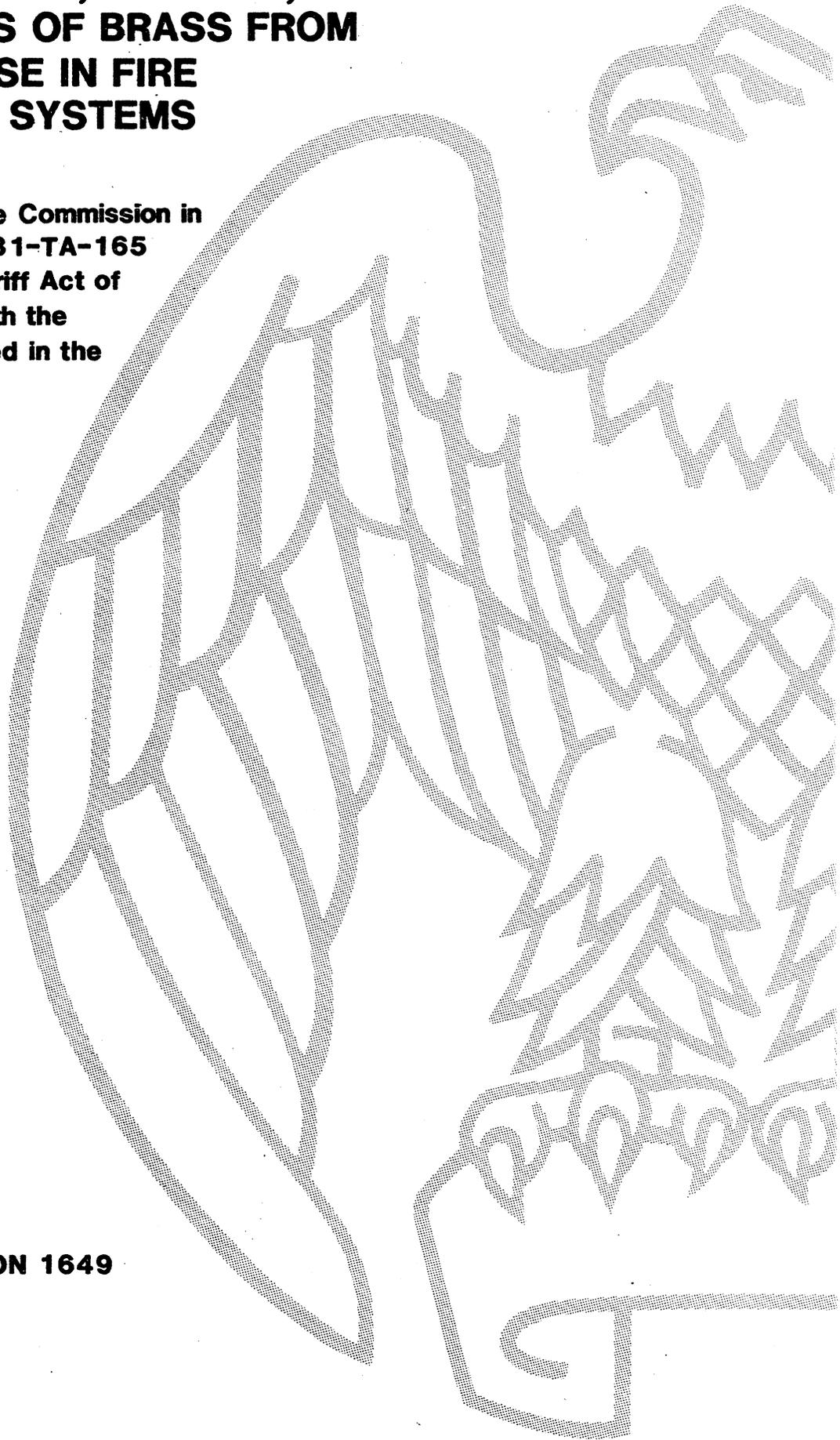


# **CERTAIN VALVES, NOZZLES, AND CONNECTORS OF BRASS FROM ITALY FOR USE IN FIRE PROTECTION SYSTEMS**

**Determination of the Commission in  
Investigation No. 731-TA-165  
(Final) Under the Tariff Act of  
1930, Together With the  
Information Obtained in the  
Investigation**

**USITC PUBLICATION 1649**

**FEBRUARY 1985**



# UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Data which would disclose confidential operations of individual concerns may not be published and therefore have been deleted from this report. Deletions are indicated by asterisks.



UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC

Investigation No. 731-TA-165 (Final)

CERTAIN VALVES, NOZZLES, AND CONNECTORS OF BRASS FROM ITALY  
FOR USE IN FIRE PROTECTION SYSTEMS

Determinations

On the basis of the record 1/ developed in the subject investigation, the Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that industries in the United States are materially injured by reason of imports from Italy of single and double clapper siamese connections 2/ and pressure-restricting valves, 3/ all of the foregoing of brass and for use in fire protection systems, provided for in item 680.14 of the Tariff Schedules of the United States (TSUS), which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV). The Commission further determines that industries in the United States are not materially injured or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of imports from Italy of fire hose couplings, fog/straight stream nozzles, angle-type hose valves, wedge disc hose gate valves, and pressure-regulating valves, 4/ all of the foregoing of brass and for use in fire protection systems, provided for in items 657.35, 680.14, and 680.27 of

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

2/ Vice Chairman Liebeler determines that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of imports from Italy of this product.

3/ Chairwoman Stern and Vice Chairman Liebeler determine that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of imports from Italy of this product.

4/ Commissioner Eckes determines that industries in the United States are materially injured or threatened with material injury, by reason of imports from Italy of these products.

the Tariff Schedules of the United States, which have been found by the Department of Commerce to be sold in the United States at LTFV.

#### Background

The Commission instituted this investigation effective July 10, 1984, following a preliminary determination by the Department of Commerce that imports of certain valves, couplings, nozzles, and connections, of brass, from Italy, suitable for use in interior fire protection systems, were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notice of the institution 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 notices in the Federal Register of July 25, 1984 (49 FR 30029) and January 16, 1985 (50 FR 2354). The hearing was held in Washington, DC, on January 23, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRWOMAN STERN, VICE CHAIRMAN LIEBELER,  
COMMISSIONER LODWICK, AND COMMISSIONER ROHR

We have determined that two industries in the United States are materially injured by reason of less than fair value (LTFV) imports from Italy of brass siamese connections and brass pressure-restricting valves for use in fire protection systems. 1/ 2/ Our affirmative determination is based on our analysis of indicators of industry health and the effect on the industry of the LTFV imports.

We have also determined that there is no material injury or threat thereof to domestic producers of brass fog/straight stream nozzles, wedge disc hose gate valves, angle-type hose valves, pressure-regulating valves, and couplings by reason of LTFV imports of such products from Italy. Our negative determination is based upon the lack of a causal nexus between the conditions of the domestic industries and LTFV imports from Italy.

Definition of the like product and domestic industry

The relevant domestic industry in an antidumping investigation is defined in section 771(4)(A) as the domestic producers of the product which is like that being imported.

[T]he term "industry" means the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major

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1/ Chairwoman Stern has determined that an industry in the United States is not materially injured or threatened with material injury by reason of LTFV imports from Italy of pressure-restricting valves.

2/ Vice Chairman Liebler determines that domestic producers of brass siamese connections and brass pressure-restricting valves are not materially injured or threatened with material injury by reason of LTFV imports of such products.

proportion of the total domestic production of that product. 3/

The term "like product" is defined in section 771(10) 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 . . . . 4/

The imported products in this investigation are from Italy and are fire hose couplings, fog/straight stream nozzles, angle-type hose valves, wedge disc hose gate valves, siamese fire department connections, pressure-regulating valves, and pressure-restricting valves, all made of brass. There are domestically produced products which correspond to each of the imported products. 5/ All of the products are used in interior fire protection systems.

In the preliminary investigation, the Commission found that there were seven like products. That determination was based on the different characteristics and end uses of each of the seven products. The additional information collected in this final investigation confirms this conclusion.

The four types of valves under investigation all function to regulate the flow of water and are made of brass and are offered in two sizes: 1-1/2 or 2-1/2 inches, except for the wedge disc hose gate valve and the pressure-regulating valve which are available only in the 2-1/2 inch size. The valves differ from each other in appearance and specific function. Wedge disc hose valves are used to permit or stop the flow of water in interior fire protection systems. Angle-type hose valves are similar in function, but different in structure from the wedge disc hose gate valves. Also, angle-type valves are used in both standpipe and sprinkler systems, while wedge disc hose

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3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

5/ Report of the Commission (Report) at A-5.

gate valves are used only in standpipe systems. Pressure-restricting valves are used to restrict the pressure level of water flowing to nozzles. Pressure-regulating valves reduce automatically an inlet water pressure to correspond to a desired outlet water pressure. 6/

Fog/straight stream nozzles are attached to hoses and can be adjusted to emit a straight stream of water, a fog spray, or completely shut off the flow of water.

Couplings are used to connect two components of a system, such as fire hoses. The couplings of the present investigation are generally only used in standpipe systems. Although couplings are available in aluminum, the majority of couplings are brass.

Siamese connections are inlet valves located on the exterior of buildings. Fire fighters connect their hoses to these connections to increase the water pressure into the standpipe and/or sprinkler system of a building by means of pumps on fire trucks. The siamese connections under investigation have 2-1/2 inch inlets and a 4 inch outlet. The majority of siamese connections are brass, although ductile iron and aluminum connections are available. 7/

Although all of the above-described seven products are used in interior fire protection systems, their end uses and physical characteristics significantly differ. Accordingly, we find that each of these products is a separate like product.

A second issue is whether the seven like products should be limited to brass products. Nozzles are made of brass or plastic. Couplings are made of aluminum or brass and siamese connections can be made of brass, iron or

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6/ Id. at A-3-A-4.

7/ Id. at A-4-A-5.

aluminum. In regard to nozzles, the data show that brass nozzles are mainly used in the new construction market, whereas plastic nozzles are mainly used in the replacement market. 8/ Thus, we find that plastic nozzles are not "like" brass nozzles.

In regard to couplings, brass couplings are mainly used in interior fire protection systems, whereas aluminum couplings are mainly used in municipal fire protection systems. Thus, we determine that aluminum couplings are not "like" brass couplings.

In regard to siamese connections, the corrosion properties of iron and aluminum significantly differ from the corrosion properties of brass. Thus, we determine that iron and aluminum siamese connections are not "like" brass siamese connections.

A third issue is whether the domestic products are like the imported products regardless of whether the products are manufactured by the forging process or the sand casting process. The data show that the domestic brass products are manufactured by the sand casting process. 9/ The data are unclear as to which of the imported products are made by the forging process. 10/ In any event, regardless of how the brass products are manufactured, both the imported products and the domestic products are approved by independent testing laboratories for the same use and customers are not aware of any differences between the imported and domestic products. 11/

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8/ Id. at A-4.

9/ Id. at A-5.

10/ Each of the products, except couplings, are approved by Underwriters Laboratories or Factory Mutual Research for use in fire protection systems. Moreover, purchasers are not aware of any differences between the two products nor are purchasers aware of whether they have purchased imported or domestic products. Id.

11/ Id.

Condition of the domestic industries 12/

Siamese connections

The domestic industry producing brass siamese connections is clearly in distress.

Domestic production of brass siamese connections declined significantly from 1981 to 1982 and then rose slightly in 1983. However, domestic production for 1983 was only 68 percent of the level of production in 1981. In the interim period of January-September 1984, domestic production rose by over 20 percent from the same period in 1983. 13/

U.S. producers' domestic shipments of siamese connections similarly declined. Specifically, domestic shipments declined significantly from 1981 to 1982 and then rose only slightly in 1983, but remained well below the 1981 level. For the interim period of January-September 1984, domestic shipments increased by almost 25 percent compared to the same period in 1983. 14/ While domestic shipments declined during the majority of the period of investigation, apparent consumption increased in 1983 and in January-September 1984. 15/

Domestic capacity for brass siamese connections increased over the period of investigation. During the interim periods of 1983 and 1984, domestic capacity was steady. Capacity utilization relative to brass siamese connections dropped by over 10 percent between 1981 and 1983. Although capacity utilization increased in January-September 1984 compared to the same period of 1983, it remained well below the 1981 level. 16/

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12/ Most of the information available on this subject is business confidential. Thus, we must limit our discussion to general trends and public information.

13/ Report at A-19.

14/ Id. at A-22.

15/ Id. at A-8.

16/ Id. at A-20.

Pressure-restricting valves

The domestic industry producing pressure-restricting valves is also not doing well.

Domestic production of pressure-restricting valves declined by 10 percent from 1981 to 1982, and declined further in 1983. Production in 1983 was less than half of 1982 production. In the interim period of January-September 1984, domestic production increased compared with the same period in 1983, and exceeded production for all of 1983, but remained well below the 1981 level. 17/

U.S. producers' domestic shipments of pressure-restricting valves similarly fell almost 20 percent from 1981 to 1982 and fell further in 1983 to about one third of the level of shipments in 1981. For the interim period of January-September 1984, domestic shipments increased when compared to the same period in 1983. 18/

Domestic capacity for pressure-restricting valves increased by about 10 percent from 1981 to 1983. During the interim periods of 1983 and 1984 capacity remained steady. Capacity utilization relative to pressure-restricting valves steadily and significantly dropped from 1981 to 1983. Capacity utilization increased by approximately 10 percentage points in January-September 1984 compared to January-September of 1983, but remained well below the level in 1981. 19/

Fire hose couplings

Domestic production of fire hose couplings declined by nearly 20 percent from 1981 to 1982 and then rose slightly in 1983. In the interim periods of

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17/ Id. at A-19.

18/ Id. at A-22.

19/ Id. at A-20.

January–September 1983 and 1984, domestic production remained steady. 20/

U.S. producers' domestic shipments of fire hose couplings similarly fell by nearly 20 percent from 1981 to 1982 and then rose by over 10 percent in 1983. For the interim period of January–September 1984, domestic shipments increased by about 15 percent compared to the same period in 1983. 21/ While domestic shipments for the interim period increased, apparent consumption decreased. 22/

Domestic capacity for fire hose couplings was fairly steady between 1981 and 1983, increasing irregularly over the period of investigation. Capacity utilization relative to fire hose couplings showed corresponding trends, dropping from 1981 to 1982, and then rising in 1983. Capacity utilization increased in January–September 1984 compared to January–September 1983. 23/

#### Fog/straight stream nozzles

Domestic production of fog/straight stream nozzles declined by almost a third between 1981 and 1983. However, in the interim period of January–September 1984, domestic production exceeded that for all of 1981. 24/

Similarly, U.S. producers' domestic shipments of fog/straight stream nozzles similarly fell by more than a third between 1981 and 1983. During the interim period of 1984, shipments were almost double that of the interim period of January–September 1983. 25/

Domestic capacity for fog/straight stream nozzles declined slightly between 1981 and 1983 before increasing in the interim period of January–

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20/ Id. at A-19.

21/ Id. at A-22.

22/ Id. at A-8.

23/ Id. at A-20.

24/ Id. at A-19.

25/ Id. at A-22.

September 1984. Capacity utilization relative to fog/straight stream nozzles dropped by approximately 10 percentage points from 1981 to 1982, and fell further in 1983. Capacity utilization increased by over 10 percentage points for the interim periods of 1983 and 1984. 26/

Angle-type hose valves

Domestic production of angle-type hose valves rose by approximately 10 percent between 1981 and 1982 and then declined by approximately 30 percent in 1983. However, in the interim period of January–September 1984 domestic production increased nearly 75 percent compared with the same period in 1983. 27/

U.S. producers' domestic shipments of angle-type hose valves similarly rose from 1981 to 1982, and then declined in 1983. For the interim period of January–September 1984, domestic shipments increased approximately 80 percent compared with the same period in 1983. 28/

Domestic capacity for angle-type hose valves increased in 1982, remained relatively steady in 1983, and in the interim period of January–September 1984 rose compared with the same period in 1983. Capacity utilization relative to angle-type hose valves dropped from 1981 to 1983. However, capacity utilization increased by approximately 25 percentage points in January–September 1984 compared with January–September 1983. 29/

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26/ Id. at A-20.

27/ Id. at A-19.

28/ Id. at A-22.

29/ Id. at A-20.

Wedge disc hose gate valves

Domestic production of wedge disc hose gate valves rose between 1981 and 1982, before dropping in 1983. 30/ However, 1983 production remained above 1981 levels. In the interim period of January–September 1984, domestic production remained steady compared to the same period in 1983 declining insignificantly. 31/

U.S. producers' domestic shipments of wedge disc hose gate valves rose by approximately 25 percent between 1981 and 1982, and then in 1983 declined back to the 1981 level. 32/ For the interim period of January–September 1984, domestic shipments rose very slightly compared with the same period in 1983. 33/

Domestic capacity for wedge disc hose gate valves increased over the period of 1981–83. 34/ Domestic capacity also increased during the interim period of January–September 1984 compared to the same period in 1983. 35/ Capacity utilization relative to wedge disc hose gate valves rose by almost 20 percent from 1981 to 1982, and then declined by approximately 10 percentage points in 1983. Capacity utilization decreased very slightly in January–September 1984 compared with January–September 1983. 36/

Pressure-regulating valves

Domestic production of pressure-regulating valves increased by more than 20 percent between 1981 and 1982, and then dropped by almost half in 1983.

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30/ Id. at A-19.

31/ Id.

32/ Id. at A-22.

33/ Id.

34/ Id. at A-20.

35/ Id.

36/ Id.

However, in the interim period of January–September 1984, domestic production increased. 37/

U.S. producers' domestic shipments of pressure–regulating valves rose between 1981 and 1982, but then declined in 1983 to almost half the 1982 level and well below the 1981 level. For the interim period of January–September 1984, domestic shipments remained steady compared to the same period in 1983, increasing only slightly. 38/

Domestic capacity for pressure–regulating valves rose steadily, albeit slightly, between 1981 and 1983, and was unchanged during each of the interim periods of 1983 and 1984. 39/ Capacity utilization relative to pressure–regulating valves rose by almost 10 percentage points from 1981 to 1982, and then declined in 1983. Capacity utilization increased slightly in January–September 1984 compared with January–September 1983. 40/

Material injury by reason of LTFV imports

In considering the issue of material injury, the Act instructs the Commission to consider, among other factors:

- (i) the volume of imports of the merchandise which is the subject of the investigation;
- (ii) the effect of imports of that merchandise on prices in the United States for the like product; and
- (iii) the impact of such merchandise on the domestic producers of the like product. 41/

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37/ Id. at A-19.

38/ Id. at A-22.

39/ Id. at A-20.

40/ Id.

41/ 19 U.S.C. § 1677(7)(B).

Brass siamese connections

Imports of brass siamese connections from Italy increased substantially during the entire period of investigation. 42/ Specifically, imports of siamese connections almost doubled from 1981 to 1982, and in 1983 imports more than doubled the import level of 1982. For the period of January–September 1984, imports rose by approximately 40 percent compared with the same period of 1983. 43/

Imports of siamese connections from Italy as a share of consumption also rose significantly over the entire period of the investigation. Specifically, the ratio was 25.2 percent in 1981, 49.5 percent in 1982, and 69.7 percent in 1983. The ratio of imports to apparent consumption rose from 68.8 percent for the period of January–September 1983 to 71.0 percent for the same period in 1984. 44/

The pricing information regarding imports of siamese connections indicate substantial margins of underselling during 1982 and 1983. 45/ Additionally, domestic prices were significantly depressed during January–September 1984. 46/

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42/ Report at A-32.

43/ Chairwoman Stern noted that of the seven like products under investigation, imports and import penetration grew in January–September 1984 only with respect to siamese connections and wedge disc hose gate valves. Imports of siamese connections grew rapidly over the entire course of the investigative period from 25 percent in 1981 to 71 percent in January–September 1984. The wedge disc hose gate valve import penetration, by contrast, was at its highest in 1981, falling irregularly from 64 percent (1981) to 52 percent (January–September 1984).

44/ Report at A-33.

45/ Id. at A-43.

46/ Chairwoman Stern notes that data on the record indicate that there were significant weighted average LTFV margins for the subject imports of siamese connections. These margins account in large part for the ability of the imports to undersell the domestic product, particularly during the most recent period. For no other like product considered in this investigation was there any evidence that LTFV sales played a measurable role in the success of the imports. In fact for most of the other products, there were no LTFV sales whatsoever.

We conclude that a domestic industry in the U.S. is materially injured by reason of imports of brass siamese connections from Italy which are being sold at LTFV.

Pressure-restricting valves

Imports of pressure-restricting valves from Italy tripled between 1981 and 1982 and almost doubled again between 1982 and 1983. 47/ For interim periods of January-September 1983 and 1984, the volume of imports of pressure-restricting valves remained steady. 48/ Conversely, domestic shipments of pressure-restricting valves declined significantly in 1981, 1982, and 1983. 49/ Although for the interim period of January-September 1984 domestic shipments of pressure-restricting valves slightly increased from the same period in 1983, domestic shipments were less than the 1981 level.

The ratio of imports from Italy to apparent consumption, in both units and value, increased dramatically during the period of investigation, except for the interim period of 1984. Specifically, the ratio in units was 12.8 percent for 1981, 35.3 percent for 1982, and 64.9 percent for 1983. 50/ For the interim period of 1983, the ratio was 65.1 percent and for the same period in 1984 the ratio was 51.0 percent.

Domestic producers' weighted average prices for 2-1/2 inch pressure-restricting valves decreased in 1984 by approximately 20 percent compared with prices in the first half of 1983. 51/ This reduction in domestic prices occurred in response to dramatic increases in the level of imports. 52/

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47/ Report at A-32.

48/ Id.

49/ Id. at A-22.

50/ Id. at A-34.

51/ Id. at A-38.

52/ Chairwoman Stern notes that the reduction in price of the domestic product did not commence until the fourth quarter of 1983, after--not while--the level of imports increased.

On the basis of the foregoing analysis, we determine that an industry in the United States is materially injured by reason of imports of brass pressure-restricting valves from Italy which are being sold at LTFV. 53/

No material injury or threat thereof by reason of brass couplings, nozzles, angle-type hose valves, wedge disc gate hose valves, and pressure-regulating valves

#### Couplings

Imports of couplings from Italy increased slightly between 1981 and 1982, but then fell in 1983 to well below 1981 levels. 54/ During the interim periods of 1983 and 1984, imports of couplings further declined.

During the time period that the volume of imports of couplings was decreasing, apparent consumption of brass couplings in both units and dollars was also decreasing. 55/ However, imports from Italy bore the brunt of the decline.

The ratio of imports from Italy to apparent consumption for brass couplings decreased from 1981 to 1983. Specifically, after rising from 60.1 percent in 1981 to 66.1 percent in 1982, import penetration dropped to 58.4 percent in 1983. The trend continued during the interim periods of 1983 and 1984. During January-September 1983, the ratio was 57.9 percent and then dropped significantly to 50.7 percent during the same period of 1984.

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53/ Chairwoman Stern dissents from the majority's conclusion. In January-September 1984, on a unit basis, there was a substantial decline in import penetration. During the prior years 1981 through 1983, LTFV sales made no measurable contribution to the success of the Italian imports. Margins of underselling by the imports in those years exceeded 30 percent in all quarters but one. By comparison, data on the record indicate that LTFV margins on this product were below the 1.28 percent weighted average found for all products in the investigation. LTFV imports are only unfair under title VII when they result in material injury or the threat thereof. Such a causal nexus has not been demonstrated for pressure-restricting valves.

54/ Report at A-32.

55/ Id. at A-33.

Although some domestic producers lowered prices in early 1984 and the weighted average of domestic producers' prices appears to have declined, it is noteworthy that domestic production, shipments, and capacity utilization were already rising in 1983, prior to these developments. These trends intensified in 1984. 56/

On the basis of the foregoing analysis, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of couplings from Italy.

#### Nozzles

Imports of brass fog/straight stream nozzles decreased irregularly between 1981 and 1983 and also decreased during the interim periods of 1983 and 1984 by almost 10 percent. Apparent consumption of nozzles decreased in 1982, but rebounded in 1983 and in interim 1984 compared with interim 1983.

While the volume of imports of nozzles decreased in interim 1984 compared with interim 1983, domestic producers' shipments, production, and capacity utilization substantially increased during the same period. Thus, the volume of imports decreased while apparent consumption increased and the domestic industry benefited.

This fact is further evidenced by the recent decrease in the import penetration ratio. The ratio of imports to apparent consumption in units was 55.5 percent in 1981 and 62.5 percent in 1983. A significant decrease was observed for the interim periods of January-September 1983 and 1984; the ratios of imports from Italy for these periods were 64.5 percent and 47.0 percent, respectively.

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56/ Id. at A-19-A-20 and A-22.

Though some domestic producers cut prices in late 1983 and the weighted average domestic producers' price apparently fell temporarily, prices recovered by the third quarter of 1984. 57/

On the basis of the foregoing analysis, we determine that an industry in the United States is not being materially injured or threatened with material injury by reason of imports of brass fog/straight stream nozzles from Italy.

Angle-type hose valves

Imports of brass angle-type hose valves significantly decreased over the entire period of the investigation in both units and dollars. 58/ Imports of angle-type hose valves declined by almost 25 percent between 1981 and 1983. A similar although less dramatic declining trend was observed between the interim periods of 1983 and 1984.

While imports of angle-type hose valves were decreasing, apparent consumption was also generally decreasing, except for the interim period of 1984. As a consequence, the ratio of imports to apparent consumption remained fairly stable during 1981-83, before decreasing substantially from 58.1 percent during interim 1983 to 39.0 percent in interim 1984. 59/

While imports substantially decreased between the interim periods of 1983 and 1984, domestic production and capacity utilization actually increased by approximately 70 percent and approximately 25 percentage points, respectively. In terms of prices, domestic producers' prices showed no particular trend. Prices rose in late 1982, but dipped back down in early 1984. Prices have again appreciated over 1984, and third-quarter 1984 prices

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57/ Id. at A-38.

58/ Id. at A-32.

59/ Id. at A-33.

are well above prices from third quarter 1982. Such trends evidence that the domestic industry is not materially injured or threatened with material injury by reason of imports of brass angle-type hose valves being sold at LTFV.

Wedge disc hose gate valves

Imports of wedge disc hose gate valves declined steadily between 1981 and 1983 in both units and dollars. Imports of wedge disc hose gate valves fell by about 20 percent between 1981 and 1982 and further declined in 1983 to less than half the 1982 level. Although during the interim period of 1984 imports increased from the level of interim period 1983, domestic producers' shipments increased also. 60/ Import penetration fell from a peak of 64.4 percent in 1981 to 52.2 percent in interim 1984. Moreover, U.S. producers' weighted average prices have increased substantially since late 1983. 61/ Thus, there is no evidence of price suppression in the domestic industry as a result of the imports.

On the basis of the foregoing analysis, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of brass wedge disc hose gate valves from Italy.

Pressure-regulating valves

Imports of pressure-regulating valves began in January-September 1984, at which time only a very small number of units entered the United States. The ratio of imports to apparent consumption amounted to only a small percent in both units and value. 62/ Further, evidence on record indicates a design flaw in the imported pressure-regulating valves, thus eliminating the market effect

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60/ Id. at A-22.

61/ Id. at A-38.

62/ Id. at A-34.

of these imports. 63/ Domestic prices in 1984 rose slightly over prices in 1983.

On the basis of the foregoing analysis, we determine that an industry in the United States is not being materially injured or threatened with material injury by reason of imports of brass pressure-regulating valves from Italy for use in fire protection systems.

In regard to threat of material injury, we have discussed the trends for the individual products above. We note that Giacomini is currently operating at almost full capacity. Moreover, Giacomini is committed to long term markets, other than the United States, and thus we find that it is unlikely that Giacomini will shift production to the United States. 64/

### Conclusion

We recognize that the effects from LTFV imports are not to be weighed against the effects associated with other factors, such as the volume and prices of other imports or changes in demand which may be contributing to overall injury to the domestic industry. 65/ We also note that the Commission may consider information that indicates injury is caused by factors other than LTFV imports. 66/ Further, the Commission's determination with respect to causation "is a matter for the judgment of the ITC." 67/ 68/ Based on the record developed in this investigation, we have not found that LTFV imports of wedge disc hose gate valves, angle-type hose valves, pressure-regulating valves, nozzles and couplings have significantly affected all the relevant

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63/ Respondent's Post Hearing Brief at 7.

64/ Transcript of the Hearing at 122-23.

65/ S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979).

66/ Id.

67/ Id.

68/ Commissioners' Lodwick and Rohr determinations are based on "traditional indicators" of industry health and the relationship of those indicators to the imports.

economic factors which have a bearing on the state of each of the domestic industries. 69/

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69/ Commissioners Lodwick and Rohr note that in determining whether a domestic industry is materially injured by reason of LTFV imports the Commission considers (1) the volume of imports, (2) the effect of the imports on the price of the like product, and (3) the impact of imports on domestic producers of the like product.

In this investigation, though the import penetration varies widely among the seven industries, in general the market positions of imports from Italy have been substantial throughout the 1981-84 period of investigation. Further, in late 1983 at least one of the major domestic producers broadly reduced prices on many of the like products in these industries in an effort to maintain or increase market share. Thus, in making their determinations they have paid particular attention to trends in import penetrations and domestic producer prices, and the interrelationship between them.

They find the following information particularly noteworthy in their affirmative determinations. (1) For siamese connections, import penetration has climbed steadily from 25 percent to over 70 percent, and prices have declined substantially in 1984. (2) For pressure-restricting valves, import penetration in interim 1984 is also much above the rate in 1981, and prices have declined substantially in 1984.

They find the following information telling in their negative determinations. (1) For couplings, import volumes and penetration rates were already falling below 1981 and 1982 levels in 1983, and though domestic producer prices were lowered in early 1984, the reductions merely accelerated these trends. (2) For nozzles, though import volumes fell during 1981-83, penetration rates rose modestly. However, in 1984 both the volume and penetration fell, and though prices were temporarily lowered, by the third quarter of 1984 prices had rebounded to just above year earlier levels. (3) For angle valves, import volumes have fallen continuously since 1981, though penetration rates were stable during 1981-83 before falling in 1984. Prices have shown no marked trend, rising in late 1982, falling in early 1984, and appreciating again during 1984. (4) For wedge disc hose gate valves, import volumes and penetration rates have generally fallen over the period of investigation, while prices have climbed since late 1983. (5) For pressure-regulating valves, imports entered only in 1984 and due to a design flaw had no market impact. Prices rose irregularly during 1984.

## ADDITIONAL VIEWS OF VICE CHAIRMAN LIEBELER

I join with the majority in its determination for the five industries where it found that there was no material injury or threat of material injury by reason of sales allegedly at less than fair value (LTFV). I cannot, however, agree with the Commission majority's affirmative determination with respect to brass siamese connectors and brass pressure restricting valves. I see no basis on which to distinguish these two industries from the other five. The majority appears to rely on an increase in the volume of imports for brass siamese connectors and pressure restricting valves. These increases, however, can be explained by their recent introduction by Giacomini into the United States market and their use in a number of different fire protection systems. <sup>1/</sup> In the rest of this opinion I provide some general considerations that apply to all seven industries.

Title VII directs the Commission to consider, among other factors, the volume of imports, their effect on price, and the impact on the domestic industry. <sup>2/</sup> The question cannot simply be whether the industry would be better off if the allegedly LTFV imports were excluded from the market, because the answer would always be in the affirmative.

There are compelling reasons to believe that in the instant investigation any injury to any of the seven domestic industries under consideration is not the result of sales allegedly at LTFV but because of other factors.

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<sup>1/</sup> Respondent's Post-Hearing Brief, at 2.

<sup>2/</sup> 19 U.S.C. 1673 (1982).

First, there have been major changes in building codes throughout the United States that have affected the demand for the brass components used in fire protection systems. Second, the demand for these brass components is derived from the demand for new buildings that are required to have these systems. Because of a slump in construction, the apparent consumption of brass components for use in fire protection systems has declined since 1981. Measured both by quantity <sup>3/</sup> and real value, <sup>4/</sup> imports of brass components for use in fire protection systems from Italy have also decreased from year to year since 1981.

Imports from Italy have such a large share of the domestic market for brass components not because they are allegedly being sold at LTFV, but because of the greater efficiency of Giacomini as compared to the domestic producers. Most foreign products are forged, rather than sand-cast like the domestic products, which reportedly makes the product stronger and allows the product to be manufactured using less material. <sup>5/</sup>

Four United States distributors appear to purchase both imported and domestically manufactured components, rather than purchasing only the domestic or foreign product. <sup>6/</sup> Whether they do so in order to ensure supply because Giacomini is operating at close to full capacity and cannot increase

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<sup>3/</sup> Report, A-15.

<sup>4/</sup> Report, Table XIV deflated by consumer price index.

<sup>5/</sup> Report, A-5.

<sup>6/</sup> Report, A-14.

sales, <sup>7/</sup> or because the foreign and domestic products are not perfect substitutes is unclear. All of these explanations suggest that the imported components, which are allegedly being sold at LTFV, are not the cause of injury to the domestic industry. This is borne out in the case of pressure restricting valves for which, from interim 1983 to interim 1984, the ratio of imports to apparent consumption fell from 65 percent to 51 percent at the same time a substantial price difference disappeared. <sup>8/</sup> That the drop was not larger suggests that imports have not been the cause of injury to the domestic industry.

Finally, based on the value of imports from Italy in 1983, which was \$2.14 million dollars, <sup>9/</sup> assuming a duty of 1.28 percent is applied the cost to Giacomini of selling the same products would increase by only about \$25,000. For the reasons already stated, this would not significantly affect the level of imports from Italy, domestic production, or apparent consumption. Thus, based on the nearly \$4 million in sales by the domestic industry in 1983, <sup>10/</sup> assuming U.S. producers increase their prices by 1.28 percent, the anti-dumping duty will allow them to increase revenues by only \$50,000.

For the reasons given above, as well as those given in the opinion, I determine that an industry in the United States is

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<sup>7/</sup> Transcript of the Hearing at 122.

<sup>8/</sup> Report, Tables XIV, XXII.

<sup>9/</sup> Report, Table XIV.

<sup>10/</sup> Report, Table XIV.

neither materially injured or threatened with material injury  
by reason of allegedly LTFV imports of brass components for  
fire protection systems from Italy.

## VIEWS OF COMMISSIONER ECKES

I determine that industries in the United States are materially injured by reason of imports of valves, nozzles, couplings, and connections of brass from Italy which are being sold at less than fair value (LTFV). In addition to analysis of my injury determination, I also have included in these views a discussion of procedural irregularities regarding this investigation.

The domestic industry

The term "industry" is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 1/ Section 771(10), in turn, defines a "like product" as one "which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 2/

Both the imported and the domestic products under this investigation consist of four principal types: valves, nozzles, couplings, and fire department inlet connections. 3/ All of the products are brass components suitable for use in interior fire protection systems, i.e., standpipe systems and/or sprinkler systems. 4/ Furthermore, the subject products from Italy are interchangeable with the domestic products and, therefore, can be, and are used in lieu of the domestic products. 5/

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1/ 19 U.S.C. § 1677(4)(A).

2/ 19 U.S.C. § 1677(4)(10).

3/ For a thorough description of the individual products subject to this investigation see the Commission's opinion in Certain Valves, Nozzles, Couplings and Connectors of Brass from Italy for Use in Fire Protection Systems, Inv. No. 731-TA-165 (Preliminary), USITC Pub. 1500 (1984).

4/ Report at A-3. For a more comprehensive description of the products and their uses, see, supra, at 4-6.

5/ Id. at A-5.

Like my colleagues, I find that there are seven like products. 6/ However, I note that the domestic producers of these products are unable to provide segregated profit-and-loss and employment data for each of these products. This is not surprising since the products subject to this investigation can be, and often are, all produced in the same plant, generally using similar types of equipment, 7/ and employees with similar skills. In the aggregate, the subject products are principally produced by three domestic producers (Badger-Powhatan, Elkhart, and John W. Moon, Inc.), each of which produces the entire range, or virtually the entire range, of products. 8/

Given the lack of essential segregated data, I find that I must assess the impact of imports upon the "narrowest group or range of products" for which such information is available, in accordance with section 771(4)(D) of the Tariff Act of 1930:

[I]f the domestic production of the like product has no separate identity in terms of such criteria [as production process or producer's profits], then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided. 9/

In this investigation, the narrowest range includes all seven products. Thus, despite the fact that these individual products have distinct characteristics and uses, I am compelled to assess the impact of the LTFV imports upon these products as a single industry.

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6/ Respondent did not address the issue of like product(s) and domestic industry during the course of this investigation.

7/ Nozzles and couplings are finished on different equipment from valves. Report at A-3.

8/ Id. at A-13. The subject products are sold individually or in combination with each other. Transcript of the hearing (Tr.) at 68. They may also be combined with other materials, such as fire hoses, and subsequently resold.

9/ 19 U.S.C. § 1677(4)(D).

Condition of the domestic industry

Although domestic production of brass valves, nozzles, couplings, and connections rose slightly from 1.20 million pounds in 1981 to 1.29 million pounds in 1982, there was a significant decline in 1983 to 872,600 pounds. Some improvement was shown in the interim period of January-September 1984 when domestic production rose to 929,100 pounds from 665,800 pounds for the same period in 1983. 10/

U.S. producers' domestic shipments increased slightly from \$5.8 million in 1981 to \$5.9 million in 1982, but then fell to \$3.9 million in 1983. Although data for the interim period January-September 1984 show an increase to \$3.9 million compared with \$3.0 million for the period January-September 1983, that level is still well below the 1981 and 1982 levels. 11/

Domestic capacity increased slightly during the period under investigation. 12/ However, capacity utilization decreased steeply between 1981 and 1983 from 50.7 percent in 1981, to 50.3 percent in 1982, to 33.8 percent in 1983. For the period January-September 1984, capacity utilization increased to 47.0 percent, still below 1981 and 1982 levels. 13/

Data on domestic employment and wages also verify my conclusion that this industry is materially injured. The number of production and related workers engaged in the production of brass valves, nozzles, couplings, and connections increased from 70 in 1981 to 78 in 1982, but then decreased to 70 again in 1983. The number of hours worked by these same employees rose in 1982 to 122,000 hours from 107,000 hours in 1981, but then dropped substantially to 92,000 hours in 1983. 14/

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10/ Report at A-19.

11/ Id. at A-22.

12/ Id. at A-20.

13/ Id.

14/ Id. at A-25-A-26, Table 10.

Aggregate profit-and-loss data for the subject like products also show declines. Aggregate net sales of the responding producers increased from \$4.8 million in 1981 to \$5.1 million in 1982, or by 6 percent, but then dropped by nearly 41 percent to \$3.0 million in 1983. During the interim period January-September 1984, net sales rose by 41 percent to \$2.0 million, compared with \$1.4 million for the corresponding period of 1983, but were still substantially below the net sales levels achieved in 1981 and 1982. 15/ Operating income declined from \$721,000, or 15.0 percent of sales in 1981 to \$249,000, or 8.2 percent of sales in 1983. Further, cost of goods sold, as a share of sales, increased from 66.9 percent in 1981 to 70.3 percent in 1983, lowering the gross profit margin by 3.4 percentage points during the same period. 16/

Material injury or threat thereof by reason of LTFV imports

In considering the issue of material injury, the Commission considers, among other factors, the volume of imports of the merchandise which is the subject of the investigation, the effect of imports of that merchandise on prices in the United States for the like product, and the impact of such merchandise on the domestic producers of the like product. 17/ Consideration of these factors indicates that the subject imports are a cause of material injury to the domestic industry.

The value of imports of these products from Italy remained significant during the entire period of investigation. 18/ Specifically, imports from

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15/ Id. at A-26-A-27, Table 11. Three producers accounted for the majority of sales.

16/ Id. at A-27.

17/ 19 U.S.C. § 1677(7)(B).

18/ Report at A-32.

Italy were valued at \$2.2 million in both 1981 and 1982 and \$2.1 million in 1983. For the interim periods of January–September 1983 and 1984, imports remained stable at \$1.6 million. 19/

The value of imports of these products from Italy as a share of consumption rose significantly over the entire period of the investigation. Specifically, in dollar value imports from Italy rose from 27.7 percent of domestic consumption in 1981 to 35.5 percent in 1983. 20/ Although the import penetration ratio declined in the interim period of January–September 1984 to 29.6 percent compared with 34.9 percent in the same period of 1983, it remained above 1981 and 1982 levels. 21/

The pricing information regarding imports indicate significant margins of underselling by the subject imports during 1982 and 1983. 22/ Additionally, the data collected demonstrate that domestic prices were significantly depressed during January–September 1984. For example, one of the major U.S. producers of these products decreased domestic prices to approximately the price level of competing imports from Italy from the last quarter of 1983 through 1984. 23/

On the basis of the foregoing analysis, I determine that the domestic industry is materially injured by reason of LTFV imports of valves, nozzles, couplings, and connections of brass from Italy.

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19/ Volume figures for imports are not available because units of different product categories cannot be totalled.

20/ Report at A-34.

21/ This investigation has been pending for over one year, since January 1984 when the petition was filed. Commerce made its preliminary affirmative determination in July 1984. Thus, import levels during 1984 are in all likelihood understated.

22/ Report at A-37. Most of the information available regarding prices and margins of underselling and overselling is confidential. Thus, this discussion is limited to general trends and non-confidential information.

23/ Tr. at 31.

### Procedural irregularities

Another matter requires discussion at this point, although it had no bearing on my own determination in this investigation. Nevertheless, it is an important matter, one involving the scope of the Commission's jurisdiction in title VII investigations, the essential fairness of our quasi-judicial procedures, and the administration of our trade laws.

In this investigation one of my Commission colleagues asked the Commission's investigative staff to calculate the LTFV margins on a product-by-product basis. This action occurred after the Department of Commerce (Commerce) determined in its official published notice that the overall weighted-average LTFV margin for the subject brass fire protection products from Italy is 1.28 percent. Commerce determined only the overall weighted-average margin, and did not calculate margins on a product-by-product basis.

There is a sound tradition within the International Trade Commission (ITC) that Commission staff provide whatever information a Commissioner requests. As a consequence, Commission staff cannot be faulted for complying with a Commissioner's request for LTFV margin information on a product-by-product basis. In fact, it appears that the same Commissioner may have requested similar information in the past. Whatever the precedent, the request in the present investigation was irregular and warrants general attention.

Some of the unusual aspects appear in an internal memorandum from the Acting Director, Office of Investigations, to the Commission (INV-I-029, dated Feb. 11, 1985, at p. 3) as follows:

Pursuant to a request from Chairwoman Stern, the Commission staff has calculated the margins on a product-by-product

basis. These margins were not provided by the Commerce Department; however, staff at Commerce have agreed that the methodology used by the Commission staff is the same as that which would have been used by Commerce if it had chosen to announce margins on a product-by-product basis. The calculations were made from Commerce's official computer printout on this investigation; the printout was obtained by the Commission staff from the attorney for the respondents, which had obtained the printout via a Freedom of Information Act request. (Emphasis added).

In a subsequent memorandum to the Commission from the Acting Director of Investigations (INV-I-031, dated Feb. 12, 1985), the staff quite correctly notes that "it is, of course, the responsibility of the Department of Commerce to calculate dumping margins and it has not done so in this investigation on a product-by-product basis." (Emphasis added).

This Commissioner believes that in computing LTFV margins the Commission has exceeded its statutory authority, ignored relevant Court opinions defining this authority, allocated improperly public resources, and employed irregular procedures jeopardizing the interests of parties to this proceeding.

Nothing in the statute or the legislative history authorizes the ITC to compute LTFV margins. Instead, in the Trade Agreements Act of 1979 Congress established a specific bifurcated procedure which directs Commerce to determine dumping margins and the ITC to make injury determinations. In writing the 1979 law and in amending it in 1984, Congress made specific references to the procedures Commerce must employ in its margin determinations. Nowhere in the statute or legislative history is there the slightest suggestion that Congress intended for the ITC to conduct its own margin investigations. Nor is there anything in the statute or legislative history that directs the Commission to go beyond the specific dumping margins provided by Commerce, under the guise of conducting a "thorough investigation."

The law does direct Commerce to make available to the Commission all information upon which its affirmative determination was based and which the Commission considers relevant to its injury determination. 19 U.S.C. § 1671d(c)(1)(A). This language, however, is not an invitation for the Commission to reanalyze the dumping margins and compute them on a product-by-product basis, if it chooses. Such an interpretation not only undercuts the carefully crafted bifurcated division of authority, but also invites two public agencies to duplicate efforts unnecessarily. In drafting the trade statutes, Congress has displayed appropriate concern that the administering agencies streamline procedures so as not to waste public resources. (For example, in the 1984 revisions Congress provided for consolidating hearings regarding the same product in simultaneous antidumping and countervailing duty investigations.)

Our reviewing court emphasized the statutory division of authority between the two administering agencies in the Sprague case. 488 F. Supp. 910 (Cust. Ct.), as modified on reh'g, 84 Cust. Ct. 260 (1980). An earlier version of the present law applied in that case, and in Sprague the administering authority was the Department of Treasury, not Commerce. Although Sprague was conducted under the Antidumping Act of 1921, the same relationship existed between the administering authority and the Commission as exists under the present law, title VII of the Tariff Act. In Sprague the reviewing court stated quite clearly that the "Commission has no authority to refine or modify the class or kind of merchandise found to be, or likely to be, sold at LTFV." In the present case, which admittedly does not concern the question of "class or kind of merchandise," the same logic must apply. The ITC has no authority to recalculate at will the margins published by the

administering authority in its notice of the final determination. Such action is clearly contrary to the recognition by the Court of the fundamental bifurcation of statutory functions which underlies the Sprague decision.

Let me emphasize that the Federal Register notice published by Commerce as required by section 735(d) does not contain any margins calculated on a product-by-product basis. The statute provides:

Publication of Notice of Determinations.--Whenever the administering authority or the Commission makes a determination under this section, it shall notify the petitioner, other parties to the investigation, and the other agency of its determination and of the facts and conclusions of law upon which the determination is based and it shall publish notice of its determination in the Federal Register. (Emphasis added). 19 U.S.C. § 1671d(d).

In light of this provision I am especially concerned about the irregular procedures employed in this recomputation of margins. Commerce did not provide product-by-product margins for reasons best known to that agency. Instead, at the direction of a Commissioner, the Commission staff proceeded to compute product-by-product margins based on a printout obtained from the attorney for respondents. To my knowledge, counsel for petitioner and other parties to the investigation had no opportunity to comment on this procedure or to evaluate the results of that analysis. Nor, to my knowledge is there any official comment from Commerce on the record of this investigation attesting to the validity of the methods used or the results reached.

Moreover, even if the Commission has the authority to compute margins, it did not comply with the requirement that it publish a notice in the Federal Register informing the petitioner, parties, and Commerce of "the facts and conclusions of law upon which the determination is based."

Consequently, I would submit that the additional calculations on a product-by-product basis and the use of such margins which are not set forth

in the required notice are clearly at odds with the statute and are of dubious standing as a matter of law. Surely such practice is contrary to the sound administration of this nation's trade laws in accordance with internationally-recognized principles of transparency and predictability.

Let me summarize. In my judgment the request that the Commission staff compute product-by-product margins involved irregular and unlawful procedures. It exceeded this agency's statutory authority and compromised the integrity of this investigation. It is the notice of Commerce's final margin determination which is controlling in title VII investigations. That is what Congress intended. I am fearful that the status afforded internal calculations may have affected my colleagues' determination in this investigation to the detriment of the petitioner and the sound administration of this nation's trade laws.

## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On January 23, 1984, a petition was filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) by counsel for Badger-Powhatan, a division of Figgie International, Inc., Charlottesville, VA, on behalf of the domestic industry producing brass interior fire protection products. The petition alleged that imports of brass interior fire protection products from Italy are being, or are likely to be, sold in the United States at less than fair value (LTFV). Accordingly, effective January 23, 1984, the Commission instituted investigation No. 731-TA-165 (Preliminary) under section 733(a) of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States was materially injured, or threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of imports from Italy of certain brass valves, couplings, nozzles, and connections for use in fire protection systems, provided for in items 657.35, 680.14, and 680.27 of the Tariff Schedules of the United States (TSUS).

On March 8, 1984, the Commission unanimously determined that there was a reasonable indication that industries in the United States were materially injured by reason of imports from Italy of fire hose couplings, fog/straight stream nozzles, angle-type hose valves, wedge disc hose gate valves, single and double clapper siamese fire department connections, and pressure restricting valves, all the foregoing of brass and for use in fire protection systems, provided for in items 657.35, 680.14, or 680.27 of the TSUS, which were allegedly being sold in the United States at LTFV. 1/ The Commission further determined that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of imports from Italy of pressure regulating valves of brass, provided for in item 680.27 of the TSUS, which were alleged to be sold in the United States at LTFV. 2/

On July 10, 1984, Commerce made a preliminary determination that certain valves, couplings, nozzles, and connections, of brass, from Italy, suitable for use in interior fire protection systems, are being, or are likely to be, sold in the United States at LTFV, as provided in section 733 of the Tariff Act of 1930, as amended (19 U.S.C. 1673b). 3/ As a result of Commerce's affirmative preliminary determination of LTFV sales, the Commission instituted investigation No. 731-TA-165 (Final), effective July 10, 1984, to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry is materially retarded, by reason of imports from Italy of the subject products. Notice of the institution of the investigation and of the public hearing to be held in connection therewith was given by posting copies of the notice at the

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1/ Certain Valves, Nozzles, and Connectors of Brass from Italy for Use in Fire Protection Systems: Determination of the Commission in Investigation No. 731-TA-165 (Preliminary). . . , USITC Publication 1500, March 1984. Also see the Federal Register of Mar. 14, 1984 (49 FR 9629).

2/ Commissioner Stern found no reasonable indication of material injury or threat thereof by reason of LTFV imports of pressure regulating valves from Italy.

3/ A copy of Commerce's preliminary determination is presented in app. A.

Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of July 25, 1984 (49 FR 30029). 1/

In response to a request from counsel for the respondent, Commerce postponed its final determination on August 30, 1984. Accordingly, the Commission also postponed its final determination on September 13, 1984. 2/

On November 30, 1984, Commerce made a final determination that certain valves, couplings, nozzles, and connections (fire protection products), of brass, from Italy, suitable for use in interior fire protection systems, are being sold, or are likely to be sold, in the United States at LTFV, within the meaning of section 731 of the Tariff Act of 1930. The overall weighted-average margin on all sales compared was 3.47 percent. 3/

On December 5, 1984, the Commission was advised by Commerce that a recalculation of the margins in the subject investigation indicated that the overall weighted-average margin was de minimis. As a result of further discussions between Commerce and the Commission, it became unclear whether Commerce would terminate its investigation. The Commission postponed indefinitely its public hearing on the investigation scheduled for December 7, 1984, expecting to terminate its investigation upon receipt of a Federal Register notice of a negative final antidumping finding. 4/ However, on January 4, 1985, Commerce notified the Commission that as a result of the correction of clerical errors, it was amending the final determination in the investigation to reduce the overall weighted-average margin from 3.47 percent to 1.28 percent. 5/ Commerce stated that for purposes of section 735(b)(2) of the Tariff Act of 1930, the letter of amendment of the final determination is to be considered the affirmative final determination of the administering authority. Commerce published its notice of amendment to its final determination in the Federal Register of January 9, 1985 (50 FR 1099). 6/ Accordingly, the Commission published a notice in the Federal Register of January 16, 1985 (50 FR 2354), rescheduling its public hearing on the investigation for January 23, 1985. 7/ The hearing was held on January 23, 1985. 8/

The briefing and vote on the subject investigation was held on February 12, 1985. The Commission must notify Commerce of its final determination within 45 days of January 4, 1985, or in this case by February 19, 1985.

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1/ A copy of the Commission's notice of institution of the final investigation is presented in app. B.

2/ The Commerce and Commission notices of postponement of final determinations are presented in app. C.

3/ A Copy of Commerce's notice of final determination is presented in app. D.

4/ A copy of the notice of the postponement of the Commission's hearing is presented in app. E.

5/ A copy of Commerce's letter to the Commission is presented in app. F.

6/ A copy of Commerce's notice of amendment to its final determination is published in app. G.

7/ A copy of the Commission's notice of rescheduling of a public hearing is presented in app. H.

8/ A list of the witnesses appearing at the public hearing is presented in app. I.

## The Products

Description and uses

There are four principal types of products subject to this investigation-- valves, nozzles, couplings, and fire department inlet connections. All the subject products are brass components suitable for use in interior fire protection systems, i.e., standpipe systems and/or sprinkler systems. These systems enable water to be delivered to various points outside and inside a building for fire suppression. Existing standpipe systems tend to be "dry" systems (i.e., systems which do not have water in them until it is necessary to introduce the water to suppress a fire) composed of "siamese" fire department connections on the outside of a building and a series of pipes leading to valves located in stairwells or valves located in hose boxes in the corridors. Most recently installed standpipe systems are "wet" (i.e., contain water in the systems at all times). Sprinkler systems utilize many of the same basic components utilized in standpipe systems; they include overhead sprinklers through which water is automatically sprayed in rooms in order to douse small fires. According to information submitted at the public conference in the preliminary investigation, the products subject to this investigation may be utilized in one or both types of systems, depending on the product. Some of the brass products may be used in other than interior fire protection systems, but in practice are used only in such systems.

The products subject to this investigation can be (and often are) all produced in the same plant, generally using similar types of equipment, 1/ and employees with similar skills; however, different molds and dies are used, depending on the end product.

Valves.--A valve is a flow-control device used to regulate the flow of fluid in piping systems. Flow control is attained by moving a wedge or other flow-controlling element within the valve assembly to either open, close, or partially obstruct the passageway. Valves are made from an assortment of materials, but valves suitable for use in interior fire protection systems are made of brass or bronze because of the resistance to corrosion of these materials.

There are four distinct types of valves subject to this investigation: wedge disc hose gate valves, angle-type hose valves, pressure-restricting valves, and pressure-regulating valves; all are made of brass and are used in interior fire protection systems. All of these valves are offered in two sizes (1-1/2 or 2-1/2 inches), depending upon the "class" of end use, 2/

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1/ Nozzles and couplings are finished on different equipment from valves.

2/ There are three classes of equipment used in fire protection systems. Class I is equipment with 2-1/2-inch threading, used by fire department personnel. The standard size of threading enables the firemen to connect their municipal equipment (equipment brought to the fire by fire department vehicles) to various inlets or outlets inside or outside a building. Class II is equipment with 1-1/2-inch threading used solely by nonprofessionals in interior standpipe systems. Class III is equipment with 2-1/2-inch threading that is coupled with a 1-1/2-inch adaptor used by either fire department personnel (in which case they remove the 1-1/2-inch adaptor and connect to the 2-1/2-inch threaded equipment) or by nonprofessionals who require the more manageable 1-1/2-inch equipment (hose and nozzle).

except for wedge disc hose gate valves, which are only 2-1/2 inches in diameter. Wedge disc hose gate valves contain a wedge-shaped disc which can be lowered onto a seat to seal off the flow or raised into an external recess to open the flow; these valves are used in dry standpipe systems. Angle-type hose valves are gate valves 1-1/2 or 2-1/2 inches in diameter that function in a manner similar to the wedge disc hose gate valve described above; 2-1/2-inch angle-type hose valves can be used in either standpipe or sprinkler systems but 1-1/2-inch angle-type hose valves are used only in standpipe systems. The essential difference between angle-type hose valves and the wedge disc hose gate valves is that the valve seats of the angle-type hose valves are flat rather than wedge-shaped. Pressure-restricting valves are either 1-1/2 or 2-1/2 inches in diameter and are installed at the interior hose outlets of a standpipe or a combined system. These valves are used to restrict the pressure level in the piping system so that the nozzle can be managed by people untrained in the controlling of heavy streams of water. Lastly, pressure-regulating valves are either 1-1/2 or 2-1/2 inches in diameter and are used to reduce automatically an inlet pressure of up to 300 pounds per square inch (psi) to a predetermined outlet working pressure of 20 psi or more. These valves are used in standpipe, sprinkler, and combined systems.

Nozzles.--A nozzle is a projecting opening that directs the flow of fluid into an open space. The fog/straight stream nozzle is adjustable, enabling it to emit a fog spray or a straight stream of water or to shutoff the flow completely. The waterfog spray absorbs toxic gases of a fire and helps to clear away smoke; thus, the use of this type of nozzle is widespread in fighting smoky interior fires. Fog/straight stream nozzles are used in standpipe systems or in combined standpipe/sprinkler systems. These nozzles are generally made of brass; however, an importer/distributor has stated that approximately \* \* \* sales of nozzles for interior fire protection systems consist of plastic nozzles. 1/ Plastic nozzles are especially prevalent in the replacement market for such nozzles. 2/

Couplings.--Couplings are components used to connect two products or segments together. The couplings subject to this investigation are used to connect fire hoses and may be either of the male or female type. The couplings' sizes are either 1-1/2 or 2-1/2 inches in diameter, corresponding to the diameter of the hose segments. These couplings are only used in conjunction with standpipe systems. Such couplings are generally composed of brass, although aluminum couplings are sometimes used.

Fire department inlet connections (siamese connections).--These connections are inlet valves, located on the exterior of buildings, to which fire department personnel connect their hose or hoses in order to maintain or boost the water pressure into a building's standpipe and/or sprinkler system by way of pumps on the fire trucks. All inlet valves are identified with lettering indicating their function, i.e., "standpipe," "auto-sprinkler," or "auto-sprinkler & standpipe."

Each individual inlet on the connection must handle a flow of 250 gallons per minute. The size of the standpipe is governed by the height of the

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1/ Telephone conversation with \* \* \*.

2/ Telephone conversation with \* \* \*.

building. If the standpipe does not exceed 100 feet, it should have an inlet connection with a 4-inch outlet. Standpipes exceeding 100 feet must have an inlet connection with a 6-inch outlet.

Water is pumped into a building's system through two (thus the name siamese) 2-1/2-inch hose connection inlets. Each connection houses one or two check valves, or "clappers," which permit the flow of water in one direction. A double clapper connection, which contains one clapper for each of the two inlets, permits one-hose operation. The clapper of the unused inlet remains closed and prevents the water from escaping. The siamese connections are generally composed of brass, sometimes with a chrome polish. However, at least one firm has produced such connections of ductile iron, and one firm currently produces aluminum siamese connections.

Domestic and imported products.--The subject products imported from Italy can be, and are, used in lieu of the domestic products. Most, if not all, of the imported and domestic brass products, other than the couplings, are approved for use in fire protection systems by Underwriters Laboratory (UL) and/or by Factory Mutual Research (FM), which are nonprofit industry testing and research organizations. 1/

The Italian products allegedly are concentrated in the standard product lines, i.e., in the National Standard Thread (NST) lines. 2/ The NST is a nationally known standard thread line for the subject products. The petitioner claims that approximately 70 percent of the thread sizes in the United States are NST and that the Italian products have taken most of the NST market.

Some or most of the subject products entering from Italy may be forged rather than sand-cast like the domestic products. 3/ Forging reportedly makes the product stronger and enables the product to be manufactured using less material, thus weighing less than a similar sand-cast product. 4/ The Italian forged products tend to weigh less than their domestically produced counterparts. The Italian brass products have a lower proportion of copper and a higher proportion of zinc than most, if not all, of the domestic

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1/ Couplings do not need approval/certification by UL as long as all the other components in the systems in which they are used have been approved.

2/ Transcript of the public hearing, p. 17.

3/ The petitioner stated that only the Italian fire hose couplings and wedge disc hose gate valves are forged (transcript of the hearing, p. 49). A consultant obtained by the petitioner indicated that none of the subject Italian products examined (a 2-1/2-inch angle-type hose valve, a 2-1/2-inch wedge disc hose gate valve, and a 2-1/2-inch pressure-restricting valve) were forged (affidavit of Dr. Kenneth Knott in exhibit 1 of the petitioner's posthearing brief). On the other hand, attorneys for the respondent have provided statements that some or most of the Italian products are forged (telegram of Richard Childress and statement of David Mueller in app. 4 of the respondent's posthearing brief).

4/ Domestic production of the forged products is not necessarily profitable given the substantial amount of capital outlays necessary to convert to the forging process. The relatively small market for the subject products means that the conversion to forging is not cost-effective.

products. 1/ The typical Italian product comprises 58 percent copper, 40 percent zinc, and 2 percent lead; and the domestic product is between 81 and 85 percent copper with the remainder consisting of zinc, lead, and tin.

The Italian products examined by the Commission staff are not marked "Made in Italy." A number of purchasers have indicated that they do not know whether the products they buy are produced in the United States or in Italy.

U.S. tariff treatment

The various products covered in this investigation--fire hose couplings, fog/straight stream nozzles, wedge disc hose gate valves, angle-type hose valves, siamese connections, pressure-restricting valves, and pressure-regulating valves, all made of brass--are classified under items 657.35, 680.14, and 680.27 of the Tariff Schedules of the United States (TSUS). 2/ The following tabulation shows the current rates of duty which apply to imports of these articles from those countries (including Italy) receiving most-favored-nation (MFN) column 1 treatment (in percent ad valorem): 3/

TSUS item No. <u>1/</u>	Description	Present rate of duty <u>1/</u>
657.35	Couplings-----	5.7%
680.14	Fog/straight stream nozzles, wedge disc hose gate valves, angle-type hose valves, pressure-restricting valves, and siamese connections-----	6.5%
680.27	Pressure-regulating valves-----	4.0%

1/ Effective Jan. 1, 1985.

1/ Representatives of \* \* \* and \* \* \* expressed reservations about the Italian products' ability to resist corrosion due to the high zinc content in the Italian products. However, UL and FM approval of these products is based on testing and performance standards which incorporate considerations of durability. Neither organization has found it necessary to establish or specify the relative ratios of metal in alloys for these products.

2/ There is evidence that some brass fog/straight stream nozzles and pressure-regulating valves have been misclassified, according to \* \* \*.

3/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

Virtually all, if not all, U.S. imports of the types of articles covered by this investigation are from Italy and are dutiable at the column 1 rates of duty.

#### Nature and Extent of Sales at LTFV

On January 9, 1985, Commerce published its amended final determination in the Federal Register that certain valves, couplings, nozzles, and connections, all of brass and imported from Italy, suitable for use in interior fire protection systems, were being, or were likely to be, sold in the United States at LTFV. The overall weighted-average margin reported by Commerce was 1.28 percent. Commerce's determination was based on a comparison of the United States price and third-country (Canadian) prices of sales during August 1, 1983, through January 31, 1984, by Rubinetterie A. Giacomini, S.p.A. (Giacomini), the only known Italian exporter of the subject products to the United States. For pressure control valves, Commerce used constructed value for its basis of comparison.

Commerce has directed the U.S. Customs Service to suspend liquidation of all entries of the merchandise subject to this investigation until further notice. The suspension of liquidation applies to all the subject merchandise entered, or withdrawn from warehouse, for consumption, on or after July 10, 1984. The U.S. Customs Service is currently requiring a cash deposit or the posting of a bond equal to the estimated weighted-average margin amount (1.28 percent) by which the foreign market value of the merchandise subject to the investigation exceeds the United States price.

#### The Domestic Market

##### Apparent U.S. consumption

Data on the apparent U.S. consumption of the individual subject products, in units, during 1981-83 are shown in table 1. Apparent consumption of brass fire hose couplings decreased in both 1982 and 1983, and in January-September 1984 compared with consumption in the corresponding period of 1983. Consumption of brass angle-type hose valves and brass wedge disc hose gate valves decreased in both 1982 and 1983, but increased in January-September 1984 compared with consumption in the corresponding period in 1983. Apparent consumption of brass siamese connections and brass fog/straight stream nozzles decreased in 1982 and increased in 1983 and January-September 1984. Apparent consumption of brass pressure-restricting valves and brass pressure-regulating valves increased in 1982, decreased in 1983, and increased in January-September 1984.

A grand total of apparent consumption of the subject products in terms of units is not feasible, given the different types of products involved.

Table 1.--Brass components for fire protection systems: U.S. producers' domestic shipments, U.S. imports, and apparent consumption, 1981-83, January-September 1983, and January-September 1984

Item and period	U.S. producers' domestic shipments	U.S imports			Apparent consumption: 1/	Ratio of imports from Italy to--	
		From Italy	From all other countries:	Total		Domestic shipments	Apparent consumption
					1,000 units	Percent	
<b>Brass fire hose couplings:</b>							
1981-----	***	***	***	***	***	150.9	60.1
1982-----	***	***	***	***	***	194.6	66.1
1983-----	***	***	***	***	***	140.2	58.4
January-September--							
1983-----	***	***	***	***	***	137.3	57.9
1984-----	***	***	***	***	***	102.8	50.7
<b>Brass fog/straight stream nozzles:</b>							
1981-----	***	***	***	***	***	124.7	55.5
1982-----	***	***	***	***	***	133.3	57.1
1983-----	***	***	***	***	***	167.0	62.5
January-September--							
1983-----	***	***	***	***	***	181.3	64.5
1984-----	***	***	***	***	***	88.7	47.0
<b>Brass angle-type hose valves:</b>							
1981-----	***	***	***	***	***	125.2	55.6
1982-----	***	***	***	***	***	112.2	52.9
1983-----	***	***	***	***	***	136.0	57.6
January-September--							
1983-----	***	***	***	***	***	138.8	58.1
1984-----	***	***	***	***	***	63.9	39.0
<b>Brass wedge disc hose gate valves:</b>							
1981-----	***	***	***	***	***	181.0	64.4
1982-----	***	***	***	***	***	109.3	52.2
1983-----	***	***	***	***	***	61.9	38.2
January-September--							
1983-----	***	***	***	***	***	71.9	41.8
1984-----	***	***	***	***	***	109.1	52.2
<b>Brass siamese fire department connections:</b>							
1981-----	***	***	***	***	***	33.8	25.2
1982-----	***	***	***	***	***	97.8	49.5
1983-----	***	***	***	***	***	230.0	69.7
January-September--							
1983-----	***	***	***	***	***	220.5	68.8
1984-----	***	***	***	***	***	244.9	71.0

See footnotes at end of table.

Table 1.--Brass components for fire protection systems: U.S. producers' domestic shipments, U.S. imports, and apparent consumption, 1981-83, January-September 1983, and January-September 1984--Continued

Item and period	U.S. producers' domestic shipments		U.S. imports			Ratio of imports from Italy to--	
	From Italy	From other countries	From all other countries	Apparent consumption	Domestic shipments	Apparent consumption	Percent
Brass pressure-restricting valves:							
1981	***	***	***	***	14.7	12.8	
1982	***	***	***	***	54.7	35.3	
1983	***	***	***	***	184.6	64.9	
January-September--							
1983	***	***	***	***	186.2	65.1	
1984	***	***	***	***	104.0	51.0	
Brass pressure-regulating valves:							
1981	***	0	***	***	-	-	
1982	***	0	***	***	-	-	
1983	***	0	***	***	-	-	
January-September--							
1983	***	0	***	***	-	-	
1984	***	***	***	***	***	***	

1/ Consists of U.S. producers' domestic shipments plus U.S. imports. U.S. importers' shipments were not used in determining apparent consumption because only 2 of the 4 importer/distributors provided their shipment data in response to Commission questionnaires.

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

Accordingly, total data are presented in terms of pounds and value (table 2). Apparent consumption of the subject products increased from 2.03 million pounds in 1981 to 2.07 million pounds in 1982, or by 1.6 percent. Consumption declined in 1983 to 1.68 million pounds, or by 18.7 percent. Consumption during January-September 1984 was 1.48 million pounds, representing an increase of 16.9 percent over that in the corresponding period of 1983. In terms of value, apparent consumption increased from \$8.0 million in 1981 to \$8.1 million in 1982, or by 1.8 percent. Apparent consumption declined to \$6.0 million of 1983, or by 25.7 percent, but increased by 20.1 percent during January-September 1984, compared with that in the corresponding period of 1983.

### U.S. producers

The nine firms known to have produced one or more of the subject products of brass 1/ in the United States during 1983 and the percentage distribution of total production in 1983 of the subject products, based on pounds, are shown in the following tabulation: 2/

<u>Producer</u>	<u>Share of production (percent)</u>
Akron Brass Co. (Wooster, OH)-----	***
Badger-Powhatan, a division of Figgie International, Inc. (Ranson, WV)-----	***
De Sanno Foundry & Machine Co. (Oakland, CA)-----	***
Elkhart Brass Manufacturing Co. (Elkhart, IN)-----	***
Jenkins Bros. (Bridgeport, CT)-----	***
John W. Moon, Inc. (Philadelphia, PA)-----	***
NIBCO, Inc. (Elkhart, IN)-----	***
United Brass Works (Randleman, NC) and-----	***
Wilkins Regulator Co., a division of Zurn Industries (Paso Robles, CA)-----	***
Total-----	100.0

In addition to the producers listed, two U.S. producers ceased operations during the January 1981-September 1984 period under investigation: (1) Seco Manufacturing Co. (Wauseon, OH), which ceased production and went out of business (in part because of alleged competition from Italian valves) 3/ on August 31, 1983, and (2) the W.D. Allen Co., which was purchased by John W.

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1/ There are also some producers of aluminum couplings, plastic nozzles, and iron and aluminum siamese connections; some of these products may compete with the subject brass products.

2/ \* \* \*

3/ According to a Feb. 2, 1984, telephone conversation with \* \* \* and a letter submitted to the Commission by the former owner of Seco, this company exited the market. Seco's trade data for the period under investigation have not been provided to the Commission staff.

Table 2.--Brass components for fire protection systems: U.S. producers' domestic shipments, U.S. imports, and apparent consumption, 1981-83, January-September 1983, and January-September 1984

Item and period	U.S. producers' domestic shipments	U.S. imports from Italy	Apparent consumption <sup>1/</sup>	Ratio (percent) of imports from Italy to consumption
Quantity (1,000 pounds)				
The subject products:				
1981-----	1,141.4	893.4	2,034.8	43.9
1982-----	1,178.2	889.1	2,067.3	43.0
1983-----	810.3	870.6	1,680.9	51.8
Jan.-Sept.--				
1983-----	617.6	646.8	1,264.4	51.2
1984-----	864.3	613.8	1,478.1	41.5
Value (1,000 dollars)				
The subject products:				
1981-----	5,757	2,203	7,960	27.7
1982-----	5,901	2,206	8,107	27.2
1983-----	3,883	2,141	6,024	35.5
Jan.-Sept.--				
1983-----	3,004	1,613	4,617	34.9
1984-----	3,903	1,640	5,543	29.6

<sup>1/</sup> Consists of U.S. producers' domestic shipments plus U.S. imports from Italy. Imports from countries other than Italy are negligible. Also, U.S. importers' shipments were not used in determining apparent consumption because only 2 of the 4 importer/distributors provided their shipment data in response to Commission questionnaires.

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

Note.--Only 1 importer did not provide import data in pounds. This importer's imports in pounds were estimated by applying the other 3 importers' value per-pound ratio to the value of imports of that importer.

Moon, Inc., in 1981. 1/2/ \* \* \* recently commenced production of brass fire hose couplings. \* \* \*.

The petitioner, Badger-Powhatan, a division of Figgie International, Inc., has produced brass components for interior fire protection systems for over 90 years in Ranson, WV. The Ranson facility consists of a foundry and finishing operations for brass components for interior fire protection systems and for parts for fire extinguishers.

Elkhart Brass Manufacturing Co. (Elkhart) has been producing a full line of the subject products at its facility in Elkhart, IN, for over 50 years. 3/ The only subject product category not produced by Elkhart is wedge disc hose gate valves, for which production was discontinued about 20 years ago.

John W. Moon, Inc. (Moon), has been producing brass fire department connections since 1953 at its facility in Philadelphia. 4/ In 1976, it purchased the interior fire protection facilities of Fyr-Fyter, and \* \* \* in Philadelphia. Moon \* \* \* after purchasing the W.D. Allen Co. in 1981. This firm (W.D. Allen) had produced the subject products for 115 years.

The other producers either produce only in limited product lines, or are relatively small-scale producers. Akron Brass, a division of Premier Industrial Corp., produces fog/straight stream nozzles and angle-type hose valves. De Sanno, since 1982 a wholly owned subsidiary of Service Brass Aluminum Foundry Co., Inc., Oakland, CA, has produced some of the subject products since 1909. Its current production facility and separate foundry were located in Oakland, CA, until May 1982, when the entire production operation was moved to an Indian reservation in Chandler, AZ. NIBCO, Inc., produces angle-type hose valves and wedge disc hose gate valves. United Brass Works began production of brass angle-type hose valves \* \* \* and iron siamese connections \* \* \*. 5/ Wilkins Regulator Co., a division of Zurn Industries, \* \* \* pressure-regulating valves.

The subject products produced by each firm in 1983 are shown in table 3. The largest current producers of the subject products are Badger-Powhatan, Elkhart, and Moon. Each of these companies produces a full line, or nearly a full line, of brass products for interior fire protection systems and is considered by those in the trade to be an important factor in the market. During 1981-83, \* \* \*.

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1/ The current president of John W. Moon, Inc., stated in a Feb. 6, 1984, telephone conversation that \* \* \*.

2/ \* \* \* ceased production of siamese connections in the late 1970's \* \* \*. \* \* \*.

3/ A letter from Elkhart in support of the subject investigation is presented in app. J. The subject products account for approximately \* \* \* percent of Elkhart's overall operations.

4/ A letter from Moon in support of the subject investigation is presented in app. K. However, it was necessary for the Commission to subpoena Moon in order to obtain an adequate response to the Commission's questionnaire.

5/ A spokesman for United said that \* \* \*.

Table 3.--Brass components for fire protection systems: U.S. producers' plant locations, and amounts produced of each of the subject products, 1983

Producer	Plant location	1983 production									
		Fire hose couplings	Fog straight/stream nozzles	Angle-type hose valves	Wedge disc hose gate valves	Siamese fire department connections	Pressure-restricting valves	Pressure-regulating valves			
Akron Brass Co	Wooster, OH	1/	***	***	1/	1/	1/	1/			
Badger-Powhatan	Ranson, WV		***	***		***		***			***
De Sanno Foundry & Machine Co	Oakland, CA 2/	3/	***	***	1/	***	1/	1/			1/
Elkhart Brass Manufacturing Co	Elkhart, IN		***	***	1/	***	1/	***			***
Jenkins Bros	Bridgeport, CT	1/	1/	1/		***	1/	1/			1/
John W. Moon, Inc	Philadelphia, PA		***	***		***		***			1/
NIBCO, Inc	Nacogdoches, TX	1/	1/	***		***	1/	1/			1/
United Brass Works	Randleman, NC	1/	1/	***		***	1/	1/			1/
Wilkins Regulator (Zurn)	Paso Robles, CA	1/	1/	1/		***	1/	1/			1/

1/ Did not produce this product in 1983.  
 2/ De Sanno moved its production facilities to Chandler, AZ, in May 1984.  
 3/ \* \* \*

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

Companies producing similar products of other than brass include the United Fire Safety Co., Lancaster, NY, which produces plastic fog/straight stream nozzles, and Grinnell Fire Protection Systems Co., Cleveland, NC, which produces aluminum siamese connections.

#### U.S. importers

The four known U.S. importers of the subject products from Italy and each importer's share of the value of imports from Italy in 1983 are shown in the following tabulation:

<u>Importer</u>	<u>Share (percent)</u>
Fire End and Croker Corp. (Elmsford, NY)-----	***
Guardian Fire Equipment, Inc. (Miami, FL)-----	***
Halprin Supply Co. (Los Angeles, CA)-----	***
Potter-Roemer, Inc. (Cerritos, CA)-----	***
Total-----	100.0

Each of the four importers is more properly termed an importer/distributor, since each buys and sells not only the subject products from Italy, but also the competing domestic products. \* \* \*.

The four importer/distributors together are believed to account for all of the subject products imported from Italy. In 1983, they also purchased \* \* \* percent of the domestic producers' domestic shipments of the subject brass products. Imports of the subject products constitute all or nearly all of each of the companies' import business.

#### Channels of distribution

The U.S. distribution channel for brass valves, nozzles, and connectors used in fire protection systems is composed of two major types of distributors--"primary" and "master"--and one minor group, plumbing job shops, which are frequently cited as a type of distributor. There are 4 primary distributors, approximately 100 master distributors, and approximately 2,000 plumbing job shops in the United States involved in the distribution of the products subject to this investigation.

In the first level of distribution, primary distributors (i.e., the four importer/distributors discussed previously) handle the distribution of the various products at a national level. In the second level of distribution, master distributors handle the distribution at a regional level. These distributors exist because of varying regional building codes and function as warehousing facilities for the particular types of products required by local ordinances. Distributors may combine the subject products, domestic or imported, with other materials such as hoses, and resell these combinations as fire protection systems. The smallest distributing group consists of so-called plumbing job shops; they operate at a regional market level close to the end user. However, plumbing job shops account for a very small portion of

the distribution activity (both in terms of units and value), principally offering specialized products.

The ultimate users of the subject products are construction companies that are erecting a building where a local building code requires the installation of an interior fire protection system.

Badger-Powhatan's products are distributed \* \* \* through the distribution system described above, but other major producers, such as Elkhart and Moon, generally sell their output via manufacturer's representatives or other distributors. However, imported products are always initially sold through the four importer/distributors.

#### The Italian Industry

Only one Italian company (Rubinetterie A. Giacomini, S.p.A.), is known to produce and export the subject products to the United States. A second Italian company (Bocciolone Aldo, S.p.A.), is believed to produce similar fire protection products to those of Giacomini, but does not produce for the U.S. market. There are five other leading producers of fire protection equipment in Italy 1/ (Caccialanza & C., S.p.A.; Silvani Antincendi, S.p.A.; Ciodue, S.p.A.; F.A.S., S.p.A.; and Antonicelli, S.p.A.); these companies reportedly design, engineer, or produce fire protection systems and equipment such as extinguishers, equipped trucks and carriages, automatic sprinkler systems, and the like, but apparently not specifically the U.S.-market products subject to this investigation. In addition to the costs involved in modifying production operations and product designs for the U.S. market, it would be necessary for new entrants to obtain UL or FM certification. There is no indication that any Italian manufacturer other than Giacomini intends to produce the subject products for the U.S. market.

Giacomini is a family-owned and family-managed company, founded in 1951, which is located in San Maurizio d'Opaglio, in the northwestern section of Italy. Giacomini produces fire protection products and various plumbing components such as faucets, valves, and the like. Giacomini stated at the public conference in this investigation that "the fire protection market in the United States represents only about seven to eight percent of our total sales of all products to all markets." 2/ Giacomini's fire protection production is reportedly focused on five basic product categories: nozzles, hydrant valves, truck coupling assemblies, hose boxes, and pressure-reducing valves. 3/ Giacomini also produces couplings and connections. 4/ The company's production machinery is modern and multipurpose. 5/

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1/ Based on the market research study, provided by the petitioner, on interior fire protection products in Italy, p. 10. The petitioner has not revealed the author or source of this study.

2/ Transcript of the conference, p. 79.

3/ Market research study, p. 4.

4/ Ibid.

5/ Ibid., p. 7.

The North American market is by far the principal market for the subject fire protection products produced by Giacomini. 1/ The U.S. market is reportedly lucrative and profitable for Giacomini, owing to the demand for the subject products in the United States and to the appreciation of the U.S. dollar relative to the Italian lira (constant prices and sales in dollars have resulted in increased prices and revenues in lire). 2/ Giacomini began exporting to the United States in 1976.

Information provided by counsel for Giacomini on its production, exports to the United States, and exports to Canada of the subject products during the period under investigation are shown in table 4.

Counsel for Giacomini provided the following statement on Giacomini's capacity to produce the subject products: 3/

\* \* \* \* \*

However, on the basis of Giacomini's generally decreased exports of these products to the United States, in terms of quantity, in 1982, 1983, and January-September 1984, Giacomini may have some excess capacity for the subject products and may be able to increase its exports somewhat.

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1/ It is the understanding of \* \* \*, that Giacomini does sell and distribute in the Italian market the same type of valve exported to the United States. \* \* \*, he also stated that in contrast with other European nations with varying product standards, the Italian market has similar characteristics with the U.S. market for fire protection products. Larry Klayman, counsel for Giacomini, stated in a Sept. 4, 1984, telephone conversation that Giacomini's products sold in the United States are different from Giacomini's products sold in Italy.

2/ Market research study, p. 35 bis.

3/ From the confidential attachment to Giacomini's posthearing brief.

Table 4.--Brass components for fire protection systems: Giacomini's production, exports to the United States, and exports to Canada, 1981-83, January-September 1983, and January-September 1984

(In thousands of units)

Item	1981	1982	1983	Jan.-Sept.--	
				1983	1984
Fire hose couplings:					
Production-----	***	***	***	***	***
Exports to the United States---	***	***	***	***	***
Exports to Canada-----	***	***	***	***	***
Fog/straight stream nozzles:					
Production-----	***	***	***	***	***
Exports to the United States---	***	***	***	***	***
Exports to Canada-----	***	***	***	***	***
Angle-type hose valves:					
Production-----	***	***	***	***	***
Exports to the United States---	***	***	***	***	***
Exports to Canada-----	***	***	***	***	***
Wedge disc hose gate valves:					
Production-----	***	***	***	***	***
Exports to the United States---	***	***	***	***	***
Exports to Canada-----	***	***	***	***	***
Siamese connections:					
Production-----	***	***	***	***	***
Exports to the United States---	***	***	***	***	***
Exports to Canada-----	***	***	***	***	***
Pressure-restricting valves:					
Production-----	***	***	***	***	***
Exports to the United States---	***	***	***	***	***
Exports to Canada-----	***	***	***	***	***
Pressure-regulating valves:					
Production-----	***	***	***	***	***
Exports to the United States---	***	***	***	***	***
Exports to Canada-----	***	***	***	***	***

1/ No exports to Canada in this period.

2/ Less than 50 units.

3/ No known production or exports.

Source: Confidential posthearing submission of counsel for Giacomini.

Giacomini sells its fire protection products to the U.S. market through the four importer/distributors discussed in the section of this report entitled "U.S. importers." The importer/distributors reportedly buy an inventory of fire protection products from Giacomini and then resell on the U.S. market from their stock; the price markups may vary among the companies. 1/ \* \* \*, said that Giacomini has \* \* \* for its products at this time. He said that \* \* \*.

#### Consideration of Alleged Material Injury to an Industry in the United States

The information in this section of the report has been compiled from responses to questionnaires of the U.S. International Trade Commission. The Commission sent questionnaires to each of the four current producers cited in the petition, to two former producers, and to 46 other companies which were believed to possibly produce one or more of the subject products. Information was requested on each of seven specific product categories. Completed questionnaire responses were received from all the major producers and nearly all other known producers. Most of the companies to which questionnaires were sent indicated that they did not produce any of the subject products. 2/ An estimated 90 percent of U.S. production of the subject brass products is covered by the information presented in this section of the report.

#### U.S. production

Total U.S. production of the subject brass products increased from 1.20 million pounds in 1981 to 1.29 million pounds in 1982, or by 7.5 percent, and then decreased to 872,600 pounds in 1983, or by 32.5 percent, as shown in table 5. Production during January-September 1984 totaled 929,100 pounds, representing an increase of 39.5 percent compared with the 665,800 pounds produced in the corresponding period of 1983. Between 1981 and 1983, six of the seven product categories experienced production declines in terms of both units and pounds. Only \* \* \* between 1981 and 1983. During January-September 1984, all of the product categories except \* \* \* experienced an increase in production, compared with that in the corresponding period of 1983.

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1/ Market research study, p. 34.

2/ It was necessary to subpoena Moon in order to obtain an adequate response to the Commission's questionnaire.

Table 5.--Brass components for fire protection systems: U.S. production, 1981-83, January-September 1983, and January-September 1984

Item	1981	1982	1983	Jan.-Sept.--	
				1983	1984
Fire hose couplings:					
Quantity-----1,000 units--:	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***
Fog/straight stream nozzles:					
Quantity-----1,000 units--:	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***
Angle-type hose valves:					
Quantity-----1,000 units--:	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***
Wedge disc hose gate valves:					
Quantity-----1,000 units--:	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***
Siamese connections:					
Quantity-----1,000 units--:	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***
Pressure-restricting valves:					
Quantity-----1,000 units--:	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***
Pressure-regulating valves:					
Quantity-----1,000 units--:	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***
Total, 7 product categories					
1,000 pounds--:	1,202.8	1,293.2	872.6	665.8	929.1

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

#### U.S. capacity and capacity utilization

Total capacity to produce the subject products increased from 2.4 million pounds in 1981 to 2.6 million pounds in 1982 and 1983, and was virtually unchanged during January-September 1984 compared with capacity in the corresponding period of 1983 (table 6). Capacity utilization decreased from 50.7 percent in 1981 to 50.3 percent in 1982 and to 33.8 percent in 1983, but increased to 47.0 percent during January-September 1984.

Table 6.--Brass components for fire protection systems: U.S. production, producers' capacity, 1/ and capacity utilization, 1981-83, January-September 1983, and January-September 1984 2/

Item	1981	1982	1983	Jan.-Sept.--	
				1983	1984
Fire hose couplings:					
Production-----1,000 pounds--:	***	***	***	***	***
Capacity-----do-----:	***	***	***	***	***
Capacity utilization--percent--:	***	***	***	***	***
Fog/straight stream nozzles:					
Production-----1,000 pounds--:	***	***	***	***	***
Capacity-----do-----:	***	***	***	***	***
Capacity utilization--percent--:	***	***	***	***	***
Angle-type hose valves:					
Production-----1,000 pounds--:	***	***	***	***	***
Capacity-----do-----:	***	***	***	***	***
Capacity utilization--percent--:	***	***	***	***	***
Wedge disc hose gate valves:					
Production-----1,000 pounds--:	***	***	***	***	***
Capacity-----do-----:	***	***	***	***	***
Capacity utilization--percent--:	***	***	***	***	***
Siamese connections:					
Production-----1,000 pounds--:	***	***	***	***	***
Capacity-----do-----:	***	***	***	***	***
Capacity utilization--percent--:	***	***	***	***	***
Pressure-restricting valves:					
Production-----1,000 pounds--:	***	***	***	***	***
Capacity-----do-----:	***	***	***	***	***
Capacity utilization--percent--:	***	***	***	***	***
Pressure-regulating valves:					
Production-----1,000 pounds--:	***	***	***	***	***
Capacity-----do-----:	***	***	***	***	***
Capacity utilization--percent--:	***	***	***	***	***
Total, 7 product categories:					
Production-----1,000 pounds--:	1,202.8	1,293.2	872.6	665.8	929.1
Capacity-----do-----:	2,372.9	2,568.6	2,582.9	1,951.6	1,976.0
Capacity utilization--percent--:	50.7	50.3	33.8	34.1	47.0

1/ Capacity data for individual products may be of questionable validity, since a foundry could be used to produce more of one product or varying amounts of the other products. Total capacity data are more meaningful in this instance.

2/ Excludes production and capacity data for \* \* \*.

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

U.S. producers' domestic shipments

U.S. producers' domestic shipments, measured in units, declined for six of the seven subject product categories between 1981 and 1983, as shown in table 7. The value of shipments for the seven product categories increased from \$5.8 million in 1981 to \$5.9 million in 1982, or by 2.5 percent, and decreased to \$3.9 million in 1983, or by 34.2 percent. The value of shipments during January-September 1984 was \$3.9 million, representing an increase of 29.9 percent from that in the corresponding period of 1983.

Shipment data were collected from two companies that produced nonbrass products similar to those covered in the scope of this investigation. Information on domestic shipments of polycarbonate (plastic) fog/straight stream nozzles by United Fire Safety Co. is shown in the following tabulation:

<u>Period</u>	<u>Quantity</u> <u>(1,000 units)</u>	<u>Value</u> <u>(1,000 dollars)</u>	<u>Unit</u> <u>value</u>
1981-----	***	***	***
1982-----	***	***	***
1983-----	***	***	***
Jan.-Sept.--			
1983-----	***	***	***
1984-----	***	***	***

Information on domestic shipments of aluminum siamese connections by Grinnell Fire Protection Systems Co. is shown in the following tabulation:

<u>Period</u>	<u>Quantity</u> <u>(units)</u>	<u>Value</u> <u>(1,000 dollars)</u>	<u>Unit</u> <u>value</u>
1981-----	***	***	***
1982-----	***	***	***
1983-----	***	***	***
Jan.-Sept.--			
1983-----	<u>1/</u>	<u>1/</u>	<u>1/</u>
1984-----	***	***	***

1/ Not available.

Table 7.--Brass components for fire protection systems: U.S. producers' domestic shipments, 1/ 1981-83, January-September 1983, and January-September 1984

Item	1981	1982	1983	Jan.-Sept.--	
				1983	1984
Fire hose couplings:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Fog/straight stream nozzles:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Angle-type hose valves:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Wedge disc hose gate valves:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Siamese connections:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Pressure-restricting valves:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Pressure-regulating valves:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Total, 7 product categories					
1,000 dollars--:	5,757.0	5,901.0	3,883.0	3,004.0	3,903.0

1/ Excludes intracompany or intercompany transfers.

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

#### U.S. producers' exports

U.S. producers' exports of the subject products are shown in table 8. Exports \* \* \* 1983. Exports accounted for \* \* \* percent of the value of U.S.

Table 8.--Brass components for fire protection systems: U.S. producers' exports, 1981-83, January-September 1983, and January-September 1984

Item	1981	1982	1983	Jan.-Sept.--	
				1983	1984
Fire hose couplings:					
Quantity-----units--	***	***	***	***	***
Value-----dollars--	***	***	***	***	***
Fog/straight stream nozzles:					
Quantity-----units--	***	***	***	***	***
Value-----dollars--	***	***	***	***	***
Angle-type hose valves:					
Quantity-----units--	***	***	***	***	***
Value-----dollars--	***	***	***	***	***
Wedge disc hose gate valves:					
Quantity-----units--	***	***	***	***	***
Value-----dollars--	***	***	***	***	***
Siamese connections:					
Quantity-----units--	***	***	***	***	***
Value-----dollars--	***	***	***	***	***
Pressure-restricting valves:					
Quantity-----units--	***	***	***	***	***
Value-----dollars--	***	***	***	***	***
Pressure-regulating valves:					
Quantity-----units--	***	***	***	***	***
Value-----dollars--	***	***	***	***	***
Total, 7 product categories					
dollars--	***	***	***	***	***

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

producers' shipments in 1981, \* \* \* percent in 1982, \* \* \* percent in 1983, and \* \* \* percent during January-September 1984. The principal export markets are \* \* \*. Only three U.S. producers \* \* \*. The principal product exported is \* \* \*.

#### U.S. producers' inventories

Data collected on U.S. producers' end-of-period inventories and domestic shipments of the subject products are shown in table 9. The data comprise

Table 9.--Brass components for fire protection systems: U.S. producers' end-of-period inventories, domestic shipments, and inventories as a share of domestic shipments, Dec. 31 of 1980-83, Sept. 30, 1983, and Sept. 30, 1984

Item	1980	1981	1982	1983	As of Sept. 30--	
					1983	1984
Fire hose couplings:						
Inventories-----units--:	***	***	***	***	***	***
Shipments----1,000 units--:	***	***	***	***	***	***
Share of shipments						
percent--:	***	***	***	***	***	***
Fog/straight stream nozzles:						
Inventories-----units--:	***	***	***	***	***	***
Shipments----1,000 units--:	***	***	***	***	***	***
Share of shipments						
percent--:	***	***	***	***	***	***
Angle-type hose valves:						
Inventories-----units--:	***	***	***	***	***	***
Shipments----1,000 units--:	***	***	***	***	***	***
Share of shipments						
percent--:	***	***	***	***	***	***
Wedge disc hose gate valves:						
Inventories-----units--:	***	***	***	***	***	***
Shipments----1,000 units--:	***	***	***	***	***	***
Share of shipments						
percent--:	***	***	***	***	***	***
Siamese connections:						
Inventories-----units--:	***	***	***	***	***	***
Shipments----1,000 units--:	***	***	***	***	***	***
Share of shipments						
percent--:	***	***	***	***	***	***
Pressure-restricting valves:						
Inventories-----units--:	***	***	***	***	***	***
Shipments----1,000 units--:	***	***	***	***	***	***
Share of shipments						
percent--:	***	***	***	***	***	***
Pressure-regulating valves:						
Inventories-----units--:	***	***	***	***	***	***
Shipments----1,000 units--:	***	***	***	***	***	***
Share of shipments						
percent--:	***	***	***	***	***	***

1/ Not available.

2/ Annualized shipment data.

3/ Based on annualized shipment data.

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

only inventories of \* \* \*. The other reporting producers either kept no inventories or minimal inventories.

Of the seven product categories for which data are shown in table 9, \* \* \* experienced an absolute increase in inventories in 1981, \* \* \* in 1982, and \* \* \* in 1983. On September 30, 1984, \* \* \* of the product categories had increased inventories compared with September 30, 1983. In general, no discernible trend is apparent, with absolute inventories both increasing and decreasing throughout 1980-84 for each product category.

The ratio of inventories to shipments \* \* \* in 1982, \* \* \* in 1983, and \* \* \* the seven product categories on September 30, 1984, compared with that on September 30, 1983. The \* \* \*.

#### U.S. employment and wages

The number of production and related workers engaged in the production of the subject products increased from 70 in 1981 to 78 in 1982, and then decreased to 70 in 1983 (table 10). The number of such workers was 81 during January-September 1984. The number of production and related workers producing all products in establishments where the subject products are produced \* \* \* in 1981 to \* \* \* in 1982, and then \* \* \* in 1983. The number of such workers was \* \* \* during January-September 1984.

Table 10.--Average number of employees, total and production and related workers employed in establishments producing brass components for fire protection systems, and hours worked by such production and related workers, 1981-83, January-September 1983, and January-September 1984

Item	1981	1982	1983	Jan.-Sept.--	
				1983	1984
All persons employed in the reporting establishments-----	***	***	***	***	***
Production and related workers producing--					
All products-----	***	***	***	***	***
The subject brass products-----	70	78	70	66	81
Hours worked by production and related workers producing--					
All products-----1,000 hours--	2,100	1,819	1,908	1,148	1,358
The subject brass products					
1,000 hours--	107	122	92	67	95

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

The number of hours worked by production and related workers engaged in the production of the subject products increased from 107,000 in 1981 to 122,000 in 1982, and then decreased to 92,000 in 1983. The number of hours worked was 95,000 during January-September 1984, representing an increase of 41.8 percent compared with hours worked in the corresponding period of 1983.

The following tabulation shows wages paid and the average hourly wage of production and related workers producing the subject products.

<u>Period</u>	<u>Wages paid</u> (1,000 dollars)	<u>Average hourly</u> <u>wage</u>
1981-----	721	\$6.74
1982-----	872	7.15
1983-----	670	7.28
Jan.-Sept.--		
1983-----	503	7.51
1984-----	685	7.21

Badger-Powhatan's workers are represented by the Industrial Union of Marine and Shipbuilding Workers of America. The workers at Akron Brass, De Sanno, and Elkhart are represented by both the International Association of Molders and Allied Workers and the International Association of Machinists and Aerospace Workers. The workers at Moon and at Jenkins are represented by the United Steelworkers of America. Workers at NIBCO, United Brass Works, and Wilkins are not represented by a union.

#### Financial experience of U.S. producers

Income-and-loss data on the subject brass valves, couplings, nozzles, and connections were received from three U.S. producers---\* \* \*--for all the periods covered under the investigation. 1/ Such data were also received from \* \* \*. The responding producers' data accounted for \* \* \* percent of the value of total U.S. shipments of the subject products in 1981, \* \* \* percent in 1982, and \* \* \* percent in 1983.

The subject products.--Aggregate net sales of the subject products increased from \$4.8 million in 1981 to \$5.1 million in 1982, or by 6 percent, and then dropped by nearly 41 percent to \$3.0 million in 1983 (table 11). During the interim period ended June 30, 1984, net sales rose by 41 percent to \$2.0 million, compared with \$1.4 million in the corresponding period of 1983.

Operating income declined from \$721,000, or 15.0 percent of sales, in 1981 to \$249,000, or 8.2 percent of sales, in 1983. As a share of sales, cost of goods sold increased from 66.9 percent in 1981 to 70.3 percent in 1983,

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1/ \* \* \*. Other major domestic producers stated that such data could not be provided because data are not available on an individual product basis. Accordingly, the Commission questionnaire did not request income-and-loss data on individual products, but rather requested income-and-loss data on operations producing the subject products combined. Even so, only 4 of the 9 known domestic producers were able to respond to the income-and-loss section of the Commission's questionnaire.

Table 11.--Income and loss data of 3 U.S. producers 1/ on their operations producing the subject products, accounting years 1981-83, and interim periods ended June 30, 1983, and June 30, 1984

Item	1981	1982	1983	Interim period ended June 30--	
				1983	1984
Sales-----1,000 dollars--	4,803	5,115	3,024	1,434	2,019
Cost of goods sold-----do----	3,212	3,517	2,126	1,037	1,656
Gross profit-----do----	1,591	1,598	898	397	363
General, selling, and adminis- trative expenses					
1,000 dollars--	870	984	649	313	358
Operating income or (loss)					
do-----	721	614	249	84	5
Interest expense <u>2/</u> -----do----	-	-	-	-	-
Other income or (expense)--do----	***	***	***	***	***
Net income or (loss) before in- come taxes-----1,000 dollars--	***	***	***	***	***
Depreciation and amortization ex- pense included above					
1,000 dollars--	***	***	***	***	***
Cash flow from operations--do----	***	***	***	***	***
As a share of net sales:					
Cost of goods sold----percent--	66.9	68.8	70.3	72.3	82.0
Gross profit-----do----	33.1	31.2	29.7	27.7	18.0
Operating income or (loss)					
percent--	15.0	12.0	8.2	5.9	0.2
Net income or (loss) before in- come taxes-----percent--	***	***	***	***	***
General, selling, and adminis- trative expenses----percent--	18.1	19.2	21.5	21.8	17.7

1/ A fourth producer, \* \* \*, provided data for 1983 and both interim periods. Its data are included in 1983 and in both interim periods.

2/ None of the producers reported interest expense.

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

lowering the gross profit margin by 3.4 percentage points during the same period. General, selling, and administrative expenses increased in absolute dollars (by 13 percent) as well as in relation to sales from 1981 to 1982. In 1983, such expenses dropped in absolute dollars but rose by 2.3 percentage points in relation to sales, due to the lower level of sales. During the interim period ended June 30, 1984, U.S. producers reported an aggregate operating income of only \$5,000, equivalent to an almost break-even point of 0.2 percent of sales, compared with \$84,000, or 5.9 percent of sales, during the corresponding period of 1983. This occurred despite increasing sales.

During the period under investigation, none of the producers reported any interest expense. \* \* \* reported other nonoperating income. Hence, the ratio of net income before income taxes to net sales is slightly higher but it followed the similar trend as the ratio of operating income to net sales for all reporting periods. The responding U.S. producers reported declining cash flows from operations throughout the subject period, from \* \* \* in 1981 to \* \* \* in 1983 and from \* \* \* in interim 1983 to \* \* \* in interim 1984.

\* \* \* \* \*

Capital expenditures and research and development expenses.--Three firms, \* \* \*, furnished data relative to their capital expenditures for buildings, machinery, and equipment used in the manufacture of the subject products and data relative to their research and development expenses. Such data are presented in the following tabulation (in thousands of dollars):

<u>Period</u>	<u>Capital expenditures</u>	<u>Research and development expenses</u>
1981-----	***	***
1982-----	***	***
1983-----	***	***
January-June-- <u>1/</u>		
1983-----	***	<u>2/</u>
1984-----	***	<u>2/</u>

1/ Only 1 firm provided partial year data.

2/ Not available.

Capital expenditures increased from \* \* \* in 1981 to \* \* \* in 1983, mainly because of \* \* \*. Research and development expenses \* \* \* in 1982, compared with \* \* \* in 1981, and then \* \* \* in 1983. \* \* \* research and development expenses in 1983.

U.S. producers' statements on the impact of LTFV imports from Italy on their growth, investment, and ability to raise capital.--The Commission requested U.S. producers to describe and explain the actual and potential negative effects, if any, of imports from Italy of certain valves, nozzles, and connectors of brass for use in fire protection systems subject to this investigation on their firm's growth, investment, and ability to raise capital. Excerpts of their responses are presented below:

\* \* \* \* \*

### Consideration of the Threat of Material Injury

There are various factors which may contribute to the threat of injury to the domestic industry, including the ability of the foreign producers to increase the level of exports to the United States and the likelihood they will do so, any increase in U.S. importers' inventories of the subject products, and any increasing trends in the quantity of imports and U.S. market penetration.

The available data concerning Italy's capacity to produce and export the subject products are presented in the section entitled "The Italian Industry" in this report. Another factor that can be examined in assessing the threat of injury is the trend in U.S. importers' inventories, as shown in table 12. For the seven subject product categories, end-of-year inventories of Italian products reported by \* \* \*. As in the case of domestic producers' inventories, there is no discernible trend in importers' inventories. However, it is clear that the reported importers' inventories are substantially higher, in absolute terms, than reported domestic producers' inventories for most of the subject products.

A discussion of the level of imports and their market penetration is presented in the following section of this report.

### Consideration of the Causal Relationship Between LTFV Imports and the Alleged Material Injury

#### U.S. imports

The TSUS items in which the subject products are classified are "basket" items which contain numerous products in addition to the subject products. Accordingly, the official import statistics of the U.S. Department of Commerce are not relevant to this investigation. All the import data discussed below have been obtained from responses to questionnaires of the U.S. International Trade Commission.

Table 12.--Brass components for fire protection systems: U.S. importers' end-of-period inventories of Italian merchandise, 1980-83, January-September 1983, and January-September 1984

Item	1980	1981	1982	1983	Jan.-Sept.--	
					1983	1984
Fire hose couplings:						
Quantity-----1,000 units--:	***	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***	***
Fog/straight stream nozzles:						
Quantity-----1,000 units--:	***	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***	***
Angle-type hose valves:						
Quantity-----1,000 units--:	***	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***	***
Wedge disc hose gate valves:						
Quantity-----1,000 units--:	***	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***	***
Siamese connections:						
Quantity-----1,000 units--:	***	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***	***
Pressure-restricting valves:						
Quantity-----1,000 units--:	***	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***	***
Pressure-regulating valves:						
Quantity-----1,000 units--:	***	***	***	***	***	***
Quantity-----1,000 pounds--:	***	***	***	***	***	***
Total, 7 product categories						
1,000 pounds--:	***	***	***	***	***	***

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

U.S. imports from Italy 1/2/ of the subject products 3/ were valued at \$2.2 million in both 1981 and 1982 (table 13). In 1983, the value of imports decreased to \$2.1 million, or by 3.0 percent. During January-September 1984, the value of imports amounted to \$1.6 million, representing an increase of 1.7 percent compared with imports in the corresponding period in 1983.

Imports declined in four of the six product categories for which there were imports between 1981 and 1983. Only siamese connections and pressure-restricting valves experienced increased imports between 1981 and 1983; however, the increases in imports of these two product categories were substantial. During January-September 1984, four of the product categories experienced declines in imports, measured in units, compared with imports in the corresponding period of 1983. There were no imports until 1984 of pressure-regulating valves.

#### Market penetration of imports

Imports from Italy of brass components for fire protection systems as a share of apparent U.S. consumption are shown in table 14. The ratio of import penetration for the seven major product categories aggregated (on the basis of value) was 27.7 percent in 1981, 27.2 percent in 1982, 35.5 percent in 1983, and 29.6 percent during January-September 1984. The estimated ratio of import penetration on the basis of pounds tends to be higher (see table 2).

Counsel for Giacomini claims that due to Federal, State, and municipal building code changes, there has been a shift in market demand away from products used in standpipe systems to those used in sprinkler systems or combined standpipe/sprinkler systems and that this development (and not imports) is one of the causes responsible for injury, if any, to the domestic industry.

The use of sprinkler systems tends to eliminate the need for wedge disc hose gate valves, which are used in dry standpipe systems only, and for fire hose boxes which usually contain fire hose couplings, fog/straight stream nozzles, and 1-1/2-inch angle-type hose valves or 2-1/2-inch angle-type hose valves with a 2-1/2-inch by 1-1/2-inch reducer.

The four major building codes in the United States have indeed leaned towards omitting the hose requirements in most fully sprinklered buildings; however, some of the codes have imposed additional standpipe requirements for certain types of buildings. 4/

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1/ U.S. imports from Italy constitute nearly all of the total U.S. imports of the subject products. However, \* \* \*. To date, no such products from countries other than Italy are known to have obtained UL or FM approval.

2/ A representative of \* \* \*.

3/ \* \* \* from Canada during January 1981-September 1984.

4/ Statement of Marshall Klein, expert in fire protection/building codes, postconference brief of the petitioner.

Table 13.--Brass components for fire protection systems: U.S. imports from Italy, 1981-83, January-September 1983, and January-September 1984

Item	1981	1982	1983	Jan.-Sept.--	
				1983	1984
Fire hose couplings:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Fog/straight stream nozzles: :					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Angle-type hose valves: :					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Wedge disc hose gate valves: :					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Siamese connections: :					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Pressure-restricting valves: :					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Pressure-regulating valves: :					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----:	***	***	***	***	***
Total, 7 product cate- :					
gories-1,000 dollars--:	2,203.3	2,206.2	2,140.7	1,612.8	1,640.0

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

Table 14.--Brass components for fire protection systems: U.S. imports from Italy and apparent consumption, 1981-83, January-September 1983, and January-September 1984

Item and year	: U.S. imports from :		: Apparent :		: Ratio (percent) of :	
	: Italy :		: consumption 1/ :		: imports from Italy :	
	: <u>1,000</u> :	: <u>1,000</u> :	: <u>1,000</u> :	: <u>1,000</u> :	: to apparent :	
	: <u>units</u> :	: <u>dollars</u> :	: <u>units</u> :	: <u>dollars</u> :	: consumption :	
Fire hose	:	:	:	:	:	:
couplings:	:	:	:	:	:	:
1981-----	: *** :	: *** :	: *** :	: *** :	: 60.1 :	: 52.3 :
1982-----	: *** :	: *** :	: *** :	: *** :	: 66.1 :	: 56.4 :
1983-----	: *** :	: *** :	: *** :	: *** :	: 58.4 :	: 50.3 :
Jan.-Sept.--	:	:	:	:	:	:
1983-----	: *** :	: *** :	: *** :	: *** :	: 57.9 :	: 50.0 :
1984-----	: *** :	: *** :	: *** :	: *** :	: 50.7 :	: 45.3 :
Fog/straight stream	:	:	:	:	:	:
nozzles:	:	:	:	:	:	:
1981-----	: *** :	: *** :	: *** :	: *** :	: 55.5 :	: 35.0 :
1982-----	: *** :	: *** :	: *** :	: *** :	: 57.1 :	: 39.7 :
1983-----	: *** :	: *** :	: *** :	: *** :	: 62.5 :	: 46.8 :
Jan.-Sept.--	:	:	:	:	:	:
1983-----	: *** :	: *** :	: *** :	: *** :	: 64.5 :	: 47.8 :
1984-----	: *** :	: *** :	: *** :	: *** :	: 47.0 :	: 37.9 :
Angle-type	:	:	:	:	:	:
hose valves:	:	:	:	:	:	:
1981-----	: *** :	: *** :	: *** :	: *** :	: 55.6 :	: 43.4 :
1982-----	: *** :	: *** :	: *** :	: *** :	: 52.9 :	: 43.0 :
1983-----	: *** :	: *** :	: *** :	: *** :	: 57.6 :	: 46.8 :
Jan.-Sept.--	:	:	:	:	:	:
1983-----	: *** :	: *** :	: *** :	: *** :	: 58.1 :	: 46.8 :
1984-----	: *** :	: *** :	: *** :	: *** :	: 39.0 :	: 30.8 :
Wedge disc	:	:	:	:	:	:
hose gate	:	:	:	:	:	:
valves:	:	:	:	:	:	:
1981-----	: *** :	: *** :	: *** :	: *** :	: 64.4 :	: 50.0 :
1982-----	: *** :	: *** :	: *** :	: *** :	: 52.2 :	: 38.2 :
1983-----	: *** :	: *** :	: *** :	: *** :	: 38.2 :	: 26.7 :
Jan.-Sept.--	:	:	:	:	:	:
1983-----	: *** :	: *** :	: *** :	: *** :	: 41.8 :	: 28.8 :
1984-----	: *** :	: *** :	: *** :	: *** :	: 52.2 :	: 36.9 :
Siamese connections:	:	:	:	:	:	:
1981-----	: *** :	: *** :	: *** :	: *** :	: 25.2 :	: 11.0 :
1982-----	: *** :	: *** :	: *** :	: *** :	: 49.5 :	: 24.2 :
1983-----	: *** :	: *** :	: *** :	: *** :	: 69.7 :	: 44.8 :
Jan.-Sept.--	:	:	:	:	:	:
1983-----	: *** :	: *** :	: *** :	: *** :	: 68.8 :	: 43.9 :
1984-----	: *** :	: *** :	: *** :	: *** :	: 71.0 :	: 45.6 :

See footnotes at end of table.

Table 14.--Brass components for fire protection systems: U.S. imports from Italy and apparent consumption, 1981-83, January-September 1983, and January-September 1984--Continued

Item and year	: U.S. imports from :		: Apparent :		: Ratio (percent) of :	
	: Italy :	: Italy :	: consumption 1/ :	: consumption 1/ :	: imports from Italy :	: to apparent :
	: <u>1,000</u> :	: <u>1,000</u> :	: <u>1,000</u> :	: <u>1,000</u> :	: imports from Italy :	: to apparent :
	: <u>units</u> :	: <u>dollars</u> :	: <u>units</u> :	: <u>dollars</u> :	: consumption :	: consumption :
Pressure-	:	:	:	:	:	:
restricting	:	:	:	:	:	:
valves:	:	:	:	:	:	:
1981-----	: *** :	: *** :	: *** :	: *** :	: 12.8 :	: 10.1 :
1982-----	: *** :	: *** :	: *** :	: *** :	: 35.3 :	: 23.4 :
1983-----	: *** :	: *** :	: *** :	: *** :	: 64.9 :	: 50.9 :
Jan.-Sept.--	:	:	:	:	:	:
1983-----	: *** :	: *** :	: *** :	: *** :	: 65.1 :	: 51.0 :
1984-----	: *** :	: *** :	: *** :	: *** :	: 51.0 :	: 42.5 :
Pressure-regu-	:	:	:	:	:	:
lating valves:	:	:	:	:	:	:
1981-----	: 0 :	: 0 :	: *** :	: *** :	: - :	: - :
1982-----	: 0 :	: 0 :	: *** :	: *** :	: - :	: - :
1983-----	: 0 :	: 0 :	: *** :	: *** :	: - :	: - :
Jan.-Sept.--	:	:	:	:	:	:
1983-----	: 0 :	: 0 :	: *** :	: *** :	: - :	: - :
1984-----	: *** :	: *** :	: *** :	: *** :	: *** :	: *** :
Total, 7 product	:	:	:	:	:	:
categories:	:	:	:	:	:	:
1981-----	: 2/ :	: 2,203.3 :	: 2/ :	: 7,960.3 :	: 2/ :	: 27.7 :
1982-----	: 2/ :	: 2,206.2 :	: 2/ :	: 8,107.2 :	: 2/ :	: 27.2 :
1983-----	: 2/ :	: 2,140.7 :	: 2/ :	: 6,023.7 :	: 2/ :	: 35.5 :
Jan.-Sept.--	:	:	:	:	:	:
1983-----	: 2/ :	: 1,612.8 :	: 2/ :	: 4,616.8 :	: 2/ :	: 34.9 :
1984-----	: 2/ :	: 1,640.0 :	: 2/ :	: 5,543.0 :	: 2/ :	: 29.6 :

1/ Consists of U.S. producers' domestic shipments plus U.S. imports from Italy. Imports from countries other than Italy are negligible. U.S. importers' shipments were not used in determining apparent consumption because only 2 of the 4 importer/distributors provided their shipment data in response to Commission questionnaires.

2/ Not applicable because units of different product categories cannot be totaled.

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

The unit data in table 14 indicate that apparent U.S. consumption of fire hose couplings decreased in 1982, 1983, and January-September 1984 compared with consumption in the corresponding period of 1983. Consumption of fog/straight stream nozzles decreased in 1982, increased in 1983, and increased in January-September 1984 compared with consumption in the corresponding period of 1983. Consumption of angle-type hose valves decreased in 1982 and 1983, and increased in January-September 1984 compared with that in the corresponding period of 1983. Consumption of wedge disc hose gate valves decreased in 1982 and in 1983, and increased in January-September 1984 compared with that in the corresponding period of 1983. Consumption of siamese connections decreased in 1982, increased in 1983, and increased in January-September 1984 compared with that in the corresponding period of 1983. Consumption of pressure-restricting and pressure-regulating valves increased in 1982, decreased in 1983, and increased in January-September 1984 compared with consumption in the corresponding period of 1983.

Comparative total purchases of the subject products produced in the United States and in Italy by three of the four importer/distributors are shown in table 15. Purchases of the subject products produced in the United States \* \* \* from \* \* \* pounds in 1981 to \* \* \* pounds in 1982, or by \* \* \* percent, and then \* \* \* to \* \* \* pounds in 1983, or by \* \* \* percent. Purchases of the U.S. products during January-September 1984 totaled \* \* \*

Table 15.--Brass components for fire protection systems: Purchases by 3 importer/distributors 1/ of U.S.-produced and Italian-produced articles, 1981-83, January-September 1983, and January-September 1984

Source	1981	1982	1983	Jan.-Sept.--	
				1983	1984
Quantity (1,000 pounds)					
Produced in the United States-----	***	***	***	***	***
Produced in Italy-----	***	***	***	***	***
Total-----	***	***	***	***	***
Percent of total					
Produced in the United States-----	13.1	22.7	18.3	18.0	34.2
Produced in Italy-----	86.9	77.3	81.7	82.0	65.8
Total-----	100.0	100.0	100.0	100.0	100.0

1/ Excludes data for \* \* \*, which did not report usable data in all instances.

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

pounds, increasing by \* \* \* percent over such purchases in the corresponding period of 1983. The share of total purchases represented by products produced in the United States increased from 13.1 percent in 1981 to 22.7 percent in 1982, and then decreased to 18.3 percent in 1983; the share during January-September 1984 was 34.2 percent. In all of the periods shown, most of the subject products purchased by the three importer/distributors were produced in Italy. However, in contrast to the trends of purchases of the subject products produced in the United States, purchases by the three importer/distributors of the subject products produced in Italy decreased by \* \* \* percent in 1982, \* \* \* percent in 1983, and \* \* \* percent during January-September 1984 compared with the corresponding period of 1983.

### Prices

Both domestic producers and importer/distributors commonly offer discounts from list prices on brass valves, couplings, nozzles, and connections. For small transactions, producers usually sell at their list prices and require the customers to bear transportation charges. In larger transactions, producers generally offer substantial quantity discounts, and usually absorb shipping costs. <sup>1/</sup>

Because of the wide range of articles that are included in this investigation, it was necessary to choose some standard valves, couplings, nozzles, and connections that are commonly marketed by both domestic producers and importers for the purpose of price comparisons. The specifications of the seven items that were selected are presented below:

1. Fire hose couplings, 1-1/2 inches in diameter,
2. Fog/straight stream nozzles, 1-1/2 inches in diameter,
3. Angle-type hose valves for 2-1/2 inch lines,
4. Wedge disc hose gate valves for 2-1/2 inch lines,
5. Siamese fire department connections, double clapper, Y-type exposed patterns, two 2-1/2-inch inlets and a 4-inch outlet,
6. Pressure-restricting valves, 2-1/2 inches in diameter, and
7. Pressure-regulating valves, 2-1/2 inches in diameter.

Data were requested from domestic producers and importer/distributors, by quarters, for the period January 1982-September 1984. Producers were asked to report prices received on sales to their largest customers. In order to compare domestic prices and prices of imports from Italy at the same level of distribution, the four major importer/distributors were asked to report prices paid for both the domestic product and for imports from Italy. These distributors account for \* \* \* of the imports from Giacomini, as noted earlier, and are also important buyers of domestic products.

Four producers and all four of the importer/distributors provided price data. John W. Moon, Inc., the largest U.S. producer of the products under investigation, reported some price data (while under subpoena) on the day the staff report was due to the Commission. Moon did not provide the requested

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<sup>1/</sup> Data obtained from conversations with industry sources and from questionnaire responses indicate that these transportation charges amount to less than 4 percent of the delivered price.

data on \* \* \*. Several clear patterns emerged from the usable data obtained from the domestic producers and the importer/distributors.

After remaining relatively stable during 1982 and most of 1983, prices of several categories of domestic products declined significantly in late 1983 and early 1984 and have remained lower through January-September 1984. Prices of imported items were substantially below domestic prices throughout 1982 and 1983. However, as a result of the domestic price declines, import prices have generally been about equal to or only slightly lower than domestic prices during 1984.

Trends in prices.--Weighted-average prices by U.S. producers for the seven items on which data were collected are presented in table 16. Price data reported by \* \* \* are included in a footnote to table 16. The data show that domestic prices of siamese connections and pressure-restricting valves remained level during 1982 and much of 1983 but then declined sharply in the final quarter of 1983. The average price of siamese connections decreased from \* \* \* in the second quarter of 1983 to \* \* \* in the fourth quarter of 1983, or by \* \* \* percent. It remained below \* \* \* during January-June 1984. Similarly, the price of pressure-restricting valves declined from \* \* \* in July-September 1983 to \* \* \* in October-December 1983, or by \* \* \* percent. It continued to decline, but at a lesser rate, reaching \* \* \* in April-June 1984. Prices of fog/straight stream nozzles declined from \* \* \* in July-September 1983 to \* \* \* in October-December 1983. They remained below \* \* \* during January-June 1984, but then recovered to \* \* \* in July-September 1984. Prices of fire hose couplings, which were only available for three quarters, fell from \* \* \* in October-December 1983 to \* \* \* in the first quarter of 1984, or by \* \* \* percent. Prices of angle-type hose valves and of pressure-regulating valves both fluctuated without any apparent trend during the period of the investigation. In contrast to the other six items, the price of wedge disc hose gate valves increased irregularly from \* \* \* in January-March 1982 to \* \* \* in July-September 1984.

Prices reported by \* \* \*.

Weighted-average delivered prices paid by the four importer/distributors for the seven items are presented in tables 17 through 23. The data show that prices of U.S. produced fire hose couplings, fog/straight stream nozzles, angle-type hose valves, siamese connections, pressure-restricting valves, and pressure-regulating valves were all significantly lower in 1984 than in the previous two years, in which they were relatively stable. Prices for comparable products imported from Italy remained essentially unchanged throughout the investigation period.

Comparisons of domestic and import prices.--Prices paid for Italian fire hose couplings, fog/straight stream nozzles, angle-type hose valves, wedge disc hose gate valves, siamese connections, and pressure-restricting valves were significantly lower than prices paid for comparable domestic items during 1982 and 1983. However, as a result of sharp declines in domestic prices, margins of underselling for all of these products narrowed significantly in

Table 16.--Brass valves, couplings, nozzles, and connections: Weighted-average prices reported by U.S. producers 1/ on sales of selected articles to major customers, 2/ by quarters, January 1982-September 1984

(Per unit)							
Period	Fire hose couplings, 1-1/2 inches in diameter	Fog/straight stream nozzles, 1-1/2 inches in diameter	Angle-type hose valves for 2-1/2-inch lines	Wedge disc hose gate valves for 2-1/2-inch lines	Siamese fire department connections, double clapper, Y-type exposed patterns <u>3/</u>	Pressure-restricting valves, 2-1/2 inches in diameter	Pressure-regulating valves, 2-1/2 inches in diameter
1982:							
January-March----	***	***	***	***	***	***	***
April-June-----	***	***	***	***	***	***	***
July-September----	***	***	***	***	***	***	***
October-December--	***	***	***	***	***	***	***
1983:							
January-March----	***	***	***	***	***	***	***
April-June-----	***	***	***	***	***	***	***
July-September----	***	***	***	***	***	***	***
October-December--	***	***	***	***	***	***	***
1984:							
January-March----	***	***	***	***	***	***	***
April-June-----	***	***	***	***	***	***	***
July-September----	***	***	***	***	***	***	***

1/ \* \* \*

2/ All prices are on a delivered basis.

3/ These connections each have two 2-1/2-inch inlets and a 4-inch outlet.

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

Table 17.--Brass fire hose couplings, 1-1/2 inches in diameter: Weighted-average net delivered prices paid by importer/distributors for domestic and imported products, and margins of underselling, by quarters, January 1982-September 1984

Period	U.S. product	Italian product	Margins of underselling (overselling)	
			Amount	Percent
-----per unit-----				
1982:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December-----:	***	***	***	***
1983:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December-----:	***	***	***	***
1984:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***

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

Table 18.--Brass fog/straight stream nozzles, 1-1/2 inches in diameter:  
Weighted-average net delivered prices paid by importer/distributors  
for domestic and imported products, and margins of underselling, by  
quarters, January 1982-September 1984

Period	U.S. product	Italian product	Margins of underselling (overselling)	
			Amount	Percent
-----per unit-----				
1982:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1983:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1984:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***

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

Table 19.--Brass angle-type hose valves for 2-1/2-inch lines: Weighted-average net delivered prices paid by importer/distributors for domestic and imported products, and margins of underselling, by quarters, January 1982-September 1984

Period	U.S. product	Italian product	Margins of underselling (overselling)	
			Amount	Percent
-----per unit-----				
1982:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December-----:	***	***	***	***
1983:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December-----:	***	***	***	***
1984:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***

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

Table 20.--Brass wedge disc hose gate valves for 2-1/2-inch lines: Weighted-average net delivered prices paid by importer/distributors for domestic and imported products, and margins of underselling, by quarters, January 1982-September 1984

Period	U.S. product	Italian product	Margins of underselling (overselling)	
			Amount	Percent
-----per unit-----				
1982:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December----	***	***	***	***
1983:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December----	***	***	***	***
1984:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***

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

Table 21.--Brass siamese fire department connections, double clapper, with Y-type exposed patterns, two 2-1/2-inch inlets, and a 4-inch outlet: Weighted-average net delivered prices paid by importer/distributors for domestic and imported products, and margins of underselling, by quarters, January 1982-September 1984

Period	U.S. product	Italian product	Margins of underselling (overselling)	
			Amount	Percent
-----per unit-----				
1982:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December----:	***	***	***	***
1983:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December----:	***	***	***	***
1984:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***

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

Table 22.--Brass pressure-restricting valves, 2-1/2 inches in diameter:  
 Weighted-average net delivered prices paid by importer/distributors  
 for domestic and imported products, and margins of underselling, by  
 quarters, January 1982-September 1984

Period	U.S. product	Italian product	Margins of underselling (overselling)	
			Amount	Percent
-----per unit-----				
1982:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December-----:	***	***	***	***
1983:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December-----:	***	***	***	***
1984:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***

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

Table 23.--Brass pressure-regulating valves, 2-1/2 inches in diameter:  
Weighted-average net delivered prices paid by importer/distributors  
for domestic and imported products, and margins of underselling, by  
quarters, January 1982-September 1984

Period	U.S. product	Italian product	Margins of underselling (overselling)	
			Amount	Percent
-----per unit-----				
1982:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December-----:	***	***	***	***
1983:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***
October-December-----:	***	***	***	***
1984:				
January-March-----:	***	***	***	***
April-June-----:	***	***	***	***
July-September-----:	***	***	***	***

1/ There were no imports of brass pressure-regulating valves from Italy in either 1982 or 1983.

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

1984. Italian-produced \* \* \* the competing domestic product in January-September 1984. <sup>1/</sup> Comparisons of domestic and import prices for each of the seven items under investigation are discussed below.

Brass fire hose couplings imported from Italy undersold the competing domestically produced product by an average margin of \* \* \* percent over the period January-March 1982 to July-September 1983. As a result of decreases in the price of U.S.-produced fire hose couplings, the margin of underselling declined substantially in both October-December 1983 and January-March 1984. The average margin of underselling for the first three quarters of 1984 was \* \* \* percent.

Italian-produced brass fog/straight stream nozzles undersold the competing domestic product by an average margin of \* \* \* percent over the period January-March 1982 to October-December 1983. The margin of underselling declined considerably during January-March 1984 due to a \* \* \* percent decrease in the price of the domestic product. The average margin of underselling for the first three quarters of 1984 was \* \* \* percent.

Brass angle-type hose valves imported from Italy undersold the competing domestic product by an average margin of \* \* \* percent over the period January-March 1982 to July-September 1983. As a result of decreases in the price of U.S.-produced angle-type hose valves, the margin of underselling narrowed in both October-December 1983 and January-March 1984. The price of the Italian product was \* \* \* than that of the domestic product during the first three quarters of 1984.

Italian-produced brass wedge disc hose gate valves undersold the competing U.S. product by a margin of more than \* \* \* percent in all quarters during January-March 1982 through October-December 1983, yielding an average margin of \* \* \* percent over this period. Due to a \* \* \* percent decrease in the price of the domestic product, the margin of underselling declined markedly in January-March 1984. The average margin of underselling for the first three quarters of 1984 was \* \* \* percent.

Brass siamese fire department connections imported from Italy undersold the comparable domestic product by an average margin of \* \* \* percent over the period January-March 1982 to July-September 1984. The margin of underselling decreased from \* \* \* percent in July-September 1983 to \* \* \* percent in January-March 1984, the result of a \* \* \* percent decrease in the domestic price over the same period. The imported product undersold the domestic product by \* \* \* percent in the first three quarters of 1984.

Pressure-restricting valves of Italian origin undersold the competing domestic product by an average margin of \* \* \* percent over the period January-March 1982 to July-September 1983. As a result of decreases in the price of domestically produced pressure-restricting valves, the margin of underselling declined in October-December 1983 and to a greater degree in January-March 1984. In the first three quarters of 1984, the margin averaged \* \* \* percent.

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<sup>1/</sup> There were no imports of pressure-regulating valves from Italy in 1982 or 1983.

\* \* \*. As noted above, there were no imports of pressure-regulating valves from Italy in 1982 or 1983.

### Exchange rates

The Italian lira depreciated relative to the dollar from early 1982 through the first three quarters of 1984, as shown by the nominal and real exchange-rate indexes in table 24. In nominal terms the lira declined by about 30 percent, decreasing in all but one quarter during this period. When the index is adjusted for the relative rates of inflation in the United States and Italy, the decline was much smaller. The real exchange-rate index decreased by only 15 percent over the period January-March 1982 to July-September 1984.

Table 24.--U.S.-Italian exchange rates: Indexes of the nominal and real exchange rates between the U.S. dollar and the Italian lira, by quarters, January 1982-September 1984

(January-March 1982=100)				
Period	:	Nominal exchange- rate index 1/	:	Real exchange- rate index 1/
1982:	:		:	
January-March-----	:	100.0	:	100.0
April-June-----	:	95.6	:	97.4
July-September-----	:	90.5	:	94.7
October-December-----	:	87.9	:	95.0
1983:	:		:	
January-March-----	:	90.2	:	98.9
April-June-----	:	85.4	:	94.9
July-September-----	:	80.2	:	92.8
October-December-----	:	77.7	:	89.9
1984:	:		:	
January-March-----	:	75.9	:	89.6
April-June-----	:	75.3	:	90.5
July-September-----	:	70.1	:	85.5

1/ Based upon exchange rates expressed in U.S. dollars per lira.

Source: Compiled from data reported by the International Monetary Fund in the January 1985 issue of International Financial Statistics.

### Lost revenues

\* \* \* submitted \* \* \* specific allegations of lost revenues on \* \* \* sales of the subject products to \* \* \*. The specific allegations, when aggregated, result in a claim of \* \* \* in lost revenues in 1981, \* \* \* in lost revenues in 1982, \* \* \* in lost revenues in 1983, and \* \* \* in lost revenues in January-September 1984, for a total of \* \* \* in lost revenues. Most of the allegations were for sales since \* \* \* prices for the subject products. \* \* \* initial rejected quotations on the sales resulting in lost revenues amounted to approximately \* \* \*; the accepted quotations allegedly amounted to

approximately \* \* \*. Allegations of lost revenues were provided for each of the seven categories of the subject products; the product with the largest amount of allegedly lost revenues was \* \* \*. The Commission staff contacted \* \* \* for verification of the allegations.

\* \* \* allegations of lost revenues were on sales to \* \* \*. These lost revenues allegations amounted to \* \* \*, of which approximately \* \* \* occurred during \* \* \*. \* \* \*, confirmed that \* \* \* reduced its prices \* \* \* to meet the foreign competition, and that the price reductions have \* \* \*. He said that \* \* \*. \* \* \*.

\* \* \* of \* \* \* allegations of lost revenue were on sales to \* \* \*. These lost revenue allegations amounted to \* \* \*, of which approximately \* \* \* occurred during \* \* \*. \* \* \*, confirmed that \* \* \* reduced its prices \* \* \* in order to meet the Italian price. He said that \* \* \* price decrease was \* \* \*. \* \* \*. \* \* \*, confirmed that \* \* \* reduced its prices \* \* \*.

\* \* \* of \* \* \* allegations of lost revenues were on sales to \* \* \*. These lost revenue allegations amounted to \* \* \*, of which \* \* \* occurred during \* \* \*. \* \* \* confirmed that \* \* \* reduced its prices \* \* \*. \* \* \*. He therefore confirmed \* \* \* lost revenue allegations \* \* \*. However, \* \* \* noted that he was certain that \* \* \* reduced its prices in order to establish grounds for bringing an antidumping investigation to the Commission, and that the Italian product will always be less expensive because the Italian product is forged whereas the \* \* \* product is cast and therefore requires more metal content in order to achieve the desired strength. \* \* \* further noted that both the Italian product and \* \* \* product are certified as acceptable and meeting approved standards by UL and FM. He indicated that although the U.S. product and the Italian product both met the required standards, the Italian product would always be less expensive due to the aforementioned different manufacturing process employed in Italy.

\* \* \* of \* \* \* allegations of lost revenues were on sales to \* \* \*. These lost revenue allegations amounted to \* \* \*, of which \* \* \* occurred \* \* \*. \* \* \*, confirmed that \* \* \* met \* \* \* in its \* \* \* price reduction. By way of background to this price reduction, he said that Giacomini entered the U.S. market in the mid-1970's with an unspecified type of valve, which was offered at a lower price than the U.S.-produced counterpart. He said that as Giacomini began introducing more and more products, volume was affected. \* \* \* then began to raise prices on products in which Giacomini was not competing. \* \* \* refused to meet Giacomini's price on the products that Giacomini exported to the United States, but \* \* \*. \* \* \* decided to meet the Italian prices on those products.

\* \* \*, provided the following statement in the lost revenue section of its questionnaire response in the preliminary investigation:

\* \* \* \* \* \* \*

Lost sales

\* \* \* provided nine specific lost sales allegations relating to the subject products, amounting to \* \* \* in lost sales. \* \* \*.

\* \* \* \* \*

\* \* \* provided three lost sales allegations, amounting to \* \* \*. \* \* \*.



APPENDIX A

NOTICE OF COMMERCE'S PRELIMINARY DETERMINATION

**SUPPLEMENTARY INFORMATION:****Preliminary Determination**

We preliminarily determine that certain valves, couplings, nozzles, and connections, of brass, from Italy, suitable for use in interior fire protection systems are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (19 U.S.C. 1673b) (the Act). We preliminarily determine the weighted-average margin of sales at less than fair value to be 1.16 percent.

**Case History**

On January 3, 1984, we received a petition from counsel for Badger-Powhatan, a division of Figgie International, Inc. In accordance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Italy are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act and that these imports are materially injuring, or threatening materially to injure, a United States industry.

After reviewing the petition, we determined it contained sufficient grounds to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on February 13, 1984 (49 FR 6396). On March 1, 1984, the ITC found that there is a reasonable indication that imports of the subject merchandise from Italy are materially injuring a United States industry.

We presented a questionnaire to Rubinetterie A. Giacomini S.p.A. (Giacomini) on February 12, 1984. In accordance with our normal practice, we requested a response within 30 days. We instructed Giacomini to report its sales transactions in hard copy and on computer tape in the format outlined in our questionnaire. Since Giacomini claims to have made no sales of such or similar merchandise in the home market, we determined to use sales to a third country, Canada, for comparison purposes for this preliminary determination.

**Scope of Investigation**

The merchandise covered by this investigation is certain valves, couplings, nozzles, and connections, of brass, suitable for use in interior fire protection systems, from Italy. This merchandise consists of 1½ inch and 2½ inch brass wedge disc hose gate valves, as currently provided for in item 680.1430 of the Tariff Schedules of the United States Annotated (TSUSA);

pressure restricting and pressure valves of brass, currently provided for in TSUSA item number 680.2720; single brass, clapper and double clapper siamese fire department connections (2½ inch inlet, 4 inch outlet) currently provided for in TSUSA item number 680.1420; 1½ inch and 2½ inch brass fog/straight stream hose nozzles, currently provided for in TSUSA item number 680.1480; and 1½ inch and 2½ inch brass fire hose couplings, currently provided for in TSUSA item number 657.3540.

The period of this investigation is August 1, 1983, through January 31, 1984.

**Fair Value Comparison**

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with third country prices or, where appropriate, constructed value. We used sales to Canada of such or similar merchandise as the basis for our comparisons. We may reconsider the appropriate comparisons for our final determination and have requested further information regarding home market sales.

**United States Price**

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold to unrelated U.S. purchasers prior to its importation into the United States. We calculated the purchase price based on the F.O.B., C. & F. and C.I.F. packed price to unrelated U.S. customers.

We made deductions, where appropriate, for inland freight, insurance, and ocean freight. We disallowed an addition for a charge paid for shipping these products on less than a container load basis as we determined this charge to be part of the cost of ocean freight.

**Foreign Market Value**

We based foreign market value on the f.o.b. packed prices of Canadian sales made from August through November 1983.

We made comparisons of "such or similar" merchandise in Canada in accordance with section 771(16)(B) of the Act. In calculating foreign market value, we did not need to make currency conversions as all sales to Canada are shown in U.S. dollars.

We made deductions, where appropriate, for foreign inland freight. We made adjustments for physical differences in the merchandise in

[A-357-007]

**Preliminary Determination of Sales at Less Than Fair Value: Certain Valves, Couplings, Nozzles, and Connections, of Brass, From Italy, Suitable for Use in Interior Fire Protection Systems**

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.

**SUMMARY:** We preliminarily determine that certain valves, couplings, nozzles, and connections, of brass, from Italy, suitable for use in interior fire protection systems, are being sold, or are likely to be sold, in the United States at less than fair value. Therefore, we have notified the United States International Trade Commission (ITC) of our determination. We have directed the U.S. Customs Service to suspend liquidation of all entries of the subject merchandise and to require a cash deposit or the posting of a bond for each such entry in an amount equal to the estimated dumping margin, as described in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make our final determination by September 17, 1984.

**EFFECTIVE DATE:** July 10, 1984.

**FOR FURTHER INFORMATION CONTACT:** Julia E. Hathcox, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, telephone: (202) 377-3464.

accordance with section 773(a)(4)(C) of the Act. Such adjustments for differences in the merchandise were based on differences in the cost of material, direct labor, and directly related factory overhead. Since the merchandise subject to this investigation was sold in identical packed conditions in both markets, no adjustment was made for packing. We made no adjustment for credit expenses since credit terms appear to be identical in the United States and Canadian markets. We did not allow a claim for a quantity discount because, although respondent alleged cost justifications for selected models, respondent's sales listing did not demonstrate that this discount was specifically attributable to quantities involved.

Giacomini produces two models of pressure control valves which are sold neither in the home market nor to third country markets. These valves were sold only in the U.S. market; therefore, the Department determined that constructed value is the proper basis for comparison. Where we used constructed value as a basis for foreign market value, we calculated it to include the cost of materials, fabrication, general expenses, profit and cost of packing. We found that respondent's general expenses were greater than 10 percent of materials and labor; therefore, we used respondent's general expenses. We found that respondent's profit was larger than eight percent; therefore, we used respondent's profit.

#### *Verification*

As provided in section 776(a) of the Act, we will verify all data used in reaching the final determination.

#### *Suspension of Liquidation*

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of the merchandise subject to investigation as described in the "Scope of Investigation" section of this notice. This suspension of liquidation applies to all the subject merchandise 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 the posting of a bond equal to the estimated weighted-average margin amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The suspension of liquidation will remain in effect until further notice. The estimated weighted-average margin is 1.16 percent.

#### **ITC Notification**

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

#### **Public Comment**

In accordance with § 353.47 of our regulations, if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 10:00 a.m. on August 3, 1984, at the United States Department of Commerce, Room 3708, 14th St. and Constitution Avenue, NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room, 3099B, at the above address within 10 days of this notice's publication. Requests should contain: (1) The party's name, address, and telephone number, (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed.

In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary for Import Administration by July 27, 1984. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of this notice's publication, at the above address and in at least 10 copies.

**Alan F. Holmer,**  
*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 84-18186 Filed 7-9-84; 8:45 am]  
BILLING CODE 3510-DS-M



APPENDIX B

NOTICE OF THE COMMISSION'S INSTITUTION OF A  
FINAL ANTIDUMPING INVESTIGATION

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**[Investigation No. 731-TA-165 (Final)]**

**Certain Valves, Nozzles, and Connectors of Brass From Italy for Use in Fire Protection Systems**

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of a final antidumping investigation and scheduling of a hearing to be held in connection with the investigation.

**EFFECTIVE DATE:** July 10, 1984.

**SUMMARY:** As a result of an affirmative preliminary determination by the U.S. Department of Commerce that certain valves, couplings, nozzles, and connections, of brass, from Italy, suitable for use in interior fire protection systems, provided for in Items 657.35, 680.14, or 680.27 of the Tariff Schedules of the United States, are being, or are likely to be, sold in the United States at less than fair value, the United States International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-165 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1679d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. The Department of Commerce will make its final determination of sales at less than fair value in this case on or before September 17, 1984, and the Commission will make its final injury determination by November 6, 1984 (19 CFR 207.25).

**FOR FURTHER INFORMATION CONTACT:** George Deyman (202-523-0481), Office of Investigations, U.S. International Trade Commission.

**SUPPLEMENTARY INFORMATION:**

**Background**

On March 8, 1984, the Commission determined, on the basis of the information developed during the course of its preliminary investigation, that there was a reasonable indication that industries in the United States were materially injured by reason of imports from Italy of fire hose couplings, fog/straight stream nozzles, angle-type hose valves, wedge disc hose gate valves, single and double clapper fire department connections, and pressure restricting valves, all of the foregoing of brass and for use in fire protection systems, which were allegedly being sold in the United States at less than fair value (LTFV). The Commission also determined that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of imports from Italy of pressure regulating valves of brass, which were alleged to be sold in the United States at LTFV. The preliminary investigation was instituted in response to a petition filed on January 23, 1984, by counsel on behalf of Badger-Powhatan, a division of Figgie International, Inc., Charlottesville, Va.

**Participation in the Investigation**

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than 21 days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to this investigation must be served on all other parties (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c)).

**Staff Report**

A public version of the staff report containing preliminary findings of fact in this investigation will be placed in the public record on September 14, 1984, pursuant to § 207.21 of the Commission's Rules (19 CFR 207.21).

**Hearing**

The Commission will hold a public hearing in connection with this investigation beginning at 10:00 a.m. on October 2, 1984, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on September 14, 1984. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 11:00 a.m. on September 19, 1984, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is September 25, 1984.

Testimony at the public hearing is governed by section 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22). Posthearing briefs must conform with provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on October 9, 1984.

**Written Submissions**

As mentioned, parties to this investigation may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before October 9, 1984. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.8 of the Commission's rules (19 CFR 201.8).

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

This notice is published pursuant to section 207.20 of the Commission's rules (19 CFR 207.20).

Issued: July 20, 1984.

By order of the Commission.

Kenneth R. Mason,

Secretary.

(FR Doc. 84-2889 Filed 7-25-84 9:45 am)  
GILLIES CODE 7020-02-01



APPENDIX C

NOTICES OF POSTPONEMENT OF FINAL DETERMINATIONS

## International Trade Administration

(A-475-401)

Certain Valves, Couplings, Nozzles and Connections, of Brass, Suitable for Use in Interior Fire Protection Systems, From Italy; Postponement of Final Antidumping Duty Determination.

AGENCY: International Trade Administration, Commerce.

## ACTION: Notice.

**SUMMARY:** This notice informs the public that the Department of Commerce (the Department) has received a request from counsel for respondent in this investigation that the final determination be postponed, as provided for in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673d(a)(2)(A)); and, that we have determined to postpone our final determination as to whether sales of certain valves, couplings, nozzles, and connections, of brass, suitable for use in interior fire protection systems, from Italy, have occurred at less than fair value, until not later than November 23, 1984.

**EFFECTIVE DATE:** August 30, 1984.

**FOR FURTHER INFORMATION CONTACT:** Julia E. Hathcox, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 377-0184.

## SUPPLEMENTARY INFORMATION:

## The Petition

On February 21, 1984, the Department of Commerce published notice in the Federal Register (49 FR 8396) that it was initiating under section 732(b) of the Act (19 U.S.C. 1673a(b)), and antidumping investigation to determine whether valves, couplings, nozzles and connections, of brass, suitable for use in interior fire protection systems, from Italy, were being, or were likely to be, sold at less than fair value. On July 10, 1984, we published a preliminary determination of sales at less than fair value with respect to this merchandise (49 FR 28083). The notice stated that if this investigation proceeded normally we would make our final determination by September 17, 1984.

Counsel for respondent in this case requested that we extend the period for the final determination until not later than November 23, 1984, 135 days after the date of publication of the preliminary determination, in accordance with section 735(a)(2)(A) of

the Act. Section 735(a)(2)(A) of the Act provides that the Department may postpone its final determination concerning sales at less than fair value until not later than 135 days after the date on which it publishes notice of its preliminary determination if the exporters who account for a significant proportion of the merchandise request an extension after an affirmative preliminary determination. Accordingly, we will issue a final determination in this case not later than November 23, 1984.

The date for the public hearing originally scheduled for August 3, 1984 is being changed. We will hold a public hearing on September 10, 1984, at 10:00 a.m. in room 3708, Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230. This notice is published pursuant to section 735(d) of the Act.

Dated: August 20, 1984.

Alan F. Holmer.

*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 84-23052 Filed 8-29-84; 8:45 am]

BILLING CODE 2510-06-M

extension was to change the scheduled date for Commerce to make its final determination from September 17, 1984 to no later than November 23, 1984. Accordingly, the Commission is revising its schedule in the investigation to conform with Commerce's new schedule.

The Commission's hearing, which was to have been held on October 2, 1984, has been rescheduled to begin at 10 a.m. on December 7, 1984, in the Hearing Room, International Trade Commission Building, 701 E Street NW, Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on November 20, 1984. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10 a.m. on November 27, 1984, in room T17 of the International Trade Commission Building. The deadline for filing prehearing briefs is November 30, 1984. A public version of the prehearing staff report containing preliminary findings of fact in this investigation will be placed in the public records on November 20, 1984. The deadline for filing posthearing briefs is December 14, 1984.

Issued: September 7, 1984.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-30029 Filed 9-12-84; 9:05 am]

BILLING CODE 7020-02-M

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## INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-165 (Final)]

**Certain Valves, Nozzles, and Connectors of Brass From Italy for Use in Fire Protection Systems**

AGENCY: International Trade Commission.

**ACTION:** In conformance with the determination of the International Trade Administration of the Department of Commerce to amend its schedule for the conduct of the referenced investigation, the Commission hereby revises its schedule as follows: The prehearing conference will be held on November 27, 1984; the hearing will be held on December 7, 1984; and the Commission's final determination shall be issued on or before January 7, 1985.

**EFFECTIVE DATE:** September 7, 1984.

**FOR FURTHER INFORMATION CONTACT:** Mr. George L. Deyman, (202-523-0481), Office of Investigations, International Trade Commission, Washington, D.C. 20438.

**SUPPLEMENTARY INFORMATION:** The Commission instituted this final antidumping investigation effective July 10, 1984, and scheduled a hearing to be held in connection therewith for October 2, 1984 (49 FR 30029, July 25, 1984). However, the Department of Commerce extended its investigation in response to a request from counsel for respondents in its investigation. The effect of the



APPENDIX D

NOTICE OF COMMERCE'S FINAL DETERMINATION

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[A-637-007]

**Final Determination of Sales at Less Than Fair Value; Certain Valves, Couplings, Nozzles and Connections, of Brass, Suitable for Use in Interior Fire Protection Systems, From Italy**

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.

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**SUMMARY:** We determine that certain valves, couplings, nozzles and connections, of brass, suitable for use in interior fire protection systems, from Italy (fire protection products) are being sold, or are likely to be sold, in the United States at less than fair value. We have notified the United States International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to continue to suspend liquidation of all entries of the subject merchandise. We have directed the U.S. Customs Service to require a cash deposit or the posting of a bond for each such entry in an amount equal to the estimated dumping margin, as described in the "Suspension of Liquidation" section of this notice.

**EFFECTIVE DATE:** November 30, 1984.

**FOR FURTHER INFORMATION CONTACT:** Julia E. Hathcox, Office of Investigations, Import Administration, International Trade Administration, Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 377-0184.

#### SUPPLEMENTARY INFORMATION: Final Determination

Based on our investigation and in accordance with section 735(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1673d(a)) (the Act), we determine that fire protection products from Italy are being sold in the United States at less than fair value, within the meaning of section 731 of the Act.

We found that the foreign market value of fire protection products from Italy exceeded the United States price on all sales. The overall weighted-average margin on all sales compared is 3.47 percent.

#### Case History

On January 3, 1984, we received a petition from Badger-Powhatan, a division of Figgie International Inc., on behalf of the fire protection products industry in the United States. In accordance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petition alleged that imports of fire protection products from Italy are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that these imports are materially injuring, or threatening to materially injure, a United States industry.

After reviewing the petition, we determined it contained sufficient grounds to initiate an antidumping investigation. We notified the ITC of our action and initiated the investigation on February 13, 1984 (49 FR 6396). On March 1, 1984, the ITC determined that there is a reasonable indication that imports of fire protection products are materially injuring a United States industry.

On March 2, 1984, we presented an antidumping questionnaire to Rubinetterie A. Giacomini S.p.A. (Giacomini), the sole Italian manufacturer selling the subject merchandise for export to the United States. We received a response from Giacomini on April 20, 1984. On July 2, 1984, we preliminarily determined that there is a reasonable basis to believe or suspect that fire protection products from Italy are being, or are likely to be, sold at less than fair value. On July 9-13, 1984, we verified Giacomini's response. On August 20, 1984, we published a notice postponing our final determination from September 17, 1984, until November 23, 1984, at the request of counsel for the respondent in accordance with section 735(a)(2)(A) of the Act (49 FR 32296). We received supplementary responses on August 13, August 20, and September 17, 1984, and

verified these responses in Italy during the period October 24-26, 1984.

On October 16, 1984, in accordance with requests from counsel for petitioner and counsel for respondent, a public hearing was held.

#### Scope of Investigation

The merchandise covered by this investigation includes: Fire hose couplings (1½ and 2½ inch), fog/straight stream nozzles (1½ and 2½ inch), angle-type hose gate valves (1½ and 2½ inch), wedge-disc hose gate valves (2½ inch), single and double clapper siamese fire department connections (2½ inch inlets and 4 inch outlets), pressure restricting valves, and pressure regulating valves. This merchandise is currently classified under the following item numbers of the *Tariff Schedules of the United States (Annotated)*: fire hose couplings—657.3540, fog/straight stream nozzles—680.1480, angle-type hose gate valves—680.1440, wedge-disc hose gate valves—680.1430, single and double clapper siamese fire department connections—680.1420, pressure restricting valves—680.1440, and pressure regulating valves—680.2740.

#### Fair-Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with home market prices, third country prices or constructed value. We used home market sales of nozzles, wedge-disc hose gate valves, couplings and angle hose gate valves for purposes of comparison. We used sales to Canada of siamese connectors and pressure restricting valves for purposes of comparison. Since the pressure regulating valves were sold only in the United States, we used constructed value as our basis for comparison.

The use of Italian home market prices for nozzles, wedge-disc hose gate valves, couplings and angle hose gate valves represents a departure from our preliminary determination, in which we used sales to Canada of such or similar merchandise as the basis for our comparisons. Following the preliminary determination, the Department determined that for the previously mentioned products sales of such or similar merchandise did exist in the home market during the period of investigation.

#### United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price, because the

merchandise was sold to unrelated U.S. purchasers prior to its importation into the United States. We calculated the purchase price based on the F.O.B., C. & F., or C.I.F., packed price to unrelated U.S. customers.

We made deductions, where appropriate, for inland freight, marine insurance, ocean freight and a surcharge for less than container/load shipments.

#### Foreign Market Value

In accordance with section 773 of the Act, we based foreign market value on the F.O.B., delivered, packed prices or ex-factory, packed prices of nozzles, angle hose gate valves, wedge-disc hose gate valves, and couplings sold in the Italian home market. We compared identical merchandise where possible. Where no identical merchandise was sold in the home market we made comparisons in accordance with section 771(18)(B) or (C) of the Act.

For these four product categories, we made deductions, where appropriate, for foreign inland freight. Giacomini reported average inland freight charges for all lines of merchandise sold in its home market. We were able to ascertain an amount for inland freight specifically related to sales of the merchandise under investigation. We have used this verified weighted-average amount in making these deductions. We also deducted home market packing costs and added the costs of U.S. packing. We made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(4)(C) of the Act. Adjustments for differences in the merchandise were based on differences in the cost of material, direct labor, and directly related factory overhead. We also adjusted, where appropriate, for differences between the commission on sales in the Italian market and indirect selling expenses in the U.S. market in accordance with 19 CFR 353.15(c). Further adjustments were made for differences in credit terms between the home market and U.S. market. We disallowed a five percent adjustment to the gross price for before sale warehousing as this claim was not in accordance with 19 CFR 353.15(a). We also disallowed a claim for publicity costs, because such costs were not attributable to a letter sale of the merchandise by a purchaser. We did not allow a claim for a quantity discount because, although respondent alleged cost justifications for selected models, respondent did not demonstrate that this discount was granted on all sales of comparable quantities. We also did not allow a claim for expenses paid to the

home market sales personnel of Giacomini as part of that company's compensation plan because these expenses were indirect selling expenses.

Foreign market value for single and double siamese fire department connections and pressure restricting valves was based on the F.O.B., packed prices of Canadian sales. We made similar merchandise comparisons in accordance with section 771(16)(B) of the Act.

We made deductions, where appropriate, for foreign inland freight. We made adjustments for physical differences in the merchandise in accordance with section 773(a)(4)(C) of the Act. Such adjustments for differences in the merchandise were based on differences in the cost of material, direct labor, and directly related factory overhead. We made adjustments for differences in credit expenses in the United States and Canadian markets. Since these two product categories were sold in identical packed conditions in the U.S. and Canadian markets, no adjustment was made for packing when comparing these sales.

We did not allow a claim for a quantity discount because, although respondent alleged cost justification for selected models, respondent's sales listing did not demonstrate that this discount was granted on comparable quantities of all sales.

For the pressure regulating valves, we used constructed value. Where we used constructed value as a basis for foreign market value, we calculated it to include the costs of materials, fabrication, general expenses, profit and cost of packing. We found that respondent's general expenses were greater than 10 percent of materials and fabrication; therefore, we used respondent's general expenses. We found that respondent's profit was larger than 8 percent of material, fabrication and general expenses; therefore, we used respondent's profit.

#### Petitioner's Comments

*Comment 1.* Petitioner states that foreign market value for the A7/1 adjustable fog/straight stream nozzle should be based on home market prices reasonably contemporaneous with export prices to the United States. Petitioner further states that where no home market sales of the A7/1 were made near the date of export of the A7 to the United States, the Department should rely upon offers for sale as the basis for foreign market value.

*DOC Position.* For purposes of the final determination, we found and used actual sales of the A7/1 nozzle made in

the Italian market during the period of investigation. Giacomini made sufficient sales of this product in the home market during the period of investigation to warrant the comparison of actual sales in the home market to sales to the United States. Since we used actual sales, petitioner's comment that we should use offers of sale is moot and need not be addressed.

*Comment 2.* Petitioner states that the R55 wedge-disc hose gate valve sold in the Italian market should be considered similar to the A53 wedge-disc hose gate valve sold by Giacomini in the United States and that the Department should base foreign market value of the A53 wedge-disc hose gate valve on the sales price or offered price of the 2½ inch R55 wedge-disc hose gate valve sold in Italy. Petitioner further comments that the R55 gate valve in comparable merchandise as it is used for "like" purposes; namely, the control of a flow of water in a straight stream in a stand pipe system.

*DOC Position.* We agree. The Department had determined that the R55 wedge-disc hose gate valve sold in Italy is similar merchandise to the wedge-disc hose gate valve sold by Giacomini in the U.S. market in accordance with section 771(16)(C) of the Act. During the course of verification, the Department determined that construction of the R55 was closely related to that of the A53. In addition we found the R55 and A53 valves to be of the same class or kind and used for like purposes, that is, to control a flow of water in a straight stream in a stand pipe system. The R55 is sold on an individual basis in the home market. During the course of verification, we could not establish that the R55, as an individual product, is used in the Italian market only for plumbing and heating and not for fire protection purposes. We verified that customers in the Italian market who purchase fire protection products also purchase the R55 as an individual unit. Therefore, we do not consider the fact that the R55 is part of a large unit used for fire protection purposes (A20) to be relevant to our decision that the R55 is similar merchandise to the A53. Thus we determine that the R55, on an individual basis, is similar to the A53.

Considering the statutory preference for comparing merchandise sold to the United States to the sold in the country of exportation, the Department had determined that the R55 valve is the proper comparison for the A53 valve for this final determination. Accordingly, we have not used the Canadian market sales of A56 angle hose gate valves that were used for our preliminary determination comparisons.

*Comment 3.* Petitioner states that the A20 truck couplings produced in Italy by Giacomini perform the identical function in Italy as siamese fire department connections in the United States. Petitioner states that these articles are "such or similar" merchandise to the siamese fire department connections sold by Giacomini to the United States. According to petitioner, the truck coupling is used in the Italian home market in the same manner and for the same purpose as a fire department connection in the United States; that is, both the truck coupling and the siamese connector permit a fire truck to attach a hose to a building and to pump water into the building to supplement the municipal water supply and to increase the pressure of the water going into the stand pipe system.

*DOC Position.* We disagree. The Department has determined that the A20 truck coupling sold in Italy cannot be considered such or similar merchandise within the meaning of the statute when compared to siamese fire department connections in the United States. First, the siamese clapper and the A20 truck coupling are quite different in appearance. They are composed of different components, with the clapper being made mainly of brass and the A20 being composed of brass, steel, aluminum, rubber and other materials. The working components of these two items differ considerably. The A20 consists of four different valves, each having a specific function and each having a certain number of subparts. The double siamese clapper, however, consists merely of a body, two clappers and pinlug swivels. Thus, we feel that these two products are different, rather than similar, in terms of both material components and parts.

In addition the siamese clapper and the A20 truck coupling are not similar in the purposes for which used under either section 771(16)(B) or (C) of the Act. The double siamese clapper has the sole purpose of providing an auxiliary inlet to supplement the fire protection water supply. The A20 also prevents contamination of the municipal water supply when the fire protection system is in use and also prevents possible backflow problems. The four different valves on the A20 serve two purposes, the prevention of backflows and unacceptably high water pressure. The A20's relief valve works as a safety measure to prevent increased water pressure from contaminating the municipal water supply, while the swivel valve and gate valve start, stop, and control the flow of water during operation.

In light of this, the Department used Canadian sales of siamese clappers to compare with sales of siamese clappers in the United States for this final determination.

*Comment 4.* Petitioner states that Giacomini's home market sales response discloses that the alleged total quantities of nozzles, couplings, and valves do not agree with the quantity of merchandise set forth in other Giacomini sales material. In addition, petitioner states that the total realized selling valves submitted for sales between August 1, 1983, and January 31, 1984, do not agree with the totals for each product reported in the home market sales computer printout.

*DOC Position.* The Department recognizes that certain discrepancies regarding the quantity of merchandise and overall sales exist when comparing certain Giacomini sales material and the home market sales computer printout. We must point out that respondent's invoicing procedures are not computerized. For purposes of submitting this response, respondent manually gathered invoices and put the information required from them into a form usable for producing a computerized response. The Department recognizes that Giacomini's response may be characterized by some slight discrepancies. However, these discrepancies are too minor to warrant a rejection of the entire Giacomini response.

*Comment 5.* Petitioner states that the Department should not permit any adjustments to foreign market value for quantity discounts claimed as a deduction by Giacomini. Petitioner states that, with regard to these claimed quantity discounts, Giacomini has failed to show that there are cost savings directly attributable to the production of different fire protection products and that, rather than a cost-based quantity discount, the quantity discount is nothing more than a selling device to obtain long-term contracts from U.S. customers. Petitioner has pointed out that quantity discounts have been given by Giacomini on certain shipments of lesser quantities and not on certain shipments of greater quantities. Thus, petitioner states that the discount is not shown to be based on the actual quantity purchased, but is allegedly the result of savings occasioned by the length of the contract. Petitioner states that the cost justifications presented are no more than *post hoc* attempts to find savings which did not actually accrue with respect to specific shipments of specific quantities.

*DOC Position.* We agree. For purposes of the final determination, the

Department has disallowed the quantity discount claimed by respondent in its U.S. market. The Department cannot accept a claim for adjustment for differences in quantities on the basis of the volume of sales contracted for by a particular customer unless the discount is given on all sales of comparable quantities. Respondent has not submitted sufficient information to demonstrate that such savings relate to individual sales, and there are sales to the U.S. reflecting no discounts that were larger volumes than those to which quantity discounts were applied.

*Comment 6.* Petitioner states that the Department should reject alleged differences in credit costs and investigate credit terms offered to U.S. customers. Petitioner states the Department verified that the payment period on certain selected U.S. invoices was longer than 90 days as reported by Giacomini and that, as a result, credit costs are higher than reported in the response. Petitioner also states that there is no mention in the verification report of whether the interest rate used to compute credit costs was verified. In addition, petitioner questions the credit costs shown in the home market questionnaire response. Petitioner indicates that Italian credit costs may be overstated.

*DOC Response.* During the course of verification of the U.S. response, the Department did find that the payment period for certain U.S. invoices was longer than the 90 days reported by Giacomini. The Department did verify the interest rates used in calculating the U.S. credit costs. All of the above was taken into consideration for purposes of this final determination. In addition, Giacomini's home market credit percentages, used to report credit expense, were verified and no discrepancies were found.

*Comment 7.* Giacomini exported the models A165 and A167 pressure control valves to the United States during the period of investigation. Since there were no home market, Canadian or sales to other third countries of these articles, the Department, for purposes of its preliminary determination, based the foreign market value of these products on constructed value. The production costs upon which these constructed values were based were verified by the Department. Petitioner states that this verification covered only the cost of materials, processing costs, and selling and general administrative expenses. Petitioner states there is no mention in the verification of depreciation, research and development costs, and tooling costs which one could expect to be

found in the case of "prototypes" with "problematic engineering configuration."

*DOC Position.* Processing costs includes such items as labor and factory overhead, the latter of which in Giacomini's case is composed of nearly twenty separate accounts and was included in the constructed value of models A165 and A167. There is no specific account entitled research and development (R & D). However, costs associated with R & D are accumulated through overhead and labor accounts, specifically, through the accounts labelled tests and inspections, worker wages and employee salaries, maintenance and repair of machinery, and equipment and tooling. Therefore, the Department's calculations of constructed value accounted for all elements of costs.

*Comment 8.* While Giacomini claims it does not sell pressure restricting valves in the home market, petitioners notes the inclusion of a "pressure restricting device" in Giacomini's literature discussing Italian fire protection products in general. Petitioner questions whether or not Giacomini sells such a pressure restricting valve in the home market and states that investigation of this question is necessary.

*DOC Position.* At verification, the Department made every effort to ascertain whether Giacomini sells pressure restricting valves for fire protection purposes in the home market. As a result, the Department has determined that Giacomini does not sell a pressure restricting valve in Italy. Therefore, the Department has used pressure restricting valves sold by Giacomini in a third country, Canada, for comparison to the pressure restricting valves sold in the United States.

*Comment 9.* Petitioner notes that respondent has claimed an adjustment for publicity costs in its Italian sales response. Petitioner states that, absent information that respondent incurred these publicity costs on behalf of its customers' resales, this adjustment is not permissible.

*DOC Position.* We agree. During the course of verification, the Department found no evidence that the publicity costs claimed as an adjustment by Giacomini were made on behalf of customer resale efforts. According to 19 CFR 353.15(b), "allowances generally will not be made for differences in advertising and other sellings costs of a seller unless such costs are attributable to a later sale of the merchandise by a purchaser." In accordance with our regulations, the Department did not

allow this adjustment for purposes of the final determination.

*Comment 10.* Petitioner states that production cost figures for Giacomini's home market and U.S. market products are understated in Giacomini's supplemental submission when compared to the cost figures found in Giacomini's original questionnaire response. Petitioner states that, in view of this, the Department should use the cost differences present in the original questionnaire response for purposes of the final determination.

*DOC Position.* During verification of the original response, the Department discovered that the company had provided costs which did not correlate to the period of investigation. Instead, the company has extracted the most current information available from its accounting records.

As discussed in the verification report, the Department requested that the response be re-worked using information corresponding to the period of investigation. The revised costs were those which were verified. The most significant change between the two responses occurred in the area of raw materials, where the prices paid for brass increased substantially during the period. There were no changes in the methodology used to allocate expenses to the products.

*Comment 11.* Counsel for petitioner requested that the Department make a determination regarding the proper basis for comparison of Giacomini's sales to the United States. Petitioner pointed out that while identical products may not have been sold in the home market, products which could be considered similar merchandise possibly were being sold in the home market. Petitioner pointed out that similar home market products would be statutorily preferred for comparison purposes to similar or identical products sold in a third country, Canada in this case.

*DOC Position.* In its April 20, 1984, questionnaire response, respondent provided a listing of all Canadian sales and all U.S. sales of the merchandise under investigation. The Department determined to use the Canadian sales of straight stream/fog nozzles, wedge-disc hose gate valves, angle hose gate valves, couplings and connectors as the basis for comparison for purposes of the preliminary determination. For pressure regulating valves we used constructed value since there were no sales of similar merchandise in the home market or to third countries. After the preliminary determination, the Department requested that respondent submit a listing of all products sold in the home market which could be

considered as fire protection products. The Department determined that similar wedge-disc hose gate valves, couplings and hose gate valves and identical straight stream/fog nozzles were being sold in the home market. The Department requested home market sales listings from Giacomini for all those products. In response, Giacomini submitted a home market sales listing which included angle hose gate valves, straight/stream fog nozzles, and fire hose couplings. Upon further request from the Department, respondent submitted sales of the R55 wedge-disc hose gate valve. According to respondent, siamese connectors and pressure restricting valves were not sold in the home market during the period of investigation. As this was substantiated during our verification, we considered Canadian sales of siamese connectors as the proper basis of comparison for our final determination.

An explanation of the Department's decision that similar merchandise, or identical merchandise in the case of the fog nozzles (See DOC position in response to Petitioner's Comment 1), was sold in the home market during the period of investigation follows. In examining the similar merchandise question, the Department looked to the criteria for similar merchandise as listed in section 771(16) of the Act. To be viewed as similar merchandise, under section 771(16)(C) of the Act merchandise must be: (a) Produced in the same country and of the same general class or kind as the merchandise which is the subject of the investigation, (b) like that merchandise in the purposes for which used and (c) such that the administering authority determines may be reasonably compared with that merchandise. First, the Department determined that all products involved in this discussion are produced in Italy, manufactured by Giacomini, and are of the same general class or kind of merchandise subject of this investigation. Specifically, we determined that the USA-A70 coupling 1½ inch and the USA-A70 coupling 2½ inch are both similar to both the Italian A9/1 coupling set 1½ inch and the Italian A10/1 coupling set 2½ inch in general physical characteristics in that all are produced by the same manufacturing process, consist of the same component parts, show similarity in weight and are produced from the same major material component, brass. We also determined that both the USA-A56 hose gate valve 1½ inch and the USA-A56 hose gate valve 2½ inch are similar to both the Italian A1½ hose gate valve 1½ inch and Italian A 12/3 2½ inch hose gate valve in general

physical characteristics in that all are produced by the same manufacturing process, consist of the same component parts, show similarity in weight, and are produced from the same major component material, brass. We determined that the USA-A70 coupling 1½ inch, the USA-A70 coupling 2½ inch, the Italian A 9/1 coupling set 1½ inch, and the Italian A 10/1 coupling set 2½ inch are all used for the same purposes. The U.S. and Italian couplings perform the same function; that is, connecting fire hoses. The Italian couplings are externally threaded while the U.S. couplings are internally threaded. However, this is not a significant difference as the two couplings can still be attached to fire hoses and can be used to extinguish fires. The U.S. and Italian products are produced to meet different testing specifications. However, it is possible to use and Italian coupling in the United States within the confines of its testing parameters, and vice versa.

We determined that the USA-A56 hose gate valve 1½ inch, the USA-56 hose gate valve 2½ inch, the Italian A 1½ hose gate valve 1½ inch and the Italian A 12/3 2½ inch hose gate valve are all used for the same purposes because both Italian and U.S. angle hose valves are used similarly for the control of water flow. Regardless of the fact that Italian angle hose valves are pressure tested and hydrostatically tested to withstand pressures lower than the U.S. valves which are tested to meet United Laboratories Underwriters (UL) specifications, the two valves perform the same function in the U.S. market as well as the Italian market.

The Department has also determined that all of the aforementioned U.S. merchandise may be reasonably compared to the specified Italian home market merchandise.

Finally, the Department decided that the fact that the U.S. products were produced to meet UL standards, while the Italian products meet other standards, was not a factor which would warrant a decision that the previously mentioned products were not similar.

For discussion of the such or similar issue with regard to the R55 wedge-disc hose gate valve, see Petitioner's Comment 2.

*Comment 12.* Petitioner states that respondent may have lowered production costs by allocating all production costs on the basis of labor hours per unit rather than on the basis of the relative weight of domestic versus U.S. products. Petitioner further states that examination of the verification

report suggests that costs may have been attributed to units on the basis of labor hours or machine time.

**DOC Position.** The Department verified the methodology used to allocate all processing costs and is satisfied that these costs were properly allocated on the basis of "machine time," which is the appropriate basis for the allocation of processing costs. "Machine Time" includes machine, labor and other expenses which are directly identifiable with the product by the time required for production. The amounts were reconciled to Giacomini's annual financial statements to ensure the inclusion of all expenses in the allocation process.

**Comment 13.** Petitioner notes that, in respondent's home market submission, indirect selling expenses are claimed as an adjustment with respect to all home market sales in which a commission was not paid.

Petitioner states since no commissions have been claimed as a deduction from the United States price, no allowance for indirect selling expenses can be made to foreign market value.

**DOC Position.** For purposes of the final determination, the Department has not allowed respondent's claim for indirect selling expenses in the home market. Because respondent has claimed no commissions in the U.S. market, indirect selling expenses cannot be allowed as an adjustment to the foreign market value.

**Comment 14.** Petitioner states that the Department's verification of home market data, which took place before respondent's submission, covered cost figures supporting alleged differences in merchandise only for the A56 2 1/2 inch angle hose gate valve sold in the Canadian market, the model A11 1 1/2 inch hose gate valve sold in the home market, and the A56 1 1/2 inch hose gate valve sold in the United States. Petitioner notes that this cost verification was conducted prior to the supplemental submission by Giacomini detailing the production cost of all home market nozzles, couplings, and valves. Petitioner states that the Department should have undertaken a verification of the new submission.

**DOC Position.** Anticipating the possibility of changes in market comparisons from those used in the preliminary determination, the Department selected and verified differences in merchandise cost data submitted by Giacomini in its original submission. As no discrepancies were found, we do not feel compelled to verify additional difference in merchandise claims.

**Comment 15.** Petitioner argued that because of delays, lack of narrative explanations, inadequate responses, and factual errors, the questionnaire response and respondent's supplemental data should be rejected in favor of using the best information otherwise available.

**DOC Position.** The Department received and verified all information it believes necessary in order to reach a final determination. The Department was able to verify responses and adjustments. We were satisfied at verification that the underlying bases for adjustments and cost of production methodology were adequately explained.

#### Respondent's Comments

**Comment 1.** Respondent requests that the Department make a determination as to whether Badger-Powhatan, petitioner, is truly representative of the industry(ies) on behalf of which it brought this petition. Noting the ITC's decision which found "seven like products and seven domestic industries" and the ITC's further statement that "for several products, the petitioner's share of the market was not large enough to render it representative of that particular industry," respondent requests that the Department determine whether petitioner is representative of any of the "domestic industries involved in this investigation." In addition, respondent requests that, should the Department find that Badger-Powhatan is not representative of any of the seven domestic industries, the scope of this investigation be modified to include only those industries of which Badger-Powhatan is representative.

**DOC Position.** After fully considering respondent's arguments regarding whether Badger-Powhatan has properly filed the petition in this case on behalf of the domestic industry, the Department has determined that petitioner does have legal standing. First, Badger-Powhatan does have the support of the industry as evidenced by letters written by Elkhart Brass Manufacturing Co. and John W. Moon, Inc. in support of the petition. In its preliminary determination, the ITC stated that the only three manufacturers producing a full line or nearly full line of brass components for fire protection systems are the petitioner, Elkhart and Moon. In discussing the question of whether Badger-Powhatan filed on behalf of the domestic industry, respondent cites action taken in the *Hot-Rolled Carbon Steel Sheet from Belgium and the Federal Republic of Germany* (Gilmore Steel). In seeking to determine whether the Gilmore Steel

Corporation was representative of the industry, the Department sent letters to other producers asking if they supported Gilmore's petition. It determined that the vast majority of domestic producers of the merchandise under that investigation were opposed to the petition. Consequently, the Department dismissed Gilmore's petition. This, however, is not the case with Badger-Powhatan. Rather, petitioner has the support of two other major companies in this industry, and no U.S. producer has expressed opposition to the petition.

We also note that the ITC's statement, that for several products the petitioner's share of the market was not large enough to render it representative of that particular industry, is actually, when taken in the full context of the Commission's statement, not a reference to the standing of the petitioner. Rather, it refers to whether the petitioner's profit-and-loss data could be extrapolated to the entire domestic industry.

**Comment 2.** Respondent argues that the Department should allow respondent's claim for adjustment based on quantity discounts. Respondent states that based on 19 CFR 353.14(b)(2) allowances can be made if "the exporter can demonstrate that the discounts are warranted on the basis of savings which are specifically attributable to the production of the different quantities involved." Respondent feels it has provided the Department with documentation which conclusively demonstrates the cost savings realized by the large quantity purchases of respondent's U.S. customer. Respondent states that respondent's savings in production time occur when the customer informs respondent of its needs early in the year. Respondent also points out that this customer purchases a large percentage of Giacomini's exports to the United States. Respondent continues by stating that savings in production time alone justify the discounts given this customer. Respondent also states that these savings are even higher since by receiving large orders early in the year respondent realizes significant savings when purchasing raw materials in large quantities. Respondent states that the production of brass fire protection equipment involves a certain amount of outside manufacturing, which, considering the high volume of orders from this customer, allows respondent to have this outside manufacturing done at a lower cost.

**DOC Position.** See response to Petitioner's Comment 5.

*Comment 3.* Respondent claims that the Department should not include the 5 percent "maggiore deposito" in the Italian net unit price. Respondent states that this surcharge is made on goods transported and stored after sale in a warehouse located in Milan. This surcharge is attached to sales when respondent and its customers agree that the customer will either pick up or have the merchandise sent from the warehouse. Respondent states that the legislative history of the Act supports the proposition that after-sale expenses such as taxes and special charges should not be used in making net price calculations. Respondent states that the addition of this charge in the gross unit price would unfairly penalize respondent for transportation and warehousing expenses incurred after the sale.

*DOC Position.* We disagree. The Department has determined that the "maggiore deposito," a specific percent, should be included in the Italian net unit price. Based upon information gathered during the course of verification, the Department considers this "surcharge" to be a before sale expense which should properly be included in the net unit price. Such an expense is of a general or fixed nature and would have been incurred whether or not a sale was made; as such, it would not ordinarily be considered an adjustment under the circumstances of sales provisions of 19 CFR 353.15. Generally, the surcharge covers Giacomini's extra costs of stocking goods in Milan, which is, for clients, a more convenient location. This warehousing takes place before the sale, and the goods are removed from warehouse after the sale.

*Comment 4.* Respondent states that Invoice 832, a sale made to Giacomini's U.S. customer, is actually an attempted sale which does not satisfy the criteria of being a sale within the "ordinary course of trade" and, as such, should not be used for purposes of this investigation. To support this premise, respondent submits the following information: Invoice 832, dated November 23, 1983, was an attempted sale to a U.S. customer which was scheduled to arrive in New York from Italy in early December, 1983. However, the ship and the goods aboard were seized by the United States government pursuant to a bankruptcy order against the line to which the vessel belonged. Giacomini's customer was eventually informed that delivery of the seized goods would be substantially delayed and that there even existed the possibility that the products might never be released. Considering this, the U.S.

customer reordered the products from Giacomini. The U.S. customer reordered on Invoices 909, 917, and 33 those products originally requested on Invoice 832. Eventually, the U.S. customer was notified that the goods aboard the seized ship had been released and agreed with respondent to accept the goods.

Respondent argues that the original sales contract of Invoice 832 became void due to the impossibility of performance upon the terms contemplated by the parties. Respondent states that when the goods from the seized ship were released, Giacomini and his U.S. customer formed a new sales contract sometime following the ship's release in February, 1984.

In essence respondent considers that Invoice 832 represents a "non-sale" during the period of investigation and that the new contract for these goods was made outside the period of investigation. Respondent further states that the seizure of the vessel rendered the performance of the sales contract impossible and thereby terminated the sales contract on Invoice 832.

*DOC Position.* We agree. Based upon the information submitted by respondent, the Department has decided that, because of the special circumstances surrounding it, U.S. Invoice 832 will not be used for the purpose of making this final determination. The contract which ultimately covered the goods invoiced under Invoice 832 was negotiated after the period of investigation.

*Comment 5.* Respondent states that the R55 wedge-disc hose gate valve does not fall within the scope of the investigation since it is neither listed as a fire protection product, nor considered as such, by Giacomini and its Italian market customers. Respondent states that the use and design of the R55, unlike other Italian products being used for comparison purposes, is for plumbing and heating operations. Respondent further states that the R55, when sold individually in Italy, is used in plumbing and heating installations, and that the R55 is used in the A20 fire engine group which is a product not under investigation. Respondent points out that the R55 constitutes less than 50 percent of the total cost of manufacture of the A20 fire engine group. In *Certain Electric Motors from Japan* 49 FR 32627 (August 15, 1984), respondent notes that the Department held that it will consider a component incorporated into a larger system for comparison purposes only if that component constitutes 50 percent or more of the total cost of manufacture of the system. Respondent states that the A55 or A56 hose gate valve sold in Canada would be a more appropriate

comparison to the A53 wedge-disc hose gate valve sold in the United States than the R55 wedge-disc hose gate valve.

*DOC Position.* The Department does not consider the 50 percent criterion mentioned in certain electric motors from Japan relevant in this case because we did not base our determination that the R55 and A53 valves are similar on the fact that the A20 truck coupling, which contains an R55 valve, is used as fire protection equipment. As pointed out in our response to Petitioner's Comment 2, we consider the R55 valve by itself, to be of the same class or kind of merchandise as the A53 and similar in component materials. Accordingly, we have chosen to compare individual sales prices in the Italian market of the R55 to the A53 valve sold in the United States.

*Comment 6.* Respondent states that the A20 fire engine group produced in the home market cannot be considered "such or similar" merchandise to the siamese connector sold by respondent in the United States. Respondent states that the two products are not made from the same parts. Respondent further states the two products are not used for "like purposes" within the meaning of the Act and that they are not of the "same general class or kind." Respondent also states that it is not feasible or convenient to compare the A20 fire engine group with the siamese clapper as there already exist third country sales of identical or nearly identical siamese connectors.

*DOC Position.* We agree. See response to Petitioner's Comment 3.

*Comment 7.* Respondent argues that nozzles, couplings, and angle hose gate valves sold in the Italian market are not "such or similar" merchandise to those nozzles, couplings, and angle hose gate valves sold in the United States. Citing section 771(16)(A), respondent states that none of the products mentioned above are identical in physical characteristics. Citing section 771(16)(B), respondent claims the merchandise sold in Italy is not similar to that sold in the United States, because the merchandise is not made from the same component materials, is not used for like purposes and is not approximately equal in commercial value. Citing section 771(16)(C), respondent claims the merchandise sold in Italy when compared to that sold in the United States is not of the same class or kind as the merchandise sold in Italy which is the subject of the investigation, is not used for like purposes and cannot be reasonably compared to the merchandise in question. To prove dissimilarity of products, respondent states that all

requirements of section 771(16) (B) or (C) must be met. With reference to (B), respondent states that Italian and U.S. couplings 1½ inch are not like in component materials and are unlike in the purposes for which used. Respondent states that the U.S. and Italian products are produced to different testing pressures, which precludes them from performing the same functions. Respondent states that the products are dissimilar in mechanical operation; that is, the U.S. product is characterized by female threading, while the Italian product is characterized by male threading.

Respondent further states that, because of the greater sophistication of the U.S. coupling, the commercial values of the two couplings are different.

With regard to the U.S. and Italian couplings 2½ inch, respondent states that the structural superiority of the U.S. coupling is indicative of the dissimilarity in component materials. In addition, respondent states that the methods of operation are different since the U.S. coupling is machine toolled with interior threading and an expansion ring which allows a mechanically advanced linkage of the coupling and the fire hose. On the other hand, respondent states that the Italian coupling is introduced into the fire hose and connected by wrapping zinc plated iron strings around the hose and, then, tightened. Finally, with regard to couplings, respondent states that the commercial values of the couplings are greatly dissimilar.

Respondent states that under section 771(16)(B) the Italian and U.S. 1½ inch angle hose gate valves are not similar. Respondent states that the component materials from which the valves are constructed are not identical since the U.S. valve has a hand wheel made of aluminum and a wheel nut made of brass, while the Italian valve has a hand wheel and a wheel nut made of steel. Respondent states the U.S. valve is over twice as large as the Italian valve and that the two valves are composed of different components, the U.S. valve having a security dowel, a disc, a disc holder and a disc nut not found on the Italian valve.

Respondent further states that with regard to the purposes for which the two products are used, the U.S. valve is constructed to withstand more pressure than the Italian product. Respondent further states that the commercial value of the two valves is dissimilar.

Respondent states that U.S. and Italian 2½ inch hose gate valves are dissimilar since the Italian valve weighs 100 percent less than the U.S. valve and the valves are made of different component materials. The U.S. valve has

a steel hand wheel and wheel nut, while the Italian valve has an aluminum hand wheel and a wheel nut made from brass. In addition, respondent argues that the two valves differ in purposes for which used since they are designed to withstand different working pressures. Respondent also states that since the Italian product is smaller and less modern and, therefore, sells at a lesser price than the U.S. model, the products are not equal in commercial value.

Respondent argues that the previously mentioned products are dissimilar under section 771(16)(C) as well. With regard to the 1½ inch Italian and U.S. couplings, respondent states there are significant differences in the physical characteristics of these coupling such as weight, length, threading, method of production, and method of installation. With regard to the expectations of the ultimate purchasers, respondent states that the U.S. purchasers expect couplings which will not just connect hoses, but which will withstand a certain amount of pressure. Respondent states the major difference in the purpose of the couplings relates to the amount of water pressure each is manufactured to withstand. Respondent states that, even though couplings in both markets serve to connect fire hoses, the U.S. product is designed to function under much greater stress than the Italian coupling. With regard to the 1½ and 2½ inch hose gate valves, respondent states that certain parts of the U.S. and Italian valves are composed of different materials, that the U.S. valve is twice as large as the Italian valve, and that the angles and the threading of the two valves differ. Respondent also states that the two valves are manufactured by different methods. Respondent argues that the two valves could not meet the same expectations for ultimate purchasers since the U.S. valve is forged and the Italian valve is forged and cast. Respondent further states that the U.S. and Italian couplings do not perform the same functions since the U.S. valve, by its construction and specifications, provides substantially greater resistance to pressure.

**DOC Position.** We believe these are minor differences, insufficient to declare the merchandise dissimilar. See response to Petitioner's Comment 11 for further details.

**Verification.** In accordance with section 776(a) of the Act, we verified the information provided by Giacomini by using standard verification procedures including examination of relevant sales and financial records of the company.

#### Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of the merchandise subject to investigation as described in the "Scope of Investigation" section of this notice. This suspension of liquidation applies to all the subject merchandise 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 continue to require a cash deposit or the posting of a bond equal to the estimated weighted-average margin amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The suspension of liquidation will remain in effect until further notice. The estimated weighted-average margin is 3.47 percent.

#### ITC Notification

In accordance with section 733(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will make its determination whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or the threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on fire protection products from Italy entered, or withdrawn from warehouse, for consumption on or after the date of the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices. This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

47074

Federal Register / Vol. 49, No. 232 / Friday, November 30, 1984 / Notices

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Dated: November 23, 1984.

William T. Archey,

*Acting Assistant Secretary for Trade  
Administration.*

[FR Doc. 84-31374 Filed 11-29-84; 8:45 am]

BILLING CODE 3510-08-M

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APPENDIX E

NOTICE OF POSTPONEMENT OF THE COMMISSION'S HEARING

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[Investigation No. 731-TA-165 (Final)]

**Certain Valves, Nozzles, and  
Connectors of Brass From Italy For  
Use in Fire Protection Systems**

**AGENCY:** International Trade  
Commission.

**ACTION:** Postponement of hearing.

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**SUMMARY:** On December 5, 1984, the Commission received notice from the International Trade Administration, U.S. Department of Commerce (Commerce), that the margin of sales at less than fair value in the subject investigation is de minimis, thereby conflicting with Commerce's notice of final determination published in the Federal Register on November 30, 1984 (49 FR 47066), which had indicated a positive margin of sales at less than fair value of 3.47 percent. Pending the publication of a revised notice of final determination by Commerce, the Commission's public hearing on this investigation, scheduled for Friday, December 7, 1984, is hereby postponed indefinitely. This postponement is pursuant to § 201.14(b) of the Commission's Rules of Practice and Procedure.

**EFFECTIVE DATE:** December 5, 1984.

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**FOR FURTHER INFORMATION CONTACT:**  
George L. Deyman (202-523-0481),  
Office of Investigations, U.S.  
International Trade Commission, 701 E  
Street NW., Washington, DC 20436.

Authority: This notice is published  
pursuant to § 201.14 of the Commission's  
rules (19 CFR 201.14).

Issued: December 7, 1984.

By order of the Commission.

**Kenneth R. Mason,**  
*Secretary.*

[FR Doc. 84-32386 Filed 12-11-84; 8:45 am]

BILLING CODE 7020-02-M

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APPENDIX F

LETTER FROM COMMERCE TO THE COMMISSION AMENDING  
COMMERCE'S FINAL DETERMINATION



**UNITED STATES DEPARTMENT OF COMMERCE**  
**International Trade Administration**  
Washington, D.C. 20230

JAN 2 1985

*Received Jan. 4, 1985*  
*Office of the Secretary*

Honorable Paula Stern  
Chairwoman  
U.S. International Trade Commission  
Washington, D.C. 20436

Dear Paula:

As a result of correction of clerical errors, the Department of Commerce has amended its final determination in the investigation of "Certain Valves, Couplings, Nozzles and Connections, of Brass, Suitable for Use in Interior Fire Protection Systems, from Italy". The correction of these errors reduces our overall weighted-average margin from 3.47 percent to 1.28 percent.

The bases for this amendment are summarized in the enclosed copy of the amendment.

For purposes of section 735(b)(2), you may consider this amendment to be the affirmative final determination of the administering authority.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alan".

Alan F. Holmer  
Deputy Assistant Secretary  
for Import Administration



1. The Commission has received information that certain persons have been identified as having been involved in the activities of the Communist Party, U.S.A., in the United States.

**APPENDIX G**

**NOTICE OF COMMERCE'S AMENDMENT TO ITS  
FINAL DETERMINATION**

Washington, D.C. 20230; Telephone:  
(202) 377-5368.

**SUPPLEMENTARY INFORMATION:** On November 30, 1984, we published a final determination of sales at less than fair value of fire protection products from Italy (49 FR 47066). We found that the overall weighted-average on all sales compared was 3.47 percent. Due to inadvertent deletions of commands in our margin calculation computer program, computations yielded erroneous margins on certain sales. The detection of this error caused us to review other calculations in the case, and we discovered and corrected other clerical errors in the calculations. As a result of the correction of these errors, the overall weighted average margin is 1.28 percent.

#### ITC Notification

In accordance with section 735(d) of the Act, we will notify the International Trade Commission of this amendment.

Alan F. Holmer,  
*Acting Assistant Secretary for Trade Administration.*

January 2, 1985.

[FR Doc. 85-614 Filed 1-9-85; 8:45 am]

BILLING CODE 3510-05-01

#### International Trade Administration

(A-637-007)

**Certain Valves, Couplings, Nozzles and Connections, of Brass, Suitable for Use in Interior Fire Protection Systems, from Italy: Amendment to the Final Determination of Sales at Less Than Fair Value**

**AGENCY:** Import Administration, International Trade Administration, Commerce.

**ACTION:** Notice of Amendment to the Final Determination of Sales at Less Than Fair Value.

**SUMMARY:** As a result of correction of clerical errors, the Department of Commerce is amending the final determination in this investigation, and is directing the U.S. Customs Service to adjust the estimated duty or bonding requirement for Rubinetterie A. Giacomini S.p.A. (Giacomini) and all other manufacturers/producers/exporters of certain valves, couplings, nozzles and connections, of brass, suitable for use in interior fire protection systems, from Italy (fire protection products) from 3.47 percent to 1.28 percent.

**EFFECTIVE DATE:** January 9, 1985.

**FOR FURTHER INFORMATION CONTACT:** Charles E. Wilson, Office of Investigations, Import Administration, International Trade Administration, Department of Commerce, 14th Street and Constitution Avenue, NW.

APPENDIX H

NOTICE OF THE COMMISSION'S RESCHEDULING OF  
ITS PUBLIC HEARING

International Trade Commission, 701 E Street NW., Washington, DC 20436.

**SUPPLEMENTARY INFORMATION:**

**Background**

On July 10, 1984, the Commission instituted the subject investigation. On November 30, 1984, the Department of Commerce determined that certain valves, couplings, nozzles and connections, of brass, suitable for use in interior fire protection systems, from Italy, are being sold, or are likely to be sold, in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673d(a)) (49 FR 47066). However, on December 5, 1984, the Commission was advised by the Department of Commerce that it was recalculating the margins in the subject investigation. Accordingly, the Commission postponed indefinitely its public hearing on the investigation scheduled for December 7, 1984 (49 FR 48394). On January 4, 1985, the Department of Commerce notified the Commission that as a result of the correction of clerical errors, it was amending its final determination in the subject investigation and reducing the overall weighted-average margin; Commerce indicated that it considered this amendment to be its affirmative final determination in the investigation for purposes of section 735(b)(2) of the act. As provided in section 735(b)(2)(B) of the act, the Commission must make its final determination in antidumping investigations within 45 days of Commerce's final determination, or in this case by February 19, 1985.

**Staff report**

A public version of the prehearing staff report in this investigation was placed in the public record on November 20, 1984, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

**Hearing**

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m. on Wednesday, January 23, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted on November 30, 1984. Any written materials submitted at the

hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2), as amended by 49 FR 32569, Aug. 15, 1984)).

**Written submissions**

Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on January 29, 1985. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before January 29, 1985.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, Aug. 15, 1984).

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.  
Issued: January 9, 1985.

**Kenneth R. Mason,**  
Secretary.

[FR Doc. 85-1273 Filed 1-15-85; 8:45 am]  
BILLING CODE 7020-02-M

**[Investigation No. 731-TA-165 (Final)]**

**Certain Valves, Nozzles, and Connectors of Brass From Italy for Use in Fire Protection Systems**

**AGENCY:** International Trade Commission.

**ACTION:** Rescheduling of the hearing to be held in connection with the subject investigation.

**SUMMARY:** The Commission hereby announces that the hearing in the subject investigation, previously postponed from Friday, December 7, 1984, is rescheduled to 10:00 a.m. on Wednesday, January 23, 1985. The Commission will make its final injury determination by February 19, 1985 (see sections 735(a) and 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(a) and 1673(b))).

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

**EFFECTIVE DATE:** January 4, 1985.

**FOR FURTHER INFORMATION CONTACT:**  
George L. Deyman (202-523-0481),  
Office of Investigations, U.S.

**APPENDIX I**  
**CALENDAR OF WITNESSES AT THE COMMISSION'S HEARING**

CALENDAR OF PUBLIC HEARING

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

Subject : Certain Valves, Nozzles, and  
Connectors of Brass from Italy  
for Use in Fire Protection Systems

Inv. No. : 731-TA-165 (Final)

Date and time: January 23, 1985 - 10:00 a.m.

Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of antidumping duties:

Stewart and Stewart--Counsel  
Washington, D.C.  
on behalf of

Badger-Powhatan, a Division of Figgie International

Gerald L. LaVelle, President and General Manager

A. O. Pittinger, Product Manager, Municipal Hose/Brass  
Products

Brent Wilson, Controller

Eugene L. Stewart--OF COUNSEL

In opposition to the imposition of antidumping duties:

Law Office of Larry E. Klayman--Counsel  
Washington, D.C.  
on behalf of

Rubinetterie A. Giacomini, S.p.A.

Alan Reilly, National Sales Manager, Potter-Roemer  
(Distributor of Badger-Powhatan, petitioner and  
importer/distributor of Rubinetterie A. Giacomini,  
S.p.A, importer)

Phillip Favro, McLaughlin & Associates (Ex-Fire Marshal  
of the State of California)

Hubert Fayet, Export Manager

Larry E. Klayman )  
John M. Gurley )--OF COUNSEL



APPENDIX J

LETTER SUBMITTED TO THE COMMISSION  
BY ELKHART BRASS CO.



**ELKHART BRASS MFG. CO., INC. ELKHART, INDIANA**



P.O. Box 1127 Zip Code 46515  
1302 West Beardsley Avenue  
Phone: (219) 295-8330  
Telex No. 23-3127

590241

November 28, 1984

Mr. Kenneth R. Mason, Secretary  
U.S. International Trade Commission  
701 E. Street, N.W.  
Washington, D.C. 20436

RE: Investigation #731-TA-165 (Preliminary). Certain valves, nozzles & connectors from Italy for use in fire protection systems.

Dear Mr. Mason,

As a U.S. manufacturer of the subject products who has seen steadily declining sales due primarily to imports from Italy, we wish to acknowledge our support of this investigation.

Yours truly,

ELKHART BRASS MFG. CO., INC.

James R. Kiefer  
Vice President- Marketing/Sales

JRK/psp

APPENDIX K

LETTER SUBMITTED TO THE COMMISSION BY  
J.W. MOON, INC.



**J. W. MOON INC.**  
**W. D. ALLEN MANUFACTURING DIVISION**  
**ESTABLISHED 1869**

4717 STENTON AVE., PHILADELPHIA, PENNA. 19144  
AREA CODE 215 TELEPHONE 842-1100



February 17, 1984

U.S. Int'l Trade Commission  
Washington, D.C. 20438

Attn: Mr. George L. Deyman

Dear Mr. Deyman:

After reviewing the statements made during the February 14th conference regarding Fire Protection Items imported from Italy, I feel I should add what knowledge we have of the problem.

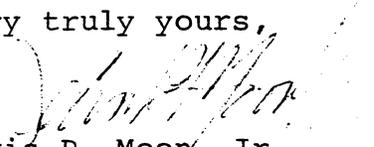
Mr. Giacomini estimates that exports of products in question comprise less than thirty percent of the total U.S. market. It is my opinion that the Italian exports comprise over seventy percent of the U.S. market and is increasing constantly.

Mr. Giamcomini stated the raw material they use costs less than the raw material Badger-Powhatan uses. I spoke with one of our metal suppliers today. They told me that the brass used in the forging process would cost the same or more than the brass Badger-Powhatan uses and it is my understanding that the forging process cost much more than the sand casting process.

We have found it impossible to compete with the imported Italian products. In most cases their distributor will quote thirty percent below what we are able to sell our products. I can not believe the Italian products can be made, packed and delivered to this country at the prices they are selling their products to their four U.S. distributors.

We as one of the companies mentioned by Mr. Giacomini as "not being injured by our exports", we in fact, have been severely injured and we hope the U.S. International Trade Commission will rule in favor of Badger-Powhatan.

Very truly yours,

  
Lewis P. Moon, Jr.  
President

LPM:hem

