming process, a piece of pipe that has been cut to the proper length is shaped under hydraulic pressure, by being pushed over a mandrel to achieve the desired interior diameter and degree of bend, followed by resizing in a press to achieve the desired outside diameter. The resulting form is annealed (heat treated) to relieve metallurgical stresses that build up during the cold-working process. Some larger sizes may require additional forming and annealing steps to ensure uniform surfaces and wall thicknesses. After annealing, the blanks are quenched in water and the oxide scale that formed on exposed surfaces during the heat-treating process is removed by immersing the blanks in a pickling bath. The final sizing operation is performed in a press to achieve the required tolerances. Ends of the unfinished elbow are then machined to the exact size and a bevel is added for welding purposes. The machined elbow is degreased before being passivated in a hot dilute nitric acid solution to give the surface a corrosion-resistant character. Additional finishing steps may include grinding, die-stamping, inspection, and possibly painting to produce the finished fitting.[19]

Most other butt-weld fittings shapes are manufactured in a similar manner with certain differences in forming methods. Tees, for example, are formed by putting a pipe section in a "T"-shaped die and applying hydraulic pressure.

The domestic manufacturing sector for the subject butt-weld fittings includes integrated producers and combination producers.[20] Generally, integrated producers begin with stainless steel pipe as their raw material and perform various forming, machining, and finishing operations to produce the finished fittings. Combination producers produce some finished fittings via the integrated process and other finished fittings by converting unfinished purchased fittings, performing only machining and finishing operations.[21]

Unfinished fittings (referred to as "blanks") are sold to machine shops for further processing and are not specifically produced for inventory, but are sold to fill special orders.[22] Blanks are unusable until

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[16] Petitioners argue that butt-weld fittings made from seamless pipe ("seamless fittings") are interchangeable with butt-weld fittings made from welded pipe ("welded fittings") but only if the welded fittings have been x-ray inspected. However, seamless fittings generally are not used in place of welded fittings, as seamless fittings can be more expensive due to the higher cost of seamless pipe. Petitioners' postconference brief, pp. 8-10. Coprosider argues that end users who purchase seamless butt-weld fittings for use in high-pressure applications will not accept welded butt-weld fittings as a substitute. Coprosider's prehearing brief, p. 3.

[17] *Certain Stainless Steel Butt-Weld Pipe Fittings from Korea and Taiwan*, USITC Pub. 2534, July 1992, p. I-6; and hearing transcript, p. 19.

[18] Conference transcript, pp. 20-21.

[19] Conference transcript, pp. 20-21.

[20] Questionnaire responses indicate that 5 U.S. producers (***) purchased some unfinished fittings during the period examined, whereas 3 producers (***) did not. Therefore, of the responding U.S. producers, 5 companies appear to be combination producers, while 3 appear to be integrated producers, based on current operations.

[21] *Certain Stainless Steel Butt-Weld Pipe Fittings from Korea*, USITC Pub. 2601, February 1993, p. I-6.

[22] Preliminary questionnaire response of ***.

finished[23] and must be machined, sized, beveled, cleaned, and finally labeled to become finished fittings which meet industry specifications.[24] See Part VI for further information on the value-added during the finishing process.

Channels of Distribution

Butt-weld fittings are sold nationwide, either directly to end users or in most cases to distributors, who then sell piping systems to petrochemical and chemical plants, petroleum refineries, pharmaceutical plants, food and beverage processing facilities, waste-water treatment facilities, semiconductor-equipment producers, and nuclear power plants. As distributors typically carry butt-weld fittings supplied by a number of domestic and foreign producers, petitioners assert that it is increasingly common for a customer's order to be filled with commingled domestically produced and imported products[25] to which the vast majority of customers do not object.[26] Some end users maintain an approved manufacturers list ("AML"), which distributors refer to when filling an order for these customers. Such AMLs reportedly include both domestic and foreign butt-weld fittings producers. One importer/ distributor indicated that the market for butt-weld fittings is distinctly divided between AML and non-AML end users.[27]

In the final phase of these investigations, as in the preliminary phase, petitioners and respondents did not agree as to the extent to which AMLs are used in the industry.[28] Petitioners estimated that AMLs accounted for less than 10 percent of total sales in the United States but also asserted that the "share of the U.S. market using AMLs has declined in size and importance in recent years."[29] Further, according to petitioners, the precise proportion of the U.S. market represented by AML purchases would be a moot point, as they assert that subject imports have been accepted at AML accounts in the United States as the producers in the countries subject to these investigations have attained higher production standards than those in previous investigations.[30] Moreover, according to petitioners, as the price premium rises for AML product, more end users are accepting lower priced, non-AML product.[31]

In contrast, respondents indicated that AMLs are still widely used and characterize a large and important segment of the market[32] and assert that the AML segment is growing.[33] End-use markets for which AMLs are considered important include chemicals, petrochemicals, petroleum refining, and nuclear applications.[34] Further, respondents contend that only producers who are on an end user's AML

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[23] Questionnaire response of ***.

[24] Questionnaire responses of ***.

[25] Hearing transcript, p. 43.

[26] Hearing transcript, pp. 27-28.

[27] Questionnaire response of ***.

[28] Conference transcript, pp. 51-52.

[29] Petitioners' postconference brief, p. 17; and petitioners' prehearing brief, pp. 41-42.

[30] Petitioners' prehearing brief, p. 42; and hearing transcript, p. 35.

[31] Hearing transcript, pp. 23 and 61.

[32] Respondents' postconference brief, p. 4; Coprosider's prehearing brief, pp. 8-9; and Schulz' prehearing brief, p. 30.

[33] Hearing transcript, pp. 158 and 160; and Coprosider's posthearing brief, p. 4.

[34] Coprosider's posthearing brief, p. 4.

can supply product for a project; non-AML producers are not eligible.[35] Moreover, in contrast to the assertion of petitioners that producers from each of the subject countries are on various AMLs,[36] the respondents claim that German and Italian producers are generally AML-certified but not Philippine producers[37] (nor Malaysian producers[38]); hence, even though Philippine imports may meet technical specifications and could theoretically compete with other foreign and domestic products, they are unable to compete in the AML market segment.[39]

Table I-1 presents data on channels of distribution for U.S. producers and importers of the subject merchandise. Almost all of U.S. production as well as imports from Germany, Italy, Malaysia, and the Philippines are sold to distributors.

Interchangeability and Customer and Producer Perceptions

Generally, producers and importers indicate that U.S.-produced butt-weld fittings and subject merchandise can be used interchangeably, as long as the product meets the industry-wide standards. Although butt-weld fittings may be manufactured from other metals, the combination of cost and corrosion-resistance characteristics of stainless steel limits the degree to which other metals can be substituted for stainless steel. "In theory, alloys such as monel, nickel, etc., could be substitutes. However, these other alloys are much more expensive in comparison and therefore would rarely be used as such."[40] As a result, butt-weld fittings made from these or other alloys would not be cost competitive.[41] Additional information on interchangeability and customer and producer perceptions is presented in Part II of this report.

Price

On average, raw material costs account for *** percent of the cost of production.[42] Generally, seamless butt-weld fittings command a higher price than do welded fittings, based on the higher cost of the raw material input, seamless stainless pipe.[43] However, this may vary depending on factors such as size, alloy type, and wall thickness. Petitioners suggested in the preliminary phase of these investigations that "the seamless specification is simply another in a series of product specifications that can affect the price of stainless steel butt-weld pipe fittings, and is not the single most significant specification."[44] Additional information on pricing of butt-weld fittings is presented in Part V of this report.

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[35] Respondents' postconference brief, p. 3.

[36] Hearing transcript, pp. 9, 22-23, and 36-37; and petitioners' posthearing brief, pp. 9-10.

[37] Schulz' prehearing brief, p. 32; and Coprosider's prehearing brief, p. 9.

[38] Hearing transcript, p. 138.

[39] Coprosider's prehearing brief, p. 9.

[40] Questionnaire response of ***.

[41] Questionnaire response of ***.

[42] Staff field trip to ***, January 11, 2000.

[43] Petitioners' postconference brief, p. 10.

[44] *Id.*

Table I-1
Butt-weld fittings: Channels of distribution for U.S. shipments by U.S. producers and U.S. importers, 1997-99, January-June 1999, and January-June 2000

Item	Calendar year			January-June	
	1997	1998	1999	1999	2000
U.S. producers' commercial shipments to–	**Share (*percent*)**				
End users	3.0	1.5	1.2	1.2	1.7
Distributors[1]	97.0	98.5	98.8	98.8	98.3
Total	100.0	100.0	100.0	100.0	100.0
U.S. importers' commercial shipments to–	**Share (*percent*)**				
Germany					
End users	***	***	***	***	***
Distributors[2]	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Italy					
End users[3]	***	***	***	***	***
Distributors[4]	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Malaysia					
End users	***	***	***	***	***
Distributors	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Philippines					
End users	***	***	***	***	***
Distributors[5]	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
All other sources					
End users	***	***	***	***	***
Distributors	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

[1] ***.
[2] ***.
[3] ***.
[4] ***.
[5] ***.

Note.–The majority of reporting importers stated that the identity of the final end-user industry was unknown to them because of their practice of shipping exclusively to U.S. distributors.

Source: Compiled from data submitted in response to Commission questionnaires.

Stainless Steel Butt-Weld Pipe Fittings 14 Inches or Greater in Outside Diameter

In the preliminary phase of these investigations, respondent from Malaysia, Kanzen Tetsu, proposed that the domestic like product include butt-weld fittings 14 inches or greater in outside diameter ("large-diameter" fittings). Kanzen Tetsu argued that "there is a continuum over the entire size range of fittings with respect to production facilities, distribution channels, end uses, producer/consumer perceptions, and price."[45] Kanzen Tetsu further stated that "excluding larger fittings from the definition of like product would result in the exclusion of an economically significant portion of the domestic industry."[46] Kanzen Tetsu suggested that all producers have limitations with respect to size ranges; specialty products exist in all sizes; and all butt-weld fittings, regardless of size, are sold to distributors.[47]

In the final phase of these investigations, German respondent Schulz has advanced the position that the domestic like product should include all stainless steel butt-weld fittings regardless of size.[48] Schulz argues that there is no difference in the physical characteristics and end uses between large (14 inches and over) and small (under 14 inches) diameter butt-weld fittings and also that the channels of distribution, raw materials, production equipment, and workers are all similar.[49] Schulz further argues that many of the U.S. producers manufacture both large and small diameter fittings.[50]

According to petitioners, however, large-diameter fittings are produced to order from stainless steel plate, are formed on different production equipment by different workers than the subject butt-weld fittings, and sell at significantly higher prices than the subject butt-weld fittings.[51]

In its preliminary views, the Commission determined that "although the end uses and physical characteristics of large- and small-diameter butt-weld fittings appear to be generally similar, the record indicates limited interchangeability, and differences in channels of distribution, production processes, equipment and workers, producer perceptions, and prices," and concluded that there was one domestic like product coextensive with the scope of the investigations.[52]

In previous investigations, the Commission determined that "the like product is all domestically produced stainless steel butt-weld pipe fittings of less than 14 inches in outside diameter, whether finished or unfinished."[53] The Commission found that large-diameter fittings are produced on different machinery and equipment than is used to produce subject merchandise; they are sold to specialized markets; and they command a higher price than small-diameter fittings.[54]

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[45] Kanzen Tetsu's postconference brief, p. 4.

[46] *Id.*

[47] *Id.*, pp. 1-4.

[48] Schulz' prehearing brief, p. 21.

[49] *Id.*, exhibit 7.

[50] *Id.* On October 13, 2000, the Commission sent all responding U.S. producers a supplemental questionnaire that requested trade and financial data regarding each firm's production of stainless steel butt-weld fittings 14 inches and over in outside diameter. Of the 16 supplemental questionnaires sent, the Commission received 13 responses, 7 of which reported that their firm produced both small and large-diameter fittings (***). For a compilation of the trade and financial data submitted by 5 of these companies (***), see table C-2 in appendix C.

[51] Petitioners' prehearing brief, pp. 5-9.

[52] *Certain Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia, and the Philippines*, USITC Pub. 3281, February 2000, p. 6.

[53] *Certain Stainless Steel Butt-Weld Pipe Fittings from Korea*, USITC Pub. 2601, February 1993, p. 5.

[54] *Id.*, pp. 4-5. See also *Certain Stainless Steel Butt-Weld Pipe Fittings from Taiwan*, USITC Pub. 2641, June 1993.

(continued...)

[54] (...continued)

In the 1987-88 investigation on imports from Japan, the Commission defined the like product as stainless steel butt-weld pipe fittings (whether finished or unfinished), regardless of the form in which they are imported. Only product under 14 inches was subject to investigation. See *Certain Stainless Steel Butt-Weld Pipe Fittings from Japan*, USITC Pub. 2067, March 1988. The scope language for the antidumping order for Japan does not specifically limit the subject product to only those fittings under 14 inches in diameter. However, Commerce's scope of investigation in its final LTFV determination for Japan reads as follows: "{stainless steel butt-weld pipe and tube fittings}, whether finished or unfinished, including as-formed tubular blanks (blanks), under 14 inches in inside diameter. . ." 53 FR 3227, February 4, 1988. Commerce's antidumping duty order does not contain specific scope language, but simply refers to "stainless steel butt-weld pipe and tube fittings." 53 FR 9787, March 25, 1988.

The staff field trip to *** found that its production process for large-diameter fittings involves ***. See field trip notes of January 11, 2000.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Sales of butt-weld fittings in the U.S. market by U.S. producers and importers take place primarily through distributors. Some of the U.S. distributors are also importers of butt-weld fittings from both the subject and nonsubject countries.

Distributors generally stock large quantities of items and then resell to the final consumer. The distributor acts as an intermediary between the producer or importer and the ultimate end users and maintains large inventories of product in order to provide immediate service to the consumer. As a result, there is reportedly no real customer loyalty to a particular producer as long as the product meets the ASTM and/or ANSI standards.[1] Distributors typically carry the products of many different manufacturers, including domestic and foreign.

Generally, there are no quality differences between butt-weld fittings produced in the United States versus those from Germany, Italy, Malaysia, and/or the Philippines. Although some consumers will insist on domestic product, foreign-produced butt-weld fittings are acceptable if the quality is the same (if it meets the ASTM/ANSI standards).[2]

Market segmentation is claimed to exist in relation to AML versus non-AML manufacturers. In general, if an AML requirement is in place, purchases of butt-weld fittings can only be made from those firms on the AML list. In order to become an AML producer, a company must undergo a variety of audits and verifications by the customer to determine if the product meets its specifications. According to petitioners, all of the U.S. producers of butt-weld fittings are AML-approved. In addition, producers in Germany, Italy, Malaysia, and the Philippines are AML-approved.[3]

Purchasers were asked to report the percent of their purchases accounted for by AML-approved firms. ***.[4] According to responding purchasers, butt-weld fittings from Germany and Italy are AML-approved but butt-weld fittings from Malaysia and the Philippines are not. "Buy America" incentives may also result in the preference of domestically produced butt-weld fittings over foreign product.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. butt-weld fittings producers are likely to respond to changes in demand with considerable changes in the quantity of shipments of U.S. product to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the availability of unused capacity and the existence of alternate markets or inventories.

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[1] Based on responses to Commission questionnaires.

[2] *Id.*

[3] Hearing transcript, pp. 22-23; and petitioners' posthearing brief, p. 40.

[4] Based on responses to Commission questionnaires and petitioners' posthearing brief, pp. 39-40.

Industry capacity

Data reported by U.S. producers indicate that there is available capacity with which to expand production. Domestic capacity utilization declined from 71.9 percent in 1997 to 67.1 percent in 1998 but increased to 68.2 percent during 1999 and to 74.3 percent during January-June 2000.

Inventory levels

Relatively high inventories indicate that U.S. producers have the ability to immediately respond to increases in demand. Inventories increased slightly from 1997 to 1999. Inventories accounted for 31.4 percent of production and 20.4 percent of U.S. producers' U.S. shipments in 1999.

Export markets

Available data indicate that the volume of U.S. exports increased from 1997 to 1999. As a share of total shipments, exports accounted for 2.2 percent in 1997, 3.9 percent in 1998, 2.6 percent in 1999, and 1.8 percent during January-June 2000. Data indicate that U.S. producers have some limited ability to respond to changes in prices in the U.S. market by diverting butt-weld fittings to or from the U.S. market.

Production alternatives

U.S. producers of butt-weld fittings produce a wide variety of piping products. While it may be possible for producers to use the facilities in the production of other products, the equipment is generally used to manufacture a specific size or type of butt-weld fittings in order to meet ASTM/ANSI standards.

U.S. Demand

Demand Characteristics

U.S. producers and importers generally agree that demand for butt-weld fittings in the United States has decreased somewhat during the period for which data were collected. Available data indicate that U.S. apparent consumption of butt-weld fittings increased from 17.0 million pounds in 1997 to 18.1 million pounds in 1999 and increased from 8.5 million pounds during January-June 1999 to 12.0 million pounds during January-June 2000.

Six of the U.S. producers responded that demand for U.S.-produced butt-weld fittings has decreased due to lower priced imports; four U.S. producers further stated that overall demand has remained relatively stable. Six of the importers responded that overall demand has fallen because fewer industrial projects requiring butt-weld fittings have been undertaken; two importers reported that demand has risen since 1999. One importer reported that demand has remained stable. Five U.S. purchasers reported that demand has remained stable while one purchaser reported that demand has increased (table II-1).

Table II-1
Butt-weld fittings: U.S. purchasers' purchase levels and demand forecasts

* * * * * * *

Substitute Products

Based on responses from U.S. producers, there are no known commercial substitutes for butt-weld fittings. U.S. producers *** and three U.S. importers stated that in theory, certain alloyed fittings, such as nickel fittings, could be substitutes but that these alloyed fittings are expensive and would rarely be used. Two U.S. producers, ***, stated that sometimes plastic pipe fittings or even threaded stainless fittings could be substituted for butt-weld fittings. However, most of the producers and importers stated that the primary end users of the product (the chemical, petrochemical, nuclear, food and dairy, and pulp and paper industries) demanded stainless steel butt-weld fittings because of their metallurgical properties such as non-corrosiveness.

Cost Share

Most stainless butt-weld fittings are used to prevent corrosion and/or contamination in piping systems where extreme temperatures and high pressures are present. The exact share of the cost of butt-weld fittings as a share of the piping systems in which they are used is not known; however, changes in price are estimated to have a moderate impact on these downstream products.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported butt-weld fittings depends upon such factors as price, quality (whether the product meets the ASTM/ANSI standards and, in some cases, if the product is produced by an AML producer), availability, and serviceability. Based on the data available, it is estimated that there is a high degree of substitution between domestic and imported butt-weld fittings.

Factors Affecting Purchasing Decisions

While price is possibly the most important factor in the sale of butt-weld fittings, other factors such as quality, availability, technical support, and product range are also important considerations in purchase decisions (table II-2). Suppliers compete on price only if they offer products of comparable quality, notably if the products meet the ASTM/ANSI specifications and if the products are produced by an AML manufacturer (if AML is a requirement of the purchaser).

Table II-2
Butt-weld fittings: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number one factor	Number two factor	Number three factor
	Number of firms reporting		
Availability	0	2	5
Quality	4	3	2
Price	4	4	2
Other[1]	3	2	2

[1] Other factors include timely delivery, service, and customer preference.

Source: Compiled from data submitted in response to Commission questionnaires.

Producers and importers were asked whether differences other than price between butt-weld fittings produced in the United States and in other countries were a significant factor in their sales of the product. One of the responding U.S. producers stated that such differences were "always" significant when comparing domestic product with product from both subject and nonsubject countries, one producer responded "frequently," four producers responded "sometimes," and one responded "never."

Two U.S. importers responded that differences other than price were "always" significant when comparing domestic product with product from Italy, Malaysia, the Philippines, and nonsubject countries.[5] Four importers responded that differences other than price were "frequently" significant when comparing the domestic product with product from Germany, two responded "frequently" for Italy and nonsubject countries, three responded "frequently" for Malaysia, and one responded "frequently" for the Philippines. One U.S. importer responded that such differences were "sometimes" significant when comparing domestic product with product from Malaysia and nonsubject countries, and two responded "sometimes" for the Philippines. Two importers responded "never" for subject and nonsubject countries.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

U.S. producers and importers were asked whether butt-weld fittings produced in the United States and in other countries are used interchangeably. Four U.S. producers responded that butt-weld fittings from the United States were "always" used interchangeably with product from Germany, while three U.S. producers responded "always" for product from Italy, Malaysia, the Philippines, and nonsubject countries (table II-3). Three U.S. producers responded that butt-weld fittings from the United States were "frequently" used interchangeably with product from Germany, while four U.S. producers responded "frequently" for product from Italy, Malaysia, the Philippines, and nonsubject countries.

Table II-3
Interchangeability of domestic butt-weld fittings versus butt-weld fittings from subject and nonsubject countries, by responding producers/(importers)

Country pair	United States	
	Always interchangeable	Frequently interchangeable
Germany	4/(1)	3/(4)
Italy	3/(2)	4/(2)
Malaysia	3/(2)	4/(3)
Philippines	3/(2)	4/(1)
Nonsubject countries	3/(2)	4/(2)

Note.--Two importers responded that domestic butt-weld fittings were "never" interchangeable with butt-weld fittings produced in subject or nonsubject countries.

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

[5] For purposes of this report, imports from Malaysia are frequently treated as subject merchandise even though Commerce has made a preliminary negative determination of dumping with respect to Malaysia.

One U.S. importer responded that butt-weld fittings from the United States were "always" used interchangeably with product from Germany, Italy, Malaysia, the Philippines, and nonsubject countries; one importer responded "always" for product from Italy, Malaysia, the Philippines, and nonsubject countries. Four importers responded that butt-weld fittings from the United States were "frequently" used interchangeably with butt-weld fittings from Germany, two responded "frequently" for Italy and nonsubject countries, three responded "frequently" for product from Malaysia, and one responded "frequently" for the Philippines. Two importers responded that butt-weld fittings from subject and nonsubject countries were never used interchangeably with the domestic product.

Producers and importers were also asked whether butt-weld fittings produced in subject countries were interchangeable with butt-weld fittings produced in other subject countries and nonsubject countries. Generally, subject countries' products were reported to be "always" or "frequently" interchangeable with each other as well as with those of nonsubject countries (table II-4).

Table II-4
Number of U.S. producers/(importers) reporting butt-weld fittings from subject and nonsubject countries are "always" or "frequently" interchangeable

County pair	Italy		Malaysia		Philippines		Nonsubject countries	
	Always	Frequently	Always	Frequently	Always	Frequently	Always	Frequently
Germany	4/(2)	1/(2)	3/(2)	1/(3)	3/(2)	2/(1)	3/(2)	2/(2)
Italy			3/(2)	2/(1)	3/(2)	2/(1)	3/(2)	2/(2)
Malaysia					4/(2)	1/(2)	4/(2)	2/(1)
Philippines							4/(2)	1/(1)

Note.--No producer or importer responded that butt-weld fittings produced in subject countries were "never" interchangeable with butt-weld fittings produced in both subject and nonsubject countries; however, one importer reported that butt-weld fittings produced in Germany and Italy were "sometimes" interchangeable with those produced in Malaysia and the Philippines.

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

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for butt-weld fittings measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced butt-weld fittings. Analysis of these factors indicates that the U.S. supply elasticity is likely to be within the 4 to 6 range.

Import Supply Elasticity

The import supply elasticity depends on the same general factors as the domestic supply elasticity. Analysis of these factors indicates that suppliers of the subject product are likely to experience

more flexibility as compared with U.S. suppliers regarding the ability to increase or decrease shipments to the U.S. market. An estimate in the range of 10 to 15 is suggested.

U.S. Demand Elasticity

U.S. demand elasticity for butt-weld fittings measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of the product. This estimate depends on factors such as the existence, availability, and commercial viability of substitute products, as well as the share of the butt-weld fittings in the cost of production of downstream products. Questionnaire responses indicate the U.S. producers, importers, and purchasers agree that substitutes for butt-weld fittings in most applications are very limited. Also, the share of the total cost of the end products accounted for by butt-weld fittings varies by usage; however, based on available information, it appears that the cost component of butt-weld fittings in most end uses is moderate to high. Therefore, the aggregate demand elasticity for butt-weld fittings is likely to be within the 0.5 to 1.0 range.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported product.[6] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms, discounts, etc.). Based on available information, the elasticity of substitution between U.S.-produced butt-weld fittings and the subject imported product is likely to be within the 3 to 6 range with the lower end of the range for Italy, Malaysia, and the Philippines and higher end of the range for Germany.

MODEL RESULTS

This analysis uses a nonlinear partial equilibrium model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used for the analysis of trade policy changes in both partial and general equilibrium. Based on discussion earlier, staff has selected a range of estimates that represent price-supply, price-demand, and product-substitution relationships (i.e., supply elasticities, demand elasticity, and substitution elasticity) in the U.S. butt-weld fittings market. The model uses these estimates along with data on market shares and Commerce's final dumping margins.[7] In this modeling exercise, staff has calculated a weighted-average margin for subject imports using available data for 1999 importers' shipments of subject material that were resold in the U.S. market.[8]

The analysis uses the most recent one year period for which data are available, 1999, as the base year. The model results estimate the effects of dumping on the domestic butt-weld fittings industry over a one-year time period only. Effects over a longer time period are not part of this modeling exercise. Finally, the model does not assume that all of the dumping margin is passed forward to U.S. prices of the subject imports.

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[6] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and U.S. like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products, or vice versa, when prices change.

[7] In this case, preliminary dumping margins were used for Italy, Malaysia, and the Philippines.

[8] Staff calculated the market share of subject imports for each foreign producer based on available data for 1999 shipments of butt-weld fittings imported and resold in the U.S. market. This share was then applied to the dumping margin estimated by Commerce for each subject country; these margins were combined for a weighted-average margin for all subject countries.

The modeling results indicate that the dumping of butt-weld fittings resulted in a decrease in U.S. prices of between *** percent, a decrease of between *** percent in the quantity levels of U.S. producers, and a decrease of *** percent in revenues of the U.S. producers of butt-weld fittings. Details are presented in appendix D.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the complete or partially complete questionnaire responses of 12 firms that accounted for the great majority of butt-weld fittings production during the period examined.

U.S. PRODUCERS

The Commission sent producers' questionnaires to 24 firms which were identified as producers in the petition as well as other producers mentioned in earlier investigations of butt-weld fittings and companies identified by respondents as producers of the subject product.[1] Table III-1 presents a list of the 12 U.S. producers that responded to the questionnaires, with each company's production location(s), share of reported 1999 U.S. shipments, and position on the petition.[2]

Of the responding U.S. producers, Alloy Piping is ***. Flo-Mac, Inc. ("Flo-Mac") of Los Angeles, CA produces the subject product ***. Five producers, ***, reported that they either purchased imports or directly imported the subject product from the subject countries during the period examined. Data on producers' imports and purchases of the subject product are presented later in Part III. No producer is otherwise related to an exporter or an importer of the subject product.

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[1] Producers' questionnaires were sent to some but not all firms named in the joint postconference brief filed on January 24, 2000 on behalf of Wilh. Schulz GmbH, Schulz (Mfg.) Sdn. Bhd., Coprosider/IBF, Norca Industrial Company LLC, and Kanzen Tetsu Sdn. Bhd. A number of companies, not specifically located by the respondents, were not sent questionnaires.

[2] Those companies that were sent a producers' questionnaire and stated that they did not produce the subject product include: ***.

Those companies that were sent a producers' questionnaire and did not respond include: ***.

Table III-1
Butt-weld fittings: U.S. producers, production locations, shares of reported 1999 U.S. shipments, and positions on the petition

Firm	Production locations	Share of reported value of U.S. shipments (*percent*)	Position on the petition
Alaskan Copper	Seattle, WA	***	***
Alloy Piping	Shreveport, LA	***	Petitioner
American Fittings	Travelers Rest, SC	***[1]	***
Bestweld	Pottstown, PA	[2]	***
Felker Brothers	Marshfield, WI	***[1]	***
Flo-Mac	Los Angeles, CA	***	***
Flowline	New Castle, PA Whiteville, NC	***	Petitioner
Gerlin	Carol Stream, IL	***	Petitioner
Jensen Fittings	North Tonawanda, NY	***	***
Jero	Florence, KY	***	***
Taylor Forge	North Branch, NJ	***	Petitioner
Tubetec	Sanford, FL	***	***

[1] Despite repeated requests by Commission staff, American Fittings and Felker Brothers did not submit usable trade and employment data. Their net sales values less estimated export values were used as a substitute for the value of their U.S. shipments.
[2] Bestweld submitted unusable data.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers' capacity, production, and capacity utilization are presented in table III-2. Reported U.S. production of butt-weld fittings decreased from 1997 to 1998 by 4.8 percent and then increased from 1998 to 1999 by 5.2 percent and again from interim 1999 to interim 2000 by 5.8 percent. Capacity utilization rates ranged from 67.1 percent in 1998 to 77.3 percent in interim 1999. ***. Some producers reported that demand in the marketplace, sales volume, profitability, capital asset limitations, and raw material availability are constraints that limit their production capabilities.

Table III-2
Butt-weld fittings: U.S. producers' capacity, production, and capacity utilization, 1997-99, January-June 1999, and January-June 2000

Item	Calendar year			January-June	
	1997	1998	1999	1999	2000
Capacity (*1,000 pounds*)[1]	***	***	***	***	***
Production (*1,000 pounds*)	5,771	5,494	5,780	3,183	3,369
Capacity utilization (*percent*)[2]	71.9	67.1	68.2	77.3	74.3

[1] Includes ***, which reported unusually high levels of capacity relative to production. Thus, aggregate capacity is overstated to the extent that ***'s capacity is overstated.

[2] Excludes ***, which reported unusually low capacity utilization rates throughout the period examined without adequate explanation. ***'s capacity utilization rates, which ranged from *** to *** percent, were deemed by staff to be unreasonably low; consequently, its data were omitted from the calculation of overall industry capacity utilization. If ***'s data were included, capacity utilization for the 5 periods would be *** percent, respectively.

Source: Compiled from data submitted in response to Commission questionnaires.

With the exception of ***, there is no toll production among members of the domestic industry. No member of the domestic industry reported U.S. production of butt-weld fittings in U.S. foreign trade zones.

As observed in table III-3 below, the capacity utilization rates for individual producers varied widely. *** are small producers, each representing less than *** percent of U.S. shipments in 1999. Capacity utilization rates for these companies tended to fluctuate more widely than for the larger producers (table III-3). Three of the four larger producers that provided capacity data had capacity utilization rates that ranged from *** to *** percent (***). The fourth firm, ***, had capacity utilization rates that ranged from *** to *** percent. *** reported in its questionnaire response that it ***. When questioned about ***'s low capacity utilization rates, petitioners responded that "a quick review of the individual questionnaire responses shows that ***'s low capacity utilization is nothing out of the ordinary."[3]

Table III-3
Butt-weld fittings: U.S. producers' capacity utilization (in percent), by company, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

U.S. PRODUCERS' DOMESTIC SHIPMENTS, INTERNAL CONSUMPTION, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

The quantity of U.S. shipments increased 18.1 percent from 1997 to 1999 (table III-4). The value of U.S. shipments, however, decreased 19.3 percent during this period. Correspondingly, the average unit value of U.S. shipments declined from 1997 to 1999 by 31.7 percent. Internal consumption and shipments to related firms, ***, accounted for less than *** percent of U.S. shipments in all reporting periods. Six producers reported export shipments, which were primarily made to Canada, Chile, Japan, Mexico, and the United Kingdom.

[3] Petitioners' posthearing brief, responses to Commission questions, p. 23.

Table III-4
Butt-weld fittings: U.S. producers' shipments, by type, 1997-99, January-June 1999, and January-June 2000

Item	Calendar year			January-June	
	1997	1998	1999	1999	2000
			Quantity (*1,000 pounds*)		
Commercial shipments[1]	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	7,334	7,502	8,666	4,602	4,675
Export shipments	167	304	228	132	86
Total shipments	7,501	7,806	8,894	4,734	4,761
			Value (*$1,000*)		
Commercial shipments[1]	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	70,674	60,513	57,034	29,267	32,231
Export shipments	1,731	2,765	1,748	1,071	804
Total shipments	72,405	63,278	58,782	30,338	33,035
			Unit value (*per pound*)		
Commercial shipments[1]	$***	$***	$***	$***	$***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	9.64	8.07	6.58	6.36	6.89
Export shipments	10.37	9.10	7.67	8.11	9.35
Average	9.65	8.11	6.61	6.41	6.94

[1] *** reported commingled commercial shipments of the subject product that they had produced and the subject product they purchased from domestic and foreign sources. ***'s purchases were equivalent to *** percent of its commercial shipments in 1999 and *** percent of U.S. producers' commercial shipments in that year. ***'s purchases were equivalent to *** percent of its commercial shipments in 1999 and *** percent of U.S. producers' commercial shipments in that year.

The value of American Fittings' and Felker Brothers' U.S. commercial shipments was assumed to equal reported net sales less any reported export shipments. The quantity of these shipments was then derived using the average unit value.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES FROM SUBJECT COUNTRIES

Table III-5 presents data on U.S. producers' imports and purchases of butt-weld fittings, by importer/purchaser and by subject country product source. As stated above, two U.S. producers, ***, imported the subject product, and four U.S. producers, ***, reported purchases of imports from the subject countries.[4] ***.

Table III-5
Butt-weld fittings: U.S. producers' production, imports, and purchases of imports from subject countries, by country, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

Table III-6 presents data on U.S. producers' purchases of butt-weld fittings, by product source, that include purchases of imports from subject and nonsubject countries as well as purchases from other U.S. producers. The volume of butt-weld fittings purchased from subject countries increased from *** pounds in 1997 to *** pounds in 1999, almost entirely due to an increase in purchases of imports produced in the Philippines. From interim 1999 to interim 2000, purchases of subject butt-weld fittings, virtually all from the Philippines, again increased by *** percent.

Table III-6
Butt-weld fittings: U.S. producers' purchases, by product source, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of butt-weld fittings for the period examined are presented in table III-7. U.S. producers' end-of-period inventories fluctuated during 1997-99 and then increased 44.7 percent from interim 1999 to interim 2000.

Table III-7
Butt-weld fittings: U.S. producers' end-of-period inventories, 1997-99, January-June 1999, and January-June 2000

Item	Calendar year			January-June	
	1997	1998	1999	1999	2000
Inventories (*1,000 pounds*)	1,791	1,588	1,814	1,777	2,571
Ratio to production (*percent*)	31.0	28.9	31.4	27.9	38.2
Ratio to U.S. shipments (*percent*)	24.4	21.2	20.9	19.3	27.5
Ratio to total shipments (*percent*)	23.9	20.3	20.4	18.8	27.0

Note.--Interim period ratios are based on annualized production and shipments.

Source: Compiled from data submitted in response to Commission questionnaires.

[4] ***.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of production and related workers (PRWs) engaged in the production of butt-weld fittings, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in the investigations are presented in table III-8. During the period examined, the number of PRWs declined steadily until interim 2000, when the number of workers increased. Although not reflected in the data below, ***.

Table III-8
Butt-weld fittings: Average number of production and related workers producing butt-weld fittings, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-99, January-June 1999, and January-June 2000

Item	Calendar year			January-June	
	1997	1998	1999	1999	2000
PRWs (*number*)	595	530	445	433	491
Hours worked (*1,000*)	1,099	970	843	526	587
Wages paid (*$1,000*)	12,424	11,624	10,324	6,640	7,124
Hourly wages	$11.31	$11.98	$12.24	$12.63	$12.14
Productivity (*pounds per hour*)	5.3	5.7	6.9	6.1	5.7
Unit labor costs (*per pound*)	$2.15	$2.12	$1.79	$2.09	$2.11
Source: Compiled from data submitted in response to Commission questionnaires.					

A number of U.S. producers stated that PRWs and capital equipment assigned to the production of butt-weld fittings may also be used in the production of other products. For example, ***.

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent importer questionnaires to 44 firms believed to be importers of butt-weld fittings as well as to all U.S. producers.[1] Questionnaire responses were received from 30 companies, 8 of which reported that they do not import the subject product.[2] Because of complete questionnaire coverage (based on a ratio of subject and nonsubject imports, reported in questionnaires, to Commerce statistics), questionnaire data were used to determine the quantity and value of imports from Malaysia and the Philippines. However, because of inadequate questionnaire coverage, adjusted Commerce and U.S. Customs statistics were used to determine the quantity and value of German, Italian, and nonsubject imports. Using data from the U.S. Customs Service, Commission staff discovered that several importers, which were included in the Commerce statistics, imported nonsubject or misclassified product. These imports were therefore subtracted from the official Commerce import statistics for Germany and Italy.[3] As the HTS category under which butt-weld pipe fittings are classified is over-inclusive (i.e., including subject fittings under 14 inches in outside diameter as well as nonsubject fittings 14 inches and over), a further adjustment was made to official statistics for Italy and nonsubject countries, reducing imports by *** percent in quantity and *** percent in value to account for the nonsubject fittings.[4] [5]

Two importers are related to foreign exporters of the subject product in subject countries. ***, two producers of the subject product in the Philippines. ***. ***. No reporting U.S. importers from the subject countries entered butt-weld fittings into or withdrew them from foreign trade zones or bonded warehouses.

U.S. IMPORTS

Table IV-1 shows that the quantity of LTFV imports of butt-weld fittings from the subject countries increased by 7.5 percent from 1997 to 1998 and again by 20.8 percent from 1998 to 1999. Comparing the interim periods, the quantity of LTFV imports increased by 192.7 percent. From interim 1999 to interim 2000, Filipino import quantities increased by *** percent, German import quantities

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[1] The Commission sent questionnaires to those firms identified in the petition, along with firms identified in the U.S. Customs Service Net Import File as having imported butt-weld fittings classified under HTS subheading 7307.23.00 during the period examined.

[2] Those companies that did not respond to the Commission's importer questionnaire and the country from which they were believed to have imported butt-weld fittings include: ***. As the majority of these firms were identified using the U.S. Customs Net Import File, and thus, utilizing the over-inclusive HTS subheading, it is unknown whether these firms imported subject product (fittings under 14 inches in outside diameter) or product outside the scope of these investigations (fittings 14 inches or greater in outside diameter).

Those companies that reported that they did not import butt-weld pipe fittings include: ***.

[3] With regard to German and Italian imports, *** was found to have been misclassifying carbon steel fittings in the HTS subheading for stainless steel fittings, 7307.23.00. With regard to German imports, *** was found to have been misclassifying stainless steel tubing under HTS subheading 7307.23.00 and *** was found to be importing fittings 14 inches and over in outside diameter under the same subheading.

[4] The percentages by which importers' quantities and values were reduced were derived by taking a ratio of nonsubject fittings to total (subject and nonsubject) fittings as reported in questionnaire responses.

[5] This further reduction was not performed with respect to imports from Germany because staff contacted importers accounting for 99 percent of the quantity of imports from Germany in 1999 and, using questionnaire responses and U.S. Customs data, subtracted all out-of-scope and misclassified product from the official statistics.

Table IV-1
Butt-weld fittings: U.S. imports, by sources, 1997-99, January-June 1999, and January-June 2000

Source	Calendar year			January-June	
	1997	1998	1999	1999	2000
			Quantity (*1,000 pounds*)		
Germany[1]	***	***	***	***	***
Italy[2]	***	***	***	***	***
Philippines[3]	***	***	***	***	***
Subtotal, LTFV	1,743	1,874	2,265	830	2,431
Malaysia[3]	***	***	***	***	***
All others[4]	***	***	***	***	***
Total	9,715	8,021	9,379	3,894	7,348
			Value (*$1,000*)		
Germany[1]	***	***	***	***	***
Italy[2]	***	***	***	***	***
Philippines[3]	***	***	***	***	***
Subtotal, LTFV	9,160	7,986	8,952	3,272	9,112
Malaysia[3]	***	***	***	***	***
All others[4]	***	***	***	***	***
Total	47,661	34,823	47,827	19,402	38,310
			Unit value (*per pound*)		
Germany	$***	$***	$***	$***	$***
Italy	***	***	***	***	***
Philippines	***	***	***	***	***
Average, LTFV	5.25	4.26	3.95	3.94	3.75
Malaysia	***	***	***	***	***
All others	***	***	***	***	***
Average	4.91	4.34	5.10	4.98	5.21

Continued.

Table IV-1--*Continued*
Butt-weld fittings: U.S. imports, by sources, 1997-99, January-June 1999, and January-June 2000

Source	Calendar year			January-June	
	1997	1998	1999	1999	2000
			Share of quantity (*percent*)		
Germany	***	***	***	***	***
Italy	***	***	***	***	***
Philippines	***	***	***	***	***
Subtotal, LTFV	17.9	23.4	24.2	21.3	33.1
Malaysia	***	***	***	***	***
All others	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
Germany	***	***	***	***	***
Italy	***	***	***	***	***
Philippines	***	***	***	***	***
Subtotal, LTFV	19.2	22.9	18.7	16.9	23.8
Malaysia	***	***	***	***	***
All others	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

[1] The quantity and value of German imports for 1997, 1998, and the January-June periods of 1999 and 2000 were derived by subtracting from official Commerce import statistics Schulz' imports of nonsubject large-diameter fittings reported in its questionnaire response and all imports identified in Customs records for ***. The quantity and value of German imports for 1999 were by derived by subtracting from official Commerce import statistics (1) Schulz' imports of nonsubject merchandise (large-diameter fittings and other nonsubject merchandise) reported in exhibit 3 of its posthearing brief, with the exception of entry No. ***, which was deemed by staff to be subject unfinished fittings, and (2) all imports identified in Customs records for ***. The 1999 quantity and value of Schulz' nonsubject imports reported in exhibit 3 of its posthearing brief, with the noted exception, were verified by a staff examination of Customs documents and invoices pertaining to the entries listed in the exhibit.

[2] The quantity and value of Italian imports were by derived by subtracting from official Commerce import statistics all nonsubject imports identified in Customs records for *** and further reducing quantities by *** percent and values by *** percent to adjust for estimated imports of large-diameter fittings.

[3] The quantity and value of Philippine and Malaysian imports were compiled from questionnaire responses.

[4] The quantity and value of imports from all other sources were derived by reducing official Commerce import statistics by *** percent in quantity and *** percent in value to adjust for estimated imports of nonsubject large-diameter fittings.

Source: U.S. imports from Malaysia and the Philippines are compiled from questionnaire data and U.S. imports from Germany, Italy, and all other sources are compiled from official Commerce import statistics reduced by estimated out-of-scope and misclassified imports.

increased by *** percent, and Italian imports increased by *** percent. In its preliminary determination, Commerce found Malaysian imports to be fairly traded.

The value of LTFV imports decreased by 12.8 percent from 1997 to 1998, but then increased by 12.1 percent from 1998 to 1999. Comparing the interim periods, the value of LTFV imports increased by 178.5 percent.

The German respondent argues that imports from Germany during 1999 are below the requisite 3 percent of the total volume of imports and are therefore negligible.[6] After a careful examination of data from Commerce, U.S. Customs, and the respondents (including Schulz' invoices for 1999), Commission staff have calculated that subject imports from Germany represent *** percent of the volume of all subject imports in 1999.

In its prehearing brief, counsel for Tung Fong, a Filipino producer, alleged that imports from the Philippines are overstated in the Commission's report because another respondent, Enlin, does not in fact manufacture the subject product in the Philippines but rather produces it in Taiwan and transhipps it through the Philippines. At the hearing, petitioners testified that they had seen Enlin's Manila production facility and either verified its capability to produce the subject product or witnessed the subject product being produced.[7] One petitioner added that Enlin does have a production facility in Taiwan; however, it produces stainless steel flanges and is unable to produce the subject product. In light of petitioners' testimony and Enlin's response to a staff inquiry,[8] Enlin's import data reported in its questionnaire response are assumed to be reliable.

CUMULATION CONSIDERATIONS

In its preliminary views, the Commission stated its intention to further explore fungibility issues raised by respondents and, therefore, the extent to which the product mix from the subject countries overlaps with one another and the domestic like product in terms of size, whether they are finished or unfinished, and whether they are produced from seamless or welded pipe.[9] Presented below are the reported quantity and value data from U.S. producers and importers regarding these market segments.

Size

U.S. producers and importers were asked to provide quantity and value data differentiating between products that were under 6 inches in outside diameter and products that were between 6 inches and under 14 inches in outside diameter. Table IV-2 compares U.S. producers' U.S. shipments and U.S. imports in these market segments.

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[6] According to section 771(24)(A)(i)(I) of the Act, imports are "negligible" if such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12 month period for which data are available that precedes . . . the filing of the petition. The petition was filed on December 29, 1999. Calendar year 1999 is used to analyze data for purposes of negligibility.

[7] Hearing transcript, pp. 92-93.

[8] *Id.* p. 94. On October 18, 2000, Commission staff directly asked Enlin if its firm has manufacturing facilities in Taiwan that are capable of producing stainless steel butt-weld pipe fittings under 14 inches in outside diameter. Enlin responded ***.

[9] *Certain Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia, and the Philippines*, USITC Pub. 3281, February 2000, p. 10, n. 48.

Table IV-2
Butt-weld fittings: U.S. producers' U.S. shipments and U.S. imports, by size, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

Finished vs. Unfinished

U.S. producers and importers were asked to provide quantity and value data differentiating between products that were produced or imported in an unfinished state and products that were produced or imported in a finished state. *** reported importing unfinished butt-weld fittings from a subject country. ***. *** imported unfinished product from nonsubject countries. ***. Table IV-3 compares U.S. producers' U.S. shipments and U.S. imports of finished and unfinished fittings.

Table IV-3
Butt-weld fittings: U.S. producers' U.S. shipments and U.S. imports of finished and unfinished product, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

Seamless Pipe vs. Welded Pipe

U.S. producers and importers were asked to provide quantity and value data differentiating between products that were produced with seamless pipe and products that were produced with welded pipe. It appears that the vast majority of LTFV imports made from seamless pipe were from Germany and Italy, while the majority of LTFV butt-weld fittings made from welded pipe originated in the Philippines. In 1999 and interim 2000, however, imports of butt-weld fittings made from seamless pipe from the Philippines have increased. Table IV-4 compares U.S. producers' U.S. shipments and U.S. imports in these market segments.

Table IV-4
Butt-weld fittings: U.S. producers' U.S. shipments and U.S. imports of product produced with seamless and welded pipe, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

APPARENT U.S. CONSUMPTION

As presented in table IV-5, the volume of apparent U.S. consumption decreased from 1997 to 1998 by 8.9 percent and then increased in 1998-99 by 16.2 percent. Comparing the interim periods, the volume of apparent consumption increased by 41.5 percent. Following a similar trend, the value of apparent consumption decreased from 1997 to 1998 by 19.4 percent and then increased from 1998 to 1999 by 10.0 percent. Comparing the interim periods, the value of apparent consumption increased by 44.9 percent.

U.S. MARKET SHARES

As set forth in table IV-6, U.S. producers accounted for between *** and *** percent of the volume of apparent U.S. consumption during the period examined; they accounted for between *** and *** percent of the value. Comparing the interim periods, U.S. producers' share of consumption, with regard to quantity, decreased dramatically by *** percentage points while the share held by LTFV imports increased by *** percentage points. With regard to value, U.S. producers' share of consumption decreased by *** percentage points in the interim periods while the share held by LTFV imports increased by *** percentage points.

Table IV-5
Butt-weld fittings: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1997-99, January-June 1999, and January-June 2000

Item	Calendar year			January-June	
	1997	1998	1999	1999	2000
	Quantity (*1,000 pounds*)				
U.S. producers' shipments[1]	7,334	7,502	8,666	4,602	4,675
U.S. imports from--					
Germany	***	***	***	***	***
Italy	***	***	***	***	***
Philippines	***	***	***	***	***
Subtotal	1,743	1,874	2,265	830	2,431
Malaysia	***	***	***	***	***
All others	***	***	***	***	***
Total U.S. imports	9,715	8,021	9,379	3,894	7,348
Apparent U.S. consumption	17,049	15,524	18,045	8,496	12,023
	Value (*$1,000*)				
U.S. producers' shipments	70,674	60,513	57,034	29,267	32,231
U.S. imports from--					
Germany	***	***	***	***	***
Italy	***	***	***	***	***
Philippines	***	***	***	***	***
Subtotal	9,160	7,986	8,952	3,272	9,112
Malaysia	***	***	***	***	***
All others	***	***	***	***	***
Total U.S. imports	47,661	34,823	47,827	19,402	38,310
Apparent U.S. consumption	118,335	95,335	104,862	48,669	70,542

[1] U.S. shipments of American Fittings and Felker Brothers are assumed to equal reported net sales less estimated export shipments.

Note.--Because of rounding, figures may not add to the totals shown.

Source: U.S. producers' shipments are compiled from data submitted in response to Commission questionnaires. U.S. imports from Malaysia and the Philippines are compiled from questionnaire data and U.S. imports from Germany, Italy, and all other sources are compiled from official Commerce import statistics reduced by estimated out-of-scope and misclassified imports.

Table IV-6
Butt-weld fittings: Apparent U.S. consumption and market shares, 1997-99, January-June 1999, and January-June 2000

Item	Calendar year			January-June	
	1997	1998	1999	1999	2000
			Quantity (*1,000 pounds*)		
Apparent consumption	17,049	15,524	18,045	8,496	12,023
			Value (*$1,000*)		
Apparent consumption	118,335	95,335	104,862	48,669	70,542
			Share of quantity (*percent*)		
U.S. producers' shipments	43.0	48.3	48.0	54.2	38.9
U.S. imports from--					
Germany	***	***	***	***	***
Italy	***	***	***	***	***
Philippines	***	***	***	***	***
Subtotal	10.2	12.1	12.6	9.8	20.2
Malaysia	***	***	***	***	***
All others	***	***	***	***	***
Total U.S. imports	57.0	51.7	52.0	45.8	61.1
			Share of value (*percent*)		
U.S. producers' shipments	59.7	63.5	54.4	60.1	45.7
U.S. imports from--					
Germany	***	***	***	***	***
Italy	***	***	***	***	***
Philippines	***	***	***	***	***
Subtotal	7.7	8.4	8.5	6.7	12.9
Malaysia	***	***	***	***	***
All others	***	***	***	***	***
Total U.S. imports	40.3	36.5	45.6	39.9	54.3

Note.--Because of rounding, figures may not add to the totals shown.

Source: U.S. producers' shipments are compiled from data submitted in response to Commission questionnaires. U.S. imports from Malaysia and the Philippines are compiled from questionnaire data and U.S. imports from Germany, Italy, and all other sources are compiled from official Commerce import statistics reduced by estimated out-of-scope and misclassified imports.

CRITICAL CIRCUMSTANCES

In its final determination, Commerce found that critical circumstances exist for butt-weld fittings imports from the German firms Hage Fittings, Nirobo Metalverarbeitungs, and Schulz. In its preliminary determinations, Commerce also determined that critical circumstances exist for imports from the Italian firm Coprosider. Finally, with regard to imports from the Filipino firm Enlin Steel Corp., Commerce again preliminarily found that critical circumstances exist. In all investigations, Commerce found that critical circumstances did not exist with regard to imports from producers in the "all others" category. Monthly data for the 6-month periods before and after the filing of the petition on December 29, 1999 (i.e., July 1999 through June 2000) on exports to the United States by Schulz from Germany[10] are presented in table IV-7 below. Similar information on exports from Italy and the Philippines will be presented in the supplemental final report on those investigations.

Table IV-7
Butt-weld fittings: Monthly exports to the United States from Schulz (Germany), July 1999 to June 2000

* * * * * * *

[10] Schulz is believed to account for the large majority of German exports to the United States. Hage Fittings has certified that it has not exported to the United States during the period examined and Nirobo has provided no information to the Commission.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The raw material for butt-weld fittings is stainless steel pipe, both seamless and welded. Generally, the fittings are cold-formed from fusion-welded or seamless stainless steel pipe; however, production of some types of fittings requires the heating of the stainless steel pipe before forging. The price of the raw material can vary based on the price of the stainless steel pipe. Raw materials account for an average of *** percent of the total cost of producing butt-weld fittings.

Transportation Costs to the U.S. Market

Transportation costs for butt-weld fittings from Germany to the United States (excluding U.S. inland costs) are estimated to be 2.2 percent of the landed, duty-paid value. Transportation costs from Italy are estimated to be 3.2 percent. Transportation costs for butt-weld fittings from Malaysia are estimated to be 3.5 percent of the landed, duty-paid value. Transportation costs from the Philippines are estimated to be 3.3 percent. These estimates are derived from official U.S. import data and represent the transportation and other charges on imports.[1]

U.S. Inland Transportation Costs

Transportation costs of butt-weld fittings for delivery within the United States vary from firm to firm but tend to account for a minimal percentage of the total cost of the product. For the seven U.S. producers who responded to this question, these costs accounted for between 2 percent and 3 percent of the total cost of butt-weld fittings. For the 15 importers who provided usable responses to this question, these costs accounted for between 1 percent and 10 percent of the total cost of butt-weld fittings. The U.S. producers reported a geographic market area encompassing the continental United States as well as Canada and Puerto Rico. Importers reported that their geographic market encompassed the continental United States.

Producers and importers were also requested to provide estimates of the percentages of their shipments that were made within specified distance ranges. Among the six U.S. producers that provided usable responses to this question, an average of 9 percent of shipments occurred within 100 miles, and 56 percent occurred within 1,000 miles. Of the 14 importers that provided usable responses to this question, an average of 43 percent of shipments occurred within 100 miles and 65 percent occurred within 1,000 miles.

Exchange Rates

Quarterly data reported to the International Monetary Fund ("IMF") indicate that the nominal value of the German mark increased by 2.4 percent from January 1997 to June 2000 (figure V-1). Adjusting for inflation, the real value of the German mark depreciated 4.9 percent during the same period. The nominal value of the Italian lira decreased by 19.4 percent from January 1997 to June 2000;

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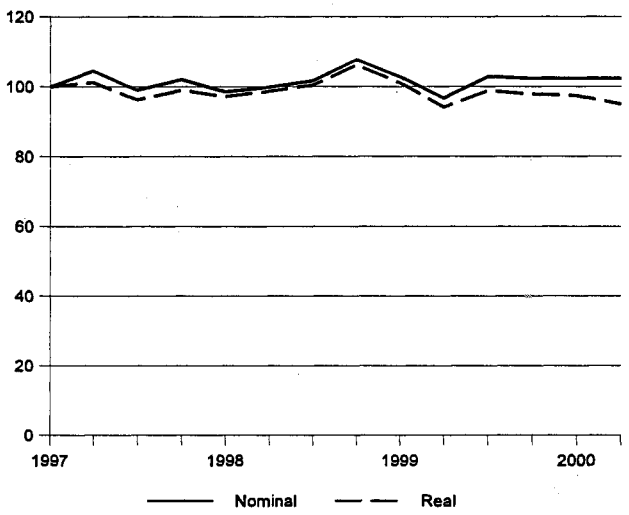
[1] Data for the customs value and the landed, duty-paid value of the imports were used. Staff deducted the amount of the duty paid to report the transportation costs separately.

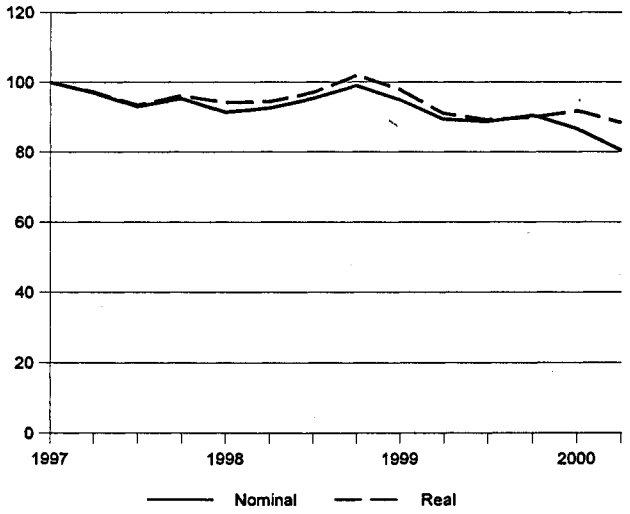
adjusting for inflation, the real value depreciated 11.5 percent during the same period (figure V-2). The nominal value of the Malaysian ringgit decreased by 1.0 percent from January 1997 to June 2000 (figure V-3). Adjusting for inflation, the real value of the Malaysian ringgit depreciated 30.0 percent during the same period. The nominal value of the Philippine peso declined by 5.0 percent from January 1997 to June 2000; adjusting for inflation, the real value depreciated 10.0 percent during January 1997 to June 2000 (figure V-4).

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates of the German mark relative to the U.S. dollar, by quarters, January 1997-June 2000



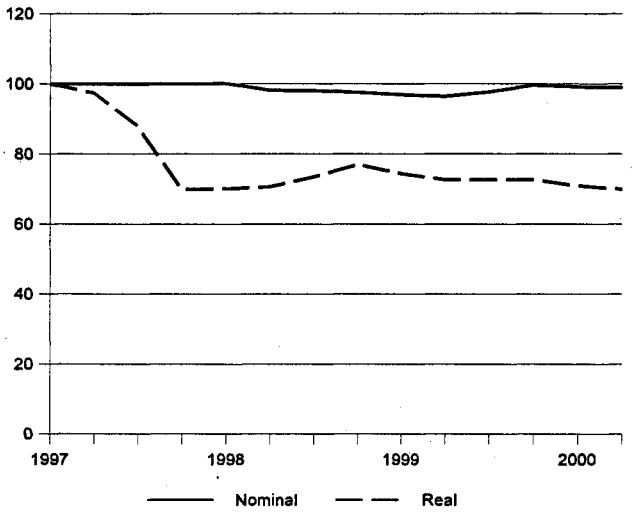
Source: International Monetary Fund, *International Financial Statistics*, August 2000.

Figure V-2
Exchange rates: Indices of the nominal and real exchange rates of the Italian lira relative to the U.S. dollar, by quarters, January 1997-June 2000



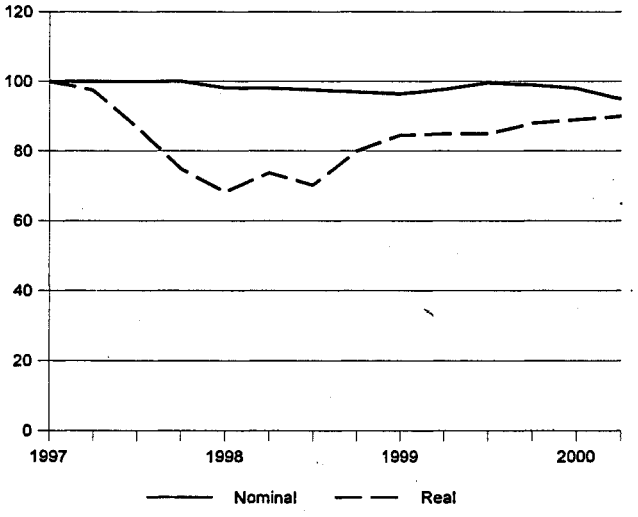
Source: International Monetary Fund, *International Financial Statistics*, August 2000.

Figure V-3
Exchange rates: Indices of the nominal and real exchange rates of the Malaysian ringgit relative to the U.S. dollar, by quarters, January 1997-June 2000



Source: International Monetary Fund, *International Financial Statistics*, August 2000.

Figure V-4
Exchange rates: Indices of the nominal and real exchange rates of the Philippine peso relative to the U.S. dollar, by quarters, January 1997-June 2000



Source: International Monetary Fund, *International Financial Statistics*, August 2000.

PRICING PRACTICES

Pricing Methods

Most sales of butt-weld fittings in the United States are made based on price lists, with prices quoted based on current market conditions. Available information indicates that the majority of U.S. producers' and importers' sales are on a spot basis. Seven U.S. producers, ***, reported that 100 percent of their sales were spot market; *** reported that spot market sales accounted for 60 percent of its sales and *** reported 90 percent. Of the responding importers, six reported that 10 percent of their sales were on a spot basis, one reported 90 percent of its sales were based on the spot market, and one reported 95 percent. *** reported that 50 percent of its sales were contract and 50 percent were on a spot basis.

Sales Terms and Discounts

Eight of 10 responding producers of butt-weld fittings reported that discounts are available to large-volume customers; however, *** stated that discounts are seldom used while *** reported that discounts are never offered. Some importers reported that they also extend discounts to large-volume customers but most importers stated that they do not have a discount policy nor do they extend one.

Producers and importers agree that typical sales terms require payment within 30 days. Eight U.S. producers, ***, reported that price quotes occur on an f.o.b. basis, while *** quote prices on a delivered basis. Six importers reported that price quotes occur on an f.o.b. basis, two importers stated that price quotes occur on a delivered basis, and one importer stated that price quotes can vary.

PRICE DATA

The Commission requested U.S. producers and importers of butt-weld fittings to provide quarterly f.o.b. data for the total quantity and value of certain butt-weld fittings that were shipped to distributors.[2] These data were used to determine the weighted-average price in each quarter. Data were requested for the period January 1997 through June 2000. The products for which pricing data were requested are as follows:

Product 1.-- Elbows, welded, 3" nominal outer diameter ("OD"), 90 degrees long radius, Schedule 10S, grade 304/304L

Product 2.-- Unfinished elbows, welded, 3" nominal OD, 90 degrees long radius, Schedule 10S, grade 304/304L

Product 3.-- Finished elbows, welded, 6" nominal OD, 90 degrees long radius, Schedule 10S, grade 304/304L

Product 4.-- Finished tees, welded, 3" nominal OD, Schedule 10S, grade 304/304L

Product 5.-- Finished elbows, seamless, 4" nominal OD, 90 degrees long radius, Schedule 10S, grade 304/304L

Product 6.-- Finished elbows, seamless, 2" nominal OD, 90 degrees long radius, Schedule 10S, grade 316/316L

[2] Information contained in the petition indicates that sales to distributors accounted for the majority of sales in the U.S. butt-weld fittings market.

Ten U.S. producers and 18 importers provided usable pricing data for sales of the requested products in the U.S. market, although not necessarily for all quarters over the period of investigation or for all of the products.

Price Trends

Prices for domestically produced products 1, 3, 4, 5, and 6 fluctuated but showed an overall decline during January-March 1997 to April-June 2000; however, domestic prices for products 1, 3, 4, 5, and 6 began to increase during both quarters in 2000 (tables V-1 to V-6 and figures V-5 to V-10). No shipments were reported by domestic producers for product 2.

Table V-1
Butt-weld fittings: Weighted-average f.o.b. prices and quantities of product 1 shipped by U.S. producers and importers and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Table V-2
Butt-weld fittings: Weighted-average f.o.b. prices and quantities of product 2 shipped by U.S. producers and importers and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Table V-3
Butt-weld fittings: Weighted-average f.o.b. prices and quantities of product 3 shipped by U.S. producers and importers and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Table V-4
Butt-weld fittings: Weighted-average f.o.b. prices and quantities of product 4 shipped by U.S. producers and importers and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Table V-5
Butt-weld fittings: Weighted-average f.o.b. prices and quantities of product 5 shipped by U.S. producers and importers and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Table V-6
Butt-weld fittings: Weighted-average f.o.b. prices and quantities of product 6 shipped by U.S. producers and importers and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Figure V-5
Butt-weld fittings: Weighted-average f.o.b. prices of product 1 shipped by U.S. producers and importers, by quarters, January 1997-June 2000

* * * * * * *

Figure V-6
Butt-weld fittings: Weighted-average f.o.b. prices of product 2 shipped by importers, by quarters, January 1997-June 2000

* * * * * * *

Figure V-7
Butt-weld fittings: Weighted-average f.o.b. prices of product 3 shipped by U.S. producers and importers, by quarters, January 1997-June 2000

* * * * * * *

Figure V-8
Butt-weld fittings: Weighted-average f.o.b. prices of product 4 shipped by U.S. producers and importers, by quarters, January 1997-June 2000

* * * * * * *

Figure V-9
Butt-weld fittings: Weighted-average f.o.b. prices of product 5 shipped by U.S. producers and importers, by quarters, January 1997-June 2000

* * * * * * *

Figure V-10
Butt-weld fittings: Weighted-average f.o.b. prices of product 6 shipped by U.S. producers and importers, by quarters, January 1997-June 2000

* * * * * * *

Price Comparisons

Product 1

Product 1 from Germany undersold the domestic product in 7 quarters and oversold the domestic product in 7 quarters (table V-7). Margins of underselling for product 1 from Germany ranged from a low of 0.2 percent to a high of 24.9 percent; margins of overselling ranged from a low of 0.3 percent to a high of 26.7 percent. Italy undersold the domestic product in 3 quarters. Malaysia undersold the domestic product in all quarters. Margins of underselling for product 1 from Malaysia ranged from a low of 36.1 percent to a high of 56.1 percent. The Philippines undersold the domestic product in all quarters. Margins of underselling for product 1 from the Philippines ranged from a low of 32.0 percent to a high of 59.7 percent.

Table V-7
Number of quarters of underselling/(overselling), by product and by country

Product	Germany	Italy	Malaysia	Philippines
Product 1	7/(7)	3/(0)	14/(0)	14/(0)
Product 2	([1])	([1])	([1])	([1])
Product 3	3/(11)	5/(0)	14/(0)	14/(0)
Product 4	4/(10)	13/(1)	14/(0)	11/(0)
Product 5	0/(14)	4/(4)	0/(2)	4/(0)
Product 6	8/(5)	3/(0)	14/(0)	14/(0)

[1] No U.S. production of product 2 was reported by U.S. producers.

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

Product 2

No domestic data were reported for product 2. Imports were only reported from the Philippines.

Product 3

Germany undersold the domestic product in 3 quarters and oversold the domestic product in 11 quarters. Italy undersold the domestic product in 5 quarters; Malaysia and the Philippines undersold the domestic product in all quarters. Margins of underselling for product 3 from Malaysia ranged from a low of 36.3 percent to a high of 50.1 percent and margins of underselling for product 3 from the Philippines ranged from a low of 26.7 percent to a high of 62.3 percent.

Product 4

Germany undersold the domestic product in 4 quarters and oversold the domestic product in 10 quarters. Margins of underselling for product 4 from Germany ranged from a low of 1.1 percent to a high of 1.5 percent; margins of overselling ranged from a low of 1.2 percent to a high of 9.9 percent. Italy undersold the domestic product in 13 quarters and oversold the domestic product in 1 quarter. Margins of underselling for product 4 from Italy ranged from a low of 4.1 percent to a high of 31.8 percent. Malaysia undersold the domestic product in all quarters. Margins of underselling for product 4 from Malaysia ranged from a low of 38.0 percent to a high of 50.3 percent. The Philippines undersold the domestic product in the 11 quarters for which data were reported. Margins of underselling for product 4 from the Philippines ranged from a low of 36.2 percent to a high of 56.1 percent.

Product 5

Germany oversold the domestic product in all quarters. Margins of overselling for product 5 from Germany ranged from a low of 28.6 percent to a high of 95.2 percent. Italy undersold the domestic product in 4 quarters and oversold the domestic product in 4 quarters. Margins of underselling for product 5 from Italy ranged from a low of 4.9 percent to a high of 25.4 percent; margins of overselling ranged from a low of 4.4 percent to a high of 28.5 percent. Malaysia oversold the domestic product in the 2 quarters for which data were reported and the Philippines undersold the domestic product in the 4 quarters for which data were reported.

Product 6

Germany undersold the domestic product in 8 quarters and oversold the domestic product in 5 quarters. Margins of underselling for product 6 from Germany ranged from a low of 3.6 percent to a high of 34.9 percent; margins of overselling ranged from a low of 2.6 percent to a high of 150.8 percent. Italy undersold the domestic product in 3 quarters; Malaysia and the Philippines undersold the domestic product in all quarters. Margins of underselling for product 6 from Malaysia ranged from a low of 41.1 percent to a high of 57.8 percent. Margins of underselling for product 6 from the Philippines ranged from a low of 41.7 percent to a high of 59.0 percent.

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of butt-weld fittings to report any instances of lost sales or revenues they experienced due to competition from imports of butt-weld fittings from Germany, Italy, Malaysia, and/or the Philippines during January 1997 to June 2000. Petitioners stated that because of the nature of the distribution system for butt-weld fittings, whereby most of the sales are made to distributors who also stock imported product from the subject countries, lost sales and lost revenues are difficult to assess. They stated that petitioners cannot specifically tie price declines to individual sales lost to imports. However, two of the responding producers provided lost sales allegations.[3] ***. These allegations were confirmed by purchasers who stated that butt-weld fittings are a price-driven product.

[3] In the preliminary phase of these investigations, petitioners calculated declines in total sales to seven distributors that allegedly purchase imported butt-weld fittings from the subject countries; this calculation formed the basis of their estimate that the value of their sales to these seven companies declined by $1.7 million between 1997 and 1999.

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

The U.S. domestic industry producing butt-weld fittings is comprised of as many as 16 producers, from which the Commission received 10 usable questionnaire responses in its final phase investigations.[1] The responding producers are believed to represent the substantial majority of U.S. production.

*** Alloy Piping, which is a wholly owned subsidiary of the Shaw Group.[2] The remaining nine producers represent either the entire operations or a separate division of the companies reporting on their behalf. Unlike the majority of companies which manufacture other products in addition to butt-weld fittings, *** and *** reported that they produced only subject merchandise during the period examined.[3]

Alloy Piping and *** reported full-year financial information based on fiscal years ending August 31 and June 30, respectively, while the other producers reported on a calendar-year basis. All producers reported interim data for January-June 1999 and January-June 2000. Financial information was reported using Generally Accepted Accounting Principles, except for *** which reported using its tax basis of accounting.

The questionnaire response of Alloy Piping was verified by the Commission on September 27 and 28, 2000. As a result of this verification, portions of the financial and pricing data originally submitted to the Commission by Alloy Piping were revised. As appropriate, these revisions are incorporated in the information presented in this report.[4]

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[1] Financial data for *** were received, but not used because the data were incomplete and/or reflected inconsistencies. While company officials at *** attempted to provide requested clarification, their responses did not substantially resolve the identified problems. *** company officials did not respond to requests for clarification.

[2] The Shaw Group purchased Alloy Piping in 1996. The Shaw Group is a group of companies which collectively supplies fabricated piping systems and provides integrated piping systems and services for new construction, site expansion, and retrofit projects (see page 3 of Shaw Group's 1998 10-K). Alloy Piping's commercial sales of butt-weld fittings for the year ending August 31, 1999 represented approximately *** percent of Shaw Group's consolidated sales.

[3] *** purchased and sold finished fittings which were outside the scope of these investigations. ***. As such, the only product that *** manufactured was subject merchandise. Products common among producers manufacturing multiple products were "other alloy butt-weld fittings," carbon steel butt-weld fittings, and flanges.

[4] For full-year 1997, 1998, and 1999, ***. Interim 1999's ***. In contrast, for interim 2000 the ***. During verification, a company official noted that ***. ***. If the previous period's trend had continued into interim 2000 and the average unit sales values for ***.

OPERATIONS ON BUTT-WELD FITTINGS

Table VI-1 aggregates income-and-loss data for the 10 U.S. producers of butt-weld fittings that provided usable financial information. Average unit sales and cost values per 1,000 pounds are provided in table VI-2.[5] [6]

The most significant feature of the period examined was a sharp decline in sales revenue and profitability from 1997 to 1998. With total sales volume down only modestly (4.1 percent), this decline in sales revenue was primarily due to a 15.3-percent decline in average unit sales value. Until interim 2000, average unit sales values continued to decline and were only partially offset by lower costs. As a result, while the largest decline in sales revenue, gross profit, and operating income occurred from 1997 to 1998, low average sales values and only somewhat lower costs resulted in a sustained reduction in profitability for the U.S. producers. At the end of the period examined, the decline in average unit sales value was reversed with a 6.5-percent increase for interim 2000 compared to interim 1999. Despite somewhat higher unit costs and only modestly higher sales volume, gross profit and operating income for interim 2000 were significantly higher than for interim 1999.

SG&A expenses were relatively stable throughout the period with most producers reporting lower SG&A expenses in 1999 compared to the previous period. Those U.S. producers that reported SG&A expenses separately reflected two basic patterns: relatively high selling expenses compared to total SG&A or relatively low selling expenses compared to total SG&A. One producer indicated that selling expenses associated with maintaining distribution centers and warehousing, combined with modest general and administrative requirements, resulted in a higher ratio of selling expenses to overall SG&A.[7] Other companies, such as ***, had higher G&A expenses relative to overall SG&A.[8]

While all companies reported significantly lower operating income from 1997 to 1999, *** were the only companies to report operating losses. Along with the relative increase in gross profit (due to higher average unit sales values), the operating income of all companies except *** increased in the first half of 2000. For interim 2000, combined operating income increased 143.2 percent compared to interim 1999.

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[5] This section of the report references 1,000 pound average unit values for sales revenue and costs. While average unit values can be useful when describing trends and differences among the U.S. producers, it should be noted that the products covered by the scope of these investigations can vary significantly in terms of actual sales value and cost of production.

[6] In the normal course of their operations, U.S. producers generally track quantity in terms of pieces or units. By converting internal data regarding physical units into corresponding weight, the responding producers, with the exception of ***, were able to report their sales volume by weight, as requested by the Commission. A company official at *** stated that he believed the company's sales volume could be reasonably estimated using the average unit sales value reported by other companies. ***. Because no estimate of sales volume was originally submitted, the overall industry average unit sales value was used to estimate sales volume for ***. Because *** also did not submit values for selling, general, and administrative ("SG&A") expenses, other/income expenses, and depreciation, these items were estimated using ratios developed from the company's audited financial statements. The company official at *** referenced above was consulted before these adjustments were made. Information submitted by *** (e.g., confidential price lists) shows that the following product specifications were reported to the Commission: ***. The associated grades of stainless steel were identified as 304L and 316L.

[7] ***.

[8] In the case of ***, G&A expenses increased during each period. Legal expenditures related to an environmental lawsuit accounted for the large increase in ***'s 1999 G&A expenses compared to the company's prior-year G&A expenses. According to company officials, these legal expenditures are reflected in the company's G&A expense for standard financial reporting purposes. A portion of the total expense was allocated to butt-weld fittings for purposes of reporting to the Commission. ***.

Table VI-1
Results of operations of U.S. producers in the production of butt-weld fittings, fiscal years 1997-99, January-June 1999, and January-June 2000

Item	Fiscal year			January-June	
	1997	1998	1999	1999	2000
	Quantity (*1,000 pounds*)				
Trade sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Related party transfers	***	***	***	***	***
Total sales	7,810	7,487	8,971	4,616	4,672
	Value (*$1,000*)				
Trade sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Related party transfers	***	***	***	***	***
Total sales	75,349	61,165	60,229	30,360	32,729
Cost of goods sold	51,363	45,114	46,714	23,621	24,361
Gross profit	23,986	16,051	13,515	6,739	8,368
SG&A expenses	12,088	11,848	10,586	5,506	5,368
Operating income	11,898	4,203	2,929	1,233	2,999
Interest expense	1,304	1,426	1,198	553	455
Other expense	1,990	2,129	1,886	805	1,086
Other income items	251	123	142	42	46
Net income or (loss)	8,855	770	(13)	(84)	1,504
Depreciation/amortization	2,095	2,241	2,066	1,085	955
Cash flow	10,951	3,010	2,054	1,001	2,460
	Ratio to net sales (*percent*)				
Cost of goods sold	68.2	73.8	77.6	77.8	74.4
Gross profit	31.8	26.2	22.4	22.2	25.6
SG&A expenses	16.0	19.4	17.6	18.1	16.4
Operating income	15.8	6.9	4.9	4.1	9.2
Net income or (loss)	11.8	1.3	0.0	(0.3)	4.6
	Number of firms reporting				
Operating losses	1	1	2	2	1
Data	10	10	10	10	10

Note.-- Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-2
Results of operations (*per 1,000 pounds*) of U.S. producers in the production of butt-weld fittings, fiscal years 1997-99, January-June 1999, and January-June 2000

Item	Fiscal year			January-June	
	1997	1998	1999	1999	2000
	Unit value (*per 1,000 pounds*)				
Net sales	$9,648	$8,170	$6,714	$6,577	$7,006
Raw materials	3,493	3,140	2,983	2,910	3,087
Direct labor	884	821	630	602	656
Other factory	2,200	2,065	1,595	1,605	1,471
Total cost of goods sold	6,577	6,026	5,207	5,117	5,215
Gross profit	3,071	2,144	1,507	1,460	1,791
SG&A expenses	1,548	1,583	1,180	1,193	1,149
Operating income	1,523	561	327	267	642

Note.-- Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

In conjunction with the significant decline in net income at the beginning of the period, estimated cash flows from operations dropped sharply from 1997 to 1999 (81.2 percent). With higher net income at the end of the period, estimated cash flows from operations increased 145.7 percent for the first half of 2000 compared to the first half of 1999.

Unfinished butt-weld fittings that were purchased and subsequently processed and sold as finished butt-weld fittings were included in reported sales and costs. Questionnaires submitted for the final phase of these investigations indicate that the use of domestic and/or imported unfinished fittings varied from producer to producer.[9] For companies reporting consumption of unfinished fittings as part of cost of goods sold ("COGS"), table VI-3 shows the cost and relative percentage of unfinished domestic and unfinished imported fittings to total COGS.

[9] When the financial data are aggregated, the purchase of domestic unfinished butt-weld fittings results in a modest overstatement of total sales revenue and sales quantity. This is because unfinished products sold by one domestic company to another can in effect be reported twice; i.e., first as a sale of unfinished product and again, subsequent to processing, as a sale of finished product. Since the majority of purchased unfinished fittings are imported, any overstatement in the volume and value of the consolidated data as a result of inter-company sales and purchases appears to be limited. Moreover, since the revenue and costs associated with inter-company sales and purchases of domestic butt-weld fittings are offset in the consolidated totals, they do not affect overall industry profitability.

Table VI-3
Unfinished imported and domestic fittings relative to company-specific COGS of U.S. producers in the production of butt-weld fittings, fiscal years 1997-99, January-June 1999, and January-June 2000

* * * * * * *

With the exception of ***, larger producers (e.g., over 10 percent of total sales volume in 1999) reported some purchased unfinished fittings in their overall cost of production. The majority of these unfinished fittings were imported. *** consistently used imported and domestic unfinished fittings during the period, representing a high of approximately *** percent of COGS for the first half of 1999 and a low of *** percent of COGS for the first half of 2000. *** reported the most significant increase in its use of imported and domestic unfinished fittings: from approximately *** percent of COGS in 1997 to *** percent of COGS at the end of the period. ***, which only reported its use of unfinished fittings for 1999 and the interim periods, used a relatively small and declining amount of unfinished (imported) fittings. In contrast, while *** used a small amount of unfinished (imported) fittings, the percentage relative to COGS increased.

*** were the only companies able to provide information regarding the cost to convert unfinished fittings into finished fittings. Table VI-4 displays this information and shows that, on a per 1,000 pound basis, direct labor and other factory costs used to convert unfinished fittings into finished fittings was between *** of average unit cost of goods sold.

Table VI-4
Conversion cost (*per 1,000 pounds*) to transform unfinished fittings into finished fittings in the production of butt-weld fittings, as reported by two U.S. producers, fiscal years 1997-99, January-June 1999, and January-June 2000

* * * * * * *

Company-specific financial data are presented in table VI-5. Most companies, due to declining average unit costs and relatively high initial gross margins, remained marginally profitable despite declining average unit sales revenue during the period examined. *** (the only large-volume producer to report an operating loss) was exceptional in that its average unit sales value fell by one of the largest amounts (on a percentage basis) from 1997 to 1999 (*** percent), while its average unit COGS remained approximately the same. In contrast, *** reported a similar decline in average unit sales value (*** percent), but also experienced a relatively large decline in unit COGS. This positive factor on the cost side allowed *** to remain profitable, albeit at a reduced level, during the period examined. While there were differences in magnitude of the decline in sales values and profitability, most companies exhibited the same pattern of declining average unit sales values offset partially by lower costs.

The majority of producers reported declining raw material costs during the period examined regardless of their use or non-use of unfinished fittings. ***'s shift to imported unfinished fittings was accompanied by a decrease in its unit raw material costs. ***, whose use of unfinished fittings remained relatively constant during the period, also reported lower unit raw material costs. ***'s unit raw material costs declined, while its use of unfinished fittings decreased. Because ***'s favorable purchase price variances were included in "other factory costs,"[10] that company's unit raw material costs would not directly reflect changes in cost due to purchases of unfinished fittings. While *** did not report

[10] ***.

Table VI-5
Results of operations of U.S. producers in the production of butt-weld fittings, by firm, fiscal years 1997-99, January-June 1999, and January-June 2000

* * * * * * *

consuming unfinished fittings, the unit raw material costs of *** declined during the period examined. ***'s unit raw material costs declined during most of the period, but were marginally higher for interim 2000 than at the beginning of the period.

A variance analysis for the U.S. producers of butt-weld fittings is presented in table VI-6. The information for this variance analysis is derived from table VI-1. The variance analysis provides an assessment of changes in profitability as related to changes in price, cost, and volume. The analysis is most effective when the product involved is homogeneous and product mix does not vary.[11]

Table VI-6 shows that the approximately $9.0 million lower operating income for 1999 compared to 1997 was the result of declining average unit sales values. The resulting decline in sales revenue was partially offset by favorable cost/expense variances due primarily to lower raw material costs from 1997 to 1999, as well as lower SG&A in 1999. In 1999, higher sales volume also helped to offset declining average unit sales value.

Interim 2000 reflected improved operating income compared to interim 1999. This improvement was mostly due to a favorable price variance which was in turn partially offset by higher raw material costs. Because there was only a small increase in sales volume for interim 2000 compared to interim 1999, the favorable volume variance was essentially neutral.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The responding firms' data on capital expenditures, research and development ("R&D") expenses, and the value of their property, plant, and equipment are shown in table VI-7. The majority of capital expenditures was accounted for by ***, which reported significant capital expenditures throughout the period examined. While *** also reported relatively large capital expenditures, the amounts were somewhat less than the respective depreciation expenses reported by each company. The only company to report R&D expenditures throughout the entire period was ***.[12] *** reported small amounts of R&D expenditures for 1999 only.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of butt-weld fittings from Germany, Italy, Malaysia, and/or the Philippines on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts

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[11] While U.S. producers did not indicate that there had been a significant change in the mix of products being sold, the average unit value used in the variance calculation (as indicated in footnote 5) does not represent a homogeneous product.

[12] A company official at *** stated that its R&D expenditures represented the salary of a mechanical engineer who performs studies regarding possible benefits and effects of production reconfiguration, as well as other areas relating to manufacturing cost efficiency and improvement. According to this company official, *** does not have a general ledger account specifically designated for R&D expenses. ***.

Table VI-6
Variance analysis of U.S. producers' operations on butt-weld fittings, fiscal years 1997-99, and January-June 1999-2000

Item	Fiscal year			January-June
	1997-99	1997-98	1998-99	1999-2000
Commercial sales:	Value (*$1,000*)			
Price variance	***	***	***	***
Volume variance	***	***	***	***
Commercial sales variance	***	***	***	***
Internal consumption:				
Price variance	***	***	***	***
Volume variance	***	***	***	***
Internal consumption variance	***	***	***	***
Related party transfers:				
Price variance	***	***	***	***
Volume variance	***	***	***	***
Related party transfer variance	***	***	***	***
Total net sales:				
Price variance	(26,322)	(11,071)	(13,057)	2,004
Volume variance	11,202	(3,113)	12,121	365
Total net sales variance	(15,120)	(14,184)	(936)	2,369
Cost of sales:				
Cost variance	12,285	4,127	7,340	(456)
Volume variance	(7,636)	2,122	(8,940)	(284)
Total cost variance	4,649	6,249	(1,600)	(740)
Gross profit variance	(10,471)	(7,935)	(2,536)	1,629
SG&A expenses:				
Expense variance	3,300	(259)	3,611	203
Volume variance	(1,797)	499	(2,348)	(66)
Total SG&A variance	1,503	240	1,263	137
Operating income variance	(8,968)	(7,695)	(1,273)	1,766
Summarized as:				
Price variance	(26,322)	(11,071)	(13,057)	2,004
Net cost/expense variance	15,585	3,868	10,951	(253)
Net volume variance	1,769	(492)	833	15

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-7
Value of assets, capital expenditures, and R&D expenses of U.S. producers of butt-weld fittings, fiscal years 1997-99, January-June 1999, and January-June 2000

Item	Fiscal year			January–June	
	1997	1998	1999	1999	2000
Capital expenditures:	Value (*$1,000*)				
Alaskan Copper	***	***	***	***	***
Alloy Piping	***	***	***	***	***
American Fittings	***	***	***	***	***
Felker	***	***	***	***	***
Flo-Mac	***	***	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Jero	***	***	***	***	***
Taylor Forge	***	***	***	***	***
Tubetec	***	***	***	***	***
Total capital expenditures	819	2,240	1,904	962	293
R&D expenses	***	***	***	***	***
Fixed assets:					
Total original cost	26,320	27,814	29,340	27,856	27,324
Total book value	14,428	14,579	14,238	14,153	12,294

Note.-- *** reported lease payments instead of its property, plant, and equipment. In the absence of requested clarification regarding the nature of these leases, ***'s data regarding property, plant, and equipment and capital expenditures are not included above.

Source: Compiled from data submitted in response to Commission questionnaires.

to develop a derivative or more advanced version of the product). Their responses are shown in appendix E.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the dumping margins was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN GERMANY

Table VII-1 presents data on one German producer, Wilh. Schulz GmbH, which provided the only usable questionnaire response for Germany.[1] Wilh. Schulz GmbH, parent company of Schulz USA, estimated that it accounted for *** percent of total German production of butt-weld fittings in 1999. It also stated that *** percent of its total sales in its last fiscal year represented sales of butt-weld fittings. It is believed that Schulz represents the large majority of German exports to the United States.[2]

As shown in table VII-1, from 1997 to 1999, Schulz' production in Germany decreased by *** percent, exports to the United States decreased by *** percent, and end-of-period inventories decreased by *** percent. Exports to third countries also decreased during this period, but home-market shipments increased. Exports to the United States increased *** percent from interim 1999 to interim 2000, as home-market shipments and exports to third countries declined.

Schulz' reported capacity decreased by *** percent from 1997 to 1998 and remained constant thereafter. Capacity utilization declined from *** percent in 1998 to *** percent in 1999 and *** percent in interim 2000. Inventory levels were unusually high throughout much of the period, amounting to *** weeks supply at year-end 1997 (based on shipment levels that year) and *** weeks at year-end 1998, but then declined to *** weeks supply at year-end 1999 and *** weeks as of June 30, 2000. There was a substantial drawdown in inventories during this period as production was sharply curtailed to levels well below shipments.

Table VII-1
Butt-weld fittings: Germany's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projected 2000-2001

* * * * * * *

THE INDUSTRY IN ITALY

Table VII-2 presents data on one Italian producer, Coprosider, S.p.A., which provided the only usable questionnaire response for Italy, but is believed to account for all of the Italian exports of butt-weld fittings to the United States.[3] Coprosider estimated that it accounted for *** percent of total Italian

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[1] *** have certified that they did not export the subject product to the United States during the period examined.

[2] U.S. Customs Service data show that in 1999 Schulz USA's imports constituted *** percent of the value of all German imports of stainless steel butt-weld pipe fittings.

[3] "[T]o the best of my knowledge, Coprosider is the only producer exporting any of the fittings covered by this investigation into the U.S. in any significant amount." Preliminary conference transcript, p. 77 (Bob Blumenkranz, General Manager of Norca).

production of butt-weld fittings in 1999. It also stated that *** percent of its total sales in its last fiscal year represented sales of butt-weld fittings.

As shown in table VII-2, from 1997 to 1999, Coprosider's production in Italy and end-of-period inventories remained relatively constant. Exports to the United States rose from 1998 to 1999, then increased *** percent from interim 1999 to interim 2000, surpassing both home-market shipments and exports to third countries. Capacity remained constant throughout the period, and capacity utilization was consistently above *** percent.

Table VII-2
Butt-weld fittings: Italy's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projected 2000-2001

* * * * * * *

THE INDUSTRY IN MALAYSIA

The petition cited three producers/exporters of butt-weld fittings in Malaysia, ***. The Commission received usable questionnaire responses from each company.

*** estimated that it accounted for *** percent of total Malaysian production of butt-weld fittings in 1999. It also stated that *** percent of its total sales in its last fiscal year represented sales of butt-weld fittings.

*** estimated that it accounted for *** percent of total Malaysian production of butt-weld fittings. It also stated that *** percent of its total sales in its last fiscal year represented sales of butt-weld fittings.

*** estimated that it accounted for *** percent of total Malaysian production of butt-weld fittings.

As shown in table VII-3, from 1997 to 1999, production in Malaysia increased by *** percent and exports to the United States increased by *** percent. Exports to the United States *** home-market shipments and exports to third countries in all periods. Capacity increased steadily during 1997-99 but capacity utilization remained consistently above *** percent.

Table VII-3
Butt-weld fittings: Malaysia's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projected 2000-2001

* * * * * * *

THE INDUSTRY IN THE PHILIPPINES

The petition cited two producers/exporters of butt-weld fittings in the Philippines, ***. The Commission received responses from both of these foreign producers, which are believed to account for virtually 100 percent of the Philippines' production and exports of the subject product to the United States.[4]

[4] As noted in Part IV, in light of petitioners' testimony at the hearing and Enlin's response to a staff inquiry, Enlin's reported data from its Filipino operations are assumed to be reliable.

*** estimated that it accounted for *** percent of total Filipino production of both finished and unfinished butt-weld fittings in 1999. It also stated that *** percent of its total sales in its last fiscal year represented sales of butt-weld fittings.

*** reported that *** percent of its total sales in its last fiscal year represented sales of finished and unfinished butt-weld fittings. ***.

As shown in table VII-4, from 1997 to 1999, production in the Philippines increased by *** percent and exports to the United States increased by *** percent; they continued to rise in the interim periods by *** percent and *** percent, respectively. *** production in the Philippines is exported, with exports to the United States representing from *** percent of total shipments in 1998 to *** percent in interim 2000. Capacity increased by *** percent from 1997 to 1999 and by *** percent in the interim periods, but production grew even more rapidly as capacity utilization rose significantly.

Table VII-4
Butt-weld fittings: Philippines' production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projected 2000-2001

* * * * * * *

U.S. IMPORTERS' INVENTORIES

Reported inventories held by U.S. importers of subject merchandise from Germany, Italy, Malaysia, and the Phillippines are shown in table VII-5.

Table VII-5
Butt-weld fittings: U.S. importers' end-of-period inventories of imports, by source, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2000

The Commission requested importers to indicate whether they imported or arranged for the importation of butt-weld fittings from subject countries after June 30, 2000. Eight importers indicated that they had arranged additional orders from the subject countries. *** reported that they arranged imports from Malaysia. *** reported that they have arranged imports from Italy. *** has arranged imports from Germany. Table VII-6 sets forth the magnitude of these arranged imports by subject country.

Table VII-6
Butt-weld fittings: Expected U.S. imports subsequent to June 30, 2000, by subject country

* * * * * * *

DUMPING IN THIRD-COUNTRY MARKETS

Questionnaire respondents reported no knowledge of antidumping findings or remedies regarding the subject product in any country other than the United States.

APPENDIX A

FEDERAL REGISTER NOTICES

should be limited to five pages total, including footnotes. 19 CFR Sec. 351.309(c) and (d). Further, we would appreciate it if parties submitting written comments would provide the Department with an additional copy of the public version of any such comments on diskette.

Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made in an investigation, the hearing will tentatively be scheduled to be held two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. In the event that the Department receives requests for hearings from parties to several stainless steel butt-weld pipe fittings cases, the Department may schedule a single hearing to encompass all those cases. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time. Interested parties who wish to request a hearing, or participate if one is requested, must submit a written request within 30 days of the publication of this notice. 19 Sec. CFR 351.310(c). Requests should specify the number of participants and provide a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination no later than 75 days after the date of this preliminary determination. 19 CFR Sec. 351.210(b)(1).

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Act.

Dated: July 26, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–19548 Filed 8–1–00; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–828]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Stainless Steel Butt-Weld Pipe Fittings From Italy

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: August 2, 2000.

FOR FURTHER INFORMATION CONTACT: Helen Kramer or Phyllis Hall at (202) 482-0405 and (202) 482–1398, respectively, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 ("the Act") by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department of Commerce ("Department") regulations are to the regulations at 19 CFR Part 351 (April 1999).

Preliminary Determination

We preliminarily determine that stainless steel butt-weld pipe fittings ("pipe fittings") from Italy are being, or are likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Act. The estimated margin of sales at LTFV is shown in the "Suspension of Liquidation" section of this notice.

Case History

On January 18, 2000, the Department initiated antidumping investigations of stainless steel butt-weld pipe fittings from Germany, Italy, Malaysia and the Philippines. See Initiation of Antidumping Duty Investigation: Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia and the Philippines, 65 FR 4595 (January 31, 2000). Since the initiation of this investigation the following events have occurred.

On January 18, 2000, the Department initiated antidumping investigations of stainless steel butt-weld pipe fittings from Germany, Italy, Malaysia and the Philippines. See Initiation of Antidumping Duty Investigation: Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia and the Philippines, 65 FR 4595 (January 31, 2000) ("Notice of Initiation"). Since the initiation of this investigation the following events have occurred.

The Department set aside a period for all interested parties to raise issues regarding product coverage (see Notice of Initiation at 4596). A response was received from Coprosider S.p.A. ("Coprosider") on February 1, 2000, agreeing with the scope of the investigation. On February 3, 2000, Wilh. Schulz GmbH and its affiliates ("Schulz") submitted comments to the Department requesting that the scope be limited only to specification ASTM 403/403M fittings below 14 inches in diameter.

On January 21, 2000, the Department issued proposed product concordance criteria to all interested parties. On February 4, 2000, the following interested parties submitted comments on our proposed product concordance criteria: Kanzen Tetsu Sdn. Bhd. ("Kanzen"); Coprosider; and Alloy Piping Products, Inc.; Flowline Division of Markovitz Enterprises, Inc.; Gerlin, Inc.; and Taylor Forge Stainless, Inc. ("petitioners"). On Feburary 8, 2000 and February 18, 2000, we received comments on our proposed product concordance criteria from Schulz.

On February 14, 2000, the United States International Trade Commission ("ITC") notified the Department of its affirmative preliminary injury determination on imports of subject merchandise from Germany, Italy, Malaysia and the Philippines. On February 24, 2000, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of the subject merchandise from Germany, Italy, Malaysia and the Philippines (65 FR 9298).

On February 14, 2000, the United States International Trade Commission ("ITC") notified the Department of its affirmative preliminary injury determination on imports of subject merchandise from Germany, Italy, Malaysia and the Philippines. On February 24, 2000, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of the subject merchandise from Germany, Italy, Malaysia and the Philippines (65 FR 9298).

On January 27, 2000, the Department issued Section A of its antidumping duty questionnaire to Coprosider S.p.A. ("Coprosider"). On February 9, 2000, the Department received Coprosider's

of distribution and customer categories reported in the home market and in the United States. In both the home and U.S. markets, Coprosider reported two channels of distribution, one which was identical to LOT 1, and another which was identical to LOT 2. We further examined the selling functions related to those sales. Coprosider claimed in its June 20, 2000, supplemental response (Exhibit SB1), that it provided technical advice and after-sale services and warranties for customers in the end-user, equipment manufacturer, and engineering company categories in both the home market and the U.S. market, and also to the trading company category in the United States, but not to distributors. However, in its Section B and C response of May 1, 2000, it stated it incurred no warranty and technical service expenses during the POI (other than quality control expenses reported under indirect selling expenses). Thus, the only remaining differences in reported selling functions between the claimed LOTs are inventory maintenance, order solicitation and order processing. We do not consider these differences in selling functions sufficient to find different LOTs. On this basis, it appears that there is insufficient evidence on the record to establish different LOTs in either market. Therefore, Coprosider has not met its burden of proof to establish its claim for a LOT adjustment for comparisons of EP sales to home market sales. Accordingly, the Department has preliminarily denied a LOT adjustment.

Currency Conversions

We made currency conversions into U.S. dollars based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank. Section 773A(a) of the Act directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars unless the daily rate involves a fluctuation. It is the Department's practice to find that a fluctuation exists when the daily exchange rate differs from the benchmark rate by 2.25 percent. The benchmark is defined as the moving average of rates for the past 40 business days. When we determine a fluctuation to have existed, we substitute the benchmark rate for the daily rate, in accordance with established practice. Further, section 773A(b) of the Act directs the Department to allow a 60-day adjustment period when a currency has undergone a sustained movement. A sustained movement has occurred when the weekly average of actual daily rates exceeds the weekly average of benchmark rates by more than five percent for eight consecutive weeks. (For an explanation of this method, see Policy Bulletin 96–1: Currency Conversions (61 FR 9434, March 8, 1996).)

Critical Circumstances

On June 30, 2000, petitioners alleged that there is a reasonable basis to believe or suspect that critical circumstances exist with respect to imports of pipe fittings from Italy. In accordance with 19 CFR 351.206(c)(2)(i), given that this allegation was filed at least 20 days prior to the preliminary determination, the Department must issue its preliminary critical circumstances determination no later than the preliminary determination.

Section 733(e)(1) of the Act provides that the Department will preliminarily determine that critical circumstances exist if there is a reasonable basis to believe or suspect that: (A)(i) There is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and that there was likely to be material injury by reason of such sales, and (B) there have been massive imports of the subject merchandise over a relatively short period.

History of Dumping or Importer Knowledge of Dumping

To determine whether there is a history of injurious dumping of the merchandise under investigation, the Department considers evidence of an existing antidumping order on stainless steel butt-weld pipe fittings from other countries to be sufficient. We are unaware of any antidumping order against Italy on stainless steel butt-weld pipe fittings worldwide. Therefore, the Department must examine part (ii) of the first prong of the critical circumstances test.

In determining whether there is a reasonable basis to believe or suspect that an importer knew or should have known that the exporter was selling stainless steel butt-weld pipe fittings at less than fair value, the Department normally considers margins of 25 percent or more for EP sales sufficient to impute knowledge of dumping and of resultant material injury. (See, *e.g.*, Preliminary Determination of Critical Circumstances: Certain Small Diameter Carbon and Alloy Steel Seamless Standard, Line and Pressure Pipe from the Czech Republic, 65 FR 33803, 33803 (May 25, 2000)). In the instant case, we have preliminarily determined that the margin for the respondent, Coprosider, is 32.12 percent. Therefore, we have imputed knowledge of dumping to importers of the subject merchandise from Coprosider.

In determining whether there is a reasonable basis to believe or suspect that an importer knew or should have known that there was likely to be material injury by reason of dumped imports, the Department normally will look to the preliminary injury determination of the International Trade Commission ("ITC"). If the ITC finds a reasonable indication of present material injury to the relevant U.S. industry, the Department will determine that a reasonable basis exists to impute importer knowledge that there was likely to be material injury by reason of dumped imports. In this case, the ITC has found that a reasonable indication of present material injury due to dumping exists for subject imports of stainless steel butt-weld pipe fittings from Italy. See Certain Stainless Steel Butt-weld Pipe Fittings from Germany, Italy, Malaysia and the Philippines, 65 FR 9298 (February 24, 2000). As a result, the Department has determined that there is a reasonable basis to believe or suspect that importers knew or should have known that there was likely to be material injury by reason of dumped imports of the subject merchandise from Italy.

Massive Imports

In determining whether there are "massive imports" over a "relatively short time period," pursuant to section 733(e)(1)(B) of the Act, section 351.206(h)(1) of the Department's regulations provides that the Department normally will examine: (i) The volume and value of the imports; (ii) seasonal trends; and (iii) the share of domestic consumption accounted for by the imports. In addition, section 351.206(h)(2) of the Department's regulations provides that an increase in imports of 15 percent during the "relatively short period" of time may be considered "massive." Section 351.206(i) of the Department's regulations defines "relatively short period" as normally being the period beginning on the date the proceeding begins (*i.e.*, the date the petition is filed) and ending at least three months later. On July 19, 2000, Coprosider submitted a letter to the Department arguing that the import data it provided on July 13, 2000, establish that its exports of the subject merchandise during the three months immediately following the filing of the petition did not increase by more

than 15 percent over imports during the three months preceding the petition, and that the Department should therefore issue a negative critical circumstances determination.

The Department's Antidumping Manual states:

> We generally consider the period beginning with the filing of the petition and ending with the preliminary determination. We then compare this period to a period of equal duration immediately prior to the filing of the petition to determine whether imports had been massive over a relatively short period of time.[1]

The petition was filed on December 29, 1999, and Coprosider provided data through June 2000 for its imports into the United States of the subject merchandise. Thus, in accordance with Department practice as described above, we compared Coprosider's average monthly imports during the second half of 1999 to its average monthly imports during the first half of 2000 to determine changes in the quantity of imports. Average monthly imports increased in the first half of 2000 by over 15 percent in volume over the base period of 1999. See Memorandum for Richard O. Weible from Helen M. Kramer Re: Analysis of Critical Circumstances in the Antidumping Investigation of Stainless Steel Butt-weld Pipe Fittings from Italy (July 21, 2000).

Although in our letter of July 6, 2000, we asked Coprosider to provide data for shipments of the subject merchandise to the United States for 1998, Coprosider provided data for only the last quarter of the year. The Department is therefore unable to make a complete analysis of the existence of seasonal factors affecting the imports of this product. However, Coprosider's imports of the subject merchandise into the United States fell by over 48 percent in volume between the last quarter of 1998 and the first quarter of 1999, but increased by over 14 percent between the last quarter of 1999 and the first quarter of 2000. Furthermore, U.S. Census Bureau monthly data for January 1998 through May 2000 show no seasonal pattern for imports of stainless steel butt-weld pipe fittings from Italy (including non-scope merchandise). Neither our analysis of the monthly imports data provided by Coprosider, nor petitioners' comments suggest that seasonality can explain the increase in imports during the first half of 2000. Thus, we do not consider seasonality to be relevant to the massive increase in imports of the subject merchandise.

With respect to item (iii), concerning the share of domestic consumption accounted for by the imports, we requested additional data from the petitioners. In response to this request, on July 20, 2000, petitioners submitted supplemental information regarding the share of domestic consumption accounted for by imports of stainless steel butt-weld pipe fittings from Italy. As current domestic producer U.S. shipments data are not publicly available, petitioners estimated these on the basis of ITC data from the preliminary determination in this case for the period January—September 1999. (See Certain Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia and the Philippines, Inv. 731-TA–864–867 (Pub. 3281), February 2000.) Petitioners state that domestic shipments have not increased between the first three quarters of 1999 and the September—December 1999 or January—April 2000 comparison periods used in their critical circumstances allegation, and that average shipments have actually declined. Petitioners used official U.S. import statistics to estimate the share of imports in domestic consumption. For Italy, the share of imports in the U.S. market for stainless steel butt-weld pipe fittings (including non-scope merchandise) increased from 7.7 to 11.5 percent in the comparison periods.

Given that Coprosider's average monthly imports into the United States increased by over 15 percent in a relatively short period of time, and taking into account that seasonal factors do not appear to be present, and that imports from Italy appear to have increased their share of the domestic market, we preliminarily determine that imports of stainless steel butt-weld pipe fittings from Italy have been massive.

Based on our determination that there is a reasonable basis to believe or suspect that importers had knowledge of dumping and the likelihood of material injury, and that there have been massive imports of stainless steel butt-weld pipe fittings from Italy over a relatively short period of time, we preliminarily determine that critical circumstances exist for imports of stainless steel butt-weld pipe fittings from Italy produced by Coprosider. Accordingly, we will require Customs to suspend liquidation of imports produced by Coprosider in accordance with section 733(e)(2) of the Act. (See Suspension of Liquidation, below.)

All Other Exporters

We have also analyzed the issue of critical circumstances for companies in the "all others" category. During the initiation of the current investigation, the Department determined that Coprosider was the only exporter of the subject merchandise from Italy to the United States during the POI. Therefore, we believe that the additional imports of stainless steel butt-weld pipe fittings from Italy entered under HTS No. 7307.23.0000 consist of non-scope merchandise, and there are no other companies affected by this critical circumstances determination.

Verification

In accordance with section 782(i) of the Act, we intend to verify information to be used in making our final determination.

All Others

Pursuant to section 735(5)(A) of the Act, the estimated all-others rate is equal to the estimated weighted average dumping margin established for Coprosider, the only exporter/producer investigated.

Suspension of Liquidation

In accordance with section 733(e)(2) of the Act, for Coprosider, the Department will direct the Customs Service to suspend liquidation of all entries of subject merchandise from Italy that are entered, or withdrawn from warehouse, for consumption on or after the date which is 90 days prior to the date of publication of this notice in the **Federal Register**. For all other companies, the Department will direct the Customs Service to suspend liquidation of all entries of subject merchandise from Italy that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. The Customs Service shall require a cash deposit or posting of a bond equal to the estimated preliminary dumping margin indicated in the chart below. This suspension of liquidation will remain in effect until further notice.

The margin in the preliminary determination is as follows:

Exporter/Manufacturer	Margin (In percent)
Coprosider	32.12
All others	32.12

Final Critical Circumstances Determination

We will make a final critical circumstances determination when we

[1] Import Administration Antidumping Manual, chapter 10 (Critical Circumstances), p. 4 (January 22, 1998).

issue our final determination in the less-than-fair-value investigation.

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination, or 45 days after our final determination, whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs for this investigation must be submitted no later than one week after the issuance of the verification reports. Rebuttal briefs must be filed within five days after the deadline for submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Further, we would appreciate it if parties submitting written comments would provide the Department with an additional copy of the public version of any such comments on diskette.

Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made in an investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. In the event that the Department receives requests for hearings from parties to several stainless steel butt-weld pipe fittings cases, the Department may schedule a single hearing to encompass all those cases. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time. Interested parties who wish to request a hearing, or participate if one is requested, must submit a written request within 30 days of the publication of this notice. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination no later than 135 days after the date of publication of this preliminary determination.

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Act.

Dated: July 26, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–19549 Filed 8–1–00; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–565–801]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Stainless Steel Butt-Weld Pipe Fittings From the Philippines.

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: August 2, 2000.

FOR FURTHER INFORMATION CONTACT: Fred Baker or Robert James at (202) 482-2924 and (202) 482–0649, respectively, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department of Commerce (Department) regulations are to the regulations at 19 CFR part 351 (April 1, 2000).

Preliminary Determination

We preliminarily determine that stainless steel butt-weld pipe fittings from the Philippines are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Act. The estimated margin of sales at LTFV is shown in the "Suspension of Liquidation" section of this notice.

Case History

On January 18, 2000, the Department initiated antidumping investigations of stainless steel butt-weld pipe fittings from Germany, Italy, Malaysia, and the Philippines. *See Initiation of Antidumping Duty Investigation: Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia and the Philippines,* 65 FR 4595, (January 31, 2000) (*Initiation Notice*). Since the initiation of this investigation the following events have occurred.

The Department set aside a period for all interested parties to raise issues regarding product coverage (*see Initiation Notice,*65 FR at 4596). We received a response from Coprosider S.p.A. (Coprosider) on February 1, 2000, agreeing with the scope of the investigation. On February 3, 2000, Wilh. Schulz GmbH (Schulz) submitted comments to the Department requesting that the scope be limited only to specification ASTM 403/403M fittings below 14 inches in diameter.

On January 21, 2000 the Department issued proposed product concordance criteria to all interested parties. On February 4, 2000, the following interested parties submitted comments on our proposed product concordance criteria: Kanzen Tetsu Sdn. Bdh.; Coprosider; and Alloy Piping Products, Inc.; Flowline Division of Markovitz Enterprises, Inc.; Gerlin, Inc.; and Taylor Forge Stainless, Inc. (petitioners). On February 8, 2000 and February 18, 2000, Schulz filed its comments on our proposed concordance.

On February 14, 2000, the United States International Trade Commission (ITC) notified the Department of its affirmative preliminary injury determination on imports of subject merchandise from Germany, Italy, Malaysia and the Philippines. On February 24, 2000, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of the subject merchandise from Germany, Italy, Malaysia and the Philippines. *See Certain Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia, and the Philippines*65 FR 9298, (February 24, 2000) (*ITC Preliminary Determination*).

On January 24, 2000, the Department issued Section A of its antidumping duty questionnaire to Enlin Steel Corporation (Enlin) and Tung Fong Industrial Co., Inc., (Tung Fong). On February 7, 2000, the Department received Enlin's and Tung Fong's responses to Question 1 of Section A. The Department received the remainder of Enlin's and Tung Fong's section A responses on February 22, 2000. On March 1, 2000, the Department issued a memorandum announcing its determination that it would only be able to analyze the response of Enlin in this investigation. On March 2, 2000, petitioners filed comments on Tung Fong's section A response. On March 6, 2000, Tung Fong requested to be a voluntary respondent. On March 9, 2000, the Department issued sections B–E of its antidumping duty questionnaire to Enlin, requesting that Enlin respond

to sections B and C. On March 15, 2000, petitioners submitted comments on Enlin's section A response. On May 1, 2000, the Department received from Enlin its response to sections B and C of the Department's questionnaire. Also on May 1, 2000, Tung Fong submitted a voluntary section B and C questionnaire response. On May 19, 2000, petitioners submitted comments on Enlin's sections B and C responses. On May 21, 2000, petitioners alleged that sales had been made below the cost of production (COP) in Enlin's third-country market. On June 1, 2000, the Department issued to Enlin a supplemental questionnaire with respect to its sections A, B and C responses. Also on June 1, 2000, the Department initiated a COP investigation with respect to Enlin's third-country sales. On June 2, 2000, the Department requested that Enlin respond to section D of the March 9, 2000 questionnaire. On June 22, 2000, six days after the due date for Enlin's response to the supplemental questionnaire, Enlin informed the Department that it would not respond any further to the Department's requests for information. On June 27, 2000, petitioners submitted comments on Tung Fong's sections B and C responses. On June 30, 2000, petitioners alleged critical circumstances exist with respect to imports of subject merchandise from the Philippines. Tung Fong made a voluntary section D response on July 5, 2000. On July 11, 2000, petitioners submitted comments on Tung Fong's section D response. On July 14, 2000, the Department issued a supplemental questionnaire to Tung Fong regarding its sections A, B, C, and D responses.

In addition, on April 13, 2000, the Department published in the **Federal Register** a notice postponing the preliminary determination until July 26, 2000. *See Notice of Postponement of Preliminary Antidumping Duty Determinations: Stainless Steel Butt-weld Pipe Fittings from Germany, Italy, Malaysia and the Philippines*, 65 FR 19876 (April 13, 2000).

Scope of Investigation

For purposes of this investigation, the product covered is certain stainless steel butt-weld pipe fittings. Certain stainless steel butt-weld pipe fittings are under 14 inches in outside diameter (based on nominal pipe size), whether finished or unfinished. The product encompasses all grades of stainless steel and "commodity" and "specialty" fittings. Specifically excluded from the definition are threaded, grooved, and bolted fittings, and fittings made from any material other than stainless steel.

The fittings subject to these investigations are generally designated under specification ASTM A403/A403M, the standard specification for Wrought Austenitic Stainless Steel Piping Fittings, or its foreign equivalents (*e.g.*, DIN or JIS specifications). This specification covers two general classes of fittings, WP and CR, of wrought austenitic stainless steel fittings of seamless and welded construction covered by the latest revision of ANSI B16.9, ANSI B16.11, and ANSI B16.28. Pipe fittings manufactured to specification ASTM A774, or its foreign equivalents, are also covered by these investigations.

These investigations do not apply to cast fittings. Cast austenitic stainless steel pipe fittings are covered by specifications A351/A351M, A743/743M, and A744/A744M.

The stainless steel butt-weld pipe fittings subject to these investigations are currently classifiable under subheading 7307.23.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Period of Investigation

The period of investigation (POI) is October 1, 1998 through September 30, 1999.

Selection of Respondents

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Acts gives the Department discretion, when faced with a large number of exporters/producers, to limit its examination to a reasonable number of such companies if it is not practicable to examine all companies. Where it is not practicable to examine all known producers/exporters of subject merchandise, this provision permits the Department to investigate either: (1) A sample of exporters, producers, or types of products that is statistically valid based on the information available at the time of selection, or (2) exporters and producers accounting for the largest volume of the subject merchandise that can be reasonably examined.

After consideration of the complexities expected to arise in these proceedings and the resources available to the Department, we determined that it was not practicable in these investigations to examine all known producers/exporters of subject merchandise. With respect to the Philippines, we determined that, given our resources, we would be able to investigate only one such company. We selected Enlin as the mandatory respondent for the Philippines because it was the respondent with the greatest export volume. (For a more detailed discussion of respondent selection in these investigations, see the Department's Respondent Selection Memorandum dated March 1, 2000, available in room B–099 of the Department of Commerce building.) However, following Enlin's withdrawal from the investigation on June 22, 2000, the Department determined to investigate Tung Fong as a voluntary respondent. Upon review of Tung Fong's response, we found that we needed additional information from Tung Fong before we could calculate a dumping margin. We found, for instance, that there were inconsistencies in the reporting of some control numbers. Tung Fong had also failed to provide invoice dates on its sales listings, and had not supplied complete sample sales documentation. It had also not reported all of the sales adjustments necessary to make a dumping calculation. There also appeared to be discrepancies on the record regarding the amount of Tung Fong's input material costs. Thus, as noted above, we issued Tung Fong a supplemental questionnaire on July 14, 2000. However, insufficient time remained for Tung Fong to respond to the supplemental questionnaire and for the Department to analyze it prior to the due date for the preliminary determination. Tung Fong's response is due July 28, 2000. We will make a calculation of Tung Fong's dumping margin and issue an analysis following issuance of this preliminary determination as soon as practicable. We will disclose the results of this calculation and the analysis incorporated therein to the interested parties; a public version of this analysis will be available to the public in room B–099 of the main Commerce Building.

Facts Available

As noted above under "Case History," Enlin failed to respond to the Department's supplemental questionnaire regarding its sections A, B, and C responses, and notified the Department that it did not intend to respond any further to the Department's requests for information. Section 776(a)(2) of the Act provides that if an interested party (A) withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the

form or manner requested, subject to section 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding under the antidumping statute; or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use the facts otherwise available in reaching the applicable determination. Because Enlin failed to respond to our request for additional information, pursuant to section 776(a)(2) of the Act we resorted to the facts otherwise available to calculate the dumping margin for this company.

Section 776(b) of the Act provides that the Department may use an inference adverse to the interests of a party that has failed to cooperate by not acting to the best of its ability to comply with the Department's requests for necessary information. *See also,* Statement of Administrative Action accompanying the URAA, H.R. Rep. No. 103–316 (1994) (SAA) at 870. Failure by Enlin to respond to the Department's supplemental questionnaire constitutes a failure to act to the best of its ability to comply with a request for information within the meaning of section 776 of the Act. Because Enlin failed to respond, the Department has determined that, in selecting among the facts otherwise available, an adverse inference is warranted in selecting the facts available for this company.

Because we were unable to calculate a margin for Enlin, we assigned it the highest margin alleged in the amended petition calculations, submitted January 10, 2000. *See, Notice of Preliminary Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod from Germany,*63 FR 10847 (March 5, 1998). The highest petition margin is 60.17 percent. *See Initiation Notice,*65 FR at 4599.

Section 776(b)(1) of the Act states that an adverse inference may include reliance on information derived from the petition. *See also,*SAA at 829–831. Section 776(c) of the Act provides that, when the Department relies on secondary information (*e.g.*, the petition) in using the facts otherwise available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal.

The SAA clarifies that "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value (*see,* SAA at 870). The SAA also states that independent sources used to corroborate such evidence may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation (*see,* SAA at 870).

We reviewed the adequacy and accuracy of the information in the petition during our pre-initiation analysis of the petition to the extent appropriate information was available for this purpose. *See, Import Administration AD Investigation Initiation Checklist*(January 18, 2000) for a discussion of the margin calculations in the petition. In addition, in order to determine the probative value of the margins in the petition for use as adverse facts available for purposes of this determination, we examined the evidence supporting the calculations in the petition. In accordance with section 776(c) of the Act, to the extent practicable, we examined the key elements of the export price (EP) and normal value (NV) calculations on which the margins in the petitions were based. Our review of the EP and NV calculations indicated that the information in the petition has probative value, as certain information included in the margin calculations in the petition is from public sources concurrent, for the most part, with the POI (*e.g.*, inland freight, international freight and insurance, import duties). For purposes of this preliminary determination, the Department compared the export prices alleged by the petitioners for sales to the first unaffiliated purchasers with contemporaneous, average unit prices values of U.S. imports classified under the appropriate HTS number. *See Import Administration AD Investigation Initiation Checklist,*January 18, 2000, pp. 3–4. We noted that the unit values of the U.S. price quotes submitted by the petitioners were well within the range of the average unit values reported by U.S. Customs. U.S. official import statistics are sources which we consider to require no further corroboration by the Department. *See Notice of Final Determination of Sales at Less Than Fair Value: Collated Roofing Nails from the People's Republic of China,*62 FR 51410, 51412, (October 1, 1997).

However, with respect to certain other data included in the margin calculations of the petition (*e.g.*, home market unit prices), neither respondents nor other interested parties provided the Department with further relevant information and the Department is aware of no other independent sources of information that would enable it to further corroborate the remaining components of the margin calculation in the petition. The implementing regulation for section 776 of the Act, 19 CFR 351.308(d), states "[t]he fact that corroboration may not be practicable in a given circumstance will not prevent the Secretary from applying an adverse inference as appropriate and using the secondary information in question." Additionally, we note that the SAA at 870 specifically states that, where "corroboration may not be practicable in a given circumstance," the Department may nevertheless apply an adverse inference. Furthermore, as indicated above, the Department corroborated numerous parts of the petition, including the contemporaneity of the adjustments and the range of the U.S. price quotes as compared to U.S. selling prices recorded by Customs data. Accordingly, we find, for purposes of this preliminary determination, that this information is corroborated to the extent practicable. We will further consider this issue for the final determination based upon any additional information available to the Department at that time.

All Others

On March 6, 2000 Tung Fong requested that it be permitted to participate as a voluntary respondent in this investigation. It submitted voluntary responses to sections B and C of the questionnaire on March 1, 2000, and a voluntary section D response on July 5, 2000. (Tung Fong had submitted mandatory section A responses on February 7, 2000 and February 22, 2000.) It voluntarily submitted additional information in a June 27, 2000 submission following comments from petitioners submitted June 6 and June 23, 2000. We issued a supplemental questionnaire to Tung Fong on July 14, 2000, the response for which is due July 28, 2000. We will make a preliminary calculation of Tung Fong's dumping margin and issue an analysis following issuance of this preliminary determination. In this preliminary determination, we have assigned Tung Fong the non-adverse all-others rate, as described below, because currently there is insufficient information available for us to calculate a separate margin for Tung Fong.

Section 735(c)(5)(B) of the Act provides that, where the estimated weighted-average dumping margins established for all exporters and producers individually investigated are zero or *de minimis*or are determined entirely under section 776 of the Act, the Department may use any reasonable method to establish the estimated all-others rate for exporters and producers not individually investigated. Our recent practice under these circumstances has been to assign as the "all others" rate the simple average of the margins in the petition. *See, e.g.,*

Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Plate in Coil from Canada, 64 FR 15457 (March 31, 1999); *Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Plate in Coil from Italy*, 64 FR 15458, 15459 (March 21, 1999). In accordance with our recent practice, we are basing the "all others" rate in this investigation on the simple average of margins in the petition, which is 34.67 percent.

Critical Circumstances

On June 30, 2000, the petitioners made a timely allegation that there is a reasonable basis to believe or suspect that critical circumstances exist with respect to imports of subject merchandise from the Philippines. According to section 733(e)(1) of the Act, if critical circumstances are alleged under section 733(e) of the Act, the Department must examine whether there is a reasonable basis to believe or suspect that: (A)(i) there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and there was likely to be material injury by reason of such sales, and (B) there have been massive imports of the subject merchandise over a relatively short period. Section 351.206(h)(1) of the Department's regulations provides that, in determining whether imports of the subject merchandise have been "massive," the Department normally will examine: (i) the volume and value of the imports; (ii) seasonal trends; and (iii) the share of domestic consumption accounted for by the imports. In addition, section 351.206(h)(2) of the Department's regulations provides that an increase in imports during the "relatively short period" of over 15 percent may be considered "massive." Section 351.206(i) of the Department's regulations defines "relatively short period" normally as the period beginning on the date the proceeding begins (*i.e.*, the date the petition is filed) and ending at least three months later.

Because we are not aware of any antidumping order in any country on stainless steel butt-weld pipe fittings from the Philippines, we do not find that there is a reasonable basis to believe or suspect that there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere. Therefore, we must look to whether there was importer knowledge under section 733(e)(1)(A)(ii) of the Act.

In determining whether there is a reasonable basis to believe or suspect that an importer knew or should have known that the exporter was selling the subject merchandise at less than fair value, the Department's normal practice is to consider margins of 15 percent or more sufficient to impute knowledge of dumping for constructed export price sales (CEP), and margins of 25 percent or more sufficient to impute knowledge for EP sales. *See, Certain Cut-to-Length Carbon Steel Plate From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value*, 62 FR 31972, 31978 (June 11, 1997). As discussed above, we have applied, as adverse facts available for Enlin, the highest of the dumping margins presented in the petition and corroborated by the Department. This margin is in excess of 25 percent. Therefore, we impute knowledge of dumping in regard to exports by this company.

In determining whether there is a reasonable basis to believe or suspect that an importer knew or should have known that there was likely to be material injury by reason of dumped imports, the Department normally looks to the preliminary injury determination of the ITC. If the ITC finds a reasonable indication of present material injury to the relevant U.S. industry, the Department normally determines that a reasonable basis exists to impute importer knowledge that there was likely to be material injury by reason of dumped imports. The ITC has found that a reasonable indication of present material injury exists in regard to the Philippines. See *ITC Preliminary Determination* 65 FR at 9299. As a result, the Department has determined that there is a reasonable basis to believe or suspect that importers knew or should have known that there was likely to be material injury by reason of dumped imports from Enlin.

In determining whether there are "massive imports" over a "relatively short period," the Department typically compares the import volume of the subject merchandise for at least three months immediately preceding and following the filing of the petition. Imports normally will be considered massive when imports have increased by 15 percent or more during this "relatively short period." Since there is no verifiable information on the record with respect to Enlin's import volumes, we must use the facts available in accordance with section 776 of the Act. See also Comment 2 of the Decision Memo, *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold Rolled Carbon Quality Steel Flat Products from Venezuela*, 65 FR 18047, 18049 (April 6, 2000). Accordingly, we examined U.S. Customs data on imports of stainless steel butt-weld pipe fittings from the Philippines in order to determine whether these data reasonably preclude an increase in shipments of 15 percent or more within a relatively short period for Enlin. These data do not permit the Department to ascertain the import volumes for any individual company that failed to provide verifiable information.

As discussed above in the "Facts Available" section, Enlin has not cooperated to the best of its ability in this investigation, and application of adverse facts available is appropriate. Since there is no verified information on the record with respect to Enlin's volume of imports, and U.S. import statistics are unavailable because stainless steel butt-weld pipe fittings are entered under an HTSUS basket category which includes products other than subject merchandise, we have no choice but to apply the adverse inference that Enlin has made massive imports of the subject merchandise over a relatively short period of time. Therefore, we find that the second criterion for determining whether critical circumstances exist with respect to Enlin's exports of subject merchandise has been met. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Collated Roofing Nails from Taiwan*, 62 FR 51427, 51429 (October 1, 1997) and *Notice of Final Determination of Sales at Less Than Fair Value and Final Affirmative Finding of Critical Circumstances: Elastic Rubber Tape from India*, 64 FR 19123, 19124 (April 19, 1999). Because all of the necessary criteria have been met, in accordance with section 733(e) of the Act, the Department preliminarily finds that critical circumstances exist with respect to fittings produced by Enlin.

In regard to the "all others" category, it is the Department's normal practice to conduct its critical circumstances analysis based on the experience of investigated companies. *See, Notice of Final Determination of Sales at Less Than Fair Value: Certain Steel Concrete Reinforcing Bars from Turkey (Rebars from Turkey)*, 62 FR 9737, 9741 (March 4, 1997); *see also Preliminary Determination of Sales at Less Than Fair Value: Certain Cold-Rolled, Flat-Rolled Carbon Steel Quality Products from Venezuela*, 64 FR 61826, 61832 (November 15, 1999). (For the purpose of this critical circumstances determination, are we including Tung

Fong among the "all other" companies because we have no relevant information on the record particular to Tung Fong.) In *Rebars from Turkey*the Department determined that, because it found critical circumstances existed for three out of the four companies investigated, critical circumstances also existed for companies covered by the "all others" rate. However, in *Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils from Japan (Stainless Steel from Japan)*64 FR 30574 (June 8, 1999), the Department did not extend its affirmative critical circumstances findings to the "all others" category while finding affirmative critical circumstances for four of the five respondents, because the affirmative determinations were based on adverse facts available. Consistent with *Stainless Steel from Japan*,we believe it is appropriate to apply the traditional critical circumstances criteria to the "all others" category.

First, in determining whether there is a reasonable basis to believe or suspect that an importer knew or should have known that the exporter was selling the subject merchandise at less than fair value, we look to the "all others" rate, which is based, in the instant case, on facts available. The dumping margin for the "all others" category in the instant case, 34.67 percent, exceeds the 15 percent or more threshold necessary to impute knowledge of dumping for CEP sales, and the 25 percent or more sufficient to impute knowledge of dumping for EP sales. Second, based on the ITC's preliminary material injury determination, we also find that importers knew or should have known that there would be material injury from the dumped merchandise. Finally, with respect to massive imports, we are unable to base our determination on our findings for the mandatory respondent because our determination for the mandatory respondent was based on facts available. We have not inferred, as facts available, that massive imports exist for "all others" because, unlike Enlin, the "all others" companies have not failed to cooperate in this investigation. Therefore, an adverse inference with respect to shipment levels by the "all others" companies is not appropriate.

Instead, consistent with the approach taken in recent investigations, we examined U.S. Customs data on overall imports from the Philippines in order to see if we could ascertain whether an increase in shipments of greater than 15 percent or more occurred within a relatively short period following the point at which importers had reason to believe that a proceeding was likely. See *Notice of Final Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Japan (Hot-Rolled Steel from Japan)*,64 FR 24329, 24337 (May 6, 1999), *Notice of Final Determinations of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Argentina, Japan and Thailand (Cold-Rolled Steel from Japan)*65 FR 5520, 5527 (February 4, 2000), and *Notice of Final Determinations of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Venezuela*,64 FR 61826, 61832 (November 15, 1999).

For the purposes of this preliminary determination we examined data for the four months preceding and the four months following the filing of the petition. Information on the record indicates that these data cover an HTS category that includes merchandise other than subject merchandise. Therefore, we cannot rely on these data in determining whether there were massive imports for the "all others" category. Because we are unable to determine on the basis of record evidence that massive imports of subject merchandise from the producers included in the "all others" category did occur and, consequently, that the third criterion necessary for determining affirmative critical circumstances has been met, we have preliminarily determined that critical circumstances do not exist for imports from the Philippines of stainless steel butt-weld pipe fittings for companies in the "all others" category.

Suspension of Liquidation

In accordance with section 733(d) of the Act, for Enlin, we are directing the Customs Service to suspend liquidation of all entries of subject merchandise from the Philippines that are entered, or withdrawn from warehouse, for consumption on or after the date of publication which is 90 days prior to the date of publication of this notice in the **Federal Register**. For Tung Fong and all other companies, we will instruct the Customs Service to suspend liquidation of all entries of subject merchandise from the Philippines that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the dumping margin indicated in the chart below. These suspension-of-liquidation instructions will remain in effect until further notice. The dumping margins are as follows:

Exporter/manufacturer	Margin (percent)
Enlin Steel Corporation	60.17
Tung Fong Industrial Co., Ltd	34.67
All Others	34.67

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination, or 45 days after our final determination, whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs for this investigation must be submitted no later than one week after the issuance of the verification reports. Rebuttal briefs must be filed within five days after the deadline for submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Further, we would appreciate it if parties submitting comments would provide the Department with an additional copy of a public version of any such comments on diskette.

Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made in an investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. In the event that the Department receives requests for hearings from parties to several stainless steel butt-weld pipe fittings cases, the Department may schedule a single hearing to encompass all those cases. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time. Interested parties who wish to request a hearing, or participate if one is requested, must submit a written request within 30 days of the publication of this notice. Requests should specify the number of participants and provide a list of the issues to be discussed. Oral

presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination no later than 75 days after the date of this preliminary determination.

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Act.

Dated: July 26, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–19550 Filed 8–1–00; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–557–809]

Notice of Preliminary Determination of Sales at Not Less Than Fair Value and Postponement of Final Determination: Stainless Steel Butt-Weld Pipe Fittings from Malaysia

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: August 2, 2000.

FOR FURTHER INFORMATION CONTACT: Becky Hagen or Rick Johnson, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–3362 (Hagen) and (202) 482–3818 (Johnson).

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 ("the Act") by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department of Commerce ("Department") regulations are to the regulations at 19 CFR part 351 (April 1999).

Preliminary Determination

We preliminarily determine that stainless steel butt-weld pipe fittings ("pipe fittings") from Malaysia are not being sold, nor are likely to be sold, in the United States at less than fair value ("LTFV"), as provided in section 733(b) of the Act.

Case History

On January 18, 2000, the Department initiated antidumping investigations of stainless steel butt-weld pipe fittings from Germany, Italy, Malaysia and the Philippines. See Initiation of Antidumping Duty Investigation: Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia and the Philippines, 65 FR 4595 (January 31, 2000) ("Notice of Initiation"). Since the initiation of this investigation the following events have occurred.

The Department set aside a period for all interested parties to raise issues regarding product coverage (see Notice of Initiation at 4596). A response was received from Coprosider S.p.A. ("Coprosider") on February 1, 2000, agreeing with the scope of the investigation. On February 3, 2000, Wilh. Schulz GmbH and its affiliates ("Schulz") submitted comments to the Department requesting that the scope be limited only to specification ASTM 403/403M fittings below 14 inches in diameter.

On January 21, 2000, the Department issued proposed product concordance criteria to all interested parties. On February 4, 2000, the following interested parties submitted comments on our proposed product concordance criteria: Kanzen Tetsu Sdn. Bhd. ("Kanzen"); Coprosider; and Alloy Piping Products, Inc.; Flowline Division of Markovitz Enterprises, Inc.; Gerlin, Inc.; and Taylor Forge Stainless, Inc. ("petitioners"). On Feburary 8, 2000 and February 18, 2000, we received comments on our proposed product concordance criteria from Schulz.

On February 14, 2000, the United States International Trade Commission ("ITC") notified the Department of its affirmative preliminary injury determination on imports of subject merchandise from Germany, Italy, Malaysia and the Philippines. On February 24, 2000, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of the subject merchandise from Germany, Italy, Malaysia and the Philippines (65 FR 9298).

On January 27, 2000, the Department issued Section A of its antidumping duty questionnaire to Kanzen, Schulz, and Amalgamated Industrial Stainless Steel Sdn. Bhd. ("AISS"). On February 10, 2000, the Department received responses to Question 1 of Section A from Kanzen and S.P. United Sdn. Bhd. ("SP United"). On February 14, 2000, the Department received a response to Question 1 of Section A from AISS, and on February 18, 2000, Schulz submitted a response to Question 1 of Section A of the questionnaire. On February 24, 2000, Schulz, SP United, and Kanzen submitted responses to Section A of the questionnaire. On March 1, 2000, the Department determined that it would not be practicable to investigate all four Malaysian producers/exporters, and therefore limited our examination to the largest producer/exporter, Kanzen (see "Selection of Respondents" section, below). On March 3, 2000, petitioners filed comments on Kanzen's Section A response. On March 8, 2000, the Department issued Sections B–E of its antidumping duty questionnaire to Kanzen. On March 22, 2000, the Department issued a supplemental questionnaire for Kanzen's Section A response. Kanzen responded on April 5, 2000.

On April 13, 2000, the Department published in the **Federal Register** a notice postponing the preliminary determination until July 26, 2000 (Notice of Postponement of Preliminary Antidumping Duty Determinations: Stainless Steel Butt-weld Pipe Fittings from Germany, Italy, Malaysia and the Philippines (65 FR 19876)).

Kanzen filed its Sections B and C response on May 1, 2000. On May 15, 2000, petitioners filed comments on Kanzen's Section B and C and Section A supplemental questionnaire responses, and requested that the Department initiate a cost investigation. The Department issued a supplemental questionnaire on Sections B and C and initiated a cost investigation on May 26, 2000 (see Memorandum to Edward Yang, Petitioners' Allegation of Sales Below the Cost of Production for Kanzen Tetsu Sdn. Bhd., dated May 26, 2000). Kanzen submitted its Section B and C supplemental questionnaire responses on June 16, 2000. On June 23, 2000, Kanzen submitted its response to Section D of the questionnaire. Also, on June 23, 2000, petitioners submitted comments on Kanzen's June 16, 2000 Section B and C supplemental questionnaire responses. The Department issued a second supplemental questionnaire on Sections B and C on June 27, 2000. On June 30, 2000, petitioners submitted comments on Kanzen's Section D response. Also, on June 30, 2000, petitioners alleged that critical circumstances exist with respect to imports of pipe fittings from Malaysia. On July 5, 2000, the Department requested that Kanzen report monthly U.S. shipment data (including total quantity and value figures) from 1998 through May 2000. Kanzen submitted its responses to the second supplemental questionnaire on Sections B and C on July 10, 2000. On July 12, 2000, Kanzen submitted its monthly U.S. shipment data. On July 14, 2000, the Department issued a

no difference between its foreign market and U.S. packing costs.

Price-to-CV Comparisons

In accordance with section 773(a)(4) of the Act, we based NV on CV if we were unable to find a match of the foreign like product. We made adjustments to CV in accordance with section 773(a)(8) of the Act. For comparisons to EP, we made COS adjustments by deducting foreign market direct selling expenses and adding U.S. direct selling expense, in accordance with section 773(a)(6)(C)(iii) of the Act.

Level of Trade

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade ("LOT") as the EP or CEP transaction. The NV LOT is that of the starting-price sales in the comparison market or, when NV is based on CV, that of the sales from which we derive SG&A and profit. For EP, the LOT is also the level of the starting price sale, which is usually from the exporter to the importer.

To determine whether NV sales are at a different LOT than EP or CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. If the comparison market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make an LOT adjustment under section 773(a)(7)(A) of the Act.

Kanzen did not request a LOT adjustment. To ensure that no such adjustment was necessary, in accordance with the principles discussed above, we examined information regarding the distribution systems in both the United States and foreign markets, including the selling functions, classes of customer, and selling expenses. Kanzen stated that both U.S. and foreign market customers' products are made to order and that it did not maintain inventory. Technical advice and warranty services were not provided to either the U.S. or foreign market customers. Kanzen also stated that it did not incur any advertising expenses during the POI for its sales to the U.S. and the foreign market.

Regarding sales process, Kanzen stated that both the U.S. and foreign market customers normally solicited price quotations and available production capacity from Kanzen, via telephone or facsimile. Kanzen and the U.S. or foreign market customer then negotiated the terms of sales, after which the customer (U.S. or U.K.) would issue a purchase order to Kanzen based on the negotiated sales terms. If there were no discrepancies with the negotiated terms, Kanzen would then issue a contract, confirming the order. Kanzen did not use selling agents or pay commissions for its sales to the U.S. and foreign market. After production of the made-to-order fittings, they are shipped to the port near Kanzen's factory, loaded onto a vessel, and delivered directly to the United States or foreign market customer. At the time of shipment, Kanzen invoices both the United States and foreign market customer. Kanzen paid for freight and insurance for all its U.S. sales, while the foreign market customer paid for ocean freight and insurance. Additionally, while the foreign market customer takes title to the merchandise upon loading it onto the vessel, the U.S. customer takes title to the merchandise upon arrival at the U.S. port.

In both the U.S. and foreign market, Kanzen reported one sales channel, to unaffiliated distributors. Therefore, we preliminarily conclude that sales to unaffiliated distributors constitute one LOT in the foreign market. Further, we preliminarily conclude that because the U.S. LOT and the foreign market LOT included similar selling functions, as described above, these sales are made at the same LOT. Therefore, a LOT adjustment for Kanzen is not appropriate.

Currency Conversion

We made currency conversions into U.S. dollars based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

Section 773A(a) of the Act directs the Department to use a daily exchange rate in order to convert foreign currencies into U.S. dollars unless the daily rate involves a fluctuation. It is the Department's practice to find that a fluctuation exists when the daily exchange rate differs from the benchmark rate by 2.25 percent. The benchmark is defined as the moving average of rates for the past 40 business days. When we determine a fluctuation to have existed, we substitute the benchmark rate for the daily rate, in accordance with established practice. Further, section 773A(b) of the Act directs the Department to allow a 60-day adjustment period when a currency has undergone a sustained movement. A sustained movement has occurred when the weekly average of actual daily rates exceeds the weekly average of benchmark rates by more than five percent for eight consecutive weeks. (For an explanation of this method, see Policy Bulletin 96–1: Currency Conversions (61 FR 9434, March 8, 1996).)

Verification

As provided in section 782(i) of the Act, we will verify all information relied upon in making our final determination.

Critical Circumstances

On June 30, 2000, petitioners made a timely allegation that there is a reasonable basis to believe or suspect that critical circumstances exist with respect to imports of subject merchandise from Malaysia. According to section 733(e)(1) of the Act, if critical circumstances are alleged under section 733(e) of the Act, the Department must examine whether there is a reasonable basis to believe or suspect that: (A)(i) there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and there was likely to be material injury by reason of such sales, and (B) there have been massive imports of the subject merchandise over a relatively short period. Section 351.206(h)(1) of the Department's regulations provides that, in determining whether imports of the subject merchandise have been "massive," the Department normally will examine: (i) The volume and value of the imports; (ii) seasonal trends; and (iii) the share of domestic consumption accounted for by the imports. In addition, 19 CFR 351.206(h)(2) provides that an increase in imports of over 15 percent may be considered "massive" during the "relatively short period" described in 19 CFR 351.206(i). Section 351.206(i) of the Department's regulations defines "relatively short period" normally as the period beginning on the date the proceeding begins (*i.e.*, the date the petition is filed) and ending at least three months later. Because we are not aware of any antidumping order in any country on pipe fittings from Malaysia, we find that there is no reasonable basis to believe or suspect that there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise. Therefore, we must look to whether there was importer knowledge under section 733(e)(1)(A)(ii) of the Act.

Dated: July 26, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–19551 Filed 8–1–00; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–822]

Stainless Steel Plate in Coils From Italy; Notice of Rescission of Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of rescission of antidumping duty administrative review.

SUMMARY: In response to a request from Acciai Speciali Terni S.p.A. ("AST"), an Italian producer of stainless steel plate in coils, and Acciai Speciali Terni USA, Inc. ("AST USA"), collectively referred to as AST/AST USA, the Department of Commerce ("the Department") initiated an administrative review of the antidumping duty order on stainless steel plate in coils from Italy on July 7, 2000, for one manufacturer/exporter of the subject merchandise, AST/AST USA, for the period November 4, 1998 through April 30, 2000. The Department received a timely request for withdrawal on July 19, 2000, from AST/AST USA. This review has now been rescinded as a result of the withdrawal of the request for review by AST/AST USA, the only party which requested the review.

EFFECTIVE DATE: August 2, 2000.

FOR FURTHER INFORMATION CONTACT: Carrie Blozy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington DC 20230; telephone: (202) 482–0165.

SUPPLEMENTARY INFORMATION:

The Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations at 19 CFR part 351 (April 1999).

Background

On May 31, 2000 AST/AST USA submitted a request for an administrative review of the antidumping duty order on stainless steel plate in coils from Italy pursuant to the *Notice of Opportunity to Request Administrative Review*, 65 FR 31141 (May 16, 2000).

On July 7, 2000, the Department initiated a review of the antidumping duty order on stainless steel plate in coils from Italy. *See Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocations in Part*, 65 FR 41942 (July 7, 2000). On July 19, 2000, AST/AST USA submitted a timely request for a withdrawal of its request for a review.

Rescission of Review

Pursuant to 19 CFR 351.213(d)(1) of the Department's regulations, the Department will allow a party that requests an administrative review to withdraw such request within 90 days of the date of publication of the notice of initiation of the administrative review. Because AST/AST USA's withdrawal request was submitted within the 90-day time limit, and there were no requests for review from other interested parties, we are rescinding this review. We will issue appropriate appraisement instructions directly to the U.S. Customs Service.

This notice is in accordance with section 777(i) of the Act and 19 CFR 351.213(d)(4).

Dated: July 27, 2000.

Joseph A. Spetrini,

Deputy Assistant Secretary, AD/CVD Enforcement Group III.

[FR Doc. 00–19544 Filed 8–1–00; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–819, A–427–811, and A–533–808]

Continuation of Antidumping Duty Orders: Stainless Steel Wire Rod From Brazil, France, and India

AGENCY: Import Administration, International Trade Administration, Department of Commerce

ACTION: Notice of Continuation of Antidumping Duty Orders: Stainless Steel Wire Rod from Brazil, France, and India.

SUMMARY: On February 3, 2000, the Department of Commerce ("the Department"), pursuant to sections 751(c) and 752 of the Tariff Act of 1930, as amended ("the Act"), determined that revocation of the antidumping duty orders on stainless steel wire rod from Brazil, France, and India, is likely to lead to continuation or recurrence of dumping (65 FR 5319; 5317; 5315).

On July 21, 2000, the International Trade Commission ("the Commission"), pursuant to section 751(c) of the Act, determined that revocation of the antidumping duty orders on stainless steel wire rod from Brazil, France, and India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time (65 FR 45409). Therefore, pursuant to 19 CFR 351.218(f)(4), the Department is publishing notice of the continuation of the antidumping duty orders on stainless steel wire rod from Brazil, France, and India.

EFFECTIVE DATE: August 2, 2000.

FOR FURTHER INFORMATION CONTACT: Martha V. Douthit or James P. Maeder, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Ave., NW., Washington, DC 20230; telephone: (202) 482–5050 or (202) 482–3330, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 1, 1999, the Department initiated, and the Commission instituted, sunset reviews of the antidumping duty orders on stainless steel wire rod from Brazil, France, and India pursuant to section 751(c) of the Act (64 FR 35588 and 64 FR 35697). As a result of its reviews, the Department found that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping and notified the Commission of the magnitude of the margins likely to prevail were the orders to be revoked. *See* Final Results of Expedited Sunset Reviews: Certain Stainless Steel Wire Rod from Brazil, France, and India, 65 FR 5319; 5317; 5315 (February 3, 2000).

On July 21, 2000, the Commission determined, pursuant to section 751(c) of the Act, that revocation of the antidumping duty orders on stainless steel wire rod from Brazil, France, and India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See* Certain Stainless Steel Wire Rod from Brazil, France, and India, 65 FR 45409 (July 21, 2000) and USITC Pub. 3321, Investigations Nos. 731–TA–636–638 (Review) (July 2000).

FOR FURTHER INFORMATION CONTACT: Elizabeth R. Nesbitt, Project Leader (202–205–3355) or Raymond L. Cantrell, Deputy Project Leader (202–205–3362), Office of Industries, or Michael Barry, Deputy Project Leader (202–205–3246), Office of Economics, U.S. International Trade Commission, Washington, DC, 20436. For information on the legal aspects of this investigation, contact William Gearhart of the Office of the General Counsel (202–205–3091). Hearing impaired individuals are advised that information on this matter can be obtained by contacting the TDD terminal on (202) 205–1810.

WRITTEN SUBMISSIONS: The deadline for written submissions has been extended until September 8, 2000. Interested parties are invited to submit written statements (original and 14 copies) concerning the matters to be addressed by the Commission in its report on this investigation. In addition to general information regarding prices and pricing practices prevalent in each of the countries under consideration, the Commission is particularly interested in comments regarding the question raised by the Committee in their request regarding the extent to which price control systems utilized by the countries under consideration impact pricing for comparable drugs in the United States. Commercial or financial information that a person desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions must conform with the provisions of section 201.8 of the Commission's Rules. All written submissions, except for confidential business information, will be made available in the Office of the Secretary of the Commission for inspection by interested parties. To be assured of consideration by the Commission, written statements relating to the Commission's report should be submitted to the Commission at the earliest practical date and should be received no later than the close of business on September 8, 2000. All submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW., Washington, DC 20436. The Commission's rules do not authorize filing submissions with the Secretary by facsimile or electronic means.

Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (http://www.usitc.gov). Notice of institution of the investigation was published in the **Federal Register** of July 26, 2000 (65 FR 45998).

List of Subjects

Prescription drugs, Price controls, Compulsory licensing.

By order of the Commission.

Issued: August 17, 2000.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–21501 Filed 8–22–00; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–864–867 (Final)]

Certain Stainless Steel Butt-Weld Pipe Fittings From Germany, Italy, Malaysia, and the Philippines

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigations Nos. 731-TA–864, 865, and 867 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from Germany, Italy, and the Philippines of stainless steel butt-weld pipe fittings, provided for in subheading 7307.23.00 of the Harmonized Tariff Schedule of the United States.[1] Section 207.21(b) of the Commission's rules provides that, where the Department of Commerce has issued a negative preliminary determination, the Commission will not publish a notice of scheduling for the final phase of its investigation unless and until it receives an affirmative final determination from Commerce. Although the Department of Commerce has preliminarily determined that certain stainless steel butt-weld pipe fittings from Malaysia are not being sold, nor are likely to be sold, in the United States at less than fair value, for purposes of efficiency the Commission hereby waives rule 207.21(b) and gives notice of the scheduling of the final phase of the antidumping investigation No. 731-TA–866 (Final) under section 735(b) of the Act. The Commission is taking this action so that the final phases of the antidumping investigations may proceed concurrently in the event that Commerce makes a final affirmative antidumping determination with respect to Malaysia. If Commerce makes a final negative antidumping determination with respect to Malaysia, the Commission will terminate its antidumping investigation under section 735(c)(2) of the Act (19 U.S.C. 1673d(c)(2)), and section 207.2(d) of the Commission's rules.

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: August 2, 2000.

FOR FURTHER INFORMATION CONTACT: Christopher J. Cassise (202–708–5408), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

[1] For purposes of these investigations, Commerce has defined the subject merchandise as follows: "Certain stainless steel butt-weld pipe fittings are under 14 inches in outside diameter (based on nominal pipe size), whether finished or unfinished. The product encompasses all grades of stainless steel and "commodity" and "specialty" fittings. Specifically excluded from the definition are threaded, grooved, and bolted fittings, and fittings made from any material other than stainless steel. The fittings subject to these investigations are generally designated under specification ASTM A403/A403M, the standard specification for Wrought Austenitic Stainless Steel Piping Fittings, or its foreign equivalents (e.g., DIN or JIS specifications). This specification covers two general classes of fittings, WP and CR, of wrought austenitic stainless steel fittings of seamless and welded construction covered by the latest revision of ANSI B16.9, ANSI B16.11, and ANSI B16.28. Pipe fittings manufactured to specification ASTM A774, or its foreign equivalents, are also covered by these investigations. These investigations do not apply to cast fittings. Cast austenitic stainless steel pipe fittings are covered by specifications A351/A351M, A743/743M, and A744/A744M."

Background.—The final phase of these investigations is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of stainless steel butt-weld pipe fittings from Germany, Italy, and the Philippines are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). These investigations were requested in a petition filed on December 29, 1999 by Alloy Piping Products, Inc., Shreveport, LA; Flowline Div. of Markovitz Enterprises, Inc., New Castle, PA; Gerlin, Inc., Carol Stream, IL; and Taylor Forge Stainless, Inc., North Branch, NJ.

Participation in the investigations and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on October 4, 2000, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on October 17, 2000, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before October 6, 2000. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on October 12, 2000, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is October 11, 2000. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is October 24, 2000; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before October 24, 2000. On November 13, 2000 (for Germany) and January 11, 2001 (for all other investigations), the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before November 15, 2000 (for Germany) and January 16, 2001 (for all other investigations), but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

Issued: August 17, 2000.
By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–21502 Filed 8–22–00; 8:45 am]
BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–872–883 (Preliminary)]

Certain Steel Concrete Reinforcing Bars From Austria, Belarus, China, Indonesia, Japan, Korea, Latvia, Moldova, Poland, Russia, Ukraine, and Venezuela

Determinations

On the basis of the record [1] developed in the subject investigations, the United States International Trade 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 a regional industry in the United States is materially injured or threatened with material injury by reason of imports from Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine of certain steel concrete reinforcing bars, provided for in subheading 7214.20.00 of the Harmonized Tariff Schedule of the United States,[2] that are alleged to be sold in the United States at less than fair value (LTFV). The Commission further

[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

[2] For purposes of these investigations, certain steel concrete reinforcing bars are all steel concrete reinforcing bars ("rebar") sold in straight lengths. Specifically excluded are plain rounds (*i.e.*, non-deformed or smooth bars) and rebar that has been further processed through bending or coating.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–428–827]

Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Butt-Weld Pipe Fittings From Germany

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: October 16, 2000.

FOR FURTHER INFORMATION CONTACT: Carrie Blozy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0165.

The Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations at 19 CFR part 351 (April 1999).

Final Determination

We determine that stainless steel butt-weld pipe fittings from Germany are being, or are likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

The preliminary determination in this investigation was published on August 2, 2000. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Stainless Steel Butt-Weld Pipe Fittings from Germany,* 65 FR 47384 (August 2, 2000) ("*Preliminary Determination*"). No interested parties have provided comments on the *Preliminary Determination* and no request for a hearing has been received by the Department.

Period of Investigation

The period of investigation is October 1, 1998 through September 30, 1999.

Scope of Investigation

For purposes of this investigation, the product covered is certain stainless steel butt-weld pipe fittings. Certain stainless steel butt-weld pipe fittings are under 14 inches in outside diameter (based on nominal pipe size), whether finished or unfinished. The product encompasses all grades of stainless steel and "commodity" and "specialty" fittings. Specifically excluded from the definition are threaded, grooved, and bolted fittings, and fittings made from any material other than stainless steel.

The fittings subject to this investigation are generally designated under specification ASTM A403/A403M, the standard specification for Wrought Austenitic Stainless Steel Piping Fittings, or its foreign equivalents (*e.g.*, DIN or JIS specifications). This specification covers two general classes of fittings, WP and CR, of wrought austenitic stainless steel fittings of seamless and welded construction covered by the latest revision of ANSI B16.9, ANSI B16.11, and ANSI B16.28. Pipe fittings manufactured to specification ASTM A774, or its foreign equivalents, are also covered by this investigation.

This investigation does not apply to cast fittings. Cast austenitic stainless steel pipe fittings are covered by specifications A351/A351M, A743/743M, and A744/A744M.

The stainless steel butt-weld pipe fittings subject to this investigation are currently classifiable under subheading 7307.23.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Facts Available

In the *Preliminary Determination,* the Department based the margins for Hage Fittings GmbH ("Hage Fittings") and Nirobo Metalverarbeitungs GmbH ("Nirobo Metalverarbeitungs") on facts otherwise available under sections 776(a)(2)(A) and (C) of the Act because Hage Fittings and Nirobo Metalverarbeitungs failed to respond to our questionnaires, thus significantly impeding the investigation, and because subsection 782(d) of the Act therefore did not apply. *See Preliminary Determination* at 65 FR 47385. Also, in the *Preliminary Determination,* the Department based the margin for Wilh. Schulz GmbH ("Schulz") on facts otherwise available under sections 776(a)(2)(A) and (C) of the Act because the Department had no data on the record for Schulz upon which to base its margin calculation since the Department returned all of Schulz's business proprietary information at Schulz's request. *Id.*

Section 776(b) of the Act provides that, in selecting from among the facts available, the Department may employ adverse inferences when an interested party has failed to cooperate by not acting to the best of its ability to comply with requests for information. *See* also "Statement of Administrative Action" accompanying the URAA, H.R. Rep. No. 103–316, 870 (1994) ("SAA"). Based on the failure of Hage Fittings and Nirobo Metalverarbeitungs to respond to the Department's antidumping questionnaire and Schulz's subsequent withdrawal of its business proprietary data, we have determined that Hage Fittings, Nirobo Metalverarbeitungs, and Schulz have not acted to the best of their ability to comply with the Department's information requests.

Therefore, pursuant to 776(b) of the Act, we used an adverse inference in selecting a margin from the facts available. As adverse facts available, the Department has applied a margin of 76.24 percent, the highest margin alleged in the petition. As discussed in the *Preliminary Determination,* the Department has, to the extent practicable, corroborated the information used as adverse facts available. *Id.*, at 65 FR 47385–86. Since then, no interested parties have provided comments on the *Preliminary Determination* and no request for a hearing has been received by the Department. Therefore, we are continuing to use as adverse facts available the highest margin alleged by petitioners.

Critical Circumstances

No comments were received regarding the Department's preliminary critical circumstances determination, and the Department has not made any changes to this determination. For the reasons given in the *Preliminary Determination,* the Department continues to find that critical circumstances exist with respect to stainless steel butt-weld pipe fittings imported from Hage Fittings, Nirobo Metalverarbeitungs, and Schulz, in accordance with section 733(e)(1) of the Act. *Id.*, at 65 FR 47386. As set forth in our *Preliminary Determination,* because the massive imports criterion necessary to find critical circumstances has not been met with respect to firms other than Hage Fittings, Nirobo Metalverarbeitungs, and Schulz, the Department continues to find, for the purposes of this final determination, that critical circumstances do not exist for imports of stainless steel butt-weld pipe fittings for the "all others" category in this case.

The All-Others Rate

No interested parties have filed case briefs or rebuttal briefs on this issue.

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARINGS

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Certain Stainless Steel Butt-Weld Pipe Fittings From Germany, Italy, Malaysia, and the Philippines
Inv. Nos.:	731-TA-864-867 (Final)
Date and Time:	October 17, 2000 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room, 500 E Street, SW, Washington, DC.

OPENING REMARKS

Petitioners (**Michael T. Kerwin**, Georgetown Economic Services, LLC)
Respondents (**Mark Davis**, Davis & Leiman P.C)

In Support of the Imposition of Antidumping Duties:

Georgetown Economic Services, LLC
Washington, D.C.
on behalf of

Petitioner Companies

Phillip C. Mavrich, President, Flowline Division of Markovitz Enterprise, Incorporated

Jack Sharkey, Executive Vice President, Gerlin, Incorporated

Thomas A. Barfield, Jr., Senior Vice President and Assistant to the President, Shaw Group Incorporated

Mickey Melton, Executive Vice President, Shaw Alloy Piping Products, Incorporated

Michael T. Kerwin, Economic Consultant, Georgetown Economic Services, LLC

In Support of the Imposition of Antidumping Duties-Cont'd:

Joanna Schlesinger, Economic Consultant, Georgetown Economic Services, LLC

John M. Ascienzo, Economic Consultant, Georgetown Economic Services, LLC

In Opposition to the Imposition of Antidumping Duties:

Davis & Leiman P.C.
Washington, D.C.
on behalf of

German Respondent

John Dale, Vice President, Schulz USA

Bob Putman, Vice President, Schulz USA

Daniel W. Klett, Principal, Capital Trade, Incorporated

Mark Davis)
)–OF COUNSEL
Karmi Leiman)

Manatt Phelps Phillips
Washington, D.C.
on behalf of

Italian Respondent

Urbano Faina, Commercial Director, Coprosider S.p.A.

Ron Palma, Vice President, SMS of Texas, Incorporated

Bob Blumenkrantz, General Manager, Norca Industrial Company, LLC

David Amerine--OF COUNSEL

REBUTTAL/CLOSING REMARKS

Petitioners (**Michael T. Kerwin**, Georgetown Economic Services, LLC)
Respondents (**Mark Davis**, Davis & Leiman P.C)

APPENDIX C

SUMMARY DATA

Table C-1
Butt-weld fittings: Summary data concerning the U.S. market, 1997-99, January-June 1999, and January-June 2000

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	1997	1998	1999	1999	2000	1997-99	1997-98	1998-99	1999-2000
U.S. consumption quantity:									
Amount	17,049	15,524	18,045	8,496	12,023	5.8	-8.9	16.2	41.5
Producers' share (1)	43.0	48.3	48.0	54.2	38.9	5.0	5.3	-0.3	-15.3
Importers' share (1):									
Germany	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Philippines	***	***	***	***	***	***	***	***	***
Subtotal	10.2	12.1	12.6	9.8	20.2	2.3	1.9	0.5	10.4
Malaysia	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	57.0	51.7	52.0	45.8	61.1	-5.0	-5.3	0.3	15.3
U.S. consumption value:									
Amount	118,335	95,335	104,862	48,669	70,542	-11.4	-19.4	10.0	44.9
Producers' share (1)	59.7	63.5	54.4	60.1	45.7	-5.3	3.7	-9.1	-14.4
Importers' share (1):									
Germany	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Philippines	***	***	***	***	***	***	***	***	***
Subtotal	7.7	8.4	8.5	6.7	12.9	0.8	0.6	0.2	6.2
Malaysia	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	40.3	36.5	45.6	39.9	54.3	5.3	-3.7	9.1	14.4
U.S. imports from:									
Germany:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Italy:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Philippines:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	1,743	1,874	2,265	830	2,431	29.9	7.5	20.8	192.7
Value	9,160	7,986	8,952	3,272	9,112	-2.3	-12.8	12.1	178.5
Unit value	$5.25	$4.26	$3.95	$3.94	$3.75	-24.8	-18.9	-7.2	-4.9
Ending inventory quantity	532	612	475	494	602	-10.7	15.0	-22.4	21.9
Malaysia:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	9,715	8,021	9,379	3,894	7,348	-3.5	-17.4	16.9	88.7
Value	47,661	34,823	47,827	19,402	38,310	0.3	-26.9	37.3	97.5
Unit value	$4.91	$4.34	$5.10	$4.98	$5.21	3.9	-11.5	17.5	4.7
Ending inventory quantity	1,890	1,851	1,901	1,742	2,138	0.6	-2.1	2.7	22.7

Table continued on next page.

Table C-1--Continued
Butt-weld fittings: Summary data concerning the U.S. market, 1997-99, January-June 1999, and January-June 2000

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data					Period changes			
				January-June					Jan.-June
	1997	1998	1999	1999	2000	1997-99	1997-98	1998-99	1999-2000
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	5,771	5,494	5,780	3,183	3,369	0.2	-4.8	5.2	5.8
Capacity utilization (1)	71.9	67.1	68.2	77.3	74.3	-3.7	-4.8	1.1	-3.0
U.S. shipments:									
Quantity	7,334	7,502	8,666	4,602	4,675	18.1	2.3	15.5	1.6
Value	70,674	60,513	57,034	29,267	32,231	-19.3	-14.4	-5.7	10.1
Unit value	$9.64	$8.07	$6.58	$6.36	$6.89	-31.7	-16.3	-18.4	8.4
Export shipments:									
Quantity	167	304	228	132	86	36.5	82.0	-25.0	-34.8
Value	1,731	2,765	1,748	1,071	804	1.0	59.7	-36.8	-24.9
Unit value	$10.37	$9.10	$7.67	$8.11	$9.35	-26.0	-12.3	-15.7	15.2
Ending inventory quantity	1,791	1,588	1,814	1,777	2,571	1.3	-11.4	14.3	44.7
Inventories/total shipments (1)	23.9	20.3	20.4	18.8	27.0	-3.5	-3.5	0.1	8.2
Production workers	595	530	445	433	491	-25.2	-10.9	-16.0	13.4
Hours worked (1,000s)	1,099	970	843	526	587	-23.2	-11.7	-13.1	11.6
Wages paid ($1,000s)	12,424	11,624	10,324	6,640	7,124	-16.9	-6.4	-11.2	7.3
Hourly wages	$11.31	$11.98	$12.24	$12.63	$12.14	8.2	5.9	2.2	-3.9
Productivity (pounds per hour)	5.3	5.7	6.9	6.1	5.7	30.5	7.8	21.0	-5.2
Unit labor costs	$2.15	$2.12	$1.79	$2.09	$2.11	-17.0	-1.7	-15.6	1.4
Net sales:									
Quantity	7,810	7,487	8,971	4,616	4,672	14.9	-4.1	19.8	1.2
Value	75,349	61,165	60,229	30,360	32,729	-20.1	-18.8	-1.5	7.8
Unit value	$9.65	$8.17	$6.71	$6.58	$7.01	-30.4	-15.3	-17.8	6.5
Cost of goods sold (COGS)	51,363	45,114	46,714	23,621	24,361	-9.1	-12.2	3.5	3.1
Gross profit or (loss)	23,986	16,051	13,515	6,739	8,368	-43.7	-33.1	-15.8	24.2
SG&A expenses	12,088	11,848	10,586	5,506	5,368	-12.4	-2.0	-10.7	-2.5
Operating income or (loss)	11,898	4,203	2,929	1,233	2,999	-75.4	-64.7	-30.3	143.2
Capital expenditures	819	2,240	1,904	962	293	132.4	173.5	-15.0	-69.5
Unit COGS	$6.58	$6.03	$5.21	$5.12	$5.21	-20.8	-8.4	-13.6	1.9
Unit SG&A expenses	$1.55	$1.58	$1.18	$1.19	$1.15	-23.8	2.2	-25.4	-3.6
Unit operating income or (loss)	$1.52	$0.56	$0.33	$0.27	$0.64	-78.6	-63.2	-41.8	140.3
COGS/sales (1)	68.2	73.8	77.6	77.8	74.4	9.4	5.6	3.8	-3.4
Operating income or (loss)/ sales (1)	15.8	6.9	4.9	4.1	9.2	-10.9	-8.9	-2.0	5.1

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2
Butt-weld fittings 14 inches and over in OD: Summary data concerning the U.S. market, 1997-99, January-June 1999, and January-June 2000

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APPENDIX D

MODEL RESULTS

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APPENDIX E

EFFECTS OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of butt-weld fittings from Germany, Italy, Malaysia, and/or the Philippines on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product).

Actual Negative Effects

The majority of responding producers stated that they had experienced actual negative effects as a result of butt-weld pipe fittings imports from the above-referenced countries. Summarized excerpts from producer responses are provided below. (Note: Statements that are <u>not</u> in quotes reflect items checked in section III-8 of the questionnaire.)

Alaskan Copper: ***.
Alloy Piping: ***.
American Fittings: ***.
Bestweld: ***.
Felker: ***.
Flo-Mac: ***.
Flowline: ***.
Gerlin: ***.
Jensen Fittings: ***.
Jero: ***.
Taylor Forge: ***.
Tubetec: ***.

Anticipated Negative Effects

The majority of responding producers stated that they also anticipate negative effects as a result of imports of butt-weld fittings from the above-referenced countries. Narrative excerpts from producer responses are provided below.

Alaskan Copper: ***.
Alloy Piping: ***.
American Fittings: ***.
Bestweld: ***.
Felker: ***.
Flo-Mac: ***.
Flowline: ***.
Gerlin: ***.
Jensen Fittings: ***.
Jero: ***.
Taylor Forge: ***.
Tubetec: ***.