

WAR PRODUCTION BOARD,
Washington, D.C., September 5, 1945.

Mr. ROY L. STEWART,
*President, Pipe Fittings Manufacturers Association,**
New York, N.Y.

DEAR MR. STEWART: The Shipbuilding Division of the War Production Board, according to present plans, will cease to exist as a Division on 1 October 1945, or shortly thereafter. The present Director will return to inactive duty as of approximately that date.

Before leaving the War Production Board, I should like to acknowledge to you, and through you to the manufacturers of the pipe fittings industry, the splendid cooperation and immediate response which the industry has given the Shipbuilding Division in the last 4 years in meeting the greatly increasing requirements in pipe fittings for the war programs, at times in face of almost insurmountable handicaps such as competing demands for machine tools and changing demands necessary to the fulfillment of the strategic plans as the war progressed.

These programs were tremendous in their volume and range of types and sizes. The components produced by the industry were critical almost continuously. They were essential to our greatly expanded Navy and Merchant Marine and to the construction of a vast number of plants producing end products ranging from aviation gasoline to atomic bombs.

The accomplishment of this task so vital to the war effort is one of which the industry can well be proud. I wish you all a full measure of success in the peacetime years that lie ahead.

Sincerely yours,

J. O. GAWNE,
Captain, U.S. Navy (Retired),
Director, Shipbuilding Division.

PRESENT PLIGHT OF INDUSTRY

Today the Malleable Iron Pipe Fittings industry is plagued by declining markets both in prices and tonnage—domestic and export. This diminishing share of the U.S. market is due in large measure to competition from low labor cost countries, primarily Japan and has resulted in over capacity of production facilities in the U.S. industry. Japanese produced fittings are equal in quality to those produced in the United States as proved by inspection and tests in our own laboratories.

In addition, Japan employs modern capital equipment of the most advanced design as a result of installation made following World War II.

The first malleable iron pipe fittings manufactured in Japan was in 1910. They were manufactured by Hitachi, who manufacture the gourd brand of pipe fittings. There are now twelve manufacturers of malleable iron pipe fittings in Japan with an industry capacity of 160 million pounds a year. The Japanese have taken almost all of the export market formerly enjoyed by the United States malleable iron pipe fitting manufacturers. In addition the Japanese are increasing their shipments of malleable iron pipe fittings to the United States.

The industry's normal capacity to produce 150 lb. pressure malleable iron fittings is approximately 150 million pounds per year. That such available capacity is beyond that required is evidenced by the fact that for the five years ending December 31, 1967 the annual average U.S. consumption was only 125 million pounds as represented by the combined total of domestic and imported shipments. Obviously imports are not necessary to meet existing or foreseeable demands.

On the basis of pounds, imports of malleable iron pipe fittings have steadily increased from 1.25% of American market in 1954 to an average of 8.23% for the year 1967. In July of 1967 imports took 13.66% of the United States market. The year 1968 started with January imports taking 10.21% of the American market.

In addition unknown quantities of unfinished malleable iron fittings castings (USTS 610.7000 not advanced) have been imported. More recently rough malleable iron pipe fittings castings are being offered by English foundries who emphasize that since the devaluation of the English Pound they are in position to quote very low prices.

*Now presently American Pipe Fittings Association.